Stock Code 1560

Kinik Company

2025 Annual Report
2026 Annual General Shareholders Meeting

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Kinik Company

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Contact Information

I. Name, title, contact number and email address of the spokesperson and the acting spokesperson:

	Spokesperson	Deputy Spokesperson
Name	Wei-Chang Lee	Ching-Chung Pai
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II. Address and telephone number of the head office, the branches, and the factories:

Name	Address	Telephone
Head Office	No. 64, Zhongshan Rd., Yingge Dist., New Taipei City 23942, Taiwan (R.O.C.)	(02)2679-1931
Yingge Factory - ABU. DBU	No. 64, Zhongshan Rd., Yingge Dist., New Taipei City 23942, Taiwan (R.O.C.)	(02)2679-1931
Shulin Factory - ABU. DBU Grinding Solution Center	No. 16, Ln. 151, Sec. 2, Zhongshan Rd., Shulin Dist., New Taipei City 23846, Taiwan (R.O.C.)	(02)8684-4111
Hsinchu Factory - ABU. DBU EBU	No. 6, Wenhua Rd., Hsinchu Industrial Park, Hukou Township, Hsinchu County 30352, Taiwan (R.O.C.)	(03)598-4990
Zhubei Factory - SBU	No. 260, Shixing Road, Zhubei City, Hsinchu County 30286, Taiwan (R.O.C.)	(03)550-7160
Hsinchu Science Park Factory (Hsinchu Science Park Branch) - SBU	No. 6, Kebei 5th Rd., Zhunan Township, Miaoli County 35053, Taiwan (R.O.C.)	(03)758-5328
Dahu Factory	No. 2, Yucuo Ln., Dahu Rd., Yingge Dist., New Taipei City 23942	(02)2670-1562
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Changhua Office	No. 437, Lunping S. Rd., Changhua City, - Changhua County 50090, Taiwan (R.O.C.)	(04)751-8901
Tainan Office	No. 30, Beicheng Rd., North Dist., Tainan City 70460, Taiwan (R.O.C.)	(06)252-2321
Kaohsiung Office	No. 501, Haijing St., Zuoying Dist., Kaohsiung City 81342	(07)345-4567

III. Name, address, website and telephone number of the stock transfer agency:

Name: Registry and Transfer Agency Department of KGI Securities Co., Ltd.

5F., No. 2, Sec. 1, Chongqing S. Rd., Zhongzheng Dist., Taipei City 100, Taiwan (R.O.C.)

Website: https://www.kgi.com.tw

Tel: (02)2389-2999

IV. Name, firm name, address, website and telephone number of the independent auditors of the financial report for the most recent year:

Names of accountants: JIAN-WEI CHEN, MING-HSIEN LIU

Firm Name: Deloitte Taiwan

20F., No. 100, Songren Rd., Xinyi Dist., Taipei City 11073, Taiwan (R.O.C.)

Website: https://www.deloitte.com.tw

Tel: (02)2725-9988

V. Name of the trading place where the overseas securities are listed for trading and the method of inquiring about the overseas securities information:

None.

VI. Company website: https://www.kinik.com.tw

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This annual report has been translated into English. In case of any discrepancy or inconsistency, the Chinese version shall prevail.

I. Report to Shareholders

Hello, dear shareholders,

Looking back at the international situation and economic development of 2025, although technology industries such as AI and semiconductors continued to drive demand and some markets showed signs of recovery, the reciprocal tariff policies promoted by the Trump administration in the United States impacted international financial markets and the global trade order, adding uncertainty to the global economic outlook. Overall, the global economy continued to move forward amidst headwinds. Despite the United States reaching trade agreements and providing partial exemptions to several countries, allowing the international trade system to remain operational, the Eurozone and the UK experienced a slowdown in growth momentum due to tariff pressures, intensifying competition from China, and limited fiscal space. While Japan actively increased investments in key industries, its exports remained constrained by tariffs, resulting in a clear divergence in the global economic landscape.

Amidst a volatile and uncertain business environment, Kinik Group has continued to steadily advance its global presence. In April 2025, Kinik completed the acquisition of two grinding wheel factories located in Japan and Thailand from the Mitsui Mining & Smelting Group. By integrating these with our existing CMP diamond disk and Reclaim Wafer services, we have further strengthened the overall competitive advantage of our grinding business. Through technical integration and channel expansion, we have not only enhanced our product line's completeness and technical depth but also strengthened our marketing networks in Japan and Southeast Asia, creating more growth opportunities for the Group.Overall, Kinik Group’s consolidated revenue reached NT$8.149 billion in 2025, representing a growth of 16.1% compared to 2024, with net profit after tax of NT$1.397 billion and earnings per share after tax of NT$9.28, as compared to the budget shown in the table below:

Unit: Thousand NT$

For the year 2025			
	Budget Amount	Actual Amount	Achievement Rate (%)
Sale revenue	7,532,000	8,149,475	108%
Net operating profit	1,468,000	1,303,307	89%
Net profit before tax	1,485,000	1,658,850	112%
Net profit after tax	1,187,000	1,396,799	118%
EPS (NT$)	9.28		

