Stock Code:1452
Information on the Annual Report can be found at
https://mops.twse.com.tw
https://www.hongyilon.com.tw

HONG YI FIBER IND. CO., LTD.

2025 Annual Report

Printed on March 31, 2026

Notices to Readers
This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

I. Spokesperson and acting spokesperson of the Company:

	Spokesperson	Acting Spokesperson
Name	Qing-Rong Wang	Hsiao-Yu Chang
Title	President	Chief Financial Officer
Telephone	(02)2552-1191	
Email	hongyi@hongyilon.com.tw	

II. Address and telephone number of the Company and Plant:

Company Name	Address	Telephone
Company	6F, No. 66, Tacheng Street, Datong Dist., Taipei City	(02)2552-1191
Plant	No. 609 & 611, Yingtao Rd., Yingge Dist., New Taipei City	(02)2670-3525

III. Stock Transfer Agent:

Company Name	Concord Securities Group
Address	B1F., No. 176, Sec. 1, Keelung Rd., Xinyi Dist., Taipei City
Website	https://stock.concords.com.tw
Telephone	(02)8787-1118

IV. Auditors:

Names of CPAs	Jiunn-Huei Ko, CPA and Chun-Chun Chang, CPA
Accounting Firm Name	BDO Taiwan
Address	10F, No. 72, Sec. 2, Nanjing E. Rd., Zhongshan Dist., Taipei City
Website	https://www.bdo.com.tw
Telephone	(02)2564-3000

V. Overseas Securities Exchange: N/A

VI. Company Website: https://www.hongyilon.com.tw

Table of Contents

Chapter 1 Letter to Shareholders - 1 -

Chapter 2 Corporate Governance Report - 7 -

I. Directors and Management Team - 7 -

II. Remuneration of Directors, Independent Directors, and President - 13 -

III. Corporate Governance Operations - 19 -

IV. Information on CPA Audit Fees - 78 -

V. Information on Replacement of CPAs - 78 -

VI. The Company's Chairman, Presidents, and Managers Responsible for Finance or Accounting Who Have Held A Position in the CPA Office or its Affiliates Within the Latest Year - 78 -

VII. Shareholding Transferred or Pledged by Directors, Management, and Major Shareholders Who Holds 10% of the Company Shares or More - 78 -

VIII. Relationships Among the Top 10 Shareholders - 79 -

IX. The Total Number of Shares and Total Equity Stake Held in Any Single Enterprise by the Company, its Directors, Managerial Officers, and Any Companies Controlled Either Directly or Indirectly by the Company - 79 -

Chapter 3 Capital Overview - 80 -

I. Capital and Shares - 80 -

II. Issuance of Corporate Bonds - 83 -

III. Preferred Shares - 83 -

IV. Global Depositary Receipts - 83 -

V. Employee Share Subscription Warrants and New Restricted Employee Shares - 83 -

VI. Status of New Shares Issuance in Connection with Mergers and Acquisitions - 83 -

VII. Financing Plans and Implementation - 83 -

Chapter 4 Operating Highlights - 84 -

I. Business Activities - 84 -

II. Market and Sales Overview - 87 -

III. Human Resources - 92 -

IV. Environmental Protection Expenditure - 92 -

V. Labor Relations - 92 -

VI. Cybersecurity Management - 99 -

VII. Important Contracts - 100 -

Chapter 5 Review of Financial Conditions, Operating Results, and Risk Management - 101 -

I. Financial Status - 101 -

II. Operation Results - 102 -

III. Cash Flow - 103 -

IV. Major Capital Expenditure Items - 103 -

V. Investment Policy in Last Year, Main Causes for Profits or Losses, Improvement Plans and the Investment Plans for the Coming Year - 103 -

VI. Risk Management - 104 -
VII. Other important matters - 106 -
Chapter 6 Special Disclosure - 107 -
I. Summary of Affiliated Companies - 107 -
II. Private placement securities in the most recent years - 108 -
III. Other matters that require additional description - 108 -
IV. Situations Listed in Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act, which Might Materially Affect Shareholders' Equity or the Price of the Securities, Occurring during the Most Recent Fiscal Year and during the Current Fiscal Year up to the Date of Publication of the Annual Report - 108 -

Chapter 1　Letter to Shareholders

Dear shareholders,

In 2025, the U.S. government advanced its "reciprocal tariff" policy, escalating global trade protectionism, which has fueled inflationary pressures and dampened economic growth. The Company has consequently faced the dual pressures of declining demand and rising costs. Coupled with weakening market confidence, heightened stock market volatility, and the decline in the market value of non-operating investments, the Company has reported a rare loss after many years.

Entering 2026, the global economy initially showed signs of a gradual recovery; however, the outbreak of geopolitical conflicts has triggered energy volatility and supply chain tensions, once again introducing significant uncertainty into the economic outlook. For the textile industry, the normalization of U.S. tariff barriers is driving the sector to accelerate the shift from "global deployment" toward "regionalized relocation." Meanwhile, increasingly stringent market standards for "green sustainability," together with the competitive pressures arising from the cost advantages and tariff benefits enjoyed by Southeast Asian countries, will be the key tests in a market that eliminates the weak and retains the strong, making the operating environment for domestic players ever more demanding.

Looking ahead, the textile industry now stands at the crossroads of transformation and reshaping. We firmly believe that strong operating pressure is also the driving force behind industrial upgrading, and that only by understanding trends and staying ahead of market demand can we survive in changing times. The Company is therefore accelerating its transformation toward high-value-added and differentiated products, actively responding to change. All employees of Hong Yi will continue to uphold our consistent spirit of embracing change and holding ourselves to high standards. In 2026, we will face the challenges ahead with even greater ambition and stronger execution, in the hope of repaying all our shareholders with abundant operating results.

I wish all shareholders

good health and all the best.

Chairman: Shwn-Shyan Shih

2025 Business Report

(I) Business performance

1. Business conditions:

In 2025, the domestic textile industry was affected by U.S. tariff policies and geopolitical conflicts, which increased uncertainty in the global trade environment. Brand customers thus adopted a more conservative ordering stance. Low-priced dumping by China and Southeast Asian countries also led to decreases in the Company's sales volume and net sales compared with the previous year.

Unit: Tons/NT$ thousand

Year / Products	2025		2024		Variance		%	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Polyester Draw-Textured Yarn	19,871	1,355,812	24,760	1,700,090	(4,889)	(344,278)	(19.75)	(20.25)
Others	46	344	53	348	(7)	(4)	(13.21)	(1.15)
Total	19,917	1,356,156	24,813	1,700,438	(4,896)	(344,282)	(19.73)	(20.25)

2. Production conditions:

The specifications and quantities of the products manufactured by the Company are adjusted in accordance with the sales situation to achieve the goal of balance of production and sales. The yields for 2025 and 2024 are shown in the table below:

Unit: Tons

Products	2025	2024	Variance	%
Polyester Draw-Textured Yarn	20,049	24,256	(4,207)	(17.34)

3. Profitability analysis:

Unit: NT$ thousand

Item	Variance between the preceding and following periods	Reasons for the discrepancy			
		Selling price variance	Cost variance	Sales portfolio variance	Quantity variance
Gross profit	$(50,527)	$(8,501)	$(26,909)	$-	$(15,117)
Explanation	In 2025, in response to a highly uncertain economic outlook, consumer spending grew more cautious and demand for higher-priced products decreased. At the same time, the Company accelerated the disposal of slow-moving items. Under the combined impact of weakening demand and inventory clearance, sales prices and quantities declined in tandem. The decline in production resulted in increased losses from downtime; combined with higher electricity and labor costs, expenses increased across the board, producing unfavorable variance and leading to a substantial decline in gross profit.				

The Company's operating loss for 2025 was NT$67,340 thousand, an increase of NT$35,616 thousand from the operating loss of NT$31,724 thousand in 2024. The income before tax for 2025 was NT$53,280 thousand and the net loss was NT$55,026 thousand, and the loss per share was NT$0.41.

(II) Budget implementation status

In accordance with the "Regulations Governing the Publication of Financial Forecasts of Public Companies", the Company is not required to disclose financial forecast information for the year ended December 31, 2025, and therefore, no analysis of budget execution for the year ended December 31, 2025 is available.

(III) Analysis of finances and profitability

1. Financial structure:
   (1) Equity to assets ratio: 95.05%
   (2) Debt to assets ratio: 4.95%

2. Solvency analysis:
   (1) Current ratio: 2,153.43%
   (2) Quick ratio: 1,928.20%

3. Operating performance:
   (1) Accounts receivable turnover: 7.23 times
   (2) Inventory turnover: 5.49 times
   (3) Average days in sales: 66 days
   (4) Property, plant, and equipment turnover: 3.08 times

4. Profitability analysis:
   (1) Return on total assets: (1.89)%
   (2) Return on equity: (2.00)%
   (3) Net profit margin: (4.06)%
   (4) Earnings per share NT$(0.41)

(IV) Research and development status

In 2025, we developed a variety of new specification products, and the results are listed below:

Product Name	Properties	Usage
Microfiber textured yarn	• Flexible, fine hand feeling	• Women's clothing, jacket • Leotard pants
Irregular cross-section	• Natural tones • Irregular cross-section with dull finish • Rapid moisture-wicking	• Shirts, jackets • Sportswear, leisure apparel

Product Name	Properties	Usage
Light air jet-micro abrasive yarn	• Flexible and soft	• Covered elastic yarn • Sportswear, leotard, swimsuit
Cationic dyeable (100%) light air jet-micro abrasive	• Positive-ion dye • Bright	• Blended yarn, without OP elastic yarn • Knitted sportswear, casual wear
Cationic (50%) elastic yarn	• Positive-ion dye • Bright, soft	• Knitted sportswear, casual wear
Soft- elastic yarn	• No need to match OP elastic yarn • Proper elastic effect of cloth mask	• Sportswear • Casual wear • Men’s and women’s clothing
Cotton-Like yarn	• No need to match OP elastic yarn • Proper elastic effect of cloth mask	• Sportswear • Casual wear • Men’s and women’s clothing
Eco-friendly, moisture-wicking elastic yarn	• No need to match OP elastic yarn • Proper elastic effect of cloth mask	• Sportswear • Casual wear • Men’s and women’s clothing
Eco-friendly textured yarn series Recycled textile yarn	• Adopt eco-friendly POY • Recycled textile POY • Properties polyester textured yarn	• Same characteristics as polyester textured yarn

2026 Summary of the business plan

(I) Operating directions

1. Flexibly adjust order acceptance criteria and strengthen marketing for niche products.
2. Commit to the R&D of products with special specifications and respond promptly to market demand.
3. Continue to develop eco-friendly product lines to differentiate markets.
4. Respond to global trends by implementing ESG sustainable development.

(II) Expected sales volume and its basis

The sales volume in 2026 is estimated to be about 18,591 tons, taking into account the Company's sales in the past years and the forecast of the market and supply/demand situation in 2026, and considering the capacity of the existing machines and the estimated performance of the renewed and improved machines.

(III) Important production and sales policy

1. Establish a high-quality supply chain to ensure stable raw material supply.
2. Optimize inventory structure and reduce inventory age.
3. Increase customer satisfaction, strengthen efforts to expand into new market areas, and develop new customers.
4. Strengthen R&D of green products and increase the proportion of eco-friendly products.

Future company development strategy

The Taiwanese textile industry has long played a critical role in the global supply chain, and has been particularly competitive in functional textiles and synthetic fiber technology. However, amid changes in the global industrial environment, Taiwan's textile industry is facing multiple challenges related to costs, environmental protection, talent, and international competition, and industrial transition has become unavoidable. To break through difficulties and meet market demand, and in addition to strengthening marketing and conducting joint R&D with brand owners to improve profit margins and reputation, the Company has continuously updated and improved equipment performance, endeavoring to increase production efficiency and product yield, optimize its inventory structure, and continue to develop eco-friendly textiles to align with global trends in order to pursue the maximization of corporate profits as a long-term targe.

Impact from the external competitive environment, regulatory environment and overall business environment

Geopolitical and international trade policy uncertainties remained important sources of risk affecting the external environment. As the U.S. political situation changed and trade protectionism persisted, the global supply chain faced a new round of structural adjustment pressure. On the other hand, China, Vietnam, Bangladesh, and India, by virtue of low labor costs and large-scale production capacity, rapidly captured the textile market and exerted significant price-competition pressure on the regional market. The increasingly frequent regional trade integration among these countries also indirectly affected the export orders in Taiwan's textile industry. To achieve breakthroughs and strengthen competitiveness, the Company has continued to focus on the R&D of high value-added and differentiated products. However, successive challenges—including rising electricity prices, the imposition of carbon fees, and labor shortages—have led to a continued increase in operating pressures for enterprises.

Global attention to environmental issues has increased steadily in the regulatory environment, with a key focus on climate change, resource depletion, and waste issues. Due to petrochemical use, water resource consumption, and carbon emissions, the textile industry is also facing increasingly stringent sustainability and environmental protection regulatory requirements. In light of this trend, accelerating the adoption of low-carbon textile processes, using recycled fibers, and promoting sustainable production and environmental technologies will become central to industry development. The Company, in response to the implementation of carbon fees in 2025 and our 2050 net-zero carbon emissions target, is dedicated to obtaining Global

Recycled Standard (GRS) certification and advancing sustainable management through Environmental, Social, and Governance (ESG) initiatives. In addition to conducting greenhouse gas inventories and developing reduction plans, beginning in 2025, we will also adhere to the requirements set forth by the Financial Supervisory Commission by preparing and submitting a sustainability report. Following the gradual implementation of the IFRS Sustainability Disclosure Standards (S1/S2), the Company's management and relevant personnel are continuing their professional development to ensure the Company possesses the ability to make formal disclosur.

In a currently volatile and rapidly-changing economy and trade environment, major international forecasting institutions generally believe that global inflation will ease in 2026 and that the economy will also grow moderately, thereby providing relatively stable external conditions for industry operating environments. However, the projected growth rate is expected to be slightly slower than, or roughly comparable to, that of 2025, reflecting the structural risks and downward pressure still faced by the economy. Accordingly, the Company will leverage a sound financial foundation combined with technical and innovative capabilities to continue to increase the proportion of high value-added products, and employ a flexible production strategy of customization and small-batch variety to address increasingly intense market competition.

Chairman: Shwn-Shyan Shih
President: Qing-Rong Wang
Chief Accounting Officer: Hsiao-Yu Chang

Chapter 2 Corporate Governance Report

I. Directors and Management Team:

(I) Directors and Independent Directors:

March 31, 2026

Title	Nationality/ Place of Registration	Name	Gender Age	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Current Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors Who Are Spouses or Within Two Degrees of Kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Chairman	R.O.C.	Shwn-Shyan Shih	Female 61-70	2024.06.14	3 years	2002.06.12	1,061,691	0.80	1,061,691	0.80	0	—	0	—	University graduation Finance assistant manager, Mian Yi Co., Ltd.	Representative for juridical person as Director, Royal Precision Technology Co., Ltd. Representative for juridical person as Director, Li Jin Engineering Co., Ltd. Supervisor, Mianxing textile Co., Ltd. Representative for juridical person as Director, Hong Bang Inv. Co., Ltd.	—	—	—	None
Vice Chairman	R.O.C.	Chao-Chia Lo	Male 71-80	2024.06.14	3 years	1991.05.11 (Note 1)	1,859,437	1.40	1,859,437	1.40	0	—	0	—	College graduation Director, Taiwan Taffeta Fabric Co., Ltd. Representative for juridical person as Director, Universal Textile Co., Ltd.	Representative for juridical person as Director, Hong Bang Inv. Co., Ltd.	—	—	—	None
Director	R.O.C.	Chen-Hung Shih	Male Over 80	2024.06.14	3 years	1973.04.10 (Note 2)	3,217,982	2.43	3,217,982	2.43	1,300,476	0.98	0	—	University graduation Director, Mianxing textile Co., Ltd.	Director, Sunny Special Dyeing & Finishing Co., Ltd. Director, Mianxing textile Co., Ltd. Supervisor, Chang Yu Investment Representative for juridical person as Director, Hong Bang Inv. Co., Ltd.	—	—	—	None
Director	R.O.C.	Qing-Rong Wang	Male 71-80	2024.06.14	3 years	2015.06.10	2,069,529	1.56	2,069,529	1.56	0	—	0	—	College graduation Vice President, Hong Yi Fiber Ind. Co., Ltd.	Representative for juridical person as Director, Hong Bang Inv. Co., Ltd. President, Hong Yi Fiber Ind. Co., Ltd President, Hong Bang Inv. Co., Ltd.	—	—	—	None

Title	Nationality/ Place of Registration	Name	Gender Age	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Current Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors Who Are Spouses or Within Two Degrees of Kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Director	R.O.C.	Tun-Jen Shih	Male 61-70	2024.06.14	3 years	2024.06.14	980,909	0.74	2,683,553	2.02	869,307	0.66	0	—	University graduation President of Sales, Sunny Special Dyeing & Finishing Co., Ltd.	Chairman, Sunny Special Dyeing & Finishing Co., Ltd. Representative for juridical person as Director, Hong Bang Inv. Co., Ltd.	—	—	—	None
Independent Director	R.O.C.	Chih-Fa Cheng	Male 61-70	2024.06.14	3 years	2015.06.10	0	—	0	—	0	—	0	—	University graduation Managing partner, Jing Xing United Accounting Firm	CPA, Jing Xing United CPAs Chairman, Yuxing Management Consulting Co., Ltd Director, Golden Point Management Co., Ltd. Chairman, San Bogle Investment Co., Ltd. Director, Yuan Fu Tai Development Co., Ltd. Director, Core Max Co., Ltd. Director, Uranus Chemicals Co., Ltd. Director, Shin Zu Shing Co., Ltd. Director, Shih Her Technologies Inc. Representative for juridical person as Director, Ezfly International Travel Agent Co., Ltd. Director, GSD Technologies Co., Ltd.	—	—	—	None
Independent Director	R.O.C.	Chih-Hsien Weng	Male 51-60	2024.06.14	3 years	2024.06.14	0	—	0	—	0	—	0	—	Master's degree Senior Special Assistant to the President's Office, Shin Zu Shing Co., Ltd. Vice President of Finance, Coremax Corporation	CPA, Lidian United CPAs Independent Director, Ezfly International Travel Agent Co., Ltd.	—	—	—	None
Independent Director	R.O.C.	Chien-Chang Chen	Male 71-80	2024.06.14	3 years	2024.06.14	0	—	0	—	0	—	0	—	University graduation Chairman, Hsin-Mao Trading Company President, Yali Trading	Director, Sunny Special Dyeing & Finishing Co., Ltd.	—	—	—	None

Note 1: Had not served as a director or supervisor during the period from May 11, 1994 to June 12, 2001.

Note 2: Served as a supervisor during the period from May 11, 1991, to June 9, 2015.

(II) Disclosure of Professional Qualifications of Directors and Independence of Independent Directors:

Qualifications / Name	Professional qualifications and experience (Note 2)	Independence analysis	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Shwn-Shyan Shih	Served as a Director of the Company and many other companies, and served as Financial Supervisor in the textile industry.		None
Chao-Chia Lo	Served as a director of the Company and many other companies, and has also held the position of President of the Company. With over 40 years of experience in textile false twist.		None
Chen-Hung Shih	Served as a Director and Supervisor of the Company and many other companies, and has over 50 years of relevant experience.		None
Qing-Rong Wang	Served as a Director and President of the Company, and has over 40 years of experience in textile false twist.		None
Tun-Jen Shih	Served as a director for multiple companies and has also held the position of President in the textile industry.		None
Chih-Fa Cheng	CPA, and has served as a Director or Independent Director of the Company and several other companies, and currently a CPA of Jing Xing United Accounting.	These directors, their spouses and relatives within the second degree of kinship are not directors, supervisors or employees of the Company or other affiliates, do not own the Company's outstanding shares, nor are directors, supervisors or employees of companies which have specific relationship with the Company; do not provide commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company in the past 2 years.	None
Chih-Hsien Weng	CPA, and has served as a Director or Independent Director of the Company and several other companies, currently a CPA of Lidian United CPAs Firm.		1
Chien-Chang Chen	Served as a Director and President in multiple companies, with many years of experience in business management.		None

Note 1: No Directors or Independent Directors violate any clause under Article 30 of Company Act.

Note 2: Please refer to pages 7-8 for the academic background and experience of each Director and Independent Director.

(III) Diversity and Independence of the Board of Directors:

1. Number and Proportion of Independent Directors:
   The Company's Board of Directors consists of eight Directors. We invite professionals with independent qualifications, and set up three Independent Directors, and approximately 38% of a total number of Directors.
2. Independence of the Board of Directors:
   The Board of Directors of the Company complies with the provisions of Paragraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act. Please refer to page 7-8 for a brief biography of all directors, including the relationship among members.
3. Diversity of the Board of Directors:
   (1) Diversity of Board members
   ① In accordance with the Company's "Corporate Governance Best Practice Principles", the Board of Directors shall be accountable to the shareholders' meeting for all operations and arrangements of the corporate governance system, and shall ensure that the Board of Directors shall exercise its authority in accordance with the provisions of the Act, the Articles of Incorporation, or the resolutions of the shareholders' meeting. The composition of the Board of Directors should be determined based on the company's business growth and the shareholding status of its major shareholders. Practical operational requirements should also be taken into consideration, with a minimum of seven directors.
   ② The composition of the Board of Directors should take diversity into consideration. The concrete governance objective has been achieved by ensuring that no more than one-third of the Board seats are held by Directors concurrently serving as company managers. Looking ahead, the Company aims to further rejuvenate the Board by introducing outstanding talents younger than the current average age of board members. Additionally, the Company will formulate appropriate diversity policies based on its operations, business model, and developmental needs, which should include, but are not limited to, the following two key dimensions:
   - Basic requirements and values: Gender, age, nationality, and culture.
   - Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience.

   (2) Specific management objectives of diversity policy
   All members of the Board should have the knowledge, skills, and experience necessary to perform their duties. To achieve the goals of corporate governance, the Board of Directors should possess the following abilities:
   ① Make judgments about operations.
   ② Accounting and financial analysis.
   ③ Business management.

④ Crisis management.
⑤ Knowledge of the industry.
⑥ A global market perspective.
⑦ Leadership.
⑧ Make business decisions.

The specific management goals are to have female directors account for more than 10% and independent directors account for more than 30%. Of the current eight directors of the Company, all are nationals, with approximately 13% having employee status, approximately 13% being female directors, and approximately 38% being independent directors, thus achieving the set goals.

Due to the nature of the industry and historical factors, it is challenging for the Company to recruit high-level female professionals who possess the relevant expertise, experience, and a deep understanding of the Company's culture. Although the current proportion of female directors has not yet reached one-third, the Company will prioritize female candidates in future board nomination processes and actively seek experienced female professionals from the industry to join the Board. Furthermore, we will implement an internal program aimed at developing female talent to enhance the career advancement of senior female management. This initiative seeks to expand the pool of future board candidates. The Company will also regularly review the status of board diversity.

(3) Diversity policy of current board members and its implementation (the most important five items):

Core Capabilities / Names of Directors	Nationality	Gender	With Employee Status	Accounting	Finance	Law	False Twist	Marketing	Risk Management	Operational Management
Shwn-Shyan Shih	R.O.C.	Female			V	V		V	V	V
Chao-Chia Lo	R.O.C.	Male				V	V	V	V	V
Chen-Hung Shih	R.O.C.	Male			V		V	V	V	V
Qing-Rong Wang	R.O.C.	Male	V		V		V	V	V	V
Tun-Jen Shih	R.O.C.	Male				V	V	V	V	V
Chih-Fa Cheng	R.O.C.	Male		V	V	V			V	V
Chih-Hsien Weng	R.O.C.	Male		V	V	V		V		V
Chien-Chang Chen	R.O.C.	Male		V	V			V	V	V

(IV) Management Team:

March 31, 2026

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers Who Are Spouses or Within Two Degrees of Kinship			Remarks
					Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
President	R.O.C.	Qing-Rong Wang	Male	2024.07.01	2,069,529	1.56	0	—	0	—	College graduation Vice President, Hong Yi Fiber Ind. Co., Ltd.	Representative for juridical person as Director, Hong Bang Inv. Co., Ltd.	—	—	—	None
Sales Department Supervisor	R.O.C.	Ming-Tang Chen	Male	2005.01.01	2,479	0.00	0	—	0	—	Senior high school graduation Quality Control Section Supervisor, Hong Yi Fiber Ind. Co., Ltd.	Representative for juridical person as Supervisor, Hong Bang Inv. Co., Ltd.	—	—	—	None
Finance Department Supervisor	R.O.C.	Hsiao-Yu Chang	Female	2024.05.21	10,608	0.01	0	—	0	—	Master's degree Manager, Accounting Department, BDO Taiwan	Representative for juridical person as Director, Hong Bang Inv. Co., Ltd.	—	—	—	None
Production Department Supervisor	R.O.C.	Cheng-Huang Hsu	Male	2024.07.01	0	—	0	—	0	—	University graduation Production Manager, Hong Yi Fiber Ind. Co., Ltd.	—	—	—	—	None

II. Remuneration of Directors, Independent Directors, and President:

(I) Remuneration of Directors and Independent Directors

Unit: NT$ thousands; December 31, 2025

Title	Name	Remuneration to directors								Sum of A+B+C+D and ratio to net income (%)		Remuneration received by directors for concurrent service as an employee								Sum of A+B+C+D+E+F+G and ratio to net income (%)		Remuneration received from investee enterprises other than subsidiaries or from the parent company
		Base compensation (A)		Retirement pay and pension (B)		Director profit-sharing compensation (C)		Expenses and perquisites (D)				Salary, rewards, and special disbursements (E)		Retirement pay and pension (F)		Employee compensation (G)						
		The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company		All consolidated entities		The Company	All consolidated entities	
																Cash	Stock	Cash	Stock			
Director	Shwn-Shyan Shih	4,166	4,166	0	0	0	0	444	684	4,610	4,850	0	345	0	0	0	0	0	0	4,610 (8.38)%	5,195 (9.44)%	None
	Chao-Chia Lo	2,878	2,878	0	0	0	0	444 Vehicle cost: 4,650 Fuel and others: 288	684 Vehicle cost: 4,650 Fuel and others: 288	3,322	3,562	0	835	0	0	0	0	0	0	3,322 (6.04)%	4,397 (7.99)%	None
	Qing-Rong Wang	0	0	0	0	0	0	432 Vehicle cost - Fuel and others -	672 Vehicle cost - Fuel and others -	432	672	4,115 Vehicle cost: 3,200 Fuel and others: 51	4,619 Vehicle cost: 3,200 Fuel and others: 51	283	283	0	0	0	0	4,830 (8.78)%	5,574 (10.13)%	None
	Chen-Hung Shih	0	0	0	0	0	0	432	672	432	672	0	0	0	0	0	0	0	0	432 (0.79)%	672 (1.22)%	None
	Tun-Jen Shih	0	0	0	0	0	0	432	672	432	672	0	0	0	0	0	0	0	0	432 (0.79)%	672 (1.22)%	None
Independent Director	Chih-Fa Cheng	0	0	0	0	0	0	792	792	792	792	0	0	0	0	0	0	0	0	792 (1.44)%	792 (1.44)%	None
	Chih-Hsien Weng	0	0	0	0	0	0	792	792	792	792	0	0	0	0	0	0	0	0	792 (1.44)%	792 (1.44)%	None
	Chien-Chang Chen	0	0	0	0	0	0	792	792	792	792	0	0	0	0	0	0	0	0	792 (1.44)%	792 (1.44)%	None

Note 1: Regarding the compensation paid to the independent directors of the Company, in addition to the evaluation results of the performance evaluation of the directors, the Renumeration Committee considers the extent of each director's participation in the Company's operations and the value of his or her contribution, links the reasonable and fairness of the performance risk to the compensation received, and makes recommendations to the Board of Directors for approval after taking into consideration the usual level of compensation in the industry

Note 2: In addition to what is disclosed in the above table, please specify the amount of remuneration received by directors in the most recent fiscal year for providing services (e.g., for serving as a non-employee consultant to the parent company/any consolidated entities/invested enterprises): 0.

Range of Remuneration:

Ranges of remuneration paid to each of the Company's directors	Names of Directors			
	Sum of A+B+C+D		Sum of A+B+C+D+E+F+G	
	The Company	All consolidated entities	The Company	All consolidated entities
Less than NT$1,000,000	Qing-Rong Wang, Chen-Hung Shih, Tun-Jen Shih Chih-Fa Cheng, Chih-Hsien Weng, Chien-Chang Chen	Qing-Rong Wang, Chen-Hung Shih, Tun-Jen Shih Chih-Fa Cheng, Chih-Hsien Weng, Chien-Chang Chen	Chen-Hung Shih, Tun-Jen Shih Chih-Fa Cheng, Chih-Hsien Weng, Chien-Chang Chen	Chen-Hung Shih, Tun-Jen Shih, Chih-Fa Cheng, Chih-Hsien Weng, Chien-Chang Chen
NT$1,000,000–NT$1,999,999	0	0	0	0
NT$2,000,000–NT$3,499,999	Chao-Chia Lo	0	Chao-Chia Lo	0
NT$3,500,000–NT$4,999,999	Shwn-Shyan Shih	Shwn-Shyan Shih, Chao-Chia Lo	Shwn-Shyan Shih, Qing-Rong Wang	Chao-Chia Lo
NT$5,000,000–NT$9,999,999	0	0	0	Shwn-Shyan Shih, Qing-Rong Wang
NT$10,000,000–NT$14,999,999	0	0	0	0
NT$15,000,000–NT$29,999,999	0	0	0	0
NT$30,000,000–NT$49,999,999	0	0	0	0
NT$50,000,000–NT$99,999,999	0	0	0	0
NT$100,000,000 and above	0	0	0	0
Total	8	8	8	8

(II) Remuneration of the President:

Unit: NT$ thousands; December 31, 2025

Title	Name	Salary (A)		Retirement pay and pension (B)		Rewards and special disbursements (C)		Employee profit-sharing compensation (D)				Sum of A+B+C+D and ratio to net income (%)		Remuneration received from investee enterprises other than subsidiaries or from the parent company
		The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company		All consolidated entities		The Company	All consolidated entities	
								Cash	Stock	Cash	Stock			
President	Qing-Rong Wang	2,246	2,570	283	283	1,869 Vehicle cost: 3,200 Fuel and others: 51	2,049 Vehicle cost: 3,200 Fuel and others: 51	0	0	0	0	4,398 (7.99)%	4,902 (8.91)%	None

Range of Remuneration:

Range of Remuneration Paid to the President and Vice President	Names of President and Vice President	
	The Company	All consolidated entities
Less than NT$1,000,000	0	0
NT$1,000,000–NT$1,999,999	0	0
NT$2,000,000–NT$3,499,999	0	0
NT$3,500,000–NT$4,999,999	Qing-Rong Wang	Qing-Rong Wang
NT$5,000,000–NT$9,999,999	0	0
NT$10,000,000–NT$14,999,999	0	0
NT$15,000,000–NT$29,999,999	0	0
NT$30,000,000–NT$49,999,999	0	0
NT$50,000,000–NT$99,999,999	0	0
NT$100,000,000 and above	0	0
Total	1	1

(III) Remuneration of the Highest-Paid Managerial Officers:

Unit: NT$ thousands; December 31, 2025

Title	Name	Salary (A)		Retirement pay and pension (B)		Rewards and special disbursements (C)		Employee profit-sharing compensation (D)				Sum of A+B+C+D and ratio to net income (%)		Remuneration received from investee enterprises other than subsidiaries or from the parent company
		The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company		All consolidated entities		The Company	All consolidated entities	
								Cash	Stock	Cash	Stock			
President	Qing-Rong Wang	2,246	2,570	283	283	1,869 Vehicle cost:3,200 Fuel and others:51	2,049 Vehicle cost:3,200 Fuel and others:51	0	0	0	0	4,398 (7.99)%	4,902 (8.91)%	None
Finance Department Supervisor	Hsiao-Yu Chang	1,778	1,874	106	106	1,104	1,256	0	0	0	0	2,988 (5.43)%	3,236 (5,88)%	None
Production Department Supervisor	Cheng-Huang Hsu	1,556	1,556	97	97	1,105 Vehicle cost:750 Fuel and others:97	1,105 Vehicle cost:750 Fuel and others:97	0	0	0	0	2,758 (5.01)%	2,758 (5.01)%	None
Sales Department Supervisor	Ming-Tang Chen	1,404	1,404	87	87	1,212 Vehicle cost:900 Fuel and others:98	1,212 Vehicle cost:900 Fuel and others:98	0	0	0	0	2,703 (4.91)%	2,703 (4.91)%	None

Note 1: The term "top five highest-paid managerial officers" refers to the Company's managers. The criteria for identifying managers shall be determined in accordance with the scope of application of "manager" set forth in Letter No. Tai-Cai-Zheng-San-Zi 0920001301 issued by the former Securities and Futures Commission, Ministry of Finance, on March 27, 2003. Only four managers in our company are subject to this standard.

(IV) Names and Distribution of Employee Profit-Sharing Compensation to Managerial Officers: In 2025, the Company recorded a net loss after tax; therefore, no employee profit-sharing compensation was distributed.

	Title	Name	Stock	Cash	Total	As a % of net profit
Executive officers	President	Qing-Rong Wang	0	0	0	0.00%
	Finance Department Supervisor	Hsiao-Yu Chang				
	Sales Department Supervisor	Ming-Tang Chen				
	Production Department Supervisor	Cheng-Huang Hsu				

(V) Comparison of Remuneration for Directors, President and Vice President in the Most Recent Two Fiscal Years and Remuneration Policy for Directors, President and Vice President:

Title	2025	2024
	All consolidated entities	All consolidated entities
Director	(34.32)%	35.93%
Independent Director		
President and Vice President		

Note 1. In 2025, due to the net loss after tax, all related remuneration items decreased, and no "bonus" portion of directors' remuneration was distributed.

(VI) The policies, standards, and portfolios for the payment of remuneration, the procedures for determining remuneration, and the correlation with risks and business performance:

1. The policies, standards, structures for payments of remuneration:
   (1) Regarding the compensation paid to directors, in accordance with the Company's Articles of Incorporation, the remuneration of directors for the performance of their duties is authorized to be determined by the Board of Directors with reference to industry standards based on the extent of their participation in and value of contributions to the Company's operations. In addition, if the Company has profits in a fiscal year, it shall set aside not more than 2% of the profits as director compensation; as for independent directors shall not participate in the distribution of directors' remuneration. The Company evaluates the performance of directors in accordance with the "Rules for Performance Evaluation of Board of Directors". The Remuneration Committee and the Board of Directors regularly evaluate and review the reasonableness of directors' remuneration and compensation.
   (2) The remuneration of the Company's managers is based on the remuneration standards for directors and managers in accordance with the "Regulations Governing the Payment of Salaries and Bonuses". The bonuses are based on the Company's annual operating performance, operational status and individual performance, and the remuneration system is reviewed from time to time in accordance with actual operating conditions and relevant laws and regulations. In addition, if there is any pre-tax profit in the current year, 4% of the profit will be set aside as employee compensation in accordance with the Company's Articles of Incorporation.
   (3) The remuneration package of the Company shall be determined by the organizational rules of the Remuneration Committee, including cash compensation, stock options, stock dividends, retirement benefits or severance pay, allowances and other substantial incentives.
2. Procedures for determining remuneration:
   (1) The Company regularly evaluates the compensation of directors and managers. Except for the Chairman and Vice Chairman, other directors receive only a fixed travel expenses. However, the Company may pay a management fee if the Company's profits reach a certain level or higher. The compensation of directors and managers who participate in the operation of the Company shall be based on the Company's Articles of Incorporation, shall not exceed the highest salary level as stipulated in the "Regulations Governing the Payment of Salaries and Bonuses", and shall be submitted to the Remuneration Committee and the Board of Directors for approval in accordance with the Company's operating performance.
   (2) The performance of the Board of Directors, Board members and functional committee members in 2025 were all evaluated as excellent.
   (3) The reasonableness of the bonuses and remuneration of the directors and managers of the Company are evaluated and reviewed by the Remuneration Committee and the Board of Directors on a regular basis every year, taking into account not only the achievement rate of individual performance and contribution to the Company, but also the overall operational performance of the Company, the future risks and development trends of the industry. The remuneration system is reviewed from time to time in accordance with the actual operating conditions and relevant laws and regulations to provide reasonable remuneration. The actual amount of remuneration for directors and managers in 2025 shall be determined by the Remuneration Committee and submitted to the Board of Directors' for consideration.

3. The correlation of remuneration with risks and business performance:
   (1) The Company's remuneration policy and related payment standards and system are reviewed based on the Company's overall operating conditions, and the payment standards are approved based on performance achievement and contribution to enhance the effectiveness of the Board of Directors and the managerial department. The scope of evaluation for the performance and contribution of directors and managers involved in the management of the Company includes:
   ① Financial indicators: Based on the Company's net income after tax and personal target achievement rate.
   ② Non-financial indicators: The compensation for operating performance is calculated based on two main components: operational management capability and participation in sustainable development.
   (2) The performance objectives of the Company's managers are integrated with risk control to ensure that possible risks within the scope of duties and responsibilities are managed and prevented, and are evaluated based on actual performance and then linked to related remuneration policies. The Company's management makes important decisions based on the evaluation of various risk factors. The performance of the relevant decisions is reflected in the profitability of the Company, and the remuneration of the management is therefore related to the performance of risk management.
   (3) To motivate senior executive officers such as the President to prioritize ESG and achieve sustainable business goals, the Company has established sustainability and internal control indicators, which are included in their performance evaluation criteria and linked to variable compensation.
   The indicator carries a weight of 20%, primarily aimed at fulfilling three major sustainability commitments, emphasizing integrity in operations, compliance with laws and regulations, and risk management, and implementing key ESG initiatives (including an 8% weighting for addressing climate risks and promoting concrete actions toward net-zero emissions).
   The performance evaluation method will initially only apply to the President and Vice President in the short term. The medium-term goal is to include all senior executives in the implementation, and the long-term goal is to extend it to all managerial-level personnel.

III. Corporate Governance Operations

(I) Operations of the Board of Directors

1. A total of 6 (A) meetings of the Board of Directors were held in 2025. The attendance of director was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) [B/A]	Remarks (Note)
Chairman	Shwn-Shyan Shih	6	0	100.00	
Vice Chairman	Chao-Chia Lo	6	0	100.00	
Director	Chen-Hung Shih	6	0	100.00	
Director	Qing-Rong Wang	6	0	100.00	
Director	Tun-Jen Shih	5	1	83.33	
Independent Director	Chih-Fa Cheng	6	0	100.00	
Independent Director	Chih-Hsien Weng	6	0	100.00	
Independent Director	Chien-Chang Chen	6	0	100.00	

2. Other information required to be disclosed:

(1) If any of the following circumstances exists, specify the Board meeting date, meeting session number, content of the motion(s), the opinions of all the independent directors, and the measures taken by the Company based on the opinions of the independent directors:

① Any matter under Article 14-3 of the Securities and Exchange Act: Not applicable. The Company has already established an Audit Committee.

② In addition to the matters referred to above, any dissenting or qualified opinion of an independent directory that is on record or stated in writing with respect to any board resolution: None.

(2) Any recusals due to conflicts of interest:

Date of Board Meetings	Name of Directors	Contents of Motion	Causes for Avoidance	Participation in Deliberation
2025.01.22	Shwn-Shyan Shih Chao-Chia Lo Qing-Rong Wang	2024 Total Bonus Plan for Directors and Managers of the Company	Recusing director is an involved party	Not participating in the discussion and voting
2025.02.26	Shwn-Shyan Shih Chao-Chia Lo Qing-Rong Wang	2024 employee compensation proposal of each manager	Recusal of a director who is also a manager	Not participating in the discussion and voting

(3) Implementation status of Board evaluations

Evaluation cycle	Evaluation period	Scope of evaluation	Evaluation method	Evaluation items
Once a year	From Jan 1, 2025 to Dec 31, 2025	Board of Directors	The Board members' internal evaluation	(1) Participation in the operations of the company (2) Board decision-making quality (3) Composition and structure of the Board (4) Election and continuing education of directors (5) Internal control
Once a year	From Jan 1, 2025 to Dec 31, 2025	Board members	Self-evaluation by individual	(1) Alignment with the goals and missions of the company (2) Awareness of the duties of a director (3) Participation in the operations of the company (4) Management of internal relationships and communication (5) Professionalism and continuing education of directors (6) Internal control
Once a year	From Jan 1, 2025 to Dec 31, 2025	Audit Committee	Internal evaluation	(1) Participation in the operations of the company (2) Awareness of the duties of the functional committee (3) Decision-making quality of the functional committee (4) Election and composition of the functional committee (5) Internal control

Evaluation cycle	Evaluation period	Scope of evaluation	Evaluation method	Evaluation items
Once a year	From Jan 1, 2025 to Dec 31, 2025	Remuneration Committee	Internal evaluation	(1) Participation in the operations of the company (2) Awareness of the duties of the functional committee (3) Decision-making quality of the functional committee (4) Election and composition of the functional committee (5) Internal control

(4) Targets and measures of this and previous years established to improve the functionality of the Board of Directors and their execution results:

① The Company has established the "Rules for Performance Evaluation of Board of Directors", which was approved by the Board of Directors. The Board members, Board of Directors' meeting units and functional committees conduct the evaluation of the Board of Directors', Audit Committee's, and Remuneration Committee's performance for the previous year each year with respect to five major areas. Board of Directors' evaluation in 2024 and 2025 were completed in January, 2025 and 2026, and the results were "excellent", which were reported by the Board of Directors on January 22, 2025 and January 30, 2026, respectively, and disclosed on the Company's website. The results of the evaluation will be used as a reference for individual directors' performance, remuneration and nomination for reappointment. In order to implement the concept of corporate governance and to effectively enhance the transparency of information, the Company fully discloses all operational and financial information in the annual report, corporate website and the Market Observation Post System. In addition, directors are encouraged to participate in various annual training courses to strengthen the functions of the Board of Directors. Please refer to page 38-39 for details of the 2025 annual training courses for directors.