Looking ahead to this year, demand for applications such as AI, High-Performance Computing (HPC), and cloud services remains robust, driving strong and sustained momentum for related product shipments. As uncertainties surrounding tariff policies gradually subside and AI technology continues its iterative development, major technology firms are simultaneously expanding their capital expenditures and global footprints. However, geopolitical risks have not been entirely eliminated. New directions in U.S. policies concerning tariffs, energy, and technology may still have profound impacts on global supply chain cooperation models. As a critical global hub for the manufacturing of advanced semiconductor components and precision parts, Taiwan must continue to strengthen its technological prowess and supply chain resilience to maintain its competitive edge amidst international volatility.

Kinik Company will uphold its mission of "Pursuit of Excellence, Innovation of Value." Based on our core grinding technology and guided by the strategic mindset of "Leading the Direction, Platform Linking," we will deepen technical integration and value creation to practice our business philosophy of "Good Together" In addition to strengthening our core capabilities, we have integrated ESG as a vital driver for the company's long-term development, promoting green manufacturing, smart manufacturing, and digital transformation. We are moving toward our vision of "Becoming an outstanding green smart manufacturing and service center for grinding solutions." Therefore, we have formulated the following key action plans:

1. Global Grinding Wheel Business Integration and Deepening Smart Manufacturing:
   We will continue to integrate the manufacturing and marketing resources of our grinding wheel operations in Taiwan, Japan, and Thailand to strengthen cross-regional synergies. Simultaneously, we will accelerate the deployment of smart manufacturing by upgrading production through digitalization and automation, comprehensively enhancing operational efficiency and our overall competitive edge.
2. Key Product R&D and Capacity Enhancement:
   We are actively investing in the research and development of critical products for advanced processes, including Diamond Discs and Test Wafers. In response to customer demand, we will expand our production capacity to strengthen supply chain resilience and consolidate our leadership position in the market.
3. Deepening Sustainable Governance and Upgrading Carbon Management:
   Kinik was successfully included in the 2025 S&P Global Sustainability Yearbook for the first time and was honored with the "Industry Mover" award, a high recognition of

our Group's commitment to sustainable governance. In 2026, we will further refine our carbon management scope by extending it to overseas subsidiaries and suppliers. We aim to deepen product carbon footprint management, implement internal carbon pricing mechanisms, and link decarbonization performance with our remuneration system. Furthermore, we will strengthen water resource management and circular economy practices to continuously enhance our sustainable competitiveness.

Looking ahead, Kinik Company will take technological innovation as its foundation and global expansion as its direction. We will continue to optimize our operational health and financial structure to create long-term, stable value for our shareholders, working hand-in-hand with all stakeholders toward a new milestone of sustainable development.

Finally, we would like to express our sincere gratitude to all shareholders for your long-term support and trust. We look forward to moving forward with you and sharing the fruits of Kinik's steady growth!

Finally, I wish you all good health and the best of luck!

Sincerely, Chairman PO-CHUAN LIN

March 10, 2026

II. Corporate Governance Report

(I) Profiles of the Directors, General Managers, Deputy General Managers, Assistant General Managers, and heads of the functions and branches

i. Director Information

April 25, 2026; Unit: shares

Job Title (Note 1)	Nationality or place of registration	Name	Gender and age (Note 2)	Election date	Term of office	Date first elected and job assumption (Note 3)	Shareholding at the time of appointment		Number of shares currently held		Current shareholding of spouse and minor children		Shareholding in the name of others		Main experience (educational background) (Note 4)	Concurrent position held in the Company and other companies	Other business heads, directors or supervisors with a spouse or second-tier relative relationship			Remarks (Note 5)
							Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage			Job Title	Name	Relationship	
Chairman	Republic of China	Kinmean Company Ltd.	-	2023.06.20	3 years	2017.06.13	9,892,423	6.86%	9,892,423	6.61%	0	0.00%	0	0%	None	None	None	None	None	None
	Republic of China	Legal representative of Kinmean Company Ltd.: Po-Chuan Lin	Male 41-50	2023.06.20	3 years	2020.06.15	1,830,292	1.27%	1,830,292	1.22%	0	0.00%	0	0%	In-service education program of Professional Master's Program in Business Administration, National Taiwan University Department of Public Administration, National Chengchi University	The current Chairman of the Company The current Chief Sustainability Officer of the Company Chairman of Kinki Investment Co., Ltd. Chairman of Hongia Industry Co. Ltd. Chairman of Kinli Real Estate Management and Development Co. Ltd. Director of KTC Director of MKS Chairman of MGT	None	None	None	None