② The Audit Committee of the Company regularly evaluates the independence and audit fees of the CPAs and reports the results of the evaluation to the Board of Directors.

(II) Audit Committee Operation

1. The Audit Committee of the Company consists of three independent directors for the purpose of assisting the Board of Directors in overseeing the quality and integrity of the Company's execution of accounting, auditing, financial reporting processes and financial controls. The annual focus is on monitoring the following matters:

(1) Review of the Company's financial reports.

(2) Appointment (dismissal) and independence of CPAs.

(3) Effective implementation of the Company's internal controls.

(4) Compliance with relevant laws and regulations.

A total of 5 (A) Audit Committee meetings were held in 2025. The attendance of the independent directors was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) [B/A]	Remarks
Independent Director	Chih-Fa Cheng	5	0	100.00	
Independent Director	Chih-Hsien Weng	5	0	100.00	
Independent Director	Chien-Chang Chen	5	0	100.00	

2. Other information required to be disclosed:
   (1) The results of the Audit Committee's resolutions on the matters listed in Article 14-5 of the Securities and Exchange Act and the Company's handling of the Audit Committee's opinions:

Audit Committee	Content of proposals and follow-up actions
2025 First 2025.01.22	Assessment of the independence, suitability, and appointment of the CPAs.
	2025 CPAs fee.
	Amendment to certain provisions of the internal control system.
	Resolution results: The resolution was passed with no objection from all members present.
	The Company's response of the Audit Committee's opinions: Approved with no objection from all members present.
2025 Second 2025.02.26	2024 annual financial report.
	2024 internal control report.
	Resolution results: The resolution was passed with no objection from all members present.
	The Company's response of the Audit Committee's opinions: Approved with no objection from all members present.
2025 Third 2025.05.06	Change in Chief Audit Executive.
	Amendment to certain provisions of the internal control system.
	Resolution results: The resolution was passed with no objection from all members present.
	The Company's response of the Audit Committee's opinions: Approved with no objection from all members present.
2025 Fourth 2025.08.06	Amendment to Procedures for Handling the Acquisition or Disposal of Assets.
	Amendment to certain provisions of the internal control system.
	Resolution results: The resolution was passed with no objection from all members present.
	The Company's response of the Audit Committee's opinions: Approved with no objection from all members present.

In addition to the items listed above, any resolution passed by over two-thirds of the Board of Directors, but not approved by the Audit Committee: None.

(2) In regards to the recusal of independent directors from voting due to conflicts of interests: None.
(3) Communication between the independent Directors, and the chief internal auditor and CPAs:
① The Company regularly submits a written summary of the audit deficiencies and improvements for review by the independent directors, and the independent directors provide approval or offer recommendations on the report and other related matters.
② The chief internal audit of the Company provides an explanation of audit operations, audit results and other tracking information to the independent directors at each Audit Committee meeting.
③ The CPAs perform an annual audit of the financial statements, and communicate with the independent directors on the audit plan, risk assessment and key audit issues, performance and results during the audit planning stage and audit completion stage, respectively.
④ The chief auditor and the CPAs communicated directly with independent directors when needed.
⑤ Independent Directors regularly have private communications with the chief internal auditor and the CPAs. The relevant matters are as follows:

Internal Audit			CPA		
Date	Communication Item	Communication Result	Date	Communication Item	Communication Result
2025.02.26 (Seminar)	Audit plan implementation and review of internal control deficiencies	No opinion	2025.02.26 (via visual communication network)	1. Completed Communication Matters with the Governance Unit of the Phase 2. Draft of Audit Report (including key audit matters) 3. Independence of the CPAs	No opinion
2025.08.06 (Seminar)	Audit plan implementation and review of internal control deficiencies	No opinion	2025.11.12 (via visual communication network)	1. Responsibilities of Management and Those Charged with Governance for the Financial Statements 2. Roles and Responsibilities of the Chief CPA 3. Independence of the CPAs 4. Audit Plan 5. Preliminary View on Key Audit Matters	No opinion

(III) Corporate Governance Implementation Status and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the Reasons:

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary description	
I. Has the Company established and disclosed its Corporate Governance Best-Practice Principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies?	V		The Company has established the Corporate Governance Best-practice Principles according to the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and disclosed the principles on the Market Observation Post System (MOPS) and the Company website.	None
II. Shareholding Structure and Shareholders' Rights				
(I) Does the Company have Internal Operation Procedures for handling shareholders' suggestions, concerns, disputes and litigation matters. If yes, have these procedures been implemented accordingly?	V		(I) In addition to a spokesperson, the Company also has a window on its website to handle stakeholder and investor relations, with the stockholders' affairs staff to assist in handling shareholder-related issues. If necessary, legal counsel will be appointed to assist in this matter.	None
(II) Does the Company know the identity of its major shareholders and the parties with ultimate control of the major shareholders?	V		(II) The Company relies on the register of major shareholders provided by the stock agent to keep track of the monthly changes in the shareholdings of directors and major shareholders.	None

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary description	
(III) Has the Company built and implemented a risk management system and a firewall between the Company and its affiliates?	V		(III) The Company has established a system in its internal control system based on the principle of independence of financial operations as the basis of business dealings in accordance with the law.	None
(IV) Has the Company established internal rules prohibiting insider trading of securities based on undisclosed information?	V		(IV) The Company has established "Procedures for Handling Internal Material Information and Prevention of Insider Trading" to prevent the occurrence of insider trading.	None
III. Composition and responsibilities of the Board of Directors (I) Have a diversity policy and specific management objectives been adopted for the Board and have they been fully implemented?	V		(I) The Board members are composed of both male and female, have different expertise in various fields that is conducive to the business development and operation of the Company. Please refer to pages 10-11 for details of the diversity policy, specific management objectives and related implementation.	None
(II) Has the Company voluntarily established other functional committees in addition to the remuneration committee and the audit committee?		V	(II) Except for the Remuneration Committee and the Audit Committee, no other functional committees have been established, and the operation of corporate governance is currently under the responsibility of each department according to its duties.	Depending on the operating conditions and scale in the future.

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary description	
(III) Has the Company established rules and methodology for evaluating the performance of its Board of Directors, implemented the performance evaluations on an annual basis, and submitted the results of performance evaluations to the Board of Directors and used them as reference in determining salary/compensation for individual directors and their nomination and additional office terms?	V		(III) The Company has formulated the "Board of Directors' Performance Evaluation Method" approved by the Board of Directors. Each year, members of the Board of Directors, the Board of Directors' meeting units, the Audit Committee, and the Remuneration Committee conduct an evaluation of the performance of the Board of Directors for the previous year with respect to five major areas. Board of Directors' evaluation in 2024 and 2025 were completed in January, 2025 and 2026, and the results were "excellent", which were reported by the Board of Directors on January 22, 2025 and January 30, 2026, respectively, and disclosed on the Company's website. The results of the evaluation will be used as a reference for individual directors' performance, remuneration and nomination for reappointment.	None
(IV) Does the Company regularly evaluate its external auditors' independence?	V		(IV) The Company's Audit Committee and Board of Directors evaluates the independence of the CPAs yearly. CPAs are not only required to provide relevant documents including "Statement of independence" and "Audit Quality Indicators" they are assessed	None

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary description	
			based on the evaluation items in Note 1 and the 13 Audit Quality Indicators on Note 2. It has been confirmed that the CPAs do not have financial benefits or business dealings with the Company other than fees collected for auditing and tax-related matters. The families of the CPAs do not violate the requirement of independence either. According to the evaluation results based on the Audit Quality Indicators, the CPAs and audit firms have audit tenures and training hours that are comparable to the industry average, and they have updated their auditing software to enhance audit quality. The independence evaluation of the CPAs for the most recent year has been approved at the audit committee meeting and board meeting on January 30, 2026.	

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary description	
IV. Does the TWSE/TPEx listed company have in place an adequate number of qualified corporate governance officers and has it appointed a chief corporate governance officer with responsibility corporate governance practices (including but not limited to providing information necessary for directors and supervisors to perform their duties, aiding directors and supervisors in complying with laws and regulations, organizing board meetings and annual general meetings of shareholders as required by law, and compiling minutes of board meetings and annual general meetings)?	V		The Company's President's Office is responsible for corporate governance-related matters, and the CFO was appointed as the Corporate Governance Officer. The CFO holds a certified public accountant qualification.	None
V. Has the Company established channels for communicating with its stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) and created a stakeholders section on its company website? Does the Company appropriately respond to stakeholders' questions and concerns on important corporate social responsibility issues?	V		The Company has a spokesperson to establish communication channels with different parties (including stakeholders). The Company also has a stakeholder area on its website, which provides a window to respond to shareholders' questions, and regularly reports the status of stakeholder communication to the Board of Directors.	None
VI. Has the Company appointed a professional shareholder services agent to handle matters related to its shareholder meetings?	V		The Company has appointed a professional stock agency, Concord Securities Group, to act on behalf of the Company in all stock-related affairs, and has established the "Rules Governing Stock Operations" to regulate the relevant affairs.	None

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary description	
VII. Information Disclosure (I) Has the Company established a corporate website to disclose information regarding its financials, business, and corporate governance status?	V		(I) In addition to the reporting of financial operations and corporate governance matters on the Market Observation Post System (MOPS), the Company has also set up a website in English and Chinese to disclose relevant financial operations and corporate governance information. Company Website: www.hongyilon.com.tw	None
(II) Does the Company use other information disclosure channels (e.g., maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference etc.)?	V		(II) The President's Office is responsible for the collection and dissemination of Company information and has a spokesperson and an acting spokesperson. The Company has completed the establishment of an English website and has provided a window to respond to shareholders' questions to receive external and shareholders' inquiries about the Company at any time in order to implement the spokesperson system. After the corporate presentation, relevant information will be posted on the Company's website for investors' reference.	None

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary description	
(III) Does the Company publish and report its annual financial report within two months after the end of the fiscal year, and publish and report its financial reports for the first, second, and third quarters as well as its operating statements for each month before the specified deadlines?	V		(III) Although the Company did not publicly announce and file its annual financial report within two months after the close of the fiscal year, it has publicly announced and filed each quarterly financial report and the operating status for each month ahead of the required deadlines.	None
VIII. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' continuing education, 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		(I) Status of employee rights and employee wellness: For the development of the Company and to protect the welfare of all employees, the Company clearly stipulates the rights and obligations of both employers and employees, improves the management system and organizational functions, and provides a safe, healthy and fair working environment. In addition to protecting the rights and interests of employees in accordance with laws and regulations, we have established a year-end bonus and employee remuneration distribution system to enhance employee welfare. Please refer to page 92-93 for related welfare measures.	None

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary description	
			(II) Investor relations: The Company convenes annual shareholders' meetings in accordance with the Company Law and relevant laws and regulations, providing shareholders with ample opportunities to ask questions and make proposals, and has a spokesperson to handle shareholders' suggestions, questions and disputes. A window to respond to shareholders' questions is also available on the Company's website. The Company also follows the regulations of the competent authorities in reporting relevant information announcements and provides information that may affect investors' decisions in a timely manner.	None
			(III) Supplier relations: The Company pays attention to the reasonableness of the purchase price, and decides on the unit price, delivery time, product, service quality, and sustainability requirements after thorough comparison; the Company establishes long-term close relationships, cooperation, mutual trust and benefit with suppliers, and jointly pursues sustainable win-win growth.	None

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary description	
			(IV) Stakeholder rights: The Company maintains smooth communication channels with employees, customers, shareholders and suppliers, and respects and protects their legitimate rights and interests; a stakeholder and investor areas have been established on the Company's website to receive and respond to questions from various stakeholders. A spokesperson is available to answer investors' questions in order to provide investors and stakeholders with highly transparent financial and business information.	None
			(V) Please refer to note 3 for details of the further education received by the Company's directors.	None
			(VI) The implementation of risk management policies and risk evaluation standards: 1. In accordance with the recent development of internal auditing and the requirements of the standards, the Company has gradually strengthened its corporate risk management in recent years. The relevant business units or contractors are responsible for the initial risk identification, assessment and control of various	None

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary description	
			risks. At the end of each year, a self-assessment of each operation must be conducted to confirm the effectiveness of the design and implementation of risk prevention, followed by an occasional review by each department and regular or irregular audits by internal auditors, and finally, a review by the Board of Directors. In other words, we adopt a multi-level prevention and comprehensive risk control approach. 2. Organizational structure, procedures and operation of risk management: • President's Office: Under the order of the President, the office is responsible for management decision planning and evaluation of medium and long-term investment benefits to reduce strategic risks. The Chief Information Security Officer and the information security personnel are responsible for information security control and protection to reduce information security	

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary description	
			risks. • Finance Department: Responsible for the financial adjustment and utilization, and establishing hedging mechanism to reduce financial risks; responsible for the preparation of financial system and operation report, strengthening internal control function, ensuring its continuous effectiveness, and achieving the reliability of financial supervision. • Business Department: Responsible for marketing strategies, product promotion and grasping market trends to reduce business operation risks. • Production Department: Responsible for the management of production, manufacturing, equipment maintenance, and labor safety and health to reduce production risks. • R&D Department: Responsible for the implementation of relevant product development operations, research benefit	

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary description	
			evaluation and analysis, information collection and analysis, in order to increase market share and reduce the risk of market elimination. (VII) Implementation of consumer protection and customer relations policies: In order to provide customers with comprehensive services and protection, the Company has dedicated customer service personnel who can communicate with customers immediately and fully understand their needs in order to promote the interactive effect between our customers and review and improve in the production, sales and research meetings regularly (VIII) Purchase of liability insurance for directors and supervisors: The Company has purchased directors' liability insurance in an amount of US$2 million.	None None
IX. Please describe improvements that have already been made based on the Corporate Governance Evaluation results released for the most recent fiscal year by the Corporate Governance Center, Taiwan Stock Exchange, and specify the priority enhancement objectives and measures planned for any matters still awaiting improvement:				

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary description	
(I) The Company’s succession plan is developed in accordance with the Company's future strategic development and transformation plan, and in line with the Company's diversity policy to select successors for directors and train the successors for key management roles. The successors mush understand and agree to the Company’s business philosophy, possess industry knowledge, and have ample experience in international political and economic situations, laws and ordinances, and management in the manufacturing industry, as well as complying to the criteria of diversity provided in the “Corporate Governance Best-practice Principles”. In order to strengthen the functions of the successors of key management roles (including but not limited to the general manager and top executives of each department) in various fields and to match the Company's adjustment in strategies, key cadres of each department are required to participate in departmental senior management meetings and to conduct cross-position and cross-discipline learning in the next 3-6 years to cultivate their diversified vision and decision making ability, and to plan for the implementation of duty representation and job rotation in the next 6-8 years, so as to improve their overall understanding of the Company's business, aiming to ensure that the Company's human resources are complete and that the cadre can be flexibly deployed to achieve the Company's sustainable management goals through smooth succession in the expected period. (II) In order to protect shareholders' rights and enhance the quality of information disclosure, the Company has provided both Chinese and English versions of key information, such as major shareholders, financials, business operations, and corporate governance on its official website. (III) In accordance with Article 14, Section 6 of the Securities and Exchange Act, the Company revised its Articles of Incorporation, which was approved by the shareholders' meeting on June 13, 2025. The revision specifies that no less than 45% of the employee compensation shall be allocated to frontline employees.				

Note 1: Assessment of the independence and suitability of the CPAs:

Evaluation item	Result	Independence and suitability
1. Whether CPAs have direct or significant indirect financial interests with the Company?	No	Yes
2. Whether or not CPAs have any financing or guarantees of conduct with the Company or its directors?	No	Yes
3. Whether CPAs have a close business relationship and potential employment relationship with the Company?	No	Yes
4. Whether the CPAs and members of their auditing team served as directors, managers, or in positions significantly affecting audit work in the Company currently or within the past two years?	No	Yes
5. Whether CPAs have any non-audit services to the Company which may directly affect the audit work?	No	Yes
6. Whether CPAs have an intermediary to issue shares or other securities of the Company?	No	Yes
7. Whether the CPAs served as a legal representative for the Company or acted as a liaison to coordinate conflicts with third parties on behalf of the Company?	No	Yes
8. Whether the CPAs have any familial relationship with directors, managers, or personnel holding positions significantly affecting audit cases within the Company?	No	Yes

Note 2: Disclosure of Audit Quality Indicators - 5 dimensions and 13 indicators:

Professionalism	Quality control	Independence	Supervision	Innovation
1. Audit tenure 2. Training hours 3. Staff turnover 4. Professional support	1. CPA workload 2. Engagement 3. Status of Engagement Quality Control Review (EQCR) 4. Quality Support Capability	1. Non-audit services 2. Familiarity with client	1. External inspections and penalties 2. Improvements required by competent authorities	Innovative planning or initiatives

Note 3: Directors' training records:

Title	Name	Date	Sponsoring Organization	Course	Training hours
Chairman	Shwn-Shyan Shih	2025/05/16	Securities & Futures Institute	2025 Insider Trading Prevention Advocacy Seminar	3
		2025/07/16	Taiwan Corporate Governance Association	Sustainable Development Advocacy Seminar – Taipei Session	3
		2025/10/31	Securities & Futures Institute	2025 Compliance with Laws and Regulations on Insider Equity Transactions Advocacy Seminar	3
Director	Chao-Chia Lo	2025/07/14	Taipei Foundation of Finance	Corporate Governance – The Role and Responsibilities of the Board of Directors in ESG	3
		2025/08/22	Taipei Foundation of Finance	Corporate Governance – Reading Financial Statements and Managing Risks: Financial Governance Lessons for Directors and Supervisors	3
Director	Chen-Hung Shih	2025/05/16	Securities & Futures Institute	2025 Insider Trading Prevention Advocacy Seminar	3
		2025/07/25	Securities & Futures Institute	2025 Compliance with Laws and Regulations on Insider Equity Transactions Advocacy Seminar	3
Director	Qing-Rong Wang	2025/07/14	Taipei Foundation of Finance	Corporate Governance – The Role and Responsibilities of the Board of Directors in ESG	3
		2025/08/18	Taipei Foundation of Finance	Corporate Governance – Corporate and Director/Supervisor Liabilities and Obligations from the Perspective of the Securities and Exchange Act	3
Director	Tun-Jen Shih	2025/07/09	Taiwan Stock Exchange	2025 Cathay Sustainable Finance and Climate Change Summit	6

Title	Name	Date	Sponsoring Organization	Course	Training hours
Independent Director	Chih-Fa Cheng	2025/05/09	Taipei Foundation of Finance	Corporate Climate Governance and TCFD Disclosure Practices	3
		2025/08/21	Securities & Futures Institute	Trump 2.0: Disrupting the Global Economic Order – Impacts and Countermeasures	3
		2025/08/21	Securities & Futures Institute	Case Analysis and Legal Liability of Greenwashing and Misleading Sustainability Reports	3
Independent Director	Chih-Hsien Weng	2025/07/04	National Federation of CPA Associations of the R.O.C.	The Money Laundering Control Act from a Judicial Practice Perspective	3
		2025/07/18	National Federation of CPA Associations of the R.O.C.	Analysis of Criminal Legal Risks in the CPA Profession – Starting from "Loss Recognition" in the IBFS Case	3
Independent Director	Chien-Chang Chen	2025/07/25	Taipei Foundation of Finance	How Are Board Meetings Conducted? Common Deficiencies in the Operation of Board Meetings in TWSE/TPEx Listed Companies and Practical Sharing.	3
		2025/09/26	Taipei Foundation of Finance	Sustainability Disclosure and Investment Value from an Investor's Perspective: Explaining ESG-Linked Value and Risk Monitoring, Building Capital Market Trust	3

(IV) Composition, Responsibilities and Operations of the Remuneration Committee:

1. The Company has established a Remuneration Committee in accordance with the law and formulated its organizational regulations. With a professional and objective stance, the committee provides recommendations to the Board of Directors for their decision-making reference. The Company's Remuneration Committee consists of three members, all of whom meet the professional and independent qualifications required by law. The key work priorities of the Compensation Committee for the year are as follows:
   (1) Review the policies, systems, standards, and structures related to the performance evaluation and compensation of the Company's directors and managers.
   (2) Evaluate the performance of the Company's directors and managers in achieving their objectives. Based on their responsibilities, associated risks, and the time invested, link the reasonable fairness of performance-related risks to compensation, and determine the content and amount of individual compensation.
2. Information on Remuneration Committee Members

March 31, 2026

Identity	Qualifications / Name	Professional qualifications and experience	Independence analysis	Number of other public companies at which the person concurrently serves as remuneration committee member
Independent Director (Convener)	Chih-Hsien Weng	Please refer to page 9 for the disclosure of professional qualifications of directors and independence of independent directors.		1
Independent Director	Chien-Chang Chen			None
Independent Director	Chih-Fa Cheng			1

3. Operation of the Remuneration Committee

（1） The Company’s remuneration committee has a total of 3 members.