	Republic of China	Legal representative of Kinmean Company Ltd.: Jung-Che Hsieh	Male 61-70	2023.06.20	3 years	2008.06.13	295,943	0.21%	364,943	0.24%	15,482	0.01%	0	0%	Master of Mechanical Engineering, Keio University, Japan EMBA, National Taiwan University Leader of the Fine Components Technology Group, Mechanical and Mechatronics System Lab., Industrial Technology Research Institute Host of the Ministry of Economic Affairs Program Chairman of Chinese Professional Management Association of Hsinchu	CEO of the Company Director of Hongia Industry Co., Ltd. Director of Kinli Real Estate Management and Development Co. Ltd. Director of KTC (Note 6) Chairman of MKS (Note 7) Director of MGT (Note 8) Director of JC Capital Taiwan Co., Ltd Deputy General Manager of Taiwan ITRI New Venture Association	None	None	None	None
Director	Republic of China	Kinchuan Investment Co., Ltd.	-	2023.06.20	3 years	2023.06.20	4,117,167	2.86%	4,117,167	2.75%	0	0%	0	0%	None	None	None	None	None	None
	Republic of China	Legal representative of Kinchuan Investment Co., Ltd.: Wen-Liang Pai	Male 71-80	2023.06.20	3 years	2005.06.13	3,190,605	2.21%	3,190,605	2.13%	1,310,940	0.88%	0	0%	Ph.D., Business and Management, Huron International University, USA	Vice Chairman of the Company Chairman of Kinchuan Investment Co. Ltd. Chairman of Kinan Investment Co. Ltd.	None	None	None	None

Director	Republic of China	Li-He Investment Co., Ltd.	-	2023.06.20	3 years	2017.06.13	2,471,420	1.72%	2,471,420	1.65%	0	0%	0	0%	None	None	None	None	None	None
	Republic of China	Legal representative of Li-He Investment Co., Ltd.: Ching-Chung Pai	Male 41-50	2023.06.20	3 years	2017.06.13	600,000	0.42%	620,000	0.41%	10,000	0.01%	0	0%	Master of Materials, University of Southern California Assistant R&D Manager, TSMC	Deputy General Manager of the Chairman's Office of the Company Director of Li-He Investment Co., Ltd. Director of Hongia Industry Co. Ltd. Director of Dongguan Kinik Trading Co., Ltd. (China) Director of Kinli Investment Co., Ltd. Director of Kinli Real Estate Management and Development Co. Ltd. Director of Jiangsu Kinli Materials Technology Co., Ltd. Director of MKS Director of MGT	None	None	None	None
Director	Republic of China	Kinki Investment Co. Ltd.	-	2023.06.20	3 years	2020.06.15	4,796,000	3.33%	4,796,000	3.21%	0	0%	0	0%	None	None	None	None	None	None
	Republic of China	Legal representative of Kinki Investment Ltd. Co.: Wei-Chang Lee	Male 51-60	2023.06.20	3 years	2022.06.22	500,427	0.35%	801,000	0.54%	1,000	0%	0	0%	Master of Institute of Geosciences, National Taiwan University Assistant Manager of Gloridia Corporation	General Manager of the Company’s DBU. Spokesperson of the Company Independent Director of GMI Technology Inc.	None	None	None	None

															Chairman of Kinli Investment Co., Ltd. Director of Shin Hsieh International Limited Chairman of Dongguan Kinik Trading Co., Ltd. (China) Chairman of Jiangsu Kinli Materials Technology Co., Ltd. Director of MKS Director of MGT				
	Republic of China	Legal representative of Kinki Investment Ltd. Co.: Fu-I Hung	Male 61-70	2023.06.20	3 years	2022.06.22	190,000	0.13%	8,000	0.01%	0	0%	0	0%	Master, College of Technology Management, Tsing Hua University Deputy Engineer of Mechanical and Mechatronics System Lab., Industrial Technology Research Institute	General Manager of the Company's SBU	None	None	None	None
Independent Director	Republic of China	Hsin-Yuan Tsai	Male 71-80	2023.06.20	3 years	2017.06.13	0	0%	0	0%	0	0%	0	0%	PhD, University of Wisconsin-Madison Campus Chairman of Intellectual Property Innovation Corporation Chief Executive Officer of Southern Region Campus of Industrial Technology Research Institute Director of the Mechanical and Mechatronics System Lab., Industrial Technology Research Institute	Chairman of Innovalue Investment & Financing Services Co., Ltd. Independent Director of Tongtai Precision Co., Ltd.	None	None	None	None

Independent Director	Republic of China	Po-Hsi Liao	Male 61-70	2023.06.20	3 years	2017.06.13	374,252	0.26%	251,252	0.17%	0	0%	0	0%	Master of Business Administration, University of San Francisco, USA Master of Electrical Engineering, Rensselaer Institute of Technology, USA Chairman of Howard Hotels., Ltd. Vice Chairman of South China Insurance Co., Ltd. Chairman of China Electric Corporation Director of Weltrend Semiconductor, Inc.	Chairman of South China Engineering Co., Ltd. Director of South China Insurance Co., Ltd.	None	None	None	None
Independent Director	Republic of China	Wen-Yi Hsiao	Male 41-50	2023.06.20	3 years	2020.06.15	0	0%	0	0%	0	0%	0	0%	PhD, Institute of Electronic Engineering, National Kaohsiung University of Science and Technology MBA, California State University, USA Associate Professor of Professional and Technical Level, Wu Feng University Lecturer, Taiwan Police College Examination Committee Member of Youth Development Administration, Ministry of Education	Chairman of Yan Ding Capital Co., Ltd. Chairman of Yan Ding Land Co., Ltd. Director of Yan Ding Investment Co., Ltd. Convener of Finance Investment Department, Wen Jian Accounting Firm	None	None	None	None