（2） The term of the current members: From June 14, 2024, to June 13, 2027.

（3） The number of remuneration committee meetings held in 2025 was: 4(A). The attendance by the members was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) (B/A)	Remarks
Convenor	Chih-Hsien Weng	4	0	100.00	
Member	Chien-Chang Chen	4	0	100.00	
Member	Chih-Fa Cheng	4	0	100.00	

(4) The dates and terms of the most recent annual meetings of the Remuneration Committee, the content of the motions, the results of the resolutions and the Company's handling of the opinions of the Remuneration Committee are as follows:

Remuneration Committee	Content of proposals and follow-up actions	Resolution Results	The Company's handling of the Remuneration Committee's opinions
2025 First 2025.01.22	Distribution of total bonuses for directors and managers of the Company in 2024.	The resolution was passed with no objection from all members present	Reported to the Board of Directors, and passed with no objection from other members present except for recusal of a director
2025 Second 2025.02.26	1. Allocation ratio of directors' remuneration for 2024. 2. 2024 directors' remuneration of each director 3. 2024 employee compensation of each manager	The resolution was passed with no objection from all members present	Reported to the Board of Directors, and passed with no objection from other members present except for recusal of a director
2025 Third 2025.06.13	Review of directors' and managers' remuneration	The resolution was passed with no objection from all members present	Reported to the Board of Directors, and passed with no objection from all members present
2025 Fourth 2025.11.12	Adjustment of Salaries in Response to Minimum Wage Changes	The resolution was passed with no objection from all members present	Reported to the Board of Directors, and passed with no objection from all members present

4. Other information required to be disclosed:

(1) If the board of directors does not accept, or amends, any recommendation of the remuneration committee, specify the board meeting date, meeting session number, content of the recommendation(s), the outcome of the resolution(s) of the board of directors, and the measures taken by the Company with respect to the opinions given by of the remuneration committee (e.g., if the salary/compensation approved by the board is higher than the recommendation of the remuneration committee, specify the difference(s) and the reasons): None.

(2) With respect to any matter for resolution by the remuneration committee, if there is any dissenting or qualified opinion of a committee member that is on record or stated in writing, specify the remuneration committee meeting date, meeting session number, content of the motion, the opinions of all members, and the measures taken by the Company with respect to the members' opinion: None.

(V) Promotion of Sustainable Development – Implementation Status and Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons:

Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
I. Has the Company established a governance framework for promoting sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the Board of Directors authorized senior management to handle related matters under the supervision of the Board?	V		I. 1. In accordance with the vision and mission of our ESG policy, a Sustainable Development Promotion Team was formed by key managers, chaired by the President, to jointly review the Company's core operating capabilities and formulate medium- and long-term sustainable development plans. 2. The President Office serves as a platform for departmental communication that integrates up and down and links up horizontally to coordinate the planning and promotion of sustainable development, identify sustainability issues of concern to the Company's operations and stakeholders, formulate corresponding strategies and work guidelines, and prepare budgets and plans related to sustainable development for each unit, and then distribute them to each unit for implementation in accordance with the annual plan. It shall regularly track results to ensure that the sustainable development strategy is fully implemented in the Company's daily operations. 3. The Board of Directors will listen to the reports compiled by the management team every year, review the operational effectiveness and future work strategies. The Board of Directors will give its opinion on the possibility of success of the strategies, review their implementation from time to time, and request the management team to make adjustments when necessary. Report on the progress and promotion of sustainable development goals for 2025 and presented at the board meeting on January 30, 2026.	None

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td>II. Does the company conduct risk assessments of environmental, social and corporate governance (ESG) issues related to the company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies?</td><td>V</td><td></td><td>II.
1. The Company's risk assessment focuses on issues related to the Company's sustainable operation in 2025 and includes its subsidiary, Hong Bang Investment Co., Ltd.
2. The Sustainable Development Promotion Team has formulated risk management policies and taken specific action plans to effectively identify, measure, evaluate, monitor and control significant environmental, social and corporate governance issues related to the Company's operations in order to reduce the impact of related risks.
3. Based on the assessed risks, the relevant risk management strategies are formulated as follows:
<table>
<tr><th>Major Issues</th><th>Risk Assessment Items</th><th>Explanation</th></tr>
<tr><td>Environmental issues</td><td>Environmental impact and management</td><td>1. The Company has improved the manufacturing process to reduce the impact of the production on the environment.
2. In response to the increasing international demand for environmental protection products, the Company has obtained the GRS Global Recycling Standard certification since 2017.
3. We are actively promoting energy saving and carbon reduction programs, and enhancing employees' awareness of environmental protection through education, training and promotion.</td></tr>
</table></td><td>None</td></tr>
</table>

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td></td><td></td><td></td><td>
<table>
<tr><td rowspan="2">Social issues</td><td>Occupational safety and health</td><td>1. Develop a safety and health code of conduct to stipulate safety management matters for employees to follow.
2. Obtained ISO 45001 certification. Through an internationally recognized occupational safety and health management system, the Company prioritizes employees' health and well-being and strengthens organizational resilience.
3. Hold regular fire drills and occupational safety education training every year to cultivate employees' emergency response and self-management abilities.
4. To commission an external professional vendor to inspect the dangerous machinery every month and obtain the records of the vendor's inspection results.</td></tr>
<tr><td>Product safety</td><td>1. All of the Company’s products comply with government regulations, and there is no risk of pollution during the production process. There are no cases where the measured values of air pollutants exceed regulatory emission standards. All environmentally friendly products can be provided with a hang tag labeled with eco-friendly materials.
2. In order to ensure the quality of customer service, we have set up a customer service hot line and communication website to strengthen the cooperation with our customers.</td></tr>
</table>
</td><td></td></tr>
</table>

Item	Implementation Status					Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description			
			Corporate governance issues	Legal compliance	1. Through the establishment of a governance organization and the implementation of internal control mechanisms, we ensure that all of our employees and operations comply with relevant laws and regulations.	
				Enhancing the functions of directors	1. Each year, we plan relevant refresher courses for directors and provide them with the latest regulations, institutional development and policies. 2. We purchase liability insurance for directors to transfer the risk of litigation or claims against them.	
				Stakeholders communication	1. We establish multiple channels of communication to reduce the risk of confrontation and misunderstanding caused by business or litigation. 2. We set up a mailbox for investors, with a spokesperson to handle and respond to them.	
				Integrity and anti-corruption	1. We formulate relevant regulations and establish smooth whistleblowing channel and whistleblower protection measures to mitigate harms to the Company caused by unethical behaviors.	
				Cybersecurity	1. We enhance cybersecurity protection measures, and improve all units' ability of risks identification through various simulations tests and emergency response drills, and cybersecurity advocation events.	

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td></td><td></td><td></td><td><table><tr><td></td><td>Personal Data Protection</td><td>1. We comply with relevant government laws and regulations. Personal data is used only within the scope permitted by law and will not be provided, leased, or disclosed in any other indirect manner to any third party.
2. Personal data protection advocacy courses are held at least once a year.</td></tr></table></td><td></td></tr>
<tr><td>III. Environmental Issues
(I) Has the Company set an environmental management system designed to industry characteristics?</td><td>V</td><td></td><td>(I) The Company identifies and complies with environmental regulations, establishing an environmental management policy focused on "pollution prevention", "energy conservation and waste reduction," and "environmental recycling". We are committed to resource recycling and reuse, reducing waste generation, managing water resources, and controlling carbon dioxide emissions, striving for sustainable environmental management.
In 2025, the Company continued to obtain Global Recycled Standard (GRS) certification, which focuses on environmental protection, labor and human rights, and occupational safety as key audit areas. We have established and implemented an environmental management system in accordance with its certification standards, and is committed to increasing the proportion of environmentally friendly products produced, mitigating global climate change, and fulfilling its corporate social responsibility for environmental stewardship. The latest GRS</td><td>None</td></tr>
</table>

Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
			certificate is valid from March 9, 2026 to March 8, 2027. In terms of waste management, unusable box lids, box bottoms, scrap metal, and other waste generated from the manufacturing process are sold or recycled for reuse. For water resource management, the production process generates no wastewater, while domestic water use is optimized through the use of water-saving devices (such as water-saving faucets) and the replacement of cooling tower components to improve water efficiency. Through the optimization of false twist process efficiency, such as improvements in spindle assembly design and fabric tension equipment, the Company achieves energy conservation and carbon reduction, with an annual electricity saving target of 400,000 kWh.	
(II) Does the Company endeavor to use energy more efficiently and to use renewable materials with low environmental impact?	V		(II) The Company actively promotes various energy and resource reduction measures by modifying production processes, optimizing manufacturing equipment, and selecting energy-saving devices to reduce energy consumption at both the corporate and product levels and continuously improve energy efficiency. We actively adopt environmentally sustainable raw materials in our product	None

Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
			manufacturing. Furthermore, the development of recycled fabric products has been identified as one of our key annual initiatives, ensuring the sustainable use of Earth's resources. The ratio of sales of environmental products to all products was more than 40% in 2025. Electricity constitutes the primary portion of the Company's energy consumption. In 2025, the Company carried out an air compressor retrofit program, replacing aging components and adjusting compressor parameters to reduce load. The total electricity saved was 507,979 kWh, thereby meeting our objective.	
(III) Has the Company evaluated the potential risks and opportunities posed by climate change for its business now and in the future and adopted relevant measures to address them?	V		(III) The President Office is responsible for formulating climate change management strategies, risk management and action plans annually, tracking them in management meetings and reporting them to the Board of Directors on a regular basis. The Company will face risks such as compliance with environmental regulations, increased costs of greenhouse gas emissions and higher raw material costs due to climate change, and will respond to these risks through energy management, optimization of product mix to improve resource utilization, and future purchases of renewable energy-related commodities.	None

Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
(IV) Did the Company collect data for the past two years on greenhouse gas emissions, volume of water consumption, and the total weight of waste, and establish policies for greenhouse gas reduction, reduction of water consumption, or management of other wastes?	V		(IV) In 2025 and 2024, non-hazardous waste generated from the manufacturing activities of the Company and its subsidiaries amounted to 25 metric tons and 74 metric tons, respectively. Water consumption was 42,000 cubic meters and 45,000 cubic meters, respectively. Greenhouse gas emissions totaled 17,100 metric tons CO2e (Scope 1: 100/Scope 2: 17,000 metric tons) and 19,700 metric tons CO2e (Scope 1: 100/Scope 2: 19,600 metric tons), respectively. In 2024, third-party verification of ISO 14064-1 Scope 1 and Scope 2 greenhouse gas emissions was completed. For 2025, the verification is scheduled to be completed by the end of June 2026. In 2025, total greenhouse gas emissions and water consumption decreased by 10% and 6.67% respectively compared to the previous year, achieving the annual reduction target of 1%. Going forward, the Company aims to continue meeting its target of an annual reduction of at least 1%. Action plans for climate change mitigation and adaptation, such as energy conservation and carbon reduction, improving resource efficiency, energy and resource management, and the production of eco-friendly material products, will enhance the Company's product competitiveness, increase revenue, save operating costs, and generate more profit opportunities for the Company.	None

Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
IV. Social Issues (I) Has the company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?	V		(I) We follow the principles of the United Nations Universal Declaration of Human Rights, the United Nations Guiding Principles on Business and Human Rights, the United Nations Global Compact, the United Nations International Labor Organization and other international human rights conventions. In accordance with labor regulations and related personnel norms, we have established work rules, measures to prevent sexual harassment in the workplace, procedures for complaints and disciplinary actions, etc., to ensure that colleagues are not discriminated against, harassed, or treated unfairly based on gender, age, race, nationality, or other conditions. The Company regularly identifies and evaluates current human rights risks by paying attention to major social issues, reviewing its own operations and other related activities every year, and formulating control strategies for human rights issues accordingly, as well as continuously monitoring the implementation results. In order to implement employee human rights protection (e.g. sexual harassment prevention, labor disputes, and rules for employee leave…), the Company conducts annual training on work rules and human rights, with a total of 633 participants and 1,239 training hours in 2025, holds quarterly labor-management meetings, establishes smooth communication channels, conducts fire drills every six months.	None

Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
(II) Has the Company established and implemented reasonable employee welfare measures (include salary/compensation, leave, and other benefits), and are business performance or results appropriately reflected in employee salary/compensation?	V		(II) The Company has established work rules, remuneration, leave and performance incentives, clearly defined salary, reward and punishment standards and retirement system, and diversified welfare measures (including but not limited to three festival bonuses, employee health checkups, various subsidies, childcare-friendly environment and on-the-job training, etc.), as well as various welfare measures and retirement system. Please refer to pages 92-94 for details. The Company shares its profits. The year-end bonus system is based on the current year's net income after tax, and is distributed to all employees after considering the performance of the rank and individual. In addition, it is stated in the Articles of Incorporation that if there is any pre-tax profit in the current year, 4% shall be allocated as employee's compensation, and no less than 45% of which shall be distributed to entry-level employees. In addition to the achievement of actual operating results, the Company also focuses on departmental work objectives and individual performance, and combines these with sustainable management indicators, so that employees' salary and the Company's operations can grow together.	None
(III) Does the Company provide employees with a safe and healthy working environment,	V		(III) To create a safe and healthy working environment, the Company has formulated a safety and health code of conduct that stipulates safety management matters as part of workplace maintenance. Machinery is inspected and maintained on a regular basis, and any abnormal	None

Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
and implement regular safety and health education for employees?			situations are immediately eliminated or improved. The Company has obtained ISO 45001 certification. Through this internationally recognized occupational safety and health management system, the Company prioritizes employees' health and well-being and strengthens organizational resilience. To protect workers from noise hazards in the workplace and to provide them with a healthy and comfortable working environment, the Company conducts noise environmental inspections twice a year and conducts special hearing inspections during the annual health checkups. In terms of employee health maintenance, annual health examinations are conducted for employees, and designated medical personnel are available on-site to provide services. In 2025, occupational medicine specialists, on-site physicians, and nurses visited the facility 3, 3, and 72 times respectively. This initiative assisted employees in working in a safer and more appropriate manner, thereby implementing personal health protection and management.	

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td></td><td></td><td></td><td>The number of occupational accidents in 2025 was 7, accounting for 3.32% of the total number of employees at the end of 2025.
After the review, the Company has revised the relevant inspection items and enforced safety measures. The Company has also immediately educated employees on what to pay attention to, and let supervisors to care for the physical and mental state of employees to ensure their safety during work.
The Company has conducted risk identification for unfavorable situations in the workplace such as nighttime arson etc., and formulated effective disaster reduction contingency measures. We conduct regular fire drills every six months and annual maintenance checks on fire equipment every year. Emergency evacuation routes and exits are installed in the workplace, and reports are submitted to the competent authorities to ensure that employees can respond promptly and effectively in case of emergencies. In 2025, there were zero fire incidents, with no casualties or injuries. Please refer to pages 92-96 for details on related safety and welfare measures.</td><td></td></tr>
</table>

Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
(IV) Has the Company established effective career development training programs for employees?	V		(IV) The Company has a complete training program for supervisors and employees at all levels of career development, including newcomer training, professional advancement training, and supervisor training, etc., to help employees continue to grow through a variety of learning methods, so that they can perform their duties in their existing positions, while pursuing further education to acquire the necessary skills for promotion. Please refer to page 93 for details of the related staff education and training.	None
(V) Does the company comply with the relevant laws and international standards with regards to customer health and safety, customer privacy, and marketing and labeling of products and services, and implement consumer protection and grievance policies?	V		(V) 1. The Company's environmentally friendly products are all available with tags indicating the use of eco-friendly materials. 2. The Company has established the "Personal Data Protection Management Guidelines," which stipulate that the collection, processing, and use of personal data must respect the rights and interests of individuals. These activities must be conducted with honesty and integrity, within the necessary scope of the specified purpose, and must be legitimately and reasonably related to the purpose for which the data was collected. The scope of application encompasses the Company, its factories, subsidiaries, customers, and suppliers. A dedicated contact channel for personal data protection is available on the Company's website in the stakeholder section, allowing for written or telephone responses to any complaints. Additionally, customer service representatives periodically	None

Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
			conduct proactive checks to ensure the implementation of customer policies and assist sales colleagues in addressing customer issues. This helps maintain and protect the privacy of customer information. The Company manages this through internal audits of personal data, crisis prevention measures, and annual training to safeguard customer data.	
(VI) Has the company formulated supplier management policies requiring suppliers to comply with relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and what is the status of their implementation?	V		(VI) The Company upholds its supply policy of “Suppliers are partners, We Guide the Suppliers to Build Long-Term Relations with Us” in the formulation of a comprehensive supplier management policy. The Company controls and guides its suppliers according to the following guidelines with the aim of building a sustainable supply chain management mechanism. 1. Cost advantage 2. Ability to establish a sustainable supply chain 3. Ability to enhance the supply of supply chain 4. Emphasis on environmental protection 5. Concern for the environmental issues	None

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td></td><td></td><td></td><td>The Company takes the following approaches for the assessment and selection of suppliers:
<table>
<tr><td>Execution guidelines</td><td>1. Compliance with the Company’s “Code of Ethical Conduct” and “Ethical Corporate Management Best Practice Principles”
2. Supplier assessment based on six aspects: quality/finance/cost/delivery/service/sustainability
3. Suppliers agree to the Company's policies
4. Tier 2 suppliers agree to the Company's policies
In order to jointly promote corporate social responsibility with the suppliers, the Company guides and requires its suppliers to comply with sustainability requirements, by requiring the suppliers to obtain certifications (such as GSR Certification) that emphasize the inspection of environmental protection, labor, and human rights, and occupational safety and health, and have supply capacity exceeding the Company's demand by at least 10%.
It would be a plus for suppliers if they have obtained certifications such as the ISO 90001- Quality Management Systems Certification, OHSAS 18001 - Occupational Health & Safety Certification, or ISO 14001 – Environmental Management Certification.</td></tr>
</table></td><td></td></tr>
</table>

Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	

Risk evaluation	1. The suppliers are divided into different risk levels based on their assessment results. 2. Suppliers in which deficiencies were found through on-site order audit are listed in the mid-risk supplier list. 3. Suppliers with assessment score lower than the Company's minimum requirement are listed in the high-risk supplier list.
Improvement and follow-up	1. Suppliers comply with the Company's supplier assessment mechanism. 2. The Company provides guidance and suggestions for improvements during the course of assessment. 3. The Company requires the suppliers to make improvements based on the assessment report. 4. Suppliers with assessment score lower than the Company's minimum requirement are listed in the must-audit supplier list for the following year. 5. For suppliers which are unable to meet the requirements for 2 consecutive years, the Company decreases procurement volume or cease business dealing according to its internal regulations.

Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
			The Company has included all key raw material suppliers in the evaluation process, with a certification rate of 100% for relevant certifications obtained in 2025.	
V. Does the company refer to international reporting standards or guidelines when preparing its sustainability report and other reports disclosing non-financial information? Does the company obtain third party assurance or certification for the reports above?	V		The Company prepared and filed its third-party-verified Sustainability Report in August 2025.	None
VI. If the Company has adopted its own sustainable development best practice principles based on the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, please describe any deviation from the principles in the Company's operations: The Company has not yet established a "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies", but its operations are carried out with reference to the spirit of the Code.				