Note 1: For corporate shareholders, list the names of corporate shareholders and their representatives separately (for representatives of corporate shareholders, indicate the names of the corporate shareholders), and fill in Table 1 below.
Note 2: Please list the actual age and express it in a range, i. e. 41-50 years old or 51-60 years old.
Note 3: Fill in the time when first serving as a director or supervisor of the Company. If there is any interruption, it shall be noted.
Note 4: The experience related to the current position. If the person has worked in the Company's auditing firm or its related company during the aforementioned period, state the title and responsibilities.
Note 5: Where the Company's Chairman and General Manager or equivalent job position (highest managerial officer) refer to the same individual, or being spouse or first-degree relative of each other, it is necessary to explain the reason and relevant information on the reasonability, necessary and responsive measures (such as) method of increase of independent director seats, a majority of directors without concurrent job position of employee or managerial officer etc.).
Note 6: The full name of KTC refers to Kinik-Thai Co., Ltd.
Note 7: The full name of MKS refers to MAX KINIK Seimitsu Co., Ltd.
Note 8: The full name of MGT refers to MAX KINIK Grinding Technology Co., Ltd.

1. Major shareholders of corporate shareholders

(1) For a representative of a corporate shareholder, list the name of the corporate shareholder, and the name and shareholding ratio of the corporate's top ten shareholders:

April 25, 2026

Name of corporate shareholder	Major Shareholders of Corporate Shareholders
Kinmean Company Ltd.	Man-Li Lin Chen (29.48%), Po-Chuan Lin (32.40%), Po-Yin Lin (32.40%), Heng-Jui Lin (0.92%), Chiao-Hsi Lin (0.92%), Feng-Yu Ting (0.92%), Yu-Ning Ting (0.92%), Webster Co., Ltd.(2.02%)
Kinchuan Investment Co., Ltd.	Kinan Investment Co., Ltd. (100%)
Li-He Investment Co., Ltd.	Yang-Liang Pai (50.00%), Feng-Mei Chiang Pai (37.50%), Ching-Chung Pai (4.50%), Ching-Fang Pai (4.00%), Yu-Chuan Pai (4.00%)
Kinki Investment Co., Ltd.	Po-Chuan Lin (38.06%), Po-Yin Lin (38.04%) PRICELITE LIMITED(23.90%)

(2) If a major shareholder is a legal person, the name of the legal person and the shareholding ratio of the legal person's shareholders account for the top ten shareholders and their shareholding ratio:

April 25, 2026

Name of Corporate Shareholder	Major Shareholders of Corporate Shareholders
Webster Co., Ltd.	Kinmean Company Ltd. (48.33%), Man-Li Lin Chen (18.39%), Po-Chuan Lin (16.64%), Po-Yin Lin (16.64%)
Kinan Investment Co., Ltd.	Wen-Liang Pai (47.14%), Yu-Hua Lin (27.14%), Che-An Pai (13.44%), Hsi-Ping Pai (8.80%), Yung-Ching Pai (1.74%), Yung-Hsin Pai (1.74%)
PRICELITE LIMITED	Golden Logo Global Ltd(100%)

2. Information Disclosure on Directors' Professional Qualifications as well as Independent Directors' Independence

Qualification / Name	Professional Qualifications and Experience	Independence Status	Number of companies for adjunct independent directors of other public offering companies
Kinmean Company Ltd. Representative: Po-Chuan Lin (Chairman)	Professional Master's Program in Business Administration, National Taiwan University. Concurrently serves as Chairman of Hongia Industry Co., Responsible person of Kinki Investment Ltd. Co. and Director of Chairman of Kinik-Japan Co., Ltd. and Kinik-Thai Co., Ltd. Mr. Po-Chuan Lin has been working for the Company for more than 10 years. He began his career as a junior salesman and worked his way up to the position of special assistant to the Chairman. He has accumulated considerable practical experience and the abilities in marketing, investment, corporate management, and operation management. In terms of sustainable operation, the Chairman promoted the Company's adherence to the Responsible Business Alliance (RBA) code of conduct, established the Sustainable Development Committee, prepared the Sustainability Report, and formulated short, medium, and long-term sustainability plans during his tenure to plan the development roadmap.	Not applicable since he/she is not an independent director	

Kinchuan Investment Co., Ltd. Representative: Wen-Liang Pai (Vice Chairman)	Ph.D., Business and Management, Huron University, USA. He was the Chairman of the Taiwan Top Management & International Trade Institute, and has served our company for over 40 years. He possesses experiences in the fields with both academic and practical workplace skills in business, finance, information, and public relations management.Currently serving as a member of the Kinik Sustainability Development Committee and Chairman of the Pai Yung-Chuan Education Foundation, He actively promotes Corporate Social Responsibility (CSR) and educational outreach initiatives related to the United Nations Sustainable Development Goals (SDGs).	
Kinmean Company Ltd. Representative: Jung-Che Hsieh (Director)	M.S., Mechanical Engineering, Keio University, Japan; EMBA, National Taiwan University, Taiwan He was the Leader of the Fine Components Technology Group at the Mechanical and Mechatronics Systems Research Laboratories, ITRI. He has been working in the field of precision ground hard and brittle materials and has led his team to establish the first reclaim wafer fab in Taiwan with ductile mode grinding process. He is recognized as a top ten Excellent Young Engineers Award and an outstanding general manager by the Chinese Professional Management Association of Hsinchu and National	

	Outstanding CEO Award. He has demonstrated his ability to lead the team. He also has the ability to manage and oversee the industrial development and the application of technology.	
Li-He Investment Co., Ltd. Representative: Ching-Chung Pai (Director)	He holds a master's Degree in Materials Science and Engineering from USC, currently acts a Director of Hongia Industry Co., Ltd., a Director of Li-He Investment Co., Ltd. , and the Acting Spokesperson of Kinik Company, and he has over 20 years of experience in the management and strategic management of the semi-conductor industry, and has the expertise in business management, R&D, public relations, and industrial technology capabilities.	
Kinki Investment Co. Ltd. Representative: Wei-Chang Lee Director	He holds a master's degree in Geology, National Taiwan University. He is currently the Company's spokesman and General Manager of DBU. He has been involved in the semi-conductor industry for many years and is highly sensitive to industry trends and market changes. He also has public relations and crisis management skills.	
Kinki Investment Co. Ltd. Representative: Fu-I Hung Director	He holds a master's degree from the School of Technology Management, Tsing Hua University. He used to work as an associate engineer in the Mechanical Engineering Laboratory of the Industrial Technology Research Institute, specializing in the field of reclaim wafers, industrial management and sales market.	

Hsin-Yuan Tsai (Independent Director)	Ph.D. from the University of Wisconsin; trained at Pittler Maschinenfabrik (Germany); completed executive programs at Stanford University and Wharton School (UPenn). Currently Chairman of Innovalue Investment & Financing Services Co., Ltd. and formerly director of ITRI. He possesses expertise in electrical machinery, law, management, and corporate governance, with a long-term focus on industrial sustainable transformation and innovation. He serves as a committee member and advisor for MOEA projects, including "Industrial Park Low-Carbon Transformation," "Turning Carbon into Gold Net-Zero," and "Industrial Park Smart Technology Value-Added Innovation," assisting academia and enterprises in smart, low-carbon, and net-zero transitions to enhance industrial sustainable competitiveness.	Please see the following section of "Diversity and Independence of Board of Directors" for details.	1
Po-Hsi Liao (Independent Director)	MBA from the University of San Francisco and M.S. in Electrical Engineering from Rensselaer Polytechnic Institute (RPI). Currently Chairman of Fufong Investment Co., Ltd., and Director of Howard Plaza Hotel Co., Ltd. and China Electric Mfg. Co., Ltd. He possesses extensive experience in corporate operations and cross-disciplinary management, with long-term involvement in strategic decision-making for the tourism, hospitality, and manufacturing sectors. At both Howard Plaza Hotel and China		None

	Electric, he has actively promoted ESG strategies. Well-versed in commercial law and corporate governance practices, he integrates multi-industry sustainable management experience to continuously enhance corporate sustainable competitiveness.		
Wen-Yi Hsiao (Independent Director)	Ph.D., Graduate Institute of Electronic Engineering (Business Management Group), National Kaohsiung University of Science and Technology. Former Chairman of Xinwang Management Consulting Co., Ltd. and current Director of Yuan Ding Investment Co., Ltd. ; previously served as a marketing consultant for domestic and international listed companies. He possesses expertise in management, marketing, and investment, having taught at various colleges and universities for over a decade and published books on Management and Corporate Public Relations. He promoted the "Solar Photovoltaic Installation and System Quality Improvement Project" and served as Co-Principal Investigator for the "Fire Safety and Disaster Prevention for Solar Photovoltaic Systems" research project, dedicated to renewable energy technology and safety. Currently, he is the Chairman of the Taiwan Energy and Environmental Technology Application Association, founded in 2014 by scholars and business leaders to drive sustainable energy R&D. His leadership focus		None

	includes: 1. Promoting sustainable energy policies, eco-friendly technologies, and green industry development while building platforms for government and public engagement. 2. Facilitating international exchanges and establishing global partnerships. 3. Implementing initiatives to advance sustainable, stable, efficient, and clean energy security supply systems, as well as the research, development, and application of corporate sustainability. In terms of social responsibility, he received the Social Welfare Award from the Ministry of Education, highlighting his long-term commitment to public service and sustainable development.		