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td colspan="5">VII. Other important information to facilitate abetter understanding of the status of operation of the company’s promotion of sustainable development:
(I) Environmental protection: We are committed to developing and selling environmentally friendly processed yarn series products. The products developed in 2025 are described on pages 3-4. We continue to introduce the concept of "green products", R&D of environmentally friendly yarns, low-pollution and energy-saving production processes and recycling packaging measures. Since 2017, the Company has obtained the GRS certification. Its products comply with environmental, health, and safety regulations, and produces textile products with environmental protection as the main target.
(II) Community Participation, Social Contribution, Social Services, and Social Welfare: The Company upholds the spirit of "Taking from society, giving back to society." In 2025, 59% of the workforce employed at the factory operations in Yingge District, New Taipei City, came from the local community, enhancing local recognition. Additionally, the Company actively provides employment opportunities to disadvantaged groups, offering tangible support and care.
(III) Other sustainable development:
1. The Company fulfills its responsibilities as a corporate citizen and carries out energy-saving activities for environmental protection. We continue to promote the reduction of water, electricity, and paper, resource recycling, energy-saving and carbon-reduction activities within the Company, so that the concept of sustainable coexistence between human beings and nature can be practiced in the corporate activities. To address severe environmental pollution issues, the Company has formulated the following two strategies to achieve zero-carbon, zero-waste operations:
(1) Actively Promoting Eco-Friendly Yarn Products
In response to the changing global fashion trends and the market demand for environmentally conscious products, the Company has obtained Global Recycled Standard (GRS) certification and invested in the research and development of eco-friendly materials, providing differentiated and high value-added environmentally friendly and functional products. In 2025, eco-friendly product sales accounted for over 40% of total sales.
(2) Waste Management</td></tr>
</table>

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td colspan="5">In 2025 and 2024, non-hazardous waste generated from the manufacturing activities of the Company and its subsidiaries amounted to 25 metric tons and 74 metric tons, respectively, achieving the annual reduction target of 2%.
2. In response to the government's "Green Finance Action Plan 3.0," the Company has invested in Taichung Bank's "Sustainable Deposits," totaling NT$178,000 thousand as of the publication date of the annual report, in order to support enterprises receiving financing for green investments or social-impact investment projects.
3. With reference to the spirit of the United Nations Convention on Biological Diversity, the Company has established the following commitment, aiming to achieve biodiversity protection, the sustainable use of biodiversity, and the fair and equitable sharing of benefits arising from the use of resources. The Company commits to:
(1) Ensuring that operational activities comply with international, national, and local biodiversity laws.
(2) Avoiding operational activities that destroy endangered and protected species and their habitats.
(3) Refraining from development and construction in important biodiversity areas protected by law.
(4) Actively investing in the conservation of biodiversity areas protected by law.
(5) Not converting areas of high conservation value.
(6) Not using species threatened or endangered as listed by the International Union for Conservation of Nature (IUCN) Red List or the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) in the services or products involved in our operational activities.
(7) Knowingly refraining from procuring goods from suppliers that cause biodiversity loss or engage in illegal logging.
(8) Supporting biodiversity conservation actions or initiatives.
(9) Exploring opportunities to invest in natural carbon sinks (including forests, soil, and oceans).
(10) Promoting the use of appropriate tools for biodiversity risk assessment and management, such as the mitigation hierarchy (including avoidance, reduction, mitigation, or offsetting) to achieve net positive impact or no net loss.
(11) Respecting the right of indigenous peoples to free, prior, and informed consent.
(12) Encouraging suppliers to participate in this commitment to jointly protect biodiversity.
To put the above commitments into concrete practice, in 2025 the Company continued to promote the electronic issuance of invoices and pay slips to reduce carbon emissions by 0.75 metric tons.</td></tr>
</table>

Implementation Status of Climate-related Information

<table>
<tr><th>Item</th><th>Implementation Status</th></tr>
<tr><td>1. Describe Board of Directors and management oversight and governance of climate-related risks and opportunities.</td><td>The Board of Directors of the Company serves as the highest governing body for climate change issues. Its responsibility is to oversee and make decisions regarding the Company's climate change governance work. To coordinate and plan the promotion of sustainable development, a Sustainable Development Promotion Team, consisting of managers, has been established, with the President acting as the chairman. Each department is authorized to implement, audit, and monitor improvements according to the plan. The practice of conducting at least one annual review and reporting to the Board of Directors is followed, and adjustments are made as necessary based on the Board's evaluation of the implementation results. In 2024, third-party verification of ISO 14064-1 was completed, and the report was presented to the Board of Directors on August 6, 2025. The greenhouse gas inventory for 2025 is expected to be completed by the end of June 2026.</td></tr>
<tr><td>2. Describe how the identified climate risks and opportunities impact the Company's business, strategy and finances (short-term, medium-term, and long-term).</td><td>1. List of Climate Risk
<table>
<tr><th colspan="2">Type</th><th>Risk</th><th>Possible Occurrence Time</th><th>Level of Importance</th></tr>
<tr><td rowspan="5">Physical Risks</td><td rowspan="2">Immediate</td><td>Increase in Typhoon Intensity</td><td>Short-term</td><td>Medium</td></tr>
<tr><td>Extreme rainfall</td><td>Short-term</td><td>Low</td></tr>
<tr><td rowspan="3">Long-term</td><td>Increase in Global Average Temperature</td><td>Long-term</td><td>Low</td></tr>
<tr><td>Drought and Water Shortages</td><td>Medium-term</td><td>High</td></tr>
<tr><td>Global Sea Level Rise</td><td>Long-term</td><td>Low</td></tr>
<tr><td rowspan="2">Transition Risk</td><td rowspan="2">Regulations and Policies</td><td>Energy Saving Regulatory Requirements</td><td>Short-term</td><td>High</td></tr>
<tr><td>Proportion of Renewable Energy</td><td>Short-term</td><td>Medium</td></tr>
</table></td></tr>
</table>

Item	Implementation Status

		Carbon Fee and Carbon Tax	Medium-term	Medium
	Market	Customer Request	Medium-term	Medium
		Decline in Product Competitiveness	Medium-term	High
	Technology	Difficulty in Developing Green (Low-Carbon) Processes	Medium-term	High
	Reputation	Reputation Impact	Long-term	Low

Note 1. Short-term 1-3 years, medium-term 4-6 years, long-term 7 years or more

2. Corresponding Strategy

Risk Factors	Impact Aspects	Corresponding Strategy
Drought and Water Shortages	Increase in Operating Costs Increased Risk of Operational Disruption	● Water trucks will be deployed in the event of a severe water shortage. ● Planning for the Use of Recycled Water ● Implementation and Control of Emergency Response Plan for Water Supply Suspension and Water Restriction
Energy Saving Regulatory	Increase in Operating Costs	● Implement energy management standards, establish energy baselines, and manage energy consumption. ● Promote energy-saving measures to achieve an annual goal of reducing electricity consumption by more than 1%.

Item	Implementation Status

Increase in Customer Request	Increase in Operating Costs Increase in Costs	● The Sustainable Development Committee is responsible for planning the installation of renewable energy sources and providing regular progress reports to the President. ● Actively strengthen ESG-related initiatives and address customer requests.
Decline in Product Competitiveness	Decrease in revenue	● Continuously understanding the customer's trend towards the adoption of low-carbon products. ● To respond to the low-carbon product market or technology, gather relevant information and develop corresponding strategies.
Difficulty in Developing Green (Low-Carbon) Processes	Increase in Operating Costs Increase in Costs	● Continued development of advanced and energy-efficient process technologies and innovative applications.

3. Opportunity List

Type	Opportunity Item	Possible Occurrence Time
Resource Efficiency	Improvement of Water Resource Efficiency	Short-term

<table>
<tr><th>Item</th><th>Implementation Status</th></tr>
<tr><td></td><td>
<table>
<tr><td rowspan="2"></td><td>Improvement of Energy Efficiency</td><td>Short-term</td></tr>
<tr><td>Waste Recycling</td><td>Medium-term</td></tr>
<tr><td rowspan="2">Source of Energy</td><td>Increase in Proportion of Renewable Energy</td><td>Medium-term</td></tr>
<tr><td>Obtaining Rewards and Cooperation from the Competent Authorities</td><td>Short-term</td></tr>
<tr><td>Products and Services</td><td>Developing Low-Carbon Products and Services</td><td>Medium-term</td></tr>
<tr><td rowspan="2">Market</td><td>Developing Low-Carbon Products and Services</td><td>Long-term</td></tr>
<tr><td>Enhancing Information Transparency to Attract Investment</td><td>Medium-term</td></tr>
<tr><td>Resilience</td><td>Enhancing Disaster Resilience</td><td>Long-term</td></tr>
</table>

The Company has implemented a "Risk Management Policy" to conduct regular reviews of the risks and opportunities associated with the environment, society, and corporate governance.</td></tr>
<tr><td>3. Describe the financial impact of extreme climate events and transition actions.</td><td>1. The financial impact of extreme climate events:
Extreme weather events, such as high temperatures, heavy rainfall, or water shortages, can lead to work stoppages and damage to equipment and inventory. This can temporarily prevent the shipment of goods. These losses will result in higher property insurance rates</td></tr>
</table>

Item	Implementation Status
	and increased facility repair costs. Additionally, extreme weather conditions can lead to increased electricity consumption due to rising temperatures, resulting in higher production costs and carbon emissions. These factors will also impact the company's operational performance. 2. The financial impact of transition actions: Under the transition risks, the transition to a low-carbon economy may encounter significant policy and regulatory, technological, and market changes. These changes include the implementation of carbon fees and greenhouse gas emissions control, regulations on renewable energy, and shifts in consumer preferences. As a result, there may be limitations on capacity expansion, higher operating costs, or a decrease in sales volume. The Company is currently evaluating the precise impact of severe weather events and transition actions on its finances. It is also developing response strategies to ensure that the Company can adapt to these changes while maintaining financial stability.
4. Describe how climate risk identification, assessment and management processes are integrated into the overall risk management system.	The Board of Directors serves as the highest decision-making body for risk management in the Company. It is responsible for identifying and managing the risks associated with our business operations, including physical and transitional risks resulting from climate change. The Risk Management Unit takes the lead in planning relevant response measures and ensuring that all business risks are kept within acceptable limits. We establish robust operational principles for risk management and conduct risk identification and analysis in the areas of environment, social engagement, and corporate governance, taking into account the specific operations of each department. We integrate and manage risks that may impact our operations and profitability. We submit a management implementation and risk management report to the Board of Directors once a year, which oversees and monitors the implementation of risk management by the management team to enhance the resilience of the Company.
5. When using case analysis to assess resilience to climate change risks, it is important to provide an explanation of the context, parameters, assumptions, analysis factors, and significant financial impacts.	Currently, there is no analysis or assessment of the resilience to climate change risks in terms of usage scenarios.
6. If there is a transition plan in place to address climate-related risks, please provide the details of the plan, including the indicators and objectives used to identify	Currently, there is no existing plan to address climate-related risks.

Item	Implementation Status
and manage both physical and transitional risks.	
7. If internal carbon pricing is used as a planning tool, the basis for determining the price should be explained.	Currently, there are no plans to utilize an internal carbon pricing tool.
8. When setting climate-related goals, it is important to provide a clear explanation of the activities that will be covered, the scope of greenhouse gas emissions, the planning schedule, and the annual progress. If carbon offsetting or renewable energy certificates (RECs) are utilized to achieve these goals, it is necessary to specify the source and quantity of carbon offset or the quantity of RECs.	Currently, no goals related to climate have been set.
9. Greenhouse gas inventory and assurance status, reduction goals, strategies, and specific action plans (to be completed in sections 1-1 and 1-2).	As of the printing date of this annual report, the Company does not meet the necessary criteria; therefore, it is not applicable.

(VI) Ethical Corporate Management – Implementation Status and Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons:

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
I. Establishment of ethical corporate management policies and programs (I) Does the company have an ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?	V		(I) The Company's “Ethical Corporate Management Best Practice Principles” has been approved by the Board of Directors and is posted on the Company's website. The Company's senior management and members of the Board of Directors have signed the Statement of Ethical Corporate Management. The labor contract also stipulates that employees of the Company shall abide by the “Ethical Corporate Management Best Practice Principles”, and that the Company will conduct its business based on the concept of integrity and create a business environment for sustainable development.	None
(II) Whether the Company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates, within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in Article 7,	V		(II) To ensure the implementation of ethical corporate management, the Company has established an effective accounting system and internal control system. The internal auditors regularly audit the integrity of management and compliance with the above system.	None

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies? (III) Does the company clearly set out the operating procedures, behavior guidelines, and punishment and appeal system for violations in the unethical conduct prevention program, implement it, and regularly review and revise the plan?	V		(III) The Company's "Ethical Corporate Management Best Practice Principles" and "Ethical Corporate Management Procedures and Behavior Guidelines" stipulate that the Company's personnel shall abide by integrity practices such as not accepting gifts and kickbacks, and establish a disciplinary and complaint reporting system for non-compliance, which is implemented in business activities in a fair and transparent manner.	None
II. Ethical Management Practice (I) Does the company assess the ethics records of those it has business relationships with and include ethical conduct related clauses in the business contracts?	V		(I) The Company's "Ethical Corporate Management Procedures and Behavior Guidelines" stipulate that before entering into business transactions, the Company shall consider the legitimacy of the counterparty and whether there is a record of dishonest behavior. The contents of contracts signed with others should include compliance with the ethical corporate management policy.	None

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
(II) Has the company set up a dedicated unit to promote ethical corporate management under the Board of Directors, and does it regularly (at least once a year) report to the Board of Directors on its ethical corporate management policy and program to prevent unethical conduct and monitor their implementation?	V		(II) The President Office is responsible for promoting ethical corporate management. In addition to regularly analyzing and evaluating the risks of dishonest behavior in the business area, formulating plans to prevent dishonest behavior, and establishing a monitoring mechanism, the Company also ensures the effectiveness of implementation through education, training and promotion, incorporating integrity and ethical values into the Company's business strategy, planning a reporting system and conducting audits from time to time. We regularly evaluate the compliance situation every year and report to the Board of Directors. The results of the implementation of ethical corporate management in 2025 were reported to the Board of Directors on January 30, 2026. The Ethical Corporate Management Team is responsible for receiving reports and providing training and advocacy. In 2025, there were 0 valid case reported externally, 0 case reported directly by employees, with no significant acts of dishonesty identified.	None

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
(III) Has the company established policies to prevent conflict of interests, provided appropriate communication and complaint channels, and properly implemented such policies?	V		(III) The Company has established the "Rules of Procedures for Board of Directors' Meetings", which provides for the recusal of directors' interests in accordance with the law, and the "Work Rules", which prohibits employees from using the power of their positions to request for money or other abnormal benefits. The Company has also set up a whistleblowing mailbox and hotline for employees to report any suspected behaviors they discover.	None
(IV) Does the company have effective accounting and internal control systems in place to enforce ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit compliance with the systems to prevent unethical conduct or hire outside accountants to perform the audits?	V		(IV) To ensure the implementation of ethical corporate management, the Company has established an effective accounting system and internal control system. The internal auditors regularly conduct checks to assess compliance with these policies.	None

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
(V) Does the Company provide internal and external ethical corporate management training programs on a regular basis?	V		(V) The Company has established an ethical policy to implement the concept of ethical corporate management in its corporate culture, conducts education and training for directors, managers and all employees from time to time, and requires all personnel involved in the handling of material information to sign a confidentiality agreement. In 2025, the Company held internal and external training courses for a total of 214 participants/410 training hours and 216 participants/411 training hours of education and training related to ethical corporate management and prevention of insider trading management, respectively. Please refer to pages 38-39 for details of the relevant training for directors.	None
III. Implementation of Complaint Procedures (I) Has the company established specific whistle-blowing and reward procedures, set up conveniently accessible whistle-blowing channels, and appointed appropriate personnel specifically responsible for handling complaints received from whistleblowers?	V		(I) The Company has established the Integrity Management Promotion Team as the designated unit for handling whistleblowing. The whistle-blowing system is clearly defined in the "Ethical Corporate Management Procedures and Behavior Guidelines". Its handling and subsequent	None

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
			review and improvement measures shall be reported to the Board of Directors. The Company's "Ethical Corporate Management Procedures and Behavior Guidelines" are posted on the Company's website and the Market Observation Post System.	
(II) Has the company established standard operation procedures for investigating the complaints received, follow-up measures taken after investigation, and mechanisms ensuring such complaints are handled in a confidential manner?	V		(II) The Company's procedures for communicating and responding to opinions specify the relevant operating procedures, and records are kept for the receipt, investigation process and results of whistleblower cases. The identity of the whistleblower and the contents of the report should be kept confidential. If the investigation reveals any material irregularities or the Company is in danger of being materially damaged, a report should be made immediately and the independent directors should be notified in writing. No such events occurred in 2025.	None
(III) Has the company adopted proper measures to protect whistleblowers from retaliation for filing complaints?	V		(III) The Company shall keep the whistleblower confidential during the whistleblowing process and shall not be subject to disciplinary action as a result of the whistleblowing.	None

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
IV. Strengthening Information Disclosure Does the company disclose its ethical corporate management policies and the results of their implementation on its website and the Market Observation Post System (MOPS)?	V		The Company discloses the Company's Ethical Corporate Management Code, the Company's profile, basic information and financial information on its website and the Market Observation Post System, and discloses the Company's information on the Market Observation Post System on a timely basis in an open and transparent manner.	None
V. If the company has adopted its own ethical corporate management best practice principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, please describe any deviations between the principles and their implementation: None.				
VI. Other important information to facilitate a better understanding of the status of operation of the company's ethical corporate management policies: (I) The Company complies with the Company Act, the Securities and Exchange Act, the Business Accounting Act, the regulations related to TWSE/TPEx Listed Companies, or other laws and regulations related to business practices. The Company has established the "Ethical Corporate Management Best Practice Principles" and the "Ethical Corporate Management Procedures and Behavior Guidelines" as the basis for the implementation of ethical corporate management. (II) The Company's "Rules of Procedures for Board of Directors' Meetings" provides for a system of recusal of directors' interests, whereby a director who has an interest in a proposal listed by the Board of Directors that is harmful to the Company's interests or the legal entity he or she represents may present his or her opinion and answer questions, but may not join the discussion or vote, and shall recuse himself or herself from the discussion or vote and may not exercise his or her voting rights on behalf of other directors. (III) The Company's Intellectual Property Management Plan and Implementation Status: 1. Intellectual Property Management Plan To safeguard advanced technological achievements and protect Company assets, the Company integrates its operational objectives with research and development resources to formulate an intellectual property management plan, with the aim of mitigating operational risks, enhancing long-term competitive advantage, and ensuring sustainable corporate operations.				

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	

The Company has established confidentiality policies in its "Employee Code of Conduct or Ethics" and "Procedures and Guidelines for Ethical Corporate Management." Employees are required to strictly comply with the operational regulations governing intellectual property, and shall not disclose to others any trade secrets, trademarks, patents, copyrights, or other intellectual property of the Company that have come to their knowledge. Employees are also prohibited from inquiring into or collecting trade secrets, trademarks, patents, copyrights, or other intellectual property of the Company that are not related to their duties.

(1)Trademark Rights Management

In response to the Company's business needs and to enhance corporate image and visibility, the Company began filing trademark applications in 1984. The President's Office is responsible for application and registration, status management, and rights maintenance, and conducts trademark registration in newly added transaction regions in accordance with the Company's future business plans.

(2)Trade Secret Management

① Company employees shall bear an obligation of confidentiality with respect to plans, documents, charts, and other items designated as confidential by the Company, and shall not use, disclose, dispose of, destroy, or otherwise infringe upon intellectual property rights. Violators shall bear the relevant legal responsibilities.

② Whether during employment or after leaving the Company, employees shall not disclose the Company's confidential information, documents, or trade secrets to any third party, nor shall they make any illegal use of such information. Violators shall be subject to legal prosecution by the Company in accordance with the law.

③ The Company prohibits the use of unauthorized computer programs and shall comply with the lawful restrictions imposed by the owners of computer programs and databases.

④ The Company strengthens its personnel's intellectual property protection awareness and understanding through the signing of confidentiality agreements and the conduct of education, training, and advocacy.

2. 2025 Implementation Status

The Company has actively promoted its intellectual property management plan. The key implementation status in recent years was reported at the Board of Directors meeting on January 30, 2026, with the relevant content as follows:

<table>
<tr><th rowspan="2">Evaluation item</th><th colspan="3">Implementation status</th><th rowspan="2">Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td colspan="5">(1)Continued review and maintenance of trademark rights in use, and assessment of the necessity of continued maintenance.
(2)A total of 7 new managers and employees joined the Company this year, all of whom have signed confidentiality clauses. Trade secret protection has also been incorporated into new employee training courses, ensuring strict employee compliance with confidentiality obligations.
(3)To reduce the risk of confidential information being leaked by personnel, the employment contracts signed by Company employees upon onboarding require employees to maintain confidentiality obligations with respect to the Company's trade secrets and related intellectual property during employment and for an agreed period after leaving the Company. Furthermore, any intellectual property rights and interests generated in the course of employment shall belong to the Company. In 2025, there were no instances of disciplinary action arising from breach of confidentiality agreements.
(4)Through the "Document Classification Management Mechanism," the Company governs the classification, grading, labeling, access rights, transmission, and retention of internal and external official documents, in order to prevent damage to Company interests resulting from the inappropriate acquisition, use, access, or disclosure of confidential information.
(5)The Company continues to promote employee education and training, advocating the concept of trade secret protection in order to implement its intellectual property management policy. In 2025, the total participation in education and training and advocacy programs reached 419 person-times.</td></tr>
</table>

(VII) Other important information that can enhance the understanding of the Company’s corporate governance practices: None.

(VIII) Internal Control System Execution Status

1. Statement of Internal Control

Hong Yi Fiber Ind. Co., Ltd.

Statement of Internal Control System

Date: March 4, 2026

The Company states the following with regard to its internal control system during 2025, based on the findings of a self-evaluation:

I. The Company acknowledges and understands that establishing, operating and maintaining an internal control system are the responsibilities of its Board of Directors and management, and such a system has been established. The purpose of establishing the internal control system is to reasonably assure the following objectives: The effectiveness and efficiency of operations (including profitability, performance and the safeguarding assets); reliability, timeliness, transparency of our reporting, and compliance with applicable rulings, laws and regulations.

II. The internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can only provide reasonable assurance of accomplishing the aforementioned three objectives. Moreover, the effectiveness of an internal control system may be subject to changes of environmental or circumstances. Nevertheless, our internal control system contains self-monitoring mechanism and UMC takes corrective actions whenever a deficiency is identified.

III. The Company evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (herein below, the "Regulations"). The criteria adopted by "the Regulations" identify 5 components of internal control based on the process of management control: 1. Control Environment, 2. Risk Assessment, 3. Control Activities, 4. Information and Communication, and 5. Monitoring Activities. Each component further contains several items. Please refer to the Regulations for details.

IV. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.

V. Base on the findings of the assessment mentioned in the preceding paragraph, UMC believes that, on December 31, 2025, its internal control system (including its supervision and management of subsidiaries), had effectively assured that the following objectives had been reasonably achieved during the assessing period: effectiveness and efficiency of operations, reliability, timeliness, transparency of our reporting, and compliance with applicable rulings, laws and regulations.

VI. This statement is an integral part of the Company's annual report and prospectus and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

VII. This statement was passed by the Board of Directors in their meeting held on March 4, 2026, with none of 8 attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

Hong Yi Fiber Ind. Co., Ltd.

Chairman: Shwn-Shyan Shih

President: Qing-Rong Wang

2. If a CPA was engaged to conduct a special audit of the internal control system, provide its audit report: N/A

(IX) Major Resolutions of Shareholders' Meeting and Board Meetings:

1. Major Resolutions at the Shareholders' Meeting on 2025:

Date	Major resolutions	Implementation Status
2025.06.13	Approval items: (I) The Company's 2024 financial statements. (II) The Company's 2024 earnings distribution	The ex-dividend date is July 9, 2025, and dividends are paid on August 6, 2025.

2. Major Resolutions of Board Meetings:

(1) The Company's Major Resolutions of the 2025 Annual Board Meeting:

① Communications between the CPAs and the corporate governance unit, independence, suitability, and engagement of CPAs, and audit fees.
② Amend certain provisions of the "Articles of Incorporation," "Standards for Practice for External Information Dissemination," and "Procedures for Handling the Acquisition or Disposal of Assets."
③ 2024 employees' and directors' compensation distribution.
④ 2024 financial statements and business report.
⑤ 2024 distribution of earnings.
⑥ 2025 Summary of the Business Plan
⑦ 2024 statement of internal control
⑧ Review matters related to the Company's 2025 Annual Shareholders' Meeting.
⑨ Review matters related to the acceptance of proposals from shareholders holding more than one percent of the shareholding at the Company's 2025 Annual Shareholders' Meeting.
⑩ Change of the Company's Chief Internal Auditor and cancellation of the Second Acting Spokesperson.
⑪ 2024 Sustainability Report.
⑫ 2026 Audit Plan.
⑬ Proposal for Renewal of Agreements with Banks and Bills Finance Companies.

(2) Major Resolutions of the Board Meetings of the Company in 2026 and up to the date of publication of the annual report:

① Communications between the CPAs and the corporate governance unit, independence and suitability of CPAs, and audit fees.
② Amend certain provisions of the "Procedures for the Distribution of Employee Compensation" and "Rules of Procedure for Shareholders' Meetings."
③ 2025 financial statements and business report.
④ 2025 distribution of earnings.
⑤ 2026 summary of the business plan.
⑥ 2025 statement of internal control.
⑦ Review matters related to the Company's 2026 Annual Shareholders' Meeting.
⑧ Review matters related to the acceptance of proposals from shareholders holding more than one percent of the shareholding at the Company's 2026 Annual Shareholders' Meeting.

(3) Resolution Results:
The above resolutions were approved by all directors present (excluding those who recused themselves) without any objection and were carried out in accordance with the results of the resolutions.

(X) Major Issues of Record or Written Statements Made by Any Director or Supervisor Dissenting to Important Resolutions Passed by the Board of Directors: None.

IV. Information on CPA Audit Fees

Information on CPA Audit Fees

Unit: NT$ thousands

Name of accounting firm	Names of CPAs	Period covered by the CPA audit	Audit fees	Non-audit fees (Note)	Total	Remarks
BDO Taiwan	Jiunn-Huei Ko Chun-Chun Chang	2025	1,040	300	1,340	

Note：Non-audit public fees refer to tax compliance audit fees.

(I) When the CPA Firm Is Changed and the Audit Fees Paid for the Fiscal Year of Such Fees Are Lower than Those for the Previous Fiscal Year:N/A

(II) Audit Fees Paid for the Year Are at Least 10% Less than Those Paid for the Previous: None.

V. Information on Replacement of CPAs: N/A

VI. The Company’s Chairman, Presidents, and Managers Responsible for Finance or Accounting Who Have Held A Position in the CPA Office or its Affiliates Within the Latest Year: None.

VII. Shareholding Transferred or Pledged by Directors, Management, and Major Shareholders Who Holds 10% of the Company Shares or More

(I) Changes in Shareholding of Directors, Managerial Officers, and Major Shareholders:
For information on changes in shareholdings, please visit the Market Observation Post System (https://mops.twse.com.tw), select "Single Company," then under "Equity Changes/Securities Issuance" select "Equity Transfer Information Query," and click "Post-Reporting Form of Insiders' Equity Changes" for inquiry.

(II) Shares Trading with Related Parties : There is no transfer of shares from the Company’s directors, managers, major shareholders to related parties.

(III) Information on Pledges of Shareholding: None.

VIII. Relationships Among the Top 10 Shareholders

July 9, 2025 (Note)

Name	Current Shareholding		Spouse & Minor Shareholding		Shareholding by nominee arrangement		Name and relationship between the Company's top 10 shareholders, or spouses or relatives within 2 degrees		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Kao-Huang Lin	4,766,000	3.59	—	—	—	—	—	—	—
Chen-Hung Shih	3,217,982	2.43	1,300,476	0.98	—	—	—	—	—
Hui-Fen Shih	3,003,327	2.26	—	—	—	—	Tun-Jen Shih	Relative within second degree of kinship	—
Tun-Jen Shih	2,683,553	2.02	869,307	0.66	—	—	Hui-Fen Shih	Relative within second degree of kinship	—
Yu-Ta Shih	2,417,307	1.82	3,332	0.00	—	—	—	—	—
Pao-Li, Kuo Hsu	2,355,578	1.78	—	—	—	—	—	—	—
Representative of Yi-Chin Industrial Co., Ltd.: Cheng-Tian Chan	2,183,000	1.65	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—
Qing-Rong Wang	2,069,529	1.56	—	—	—	—	—	—	—
Representative of Heng Hsing Investment Co., Ltd.: Pei-Fang Lu	1,920,000	1.45	—	—	—	—	—	—	—
	60,000	0.05	—	—	—	—	—	—	—
Chao-Chia Lo	1,859,437	1.40	—	—	—	—	—	—	—

Note：The ex-dividend date for 2025.

IX. The Total Number of Shares and Total Equity Stake Held in Any Single Enterprise by the Company, its Directors, Managerial Officers, and Any Companies Controlled Either Directly or Indirectly by the Company

Total Ownership of Shares in Investee Enterprises

December 31, 2025

Affiliated enterprises (Note)	Ownership by the Company		Direct or Indirect Ownership by Directors/Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
Hong Bang Investment Co., Ltd.	40,000,000	100	0	–	40,000,000	100

Note：A subsidiary of the Company

Chapter 3 Capital Overview

I. Capital and Shares

(I) Issued Shares:

Unit: share; NT$

Year/ Month	Par Value	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Source of Capital	Capital Increased by assets other than cash	Others
—	—	260,000,000	2,600,000,000	132,641,400	1,326,414,000	—	—	There are no changes in authorized capital and paid-in capital for the year 2025 and as of March 31, 2026.

Information Relating to the Shelf Registration System: N/A

Unit: Shares

Share Type	Authorized Capital			Remarks
	Issued Shares (Note)	Unissued Shares	Total	
Registered Common Shares	132,641,400	127,358,600	260,000,000	

Note：The issued shares are listed stock.

(II) List of Major Shareholders: Shareholders with a shareholding of 5% or more or top ten shareholders:

July 9, 2025 (Note)

Shareholding / Shareholder's Name	Shareholding (shares)	Shareholding (%)
Kao-Huang Lin	4,766,000	3.59
Chen-Hung Shih	3,217,982	2.43
Hui-Fen Shih	3,003,327	2.26
Tun-Jen Shih	2,683,553	2.02
Yu-Ta Shih	2,417,307	1.82
Pao-Li, Kuo Hsu	2,355,578	1.78
Yi Jinn Industrial Co., Ltd.	2,183,000	1.65
Qing-Rong Wang	2,069,529	1.56
Heng Hsing Investment Co., Ltd.	1,920,000	1.45
Chao-Chia Lo	1,859,437	1.40

Note：The ex-dividend date for 2025.

(III) Dividend Policy and Implementation Status:

1. Dividend policy:

   In the event that the Company, according to the final settlement, earns profits in a fiscal year, such profits shall first be set aside to pay the applicable taxes, plus adjustments other than net income for the current year, which must be added to the current year's undistributed earnings, offset losses, set aside for 10% of legal reserve, unless the legal reserve has reached the Company's total paid-up capital. The remainder, after setting aside or reversing the special reserve as required by law, is added with the adjustment to the retained earnings as the earnings available for distribution of the current year. Any further remaining profits plus accumulated undistributed earnings shall be distributed in accordance with the proposal submitted by the Board, for approval at a shareholders' meeting.

   Where the Company distributes all or part of earnings, legal reserve and capital reserve in the form of cash, it shall authorize the Board with over two-thirds of the directors attending the meeting and conduct after approval of a majority of the directors attending the meeting, which shall be reported to the shareholders' meeting.

   The Company is in a volatile industrial environment, and in response to changes in the economy and the market, capital expenditures must continue to increase. In consideration of future capital requirements, the distribution of dividends to shareholders should be no less than 30% of the earnings available for distribution for the current period, including a cash dividend of no less than 10% of the current year's total dividends, when the current period is resolved.

2. Distribution of dividends proposed at the shareholders' meeting:
   (1) In accordance with the Company's Articles of Incorporation, if earnings are distributed as cash dividends, the Board of Directors shall be authorized to pass a resolution and then report to the shareholders' meeting.
   (2) Per the resolution of the Company's Board of Directors on March 4, 2026, the earnings distribution of cash dividend is NT$26,528,280 (NT$0.2 per share). The cash dividends shall be distributed based on the number of shares held by shareholders as recorded in the register of shareholders on the record date of dividend. Any fractional amount less than one NTD shall be round down to the nearest whole number. The resulting difference shall be recognized as other revenue of the Company.
   (3) For this distribution of cash dividends, the Chairman shall be authorized to set the ex-dividend date, distribution date and other relevant matters.
   (4) In the event of any change in the number of outstanding shares resulting from the buyback of the Company's common stock, the transfer or cancellation of treasury shares which affects the dividend ratio and must to be adjusted, the Chairman be fully authorized to adjust the dividend ratio and to proceed on the relevant matters.

3. Significant changes in expected dividend policy: None.

(IV) Effect on the Business Performance and EPS Resulting from Stock Dividend Distribution Proposed by 2026 Annual General Shareholders' Meeting: Not applicable.

(V) Employees' Compensation and Directors' Remuneration:

1. Percentage or scope regarding the remuneration of employees and directors as set forth in the Articles of Incorporation:
   (1)The Company shall set aside not more than 2% of the Company's annual profit before tax as remuneration to directors and 4% as remuneration to employees. However, the Company shall first have reserved a sufficient amount to offset its accumulated losses.
   (2)Of the total employee compensation amount mentioned above, at least 45% should be allocated to frontline employees. The aforementioned employee compensation is paid to employees of the subordinate companies who meet certain criteria. The Board of Directors shall be authorized to determine the conditions and distribution methods for this compensation.
2. The basis for estimating the amount of employee and director remunerations, for calculating the number of shares to be distributed as employee remuneration, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:
   (1)The basis for calculating the remuneration to employees and directors in 2025 was based on Article 21 of the Company's Articles of Incorporation.
   (2)In the event that stock is allotted to employees, the number of shares allotted to employees is based on the closing price on the day before the date of the Board of directors' Resolution.
   (3)Any subsequent difference between the actual allotment amount and the estimated amount will be treated as a change in accounting estimate value.
3. Information on the Allocation of Compensations Approved by the Board of Directors:
   (1)Remuneration of Employees and Directors Form of Cash or Stock. If the amount differs from the amount estimated in the year in which the expense is recognized, the amount of the difference, the reason for the difference and the treatment of the difference should be disclosed:
   In accordance with Article 21 of the Company's Articles of Incorporation, since the Company recorded no pre-tax profit in 2025, no employee compensation or directors' remuneration was distributed.
   (2)The amount of any employee remuneration distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial statements for the current period and the total employee remuneration: No employee compensation was distributed in stock during the period, so it is not applicable.
4. The actual distribution of employees' and directors' remuneration (including the number, amount and price of shares distributed) in the previous year, and the differences between the distribution and the recognition of employees' and directors' remuneration, should be stated, the reasons for the differences and the treatment of the differences:
   (1)Actual distribution was NT$3,911,044 as remuneration to employees by cash and NT$1,955,522 to Directors, which is the same as the booked amount.
   (2)Difference: None.
   (3)Reasons for the discrepancy: N/A
   (4)Disposal of discrepancy: N/A

(VI) Share Repurchases by the Company: No treasury shares were repurchased in 2025, so it was not applicable.

II. Issuance of Corporate Bonds: None.

III. Preferred Shares: None.

IV. Global Depositary Receipts: None.

V. Employee Share Subscription Warrants and New Restricted Employee Shares: None.

VI. Status of New Shares Issuance in Connection with Mergers and Acquisitions: None.

VII. Financing Plans and Implementation: None.

Chapter 4 Operating Highlights

I. Business Activities

(I) Business Scope

1. Main Business Activities:
   (1) C301010 Yarn Spinning Mills.
   (2) C302010 Weaving of Textiles.
   (3) C303010 Manufacture of Non-woven Fabrics.
   (4) C305010 Printing, Dyeing, and Finishing.
   (5) C306010 Wearing Apparel.
   (6) C307010 Clothing Accessories.
   (7) C399990 Other Textile and Products Manufacturing.
   (8) C801120 Manufacture of Man-made Fibers.
   (9) H701010 Housing and Building Development and Rental.
   (10) H701020 Industrial Factory Development and Rental.
   (11) CC01030 Electrical Appliances and Audiovisual Electronic Products Manufacturing.
   (12) CC01040 Lighting Equipment Manufacturing.
   (13) F213060 Retail Sale of Telecommunication Apparatus.
   (14) I301030 Electronic Information Supply Services.
   (15) E605010 Computer Equipment Installation.
   (16) CC01110 Computer and Peripheral Equipment Manufacturing.
   (17) ZZ99999All business items that are not prohibited or restricted by law, except those that are subject to special approval.

2. Weight of lines of business:

   The Company's business is the manufacture and marketing of polyester draw-textured yarn, which accounts for 100% of its business.

3. Current products and new products planned for development:
   (1) Current product line: Polyester draw-textured yarn.
   (2) New products planned for development:
      ① Thin denier textured yarn and CD composite yarn.
      ② CD composite yarns with various ratios and textures, coarse denier two-tone yarns, fuzzy yarns, elastic yarns, and comfortable elastic yarns, as well as composite yarns made from different types of raw fibers and specialty functional yarns.
      ③ Test proofing of woolen yarn, wavy yarn, CD with different composition ratio.
      ④ T2T development of graphene mini-dragon yarn series.
      ⑤ Testing and sampling of dragon dance yarns with various specifications and patterns.

(II) Industry Overview:

1. Current Status and Development of Polyester Draw-Textured Yarn Industry:

   In 2025, following the return of U.S. President Trump's administration, the "global reciprocal tariff" mechanism was launched, raising import tariffs across the board on countries with which the United States runs trade surpluses, triggering escalating trade tensions. For the textile industry, which is heavily dependent on exports, this measure has imposed direct cost pressures, slowing end-market demand and dampening consumer purchasing willingness. To make matters worse, the 2026 U.S.-Iran conflict has driven energy costs sharply higher, with crude oil prices fluctuating dramatically. Since approximately 80% of the raw materials for polyester fiber are derived directly from petroleum and natural gas, this has undoubtedly placed a heavy burden on the Company's order acquisition and cost control.

   However, observing global consumer trends, the textile industry's positioning as a core consumer-essentials industry remains solid. Benefiting from population growth and increasing demand for functional apparel, functional textiles continue to enjoy a broad market. At this stage, in addition to responding to global conditions and developing existing advantageous products, it is even more important to enhance product added value and strengthen differentiation, to implement international brand standards, to deepen partnerships, and to consolidate Taiwan's strategic position as a key global hub for functional textile supply.

2. Relationship with Up-, Middle- and Downstream Companies:

   Current products of the Company are polyester draw-textured yarn. The raw materials for polyester production are PTA (pure terephthalic acid) and EG (ethylene glycol). Due to the stable source of Taiwan's petrochemicals of PTA and EG, the upstream price fluctuations and supply stability have an absolute impact on the cost and production of the final products. The downstream weaving, dyeing and finishing, and garment industries have been diversifying in small quantities in line with the market trend, which has led to a higher demand for differentiated fiber products and quick response production systems. As a result, the raw silk, textured yarn, spinning and weaving industries form a close industrial chain.

   International crude oil prices drive changes in upstream raw material prices, and downstream demand for polyester products affect the prices of PTA and EG. In recent years, the global landscape has shifted rapidly. Geopolitical tensions have not eased, the Russia-Ukraine war has yet to truly conclude, and the U.S.-Iran war has now broken out, severely impacting energy supply, driving oil prices sharply higher, causing volatile fluctuations in petrochemical raw material prices, and prompting the market to take a conservative, wait-and-see stance.

3. Product Trends and Competition:

Taiwan's textile industry is built on the foundation of raw materials supplied by the petrochemical industry, and has actively developed synthetic fibers such as polyester and nylon, becoming one of the major global suppliers to the sports and outdoor textile consumer market. However, with global regional integration making trade agreements between countries increasingly common, if Taiwan fails to participate in time, it will face tariff barriers and the supply chain will be gradually marginalized. The textile products previously supplied by Taiwan will be replaced by member countries of trade agreements, leading to reduced exports and industry relocation or hollowing-out.

In addition, China and Southeast Asia hold clear cost advantages, and low-priced yarn products are difficult for Taiwan to match on price competition. Traditional mass production models no longer hold an advantage. Faced with the industry's changing landscape, Taiwan's textile industry can only succeed by shifting toward small-quantity, high-variety, high-value-added products, strengthening research and development and differentiation, and improving quality and functionality. Only in this way can the industry avoid red-ocean price competition and maintain competitiveness and sustainable development in the international market.

(III) Research and Development

1. R&D Expenses of the Company for Most Recent Years and Up to the Date of Publication of the Report:

Unit: NT$ thousands

2025	As of March 31, 2026
7,607	1,848

2. Technologies or Products Successfully Developed

New products developed in 2025: Detailed in page 3-4.

New products developed in 2026: Detailed in page 84.

(IV) Long-term and Short-term Development

1. Short-term Development:

(1) Enhance production technology and deepen research and development to continuously develop and promote differentiated, high value-added products.
(2) Capture market information in a timely manner, adjusting order intake and production allocation in response to market changes, in order to maintain a stable utilization rate and reduce losses from production stoppages.
(3) Improve product quality to enhance customer satisfaction, and maintain strong relationships with customers.

2. Long-term Development:

(1) Form strategic alliances among upstream, midstream, and downstream manufacturers to jointly overcome key material and market bottlenecks.
(2) Reduce inventory and improve capacity utilization through lean management, in order to enhance overall operational efficiency.
(3) In response to environmental protection and carbon reduction, the Company actively invests in the use of recycled materials, continues to deepen ESG green operations, and responds to international carbon emission regulations.
(4) Enhance customer loyalty and improve product competitiveness and market share.

II. Market and Sales Overview

(I) Market Analysis:

1. Sales Regions:

Area \ Year	2025	2024
Domestic	94.78%	96.73%
Asia	4.79%	2.90%
South America	0.38%	0.31%
Oceania	0.05%	0.04%
Europe	—	0.02%
Total	100.00%	100.00%

2. Market Share:

The Company specializes in the production and sales of polyester draw-textured yarn. Based on the 2025 production and sales of polyester draw-textured yarn announced by the Man-Made Fiber Industries Association, the market share of the Company's sales volume is estimated to be approximately 7.06% and the market share of production volume is estimated to be 7.15%.

3. Future Market supply, Demand, and Growth:

Demand for textile products is closely tied to the global economy. When national income rises, consumers' purchasing power for textile-related products increases accordingly, which benefits industry development; the reverse also holds true. Reciprocal tariffs have transformed the global economic landscape, causing dramatic volatility in international raw material prices and a sharp surge in upstream procurement costs. At the same time, domestic production is under the dual pressure of rising electricity costs and labor shortages. Under the combined internal and external pressures of cost escalation and trade barriers, corporate profit margins are being severely squeezed. Some downstream customer orders have shifted to other countries due to geopolitical risks, and the low-price dumping of Chinese and Vietnamese yarn into Taiwan has compounded the situation. Domestic upstream and midstream textile manufacturers are now facing the most severe operating difficulties in nearly two decades.