3. Diversity and Independence of Board of Directors

(1) Diversity of the Board of Directors:

According to Paragraph 2 of Article 20 of the Company's "Corporate Governance Best Practice Principles," the Company's Board of Directors shall be composed by more than five directors in response to the practical needs, subject to the Company's business development scale and major shareholders' shareholding.

In line with Paragraphs 3 and 4 of the same Article, the composition of the Board of Directors shall be structured with due consideration to diversity. Apart from the requirement that directors concurrently serving as company managers shall not exceed one-third of the total Board seats, the Company adopts a diversity policy tailored to its operational model and long-term development needs. Board members are expected to collectively possess the knowledge, expertise, and professional competencies necessary to fulfill their responsibilities.

The Company also places emphasis on gender equality in board composition, setting a target whereby directors of different genders shall account for at least one-

third of all seats. At present, all Board members are male, reflecting the historical predominance of male professionals in the semiconductor industry and the relatively low participation rate of women in related technical fields. Moving forward, the Company is committed to improving gender diversity and plans to add at least one female director in the next Board election as a step toward this target.

To further enhance gender diversity, the Company has established the following measures:

a. Integrating the principle of gender balance into director nomination and election processes.
b. Proactively identifying female candidates with relevant professional expertise and managerial capabilities.
c. Gradually increasing the number of female directors to strengthen board diversity and governance effectiveness.

The Company adopts a "candidate nomination system," under which candidates are reviewed and approved by a resolution of the Board of Directors before being submitted to the shareholders for election. The nominated candidates are all highly distinguished leaders from industry or academia.

Board Diversity Implementation Status:

Core competency / Name	Basic qualifications and value							Professional knowledge and skill						
				Age				Industry experience			Professional ability			
	Title	Gender	Nationality	Less than 40 (inclusive)	41 to 50	51 to 60	Above 60 (inclusive)	Financial insurance	Electric machinery	Semi-conductor	Business administration and accounting	Financial insurance	Technology and intellectual property	Public relationship
Po-Chuan Lin	Chairman	Male	R.O.C. (Taiwan)		√				√		√			√
Wen-Liang, Pai	Vice chairman	Male	R.O.C. (Taiwan)				√		√		√			√
Jung-Che Hsieh	Director	Male	R.O.C. (Taiwan)				√			√			√	
Ching-Chung Pai	Director	Male	R.O.C. (Taiwan)		√					√			√	
Wei-Chang Lee	Director	Male	R.O.C. (Taiwan)			√				√	√			√
Fu-I Hung	Director	Male	R.O.C. (Taiwan)				√			√	√			
Hsin-Yuan Tsai	Independent Director	Male	R.O.C. (Taiwan)				√		√				√	
Po-Hsi Liao	Independent Director	Male	R.O.C. (Taiwan)				√	√				√		
Wen-Yi Hsiao	Independent Director	Male	R.O.C. (Taiwan)		√						√			√

(2) Independence of the Board of Directors:

The Company's Board of Directors consists of nine members, including three independent directors (33.33%) and six non-independent directors (66.67%), of whom five concurrently serve as managers (55.56%). None of the directors are related to one another as spouses or within the second degree of kinship, thereby complying with Paragraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act.

The Board of Directors guides the Company's strategy, supervises management, and bears responsibility to the Company and its shareholders. In all aspects of corporate governance, the Board exercises its powers in accordance with laws and regulations, the Articles of Incorporation, and resolutions of the shareholders meeting. The Board emphasizes independence and transparency, with both directors and independent directors acting as independent individuals in the execution of their duties.

In accordance with relevant laws, the three independent directors, together with the Audit Committee, assess the control of existing and potential risks, oversee the effective implementation of the Company's internal controls, and review the selection, dismissal, and independence of certified public accountants, as well as the proper preparation of financial statements.

Furthermore, under the Company's "Rules for the Election of Directors," the election of directors and independent directors is conducted through the cumulative voting system and the candidate nomination system to encourage shareholder participation. Shareholders holding a certain number of shares may nominate director candidates, whose qualifications and compliance with Article 30 of the Company Act are reviewed in accordance with the law. The relevant procedures are duly processed and publicly disclosed, thereby safeguarding shareholder rights, preventing monopolization or abuse of the nomination right, and maintaining independence. Taken together, these measures ensure the independence of the Company's Board of Directors.

The Company has obtained a written declaration from each independent director confirming the independence of that director and his/her immediate family members from the Company, as required by the Listing Rules.