Draw-textured yarn manufacturers had originally expected that, with reciprocal tariffs reaching a stable phase and exchange rates leveling out, the impact on the apparel market would ease and order momentum from brand clients would recover. However, the outbreak of the U.S.-Iran war has once again dampened consumer momentum. The longer the war drags on, the more global apparel brands will adopt a wait-and-see stance, with order placements becoming increasingly conservative. The 2026 FIFA World Cup and major sporting events scheduled to take place in succession are expected to spur a wave of global sports enthusiasm, and the textile industry hopes that demand for moisture-wicking polyester yarn may peak as a result. However, the short-term boost from a single event is unlikely to offset the long-accumulated systemic risks. The industry as a whole is currently in the midst of structural transformation and intensifying competitive upgrading.

4. Competitive advantage and development prospect of favorable and unfavorable factors and countermeasures:

(1)Competitive advantages:

The textile industry is currently at a critical period of transformation. In addition to responding to international carbon border mechanisms and sustainability standards, the industry must accelerate the adoption of manufacturing technologies to enhance production efficiency and market responsiveness. Taiwan's textile industry holds advantages in upstream materials research and development and midstream manufacturing. Compared to cotton, whose yields and prices are easily affected by extreme weather, polyester fiber offers high strength, high color fastness, and excellent wash resistance, making it the world's most widely consumed textile material. With technological breakthroughs, polyester fiber can not only significantly reduce its carbon footprint through circular regeneration, but also leverages the supply stability of industrialized production. As a result, polyester fiber demonstrates stronger competitive advantages over natural fibers in both performance and cost.

On the other hand, sustainable development has become a global mainstream concern. Environmental issues such as circularity and sustainability continue to form a consensus in international trade and economic development. In response to environmental protection and sustainable management concerns, many international brands have made eco-friendly manufacturing processes and the use of recyclable, sustainable materials mandatory conditions for suppliers. To align with this global trend, the Company has not only obtained GRS (Global Recycled Standard) certification, but also keeps pace with global trends by continuously investing resources in workplace safety, environmental protection, and production process improvements. These efforts aim to accelerate emission reduction and contribute to the collective mission of protecting the Earth.

(2)Positive Factors:

①The Company actively researches, develops, and produces high value-added products, shifting from a "quantity" focus to a "quality" focus. By developing functional and other performance-oriented products, the Company is making high-end products more widely accessible and using new products to drive market trends.

②With a diverse and complete product range, the Company offers customers multiple options, and ensures marketing competitiveness through superior quality, accurate delivery schedules, and comprehensive service.

③In line with global environmental protection trends, the Company obtained GRS certification in 2017. Its products comply with environmental, health, and safety regulations, and produces textile products with environmental protection as the main target.

④The Company maintains a sound financial structure with a low debt ratio. Through prudent financial planning, the Company coordinates the allocation of its resources to maximize overall benefits.

(3)Unfavorable Factors and countermeasures:

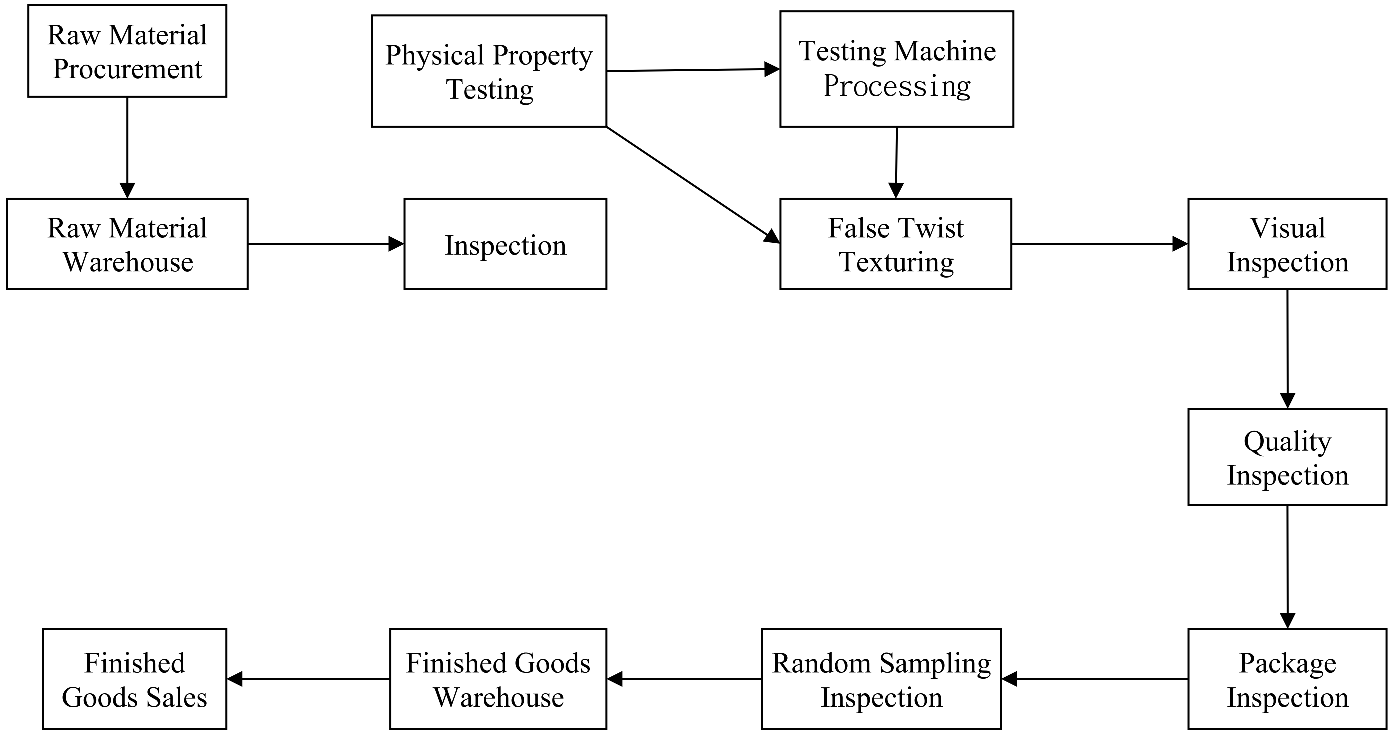
Unfavorable Factors	Countermeasures
In recent years, crude oil prices have fluctuated significantly due to the rapid movement of international capital and shifts in the global economic outlook, with international raw material prices fluctuating accordingly.	Respond swiftly to market demand and accelerate inventory clearance to reduce operating costs. Drive product innovation, enhance product value-add, and improve high-end product pricing and profitability.
Regional trade integration among various countries has become increasingly frequent, posing challenges to Taiwanese manufacturers in export price competition.	Continuously develop new products in step with market trends, and steadily expand market share by launching high-performance, cost-effective products.
The impact of extreme climate on the environment is increasingly the focus of global attention, sustainability disclosure has become the norm, and the cost of regulatory compliance is rising.	Strengthen personnel expertise in sustainability transition and climate change to ensure the enterprise advances steadily through the transformation wave, turning sustainability transition into a core competitive strength of the enterprise.
The textile industry, which is highly dependent on hands-on experience, faces talent gaps and the loss of experience under the influence of the broader environment.	Talent is the wealth of the enterprise. In addition to upgrading existing equipment to improve efficiency and expand its applications, the Company actively develops high value-added new products to increase corporate profits and strengthens various welfare measures to attract talent.

(II) Production Procedures of Main Products:

1. Major Products and Their Main Uses:

   Our polyester draw-textured yarn is used for flat woven fabric, knitted fabric, warp knitted fabric, flat knitted fabric, etc. to weave high quality jackets, trousers, women's dresses and trousers, high quality casual wear, furniture fabrics, industrial fabrics, etc.

2. Manufacturing Processes



(III) Supply Situation for Major Raw Materials:

The Company's main raw material is polyester yarn, and the domestic procurement accounts for 100%. The Company has maintained good cooperation with suppliers over the years, and the supply of goods has always been stable.

(IV) Suppliers and Clients Accounting for 10% or More of the Net Purchase (Sales) Amount in One of the Most Recent Year 2 Years:

1. Major Sales Clients in the Last Two Calendar Years:

Unit: NT$ thousands

	2024				2025			
Item	Company Name	Amount	Percent [%]	Relation with Issuer	Company Name	Amount	Percent [%]	Relation with Issuer
1	H140828 (Note)	498,619	29.33	—	H140828 (Note)	288,729	21.30	—
	Others	1,201,819	70.67	—	Others	1,067,427	78.70	—
	Net sales	1,700,438	100.00		Net sales	1,356,156	100.00	

Note 1: The name of the client is not disclosed in the contract, so it is represented by a code.

2. Major Suppliers in the Last Two Calendar Years:

Unit: NT$ thousands

	2024				2025			
Item	Company Name	Amount	Percent [%]	Relation with Issuer	Company Name	Amount	Percent [%]	Relation with Issuer
1	P522600 (Note)	560,788	48.28	—	Tainan Spinning	546,491	59.66	—
2	Tainan Spinning	308,432	26.55	—	Hung Chou Fiber	183,892	20.08	—
3	P131486 (Note)	152,138	13.10	—	P522600 (Note)	162,821	17.78	—
4	Hung Chou Fiber	139,622	12.02	—	Others	22,786	2.48	—
	Others	584	0.05	—				
	Net purchase	1,161,564	100.00		Net purchase	915,990	100.00	

Note 1: The name of the supplier is not disclosed in the contract, so it is used as the code.

2. Reasons for the changes: The above changes in the number of suppliers and clients were mainly due to the Company's adjustment of product structure and production and sales direction in response to changes in market demand.

III. Human Resources

Year		End of 2024	End of 2025	As of March 31, 2026
Number of Employees	Administrative staff and technical staff	70	69	67
	Operators	157	142	140
	Total	227	211	207
Average Age		42.75	43.83	44.25
Average years of service		9.50	10.56	10.69
Education (%)	Ph.D.	—	—	—
	Master's degree	1.32	1.42	1.45
	College	23.79	25.59	25.60
	Senior high school	41.41	40.28	41.55
	Below senior high	33.48	32.70	31.40

IV. Environmental Protection Expenditure

(I) Losses in the Most Recent Fiscal Year and in the Current Fiscal Year Up to the Date of Publication of the Annual Report due to Environmental Pollution Incidents: None.

(II) Future response and possible expenditure:
There is no risk of pollution during the production process of the Company. The noise generated by the machines has been tested year by year by strengthening appropriate sound insulation measures and is now in compliance with the noise control standards of the Industrial Area of the Environmental Protection Bureau; the general business wastes have been entrusted to legal environmental protection vendors for removal, therefore, there is no environmental pollution as of the printing date of the annual report.

V. Labor Relations

(I) Employee Welfare:

1. All employees of the Company join the Employee Welfare Committee in accordance with the Employee Benefit Ordinance. The Committee is responsible for handling various employee benefit operations and providing benefits in accordance with the regulations for the amount of the Company's capital, monthly turnover, employee salaries, and sales of scraps.
2. In accordance with the law, we provide national health insurance, labor insurance (including occupational disaster insurance), casualty insurance, pension, and group insurance, including accident, medical, and life insurance.
3. The employee bonus system is implemented, and it is stipulated in the Articles of Incorporation that 4% of any profit made in the year shall be set aside as employee compensation.
4. The Employee Welfare Committee is responsible for the planning and implementation of various welfare programs, including regular employee welfare activities, detailed welfare planning and budgeting for each year, including annual festival gift vouchers, domestic travel subsidies, marriage and funeral subsidies, wedding and funeral subsidies, hospitalization compensation for employees, year-end lottery, health checkups, and birthday gift vouchers.

5. We provide meals and dormitories with air conditioners and refrigerators for employees who come from far away and need them.
6. We provide a child-friendly environment by contracting with registered nurseries and setting up breastfeeding rooms.

The Company has always attached importance to the treatment and welfare of employees, and actively cultivates talent, implements labor laws, protects employees' rights, interests to create a bright and pleasant working environment. Through departmental meetings and labor-management meetings, employees and the Company can fully communicate and effectively solve problems. We also adopt humanistic management and uphold the concept of common honor and disgrace between employers and employees, so as to unite the employees and promote the continuous improvement of the Company's operating results to achieve the goal of sustainable development.

(II) Continuing education and training of employees:

1. In 2025, the actual number of the Company’s employees participated in training was 7,437, including training courses organized by the Company and by various authorities, and the industry. The actual training expenses for the year of the Company were NT$96,000.
2. The Company's employees are required to undergo pre-employment training courses and on-the-job training for new employees after they report to work. In addition, the annual training plan is prepared and implemented based on the annual training needs survey, and performance evaluation is conducted based on the training results to strengthen employees' functions and enhance the business performance and competitiveness.
3. In order to meet the long-term development of the Company and improve the quality of employees, the Company plans general training and professional courses conducted by employees through professional skill-sharing sessions. Through human resource training, each employee is able to maximize their potential. The general training includes fire safety training and occupational safety education training; the professional training is based on the professional courses of each department and the knowledge required for the job. The employees are sent to participate in the training institutions, such as: internal audit, accounting continuing education, supervisor management training, professional technical courses, marketing training, and business training.
4. Establish a talent training system to integrate all data related to training.

(III) Retirement System and Implementation:

1. Defined benefit plans

   In accordance with the Labor Standards Act, the Company has a defined benefit pension plan that applies to all regular employees' years of service prior to the implementation of the Labor Pension Act on July 1, 2005, and to employees who choose to continue to be subject to the Labor Standards Act after the implementation of the Labor Pension Act. Employees who meet the retirement requirements should submit applications in accordance with the Regulations Governing the Retirement and Resignation. Pension payments are calculated based on the base figure obtained from years of service and the average salary for the six months prior to retirement.

The Company contributes monthly 2% of employees' total salaries under the defined benefit plan to a pension fund, which is deposited in the name of the Supervisory Committee of Labor Retirement Reserve in a special account in the Bank of Taiwan. As of the end of 2025, the balance of the labor retirement reserve account is sufficient to cover the retirement pensions of employees under the old system, and an application for the suspension of contributions has been submitted and approved.

2. Defined contribution plans

Effective July 1, 2005, the Company has established a defined contribution retirement plan in accordance with the Labor Pension Act. The Company contributes 6% of the employees' monthly salary to the employees' individual accounts at the Labor Insurance Bureau for the employees who choose to be covered by the Labor Pension Act. The employees' pensions are paid in the form of monthly pensions or lump-sum pensions depending on the amount of the employees' individual pension accounts and accumulated earnings. The amount recognized for contributions to the new-system pension plan in 2025 was NT$5,187 thousand.

3. Implementation status

The Supervisory Committee of Labor Retirement Reserve was established in December 1984 and is composed of nine members, three from the employer side and six from the labor side, who are re-elected every three years to review the amount of contributions to the Labor Retirement Reserve, its deposits and payments, so as to ensure employees' rights and benefits.

(IV) Employee Conduct or Code of Ethics:

The relevant rules and regulations formulated by the Company for employee conduct and ethical codes, such as “Work Rules”, “Workplace Health and Safety Rules”, “Workplace Sexual Harassment Prevention Measures, Grievance and Disciplinary Measures”, etc., are the criteria to be followed for employee conduct. The main contents are:

1. Regulate the duties and organizational functions of each unit.
2. Employees shall establish good discipline.
3. Comply with government regulations and rules.
4. Protect the Company's assets for effective use.
5. Confidential business and information of the Company shall be kept confidential.
6. Periodic reports shall be made in a complete, fair, accurate, timely and understandable manner.
7. To reward or punish employees for their actions that result in profit or loss in the Company's operations.
8. Establish criteria for evaluating employee performance and results, which shall be used as the basis for salary and promotion bonuses and educational training programs.

The Company assesses employees in accordance with the job descriptions of each department, the "Attendance Management Regulations", the "Regulations on the Management of Rewards and Punishments for Employees", and the "Regulations on the Operation of Performance Appraisal", and other regulations. All regulations on rewards and punishments are announced to employees for their compliance, so that they can clearly understand the rules of behavior. In the event that an employee does something that warrants encouragement or disciplinary action, the employee shall be rewarded or punished in accordance with the above regulations.

(V) Protective measures for the work environment and the personal safety of employees:

1. Develop a safety and health handbook to stipulate safety management matters for employees to follow.
2. Obtained ISO 45001 certification. Through an internationally recognized occupational safety and health management system, the Company prioritizes employees' health and well-being and strengthens organizational resilience. The ISO 45001 certificate is valid from December 23, 2025 to December 22, 2028.
3. The Occupational Safety and Health Committee is established in accordance with the relevant occupational safety and health laws and regulations, and the Occupational Safety and Health Management Regulations are established. The deputy director of the production department is also the director of the Occupational Safety and Health Office. Occupational safety and health managers are set up in the workplace in accordance with the law to promote the automatic safety and health inspection program, plan and supervise the occupational safety and health management, occupational safety and health education and training, and safety and health inspection of each department.
4. Equipment Safety:
   (1) To commission an external professional vendor to inspect the dangerous machinery (lifts) every month and obtain the records of the vendor's inspection results.
   (2) The user is responsible for monthly inspection and filling out the "Monthly Automatic Inspection Form for Electric Forklifts", and appointing an outside professional vendor to carry out the inspection required by law every year.
   (3) Contractors are informed of the safety and environmental protection precautions during the contracting process.
   (4) On-site operators are required to wear helmets and ear plugs.
5. Environmental and Health Issues:
   (1) Monthly kitchen and dining room hygiene inspection.
   (2) Monthly inspection of dormitory, bathroom, and toilet cleaning.
   (3) Half-yearly implementation of the operating environment measurement.
6. Medical and Health Care:
   (1) Implement physical examination for newly hired staff; implement general health examination for existing staff every year.
   (2) Special health examination of hearing for personnel in noisy workplaces every year.
   (3) Food service workers are regularly examined for tuberculosis, hepatitis, typhoid fever, venereal disease, skin disease, and other infectious diseases each year.
   (4) The medical institutions providing health examinations must be those officially designated by joint announcement of the Occupational Safety and Health Act and the Ministry of Health and Welfare.
   (5) In the event of an occupational disaster in the workplace, the necessary first aid measures shall be taken, and investigation, analysis, and records shall be made.
   (6) Introducing contracted medical personnel to provide on-site services at the factory several times a month to promote the physical and mental health of employees in the workplace.

(VI) Fire Safety:

1. In accordance with the Fire Services Act, a complete fire protection system is installed, including a fire sprinkler system, an escape system such as a rescue ladder and emergency lighting.
2. Fire drills are conducted every six months.

(VII) Labor-management agreements and measures for preserving employees' rights and interests:

All systems of the Company are legal, and all employee absences, vacations, and retirements are handled in accordance with the relevant provisions of the Labor Standards Act. Regular labor-management meetings are held, with a total of four meetings in 2025. In addition, year-end bonuses and employee compensation will be paid depending on business performance and job evaluation. Under the reasonable and institutionalized personnel and welfare system, the Company has good labor relations with its employees.

(VIII) Human Rights Policy:

The Company follows the principles of the United Nations Universal Declaration of Human Rights, the United Nations Guiding Principles on Business and Human Rights, the United Nations Global Compact, the United Nations International Labor Organization, and other international human rights conventions. The Company has established a human rights due diligence procedure, identifying and assessing risks related to human rights issues, designing risk management and mitigation measures, and conducting improvements and follow-up tracking, in order to effectively reduce the impact and consequences of human rights risks. In accordance with labor regulations and related personnel norms, the Company has established work rules, measures to prevent sexual harassment in the workplace, procedures for complaints and disciplinary actions, etc., to ensure that colleagues are not discriminated against, harassed, or treated unfairly based on gender, age, race, nationality, or other conditions.

1. The relevant human rights policies are as follows:

(1) Diversity Inclusion and Equal Opportunity:

① We do not discriminate against individuals based on gender, race, socio-economic status, age, marriage, family status, language, religion, party affiliation, nationality, appearance, facial features, physical or mental disabilities, etc. We do not discriminate against individuals based on language, attitude, or behavior.

② We ensure that our employment policies are free of differential treatment, and that our employment, compensation and benefits, training, evaluation, and promotion opportunities are fair and equitable. We provide effective and appropriate complaint mechanisms to avoid and respond to situations that jeopardize the rights and interests of our employees, striving to create a work environment free from discrimination and harassment.

③ Regularly track the implementation of diversity, inclusion and equal opportunity.

(2) Reasonable working hours: To ensure that employees are not exposed to the risk of excessively long working hours, we set clear regulations on working hours and extended working hours, and regularly monitor and manage the attendance of employees.

(3) Health and Safety Workplace: In order to avoid potential health and safety risks brought about by work style, annual employee health checkups are held; annual "Sexual Harassment Prevention" awareness courses are held regularly to help employees understand sexual harassment, sexual harassment prevention, and the Company's handling of sexual harassment incidents; the Company has contracted medical staff to provide clinical services, reviewing the health and safety risks of our employees and conduct improvement plans based on the identified results.

(4) Labor-Management Negotiation: Establish a seamless communication channel and conduct labor-management meetings at least once every quarter to safeguard the rights and interests of both parties.

(5) Privacy protection: In order to fully protect the privacy of customers and all stakeholders, we have established a comprehensive information security management mechanism and follow strict control regulations and protective measures.