Name of Independent Director	Hsin-Yuan Tsai	Po-Hsi Liao	Wen-Yi Hsiao
Whether an independent director, spouse, or relative within the second degree of kinship of the Company serves as a director, supervisor, or employee of the Company or its affiliates	None	None	None
Number and percentage of shares held by independent directors, their spouses, or relatives within the second degree of kinship (or in the name of others)	None	251,252 (0.17%)	None
Do the independent directors serve as directors, supervisors, or employees of companies specifically related to the Company (refer to Subparagraphs 5-8 of Paragraph 1 of Article 3 of Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies)	None	None	None
Amount of remuneration for providing the Company or its affiliates with commercial, legal, financial, and accounting services in the last 2 years	None	None	None

ii. Information of General Managers, Deputy General Managers, Assistant General Managers and heads of various departments and branches

April 25, 2026; Unit: shares

Title (note 1)	Nationality	Name	Gender	Election date	Shareholding		Shareholding of spouse or minor children		Shareholding in the name of others		Major experience (education) (note 2)	Concurrent positions at other companies at the moment	Managers with a spouse or second-tier relative relationship			Remarks (Note 3)
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
CEO	Republic of China	Jung-Che Hsieh	Male	2010/02/09	364,943	0.24%	15,482	0.01%	0	0%	Master of Mechanical Engineering, Keio University, Japan EMBA, National Taiwan University Leader of the Fine Components Technology Group, Mechanical and Mechatronics System Lab., Industrial Technology Research Institute	(Note 4)	None	None	None	None
Deputy General Manager of ABU	Republic of China	Shao-Chung Hu	Male	2022/2/1	91,325	0.06%	0	0%	0	0%	PhD of Materials Science and Engineering, National Taiwan University	(Note 8)	None	None	None	None
General Manager of DBU	Republic of China	Wei-Chang Lee	Male	2001/01/01	801,000	0.54%	1,000	0%	0	0%	Master of Institute of Geosciences, National Taiwan University	(Note 7)	None	None	None	None
General Manager of SBU	Republic of China	Fu-I Hung	Male	2010/03/15	8,000	0.01%	0	0%	0	0%	Master, College of Technology Management, Tsing Hua University Deputy Engineer of Mechanical and Mechatronics System Lab., Industrial Technology Research Institute	None	None	None	None	None

Deputy General Manager of Chairman's Office	Republic of China	Ching-Chung Pai	Male	2017/06/13	620,000	0.41%	10,000	0.01%	0	0%	Master of Materials, University of Southern California	(Note 5)	None	None	None	None
Deputy General Manager of DBU	Republic of China	Jui-Lin Chou	Male	2021/01/01	110,000	0.07%	100	0%	0	0%	Institute of Materials Science and Engineering, National Taiwan University	None	None	None	None	None
CFO	Republic of China	Yung-Sheng Ku	Male	2021/2/24	80,000	0.05%	0	0%	0	0%	M.B.A. of Senior Officer Enterprise Master Program, National Central University Bachelor, Department of Accounting, Tamkang University	(Note 6)	None	None	None	None
Audit Supervisor	Republic of China	Yi-Chun Ko	Female	2007/11/30	26,000	0.02%	0	0%	0	0%	Institute of accounting, Tamkang University	None	None	None	None	None
Assistant General Manager of ABU	Republic of China	Chien-Chung Teng	Male	2019/09/10	60,212	0.04%	0	0%	0	0%	Doctor of Nanoengineering, North Illinois University	None	None	None	None	None
Assistant General Manager of SBU	Republic of China	Wen-Hsiung Chou	Male	2016/05/01	0	0%	0	0%	0	0%	Institute of Industrial and Systems Engineering, Chung Hua University	None	None	None	None	(Note 9)
Assistant General Manager of SBU	Republic of China	Chi-Tung Tsai	Male	2016/05/01	2,000	0%	0	0%	0	0%	Department of Industrial Engineering, Chung Yuan Christian University	None	None	None	None	None
Assistant General Manager of SBU	Republic of China	Tien-Chi Cheng	Male	2020/05/01	29,000	0.02%	0	0%	0	0%	Advanced Master of Management Program, National Taiwan Normal University	None	None	None	None	None
Assistant General Manager of R&D	Republic of China	Chia-Che Ho	Male	2016/02/01	40,000	0.03%	0	0%	0	0%	PhD of Institute of Mechanical Engineering, National Central University	None	None	None	None	None
Assistant General Manager, Office of the CEO	Republic of China	Chun-Cheng Lin	Male	2025/05/01	18,000	0.01%	0	0%	0	0%	Master of Business Administration , National Central University	None	None	None	None	None

Assistant General Manager of EBU	Republic of China	Nan-Huang Liu	Male	2025/05/01	0	0%	0	0%	0	0%	Master of Science in Mechanical Engineering, California State Polytechnic University, Pomona EMBA of National Taiwan University	None	None	None	None	None
Assistant General Manager, Office of the CEO	Republic of China	Kuo-Ching Yao	Male	2025/05/01	15,000	0.01%	0	0%	0	0%	AIMS Fellows Executive Master Program,National Tsing Hua University EMBA of National Tsing Hua University Master of Science in Power Mechanical Engineering, National Tsing Hua University	None	None	None	None	None