2. Implementation of Human Rights Policy:

The Company regularly identifies and evaluates current human rights risks by paying attention to major social issues, reviewing its own operations and other related activities every year, and formulating control strategies for human rights issues accordingly, as well as continuously monitoring the implementation results. In order to implement employee human rights protection (e.g. sexual harassment prevention, labor disputes, and rules for employee leave…), the Company conducts annual training on work rules and human rights, with a total of 633 participants and 1,239 training hours in 2025, holds quarterly labor-management meetings, establishes smooth communication channels, conducts fire drills every six months. In 2023, occupational medicine specialists, on-site physicians, and nurses visited the factory 3 times, 3 times, and 72 times respectively, with a total service duration of 159 hours.

2025 relevant indicators are as follows:

Employee Ethnicity Indicator:

Category	Percentage (%)
R.O.C.	64
Foreign Nationality	34
Indigenous Peoples	2

Gender Diversity Indicator:

Indicator	Percentage (%)
Female as a percentage of all employees	65
Female as a percentage of all managerial officers	30

Other diversity indicators:

Age	Percentage (%)
<30	15
30-50	52
>50	33

3. Human Rights Due Diligence Procedure and Implementation Status

(1) Scope of investigation: Company employees

The human rights due diligence procedure consists of the following steps:

①Identify and assess: Identify negative human rights impacts in operations and the supply chain.
②Cease and prevent: Adopt risk mitigation and remedial measures for negative human rights impacts.
③Track: Track implementation and effectiveness.
④Communicate: Disclose information.

(2) With reference to international human rights standards and the human rights issues focused on by domestic and international benchmark companies in the same industry, the Company conducts employee surveys through paper questionnaires, and produces a risk matrix based on the survey results to identify the likelihood and severity of impact. This serves as the basis for prioritizing the handling of human rights issues. The Company prioritizes human rights issues with high likelihood and high severity, in the following order: "employee health, safety and hygiene," "labor-management relations," "employee diversity and equal opportunity," and "labor human rights." The mitigation measures for the above human rights issues are as follows:

Risk Issue	Risk Mitigation Measures
Employee health, safety and hygiene	1. Promote health management programs, with on-site contracted medical personnel providing health consultations, care, and other comprehensive management programs. 2. Conduct annual employee health checkups. 3. Strengthen patrols at locations prone to occupational injuries, increase factory visit frequency, and expand education and training to prevent recurring incidents, in pursuit of the "zero occupational injury" target.
Labor Relations	1. Diverse communication channels: Establish regular labor-management meetings, employee forums, or executive mailboxes to ensure that frontline voices reach decision-makers. 2. Maintain transparency regarding the Company's operating conditions, compensation policies, and promotion system to reduce misunderstandings caused by information asymmetry. 3. Employee grievance platform: Provide an anonymous grievance channel, with a commitment to strict confidentiality of complainants' identities and no retaliation.
Diversity and Equal Opportunity	1. Conduct workplace sexual harassment prevention and unconscious bias training. 2. Flexible work arrangements: Provide parental leave and paternity leave to support employees in achieving work-life balance. 3. Regularly review wage gaps across genders or ethnic groups, and adjust any gaps caused by unreasonable factors.
Labor human rights	1. Strict personnel review: Strictly prohibit the employment of child labor, and review intermediary contracts for foreign migrant workers to ensure no forced labor practices such as withholding of identity documents. 2. When laws and regulations are enacted or amended by the

Risk Issue	Risk Mitigation Measures
	government, comprehensively review Company rules, regulations, and employee working conditions to ensure full compliance with statutory requirements. 3. Employees may choose to apply for compensatory leave or overtime pay for extended working hours.

(3) The Company conducts annual reviews of the effectiveness of mitigation measures, and has established a comprehensive grievance mechanism and channels for employees and other stakeholders to report illegal acts or human rights violations. Grievance mailbox: hongyilon.com.tw Phone hotline: (02) 2552-1191

(IX) For 2025 and 2026 as of the printing date of the annual report, the losses suffered due to labor disputes, the estimated amount of current and potential future losses, and the measures to address them:

For 2025 and 2026 as of the printing date of the annual report, there were no losses due to labor disputes.

VI. Cybersecurity Management

(I) cybersecurity and risk management structure:

The Company has 1 information security manager and 1 information specialist, who are responsible for information security, decision making, planning and evaluation of benefits, and regularly reviews information security management objectives and policies in the supervisors' meetings, and report the implementation status of material issues at the Board meeting. In addition, in order to implement information security management, information personnel are responsible for information security control and protection to reduce information security risks, and to promote information security operations resolved at meetings.

(II) cybersecurity policies:

While the Company has established comprehensive network and computer-related information security measures, it is not possible to guarantee that computer systems with critical corporate functions are completely immune to intrusion attacks from any third-party paralyzed systems. In the event of a serious intrusion, systems may become inoperable, which may affect the Company's operations and cause damage to the Company's goodwill. Therefore, prompt restoration of systems will be a priority for the Company.

(III) Specific management plans:

1. Multilayer Cybersecurity Protection

(1) Multi-Layer Security:

① Introduce advanced technology to perform computer scans and system and software updates.

② Strengthen network firewall and network control to prevent the spread of computer viruses across machines and factories.

(2) Device security:
Build endpoint antivirus measures by computer type and strengthen malware behavior detection.

(3) Supply Chain Information Security
① Establish a self-checking mechanism for supplier information security protection.
② Regularly communicate the Company's latest cybersecurity regulations and precautions.

(4) Data security protection technology enhancement:
① Document and data encryption control and effective tracking.
② Outbound e-mail control.

2. Review and Continuous Improvement
Training and promotion:
(1) Strengthen employees' alertness to email social engineering attacks and perform phishing email defense detection.
(2) Held “Regulation Governing Computer Data Handling and Information Security Management” in 2025, with 209 participants in total, accumulating 301 training hours.

(IV) Resources invested in cybersecurity management:
1. Network hardware devices such as firewall, mail antivirus, spam filtering, managed hubs, etc.
2. Software systems such as backup management software, VPN authentication, etc.
3. Telecommunications services such as multi-line, off-site backup, intrusion protection services, etc.
4. Daily status check and backup of each system, implementation of off-site storage of backup media, cybersecurity awareness and education courses every year, and internal auditing of the information cycle, etc.
5. The information system is regularly updated for security purposes, and a vulnerability scan is conducted annually for major information systems to fix loopholes. We strengthen the concept of employee security and raise the awareness of information security through meetings, and update the information security equipment in a timely manner to optimize the protection effect.

The Company continues to invest in information security equipment, review and evaluate its information security regulations and procedures to ensure their appropriateness and effectiveness, and continuously strengthen its backup mechanism. However, it cannot guarantee that the Company will not be affected by new risks and attacks in the ever-changing information security threats.

(V) For 2025 and 2026 as of the printing date of the annual report, the losses, possible impacts and responses to significant cybersecurity incidents: None.

VII. Important Contracts: None.

Chapter 5 Review of Financial Conditions, Operating Results, and Risk Management

I. Financial Status:

Unit: NT$ thousands

Item \ Year	2025	2024	Difference		Remarks
			Amount	%	
Current assets	1,988,026	2,128,176	(140,150)	(6.59)	
Property, plant and equipment	426,116	455,709	(29,593)	(6.49)	
Intangible assets	975	936	39	4.17	
Other assets	424,068	394,328	29,740	7.54	
Total assets	2,839,185	2,979,149	(139,964)	(4.70)	
Current liabilities	92,319	139,740	(47,421)	(33.94)	1
Non-current liabilities	48,354	46,925	1,429	3.05	
Total liabilities	140,673	186,665	(45,992)	(24.64)	1
Share capital	1,326,414	1,326,414	0	0.00	
Capital surplus	156,172	155,459	713	0.46	
Retained earnings	962,354	1,082,234	(119,880)	(11.08)	
Other equity	253,572	228,377	25,195	11.03	
Total equity	2,698,512	2,792,484	(93,972)	(3.37)	

Significant changes (changes of 20% or more in the prior and subsequent periods, and changes amounting to NT$10 million) are described below:

1. Due to the loss in the current period, the related bonuses and remuneration all decreased compared with the previous period.

II. Operation Results

Unit: NT$ thousands

Year / Item	2025	2024	Variance	Proportion of the changes %	Remarks
Operating revenue	1,356,156	1,700,438	(344,282)	(20.25)	1
Operating costs	1,330,126	1,623,881	(293,755)	(18.09)	1
Gross profit	26,030	76,557	(50,527)	(66.00)	1
Operating expenses	93,370	108,281	(14,911)	(13.77)	
Operating income (loss)	(67,340)	(31,724)	(35,616)	(112.27)	1
Non-operating income and expenses	14,060	128,717	(114,657)	(89.08)	2
Income (loss) before income tax	(53,280)	96,993	(150,273)	(154.93)	1,2
Income tax (expense) benefit	(1,746)	(12,137)	10,391	85.61	
Net income (net loss) for the period	(55,026)	84,856	(139,882)	(164.85)	1,2
Other comprehensive income	26,662	12,731	13,931	109.43	3
Total comprehensive income	(28,364)	97,587	(125,951)	(129.07)	1,2,3

1. Significant Change Analysis:
   (1)Due to the slowdown in global economic growth and weak market demand, the revenue, costs, and profits decreased compared to the previous period.
   (2)During the current period, the Company was affected by U.S. tariff policies, resulting in an increase in valuation losses on equity instruments held by the Company.
   (3)The increase in fair value measurement adjustments of financial assets recognized through other comprehensive income resulted in higher adjustments for both the Company and the investee compared to the previous period.
2. Expected sales volume in next one year and the reason for such expectation. The impact of such expectation on the Company’s financials and sales, and response measures: Please refer page 4.

III. Cash Flow

(I) Remedy for Cash Deficit and Liquidity Analysis

Item \ Year	2025	2024	Variance (%)	Analysis Number
Cash flow ratio (%)	-	170.07	(100.00)	1
Cash flow adequacy ratio (%)	201.37	227.44	(11.46)	1
Cash reinvestment ratio (%)	(1.63)	4.80	(133.96)	1

Analysis of Financial Ratio Change:

1. Due to the loss in 2025, cash inflow from operating activities decreased compared to the previous period. In addition, due to increased investment in equity instruments during the current period, operating activities generated a net cash outflow.

(II) Cash Flow Analysis for the Coming Year

Unit: NT$ thousands

Estimated cash and cash equivalents, beginning of year	Estimated net cash flow from operating activities	Estimated Net cash outflow from investment and financing activities	Cash surplus (deficit)	Leverage of Cash Surplus (Deficit)	
				Investment Plans	Financing Plans
414,825	95,543	(28,339)	482,029	N/A	N/A

1. Analysis of Cash Flow Change in Current Year:
   (1) Operating activities: The increase is due to expected recovery in market demand.
   (2) Financing activities: The decrease in cash outflow was due to lower cash dividends paid.
2. Remedial Measures and Liquidity Analysis for Cash Liquidity Inadequacy: None.

IV. Major Capital Expenditure Items

The source of funding for significant capital expenditures in recent years has been mainly from its own working capital, and therefore has no significant impact on the Company's finances.

V. Investment Policy in Last Year, Main Causes for Profits or Losses, Improvement Plans and the Investment Plans for the Coming Year

(I) Investments in excess of five percent of paid-in capital for the year:

Unit: NT$ thousands

Item \ Explanation	Investment Amount	Policy	Reasons for Gain or Loss	Action Plan	Other Investment Plan in Future
Li Jin Engineering	113,522	Long-term Investment	Increased demand for public works and stable clientele	—	None

(II) The Company intends to hold its investments with development potential for the long term.

(III) There is no other investment plan in the coming year.

VI. Risk Management

(I) The effect upon the company's profits (losses) of interest and exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future:

Item	2025 (NT$ thousand)
Interest income	19,568
Interest expenses	19
Net exchange (loss) gain	(4,939)
Net interest income and expense as a percentage of net revenues	1.44%
Net interest income and expense as a percentage of net income before income tax	(36.69)%
Net exchange (loss) gains to net revenues	(0.36)%
Net exchange (loss) gains to net income before income tax	9.27%

1. Interest rate changes: The Company has sufficient capital of its own, and the amount of interest expenses has been extremely low in recent years. There was no borrowing in the recent year. As of the end of 2025, the fair value of financial assets subject to interest rate fluctuations was NT$929,998 thousand. If market interest rates change, the effective interest rate of such financial instruments will also change accordingly. A 1% increase in market interest rates will increase the company's annual income by approximately NT$7,440 thousand.
2. Foreign exchange rates: The Company's raw materials are supplied by domestic manufacturers, and the ratio of export sales accounted for only 5.22% of revenue in 2025. However, the monetary assets exposed to exchange rate changes amounted to NT$131,376 thousand at the end of 2025. If the exchange rate fluctuated by 1%, the impact on the Company's after-tax profit and loss would be NT$1,051 thousand.
3. Inflation: The DGBAS announced that the Consumer Price Index (CPI) increased at an annual rate of 1.66% in 2025. The overall economic environment is expected to show a slight inflationary trend due to the impact of the global increase in related resources and prices. Therefore, the DGBAS forecasts a slight increase of 1.68% in the CPI for 2026. The Company's raw materials are sourced from domestic manufacturers. Based on the estimated purchase amount in 2025, a 1% increase in inflation will increase the Company's cost of goods by approximately NT$9,160 thousand.
4. Response Measures in Future:
   (1) Interest rate changes: The Company's debt ratio was 4.95% as of December 31, 2025. The Company's capital comes mainly from its own capital, and the Company maintains good relationships with its banks and has obtained loans or commercial paper lines from various financial institutions. Therefore, with a sound financial structure and interest rate comparisons with various financial institutions, the Company should be able to obtain favorable borrowing terms.

   (2) Foreign exchange rates: The Company actively collects information on exchange rate fluctuations and obtains forward exchange trading lines from banks so that it can use appropriate hedging methods to prevent high losses from exchange rate fluctuations at any time after considering risk and cost factors. In addition, we will adjust the foreign currency holdings in our foreign currency deposit accounts in accordance with the exchange rate.

   (3) Inflation: We keep an eye on the fluctuation of raw material prices, maintain good interaction with suppliers, judge the trend of raw material market, set the purchase quantity in advance, and adjust the selling price flexibly considering the market conditions to reduce the impact of the increase of import prices.

(II) The company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future:

The Company is financially sound and has been operating in a prudent manner. Therefore, in 2025, the Company did not engage in high-risk, highly leveraged investments, nor did it lend loans to others, endorse guarantees for others, or engage in derivative transactions.

(III) Research and development work to be carried out in the future, and further expenditures expected for research and development work:

1. R&D Plan in Future:
   (1) Continued development of thin denier textured yarn and CD composite yarn.
   (2) Continued development of CD composite yarn with different proportions and textures.
   (3) Continued development of coarse denier two-tone yarns, fuzzy yarns, elastic yarns, and comfortable elastic yarns.
   (4) Development of different characteristics of raw yarn and special function yarn composite yarn.
   (5) Testing and sampling of yarns with varying ratios of wool and elastic yarns, as well as moisture-wicking wave-pattern yarns.
   (6) T2T development of graphene mini-dragon yarn series.
   (7) Testing and sampling of dragon dance yarns with various specifications and patterns.
   (8) Develop new yarns to meet customers' needs and increase customized products.
2. R&D expenses: In 2026, we expect to invest NT$4-5 million to modify machine equipment and parts for processing fine denier raw yarn, trial production of high value-added yarns, including those with special textures, unique patterns, and coarse denier composite yarns.

(IV) Effect on the company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response:

The Company continues to pay attention to and keep abreast of any policies and laws and regulations that may affect the Company's operations, and has adjusted the Company's internal related systems accordingly. Significant changes in laws and regulations related to the Company's operations for the years 2025 and 2026 as of the printing date of the annual report are as follows:

1. In October 2025, the Executive Yuan approved the basic wage adjustment plan for 2026. The monthly basic wage was adjusted from NT$28,590 to NT$29,500 and the hourly basic wage was adjusted to NT$196 starting from January 1, 2026. Based on our experiences, the impact of the basic wage adjustment on the Company is not significant. On January 1, 2026, the Company complied with the law and increased the salaries of its employees.
2. In accordance with the "Sustainable Development Pathway for TWSE and TPEx Listed Companies " plan, the Company should complete the greenhouse gas inventory and verification in 2026 and 2028, respectively. The implementation progress should be

reported to the Board of Directors quarterly, ensuring continuous management of the completion timeline for the greenhouse gas inventory and verification disclosures. In 2024, third-party verification of ISO 14064-1 was completed, and the report was presented to the Board of Directors on August 6, 2025. The greenhouse gas inventory for 2025 is expected to be completed by the end of August 2026.

3. In accordance with Article 14, Section 6 of the Securities and Exchange Act, the Company revised its Articles of Incorporation, which was approved by the shareholders' meeting on June 13, 2025. The revision specifies that no less than 45% of the employee compensation shall be allocated to frontline employees.

(V) Effect on the company's financial operations of developments in science and technology (including cybersecurity risks) as well as industrial change, and measures to be taken in response: None.

(VI) Effect on the company's crisis management of changes in the company's corporate image, and measures to be taken in response: In the event that our Company's image is damaged, we will immediately form a response team and take necessary actions.

(VII) Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken: None.

(VIII) Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken: We have no plans for significant expansion.

(IX) Risks associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken: The Company will actively promote diversified product portfolios to a wide range of customers and continue to invest in new product development, in order to reduce reliance on any single yarn type and thereby broaden the customer base and increase market penetration. At the same time, the Company has established a comprehensive backup supply mechanism for key raw materials, ensuring that each raw material is sourced from at least two suppliers, in order to strengthen supply stability and reduce operational risk.

(X) Effect upon and risk to the company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10 percent stake in the company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken: None.

(XI) Effect upon and risk to company associated with any change in governance personnel or top management, and mitigation measures being or to be taken: None.

(XII) Litigious and non-litigious matters: None.

(XIII) Other important risks and mitigation measures being or to be taken: None.

VII.Other important matters: None.

Chapter 6 Special Disclosure

I. Summary of Affiliated Companies

(I) Consolidated Operation Report of Affiliates

1. Organizational structure of affiliates:

Hong Yi Fiber Ind. Co., Ltd.

100% ⇩

Hong Bang Investment Co., Ltd

2. Basic information of various affiliates businesses:

December 31, 2025; Unit: NT$ thousands

Name of Business	Date of Incorporation	Address	Actual Paid-in Capital	Primary Business
Hong Bang Investment Co., Ltd.	2016.07.22	6F, No. 66, Tacheng Street, Taipei City, Taiwan	400,000	General Investment

3. Information on shareholders with controlling power or subordination relationship while working in the Company: N/A

4. The overall business sector covered by the business of the affiliated companies and the division of labor between them:
The Company and its affiliated companies operate in the manufacturing, processing, importing and exporting of natural and artificial fiber products, domestic and export sales, and general investment businesses, with a diversified business objective.

5. Information on directors, supervisors, and presidents of related companies:

December 31, 2025

Name of Business	Title	Name or Representative	Shareholding	
			Shares	Shareholding (%)
Hong Bang Investment Co., Ltd	Chairman	Hong Yi Fiber (Corporate Representative: Chao-Chia Lo)	40,000,000	100%
	Director	Hong Yi Fiber (Corporate Representative: Chen-Hung Shih)	40,000,000	100%
	Director	Hong Yi Fiber (Corporate Representative: Shwn-Shyan Shih)	40,000,000	100%
	Director	Hong Yi Fiber (Corporate Representative: Qing-Rong Wang)	40,000,000	100%
	Director	Hong Yi Fiber (Corporate	40,000,000	100%

Name of Business	Title	Name or Representative	Shareholding	
			Shares	Shareholding (%)
		Representative: Tun-Jen Shih)		
	Director	Hong Yi Fiber (Corporate Representative: Yu-Ta Shih)	40,000,000	100%
	Director	Hong Yi Fiber (Corporate Representative: Hsiao-Yu Chang)	40,000,000	100%
	Supervisor	Hong Yi Fiber (Corporate Representative: Ming-Tang Chen)	40,000,000	100%
	Supervisor	Hong Yi Fiber (Corporate Representative: Tzu-Chiang Lo)	40,000,000	100%
	President	Qing-Rong Wang	—	—

6. Operating overview of related companies:

December 31, 2025; Unit: NT$ thousands

Name of Business	Paid-in capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating income	Net income (after tax)	Earnings per share (NT$)
Hong Bang Investment	400,000	503,436	1,337	502,099	(6,096)	(10,359)	(7,299)	(0.18)

(II) Consolidated Financial Statements of Related Companies: N/A

(III) Related Company Report: None.

II. Private placement securities in the most recent years: None.

III. Other matters that require additional description: None.

IV. Situations Listed in Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act, which Might Materially Affect Shareholders' Equity or the Price of the Securities, Occurring during the Most Recent Fiscal Year and during the Current Fiscal Year up to the Date of Publication of the Annual Report: None.