Note 1: Please include the information of General Managers, Deputy General Managers,Assistant General Managers and heads of various departments and branches, and those whose positions are equivalent to General Managers, Deputy General Managers or Assistant General Managers; such information shall be disclosed regardless of their professional titles.
Note 2: The experience related to the current position. If the person has worked in the Company's auditing firm or its related company during the aforementioned period, state the title and responsibilities.
Note 3: If the Chairman and the General Manager or the person with an equivalent position (the top manager) are the same person or each other's spouse or relatives, state the reason, rationality, necessity and countermeasures (such as increasing the number of independent directors, and there should be more than half of the directors who are not concurrent employees or managers, etc.).
Note 4: Director of Hongia Industry Co., Ltd. (appointed corporate representative), Director of Kinli Real Estate Management and Development Co., Ltd (appointed corporate representative) ,Director of Kinik-Thai Co., LTD. (appointed corporate representative), Chairman of MKS (appointed corporate representative), Director of MGT (appointed corporate representative)
Note 5: Director of Hongia Industry Co., Ltd. (appointed corporate representative), Director of Kinli Investment Co., Ltd. (appointed corporate representative),Director of Dongguan Kinik Trading Co., Ltd. (China) (appointed corporate representative), Director of Kinli Real Estate Management and Development Co., Ltd (appointed corporate representative), Director of Li-He Investment Co., Ltd., Director of MKS(appointed corporate representative), Director of MGT(appointed corporate representative)
Note 6: Supervisor of Hongia Industry Co., Ltd. (appointed corporate representative), Supervisor of Dongguan Kinik Trading Co., Ltd. (China) (appointed corporate representative), Supervisor of Kinli Investment Co., Ltd. (appointed corporate representative), Supervisor of MKS(appointed corporate representative), Supervisor of Kinli Real Estate Management and Development Co., Ltd (appointed corporate representative)
Note 7: Chairman of Kinli Investment Co., Ltd. (appointed corporate representative), Chairman of Dongguan Kinik Trading Co., Ltd. (China) (appointed corporate representative), Director of Shin Hsieh International Limited, Independent Director of G.M.I Technology Inc., Director of MKS (appointed corporate representative), Director of MGT (appointed corporate representative)
Note 8: Director of MKS (appointed corporate representative)
Note 9:Assistant General Manager Wen-Hsiung Chou resigned on May 1, 2025.

(II) Remunerations to the Directors, General Manager, and Deputy General Managers in the most recent year

i. Remuneration of general directors and independent directors (consolidated and name disclosure by tier):

Unit: NT$ thousand

Title	Name	Remuneration of Directors								Percentage of total amount of A, B, C and D to net profit after tax (%)		Receipt of remuneration as concurrent employees								Percentage of total amount of A, B, C, D, E, F and G to net profit after tax (%)		Remuneration received from a non-subsidiary reinvested enterprise or parent company
		Remuneration (A)		Retirement pension (B)		Directors' remuneration (C)		Business execution fee (D)				Salary, bonus and special fee (E) (note 1)		Retirement pension (F)		Employees' remuneration (G)						
		All companies	All companies included in the financial statements	All companies	All companies included in the financial statements	All companies	All companies included in the financial statements	All companies	All companies included in the financial statements	All companies	All companies included in the financial statements	All companies	All companies included in the financial statements	All companies	All companies included in the financial statements	All companies		All companies included in the financial statements		All companies	All companies included in the financial statements	
																Cash amount	Monetary amount of shares	Cash amount	Monetary amount of shares			
Chairman	Kinmean Company Ltd. Representative: Po-Chuan Lin	600	600	0	0	9,300	9,300	0	0	9,900 0.73%	9,900 0.71%	30,493	30,493	0	0	31,000	0	31,000	0	71,393 5.25%	71,393 5.11%	None
Director	Kinchuan Investment Co. Ltd. Representative: Wen-Liang Pai																					
Director	Kinmean Company Ltd. Representative: Jung-Che Hsieh																					
Director	Li-He Investment Co., Ltd. Representative: Ching-Chung Pai																					
Director	Kinki Investment Co. Ltd. Representative: Wei-Chang Lee																					
Director	Kinki Investment Co. Ltd. Representative: Fu-I Hung																					
Independent Director	Hsin-Yuan Tsai	1,800	1,800	0	0	4,500	4,500	0	0	6,300 0.46%	6,300 0.45%	0	0	0	0	0	0	0	0	6,300 0.46%	6,300 0.45%	None
Independent Director	Po-Hsi Liao																					
Independent Director	Wen-Yi Hsiao																					

1. Please state the remuneration policies, systems, standards and structures about independent directors and the connection of the factors, such as responsibilities, risk and contributed hours, with the amount of remuneration: According to Article 25 of the Articles of Incorporation, if the Company retains earnings at the end of any fiscal year, the Company shall allocate no less than 1% of the earnings as the remuneration to employees, which shall be distributed in the form of stock or in cash upon a resolution adopted at a meeting of the Board of Directors. The recipients entitled to receive the remuneration include the employees of subsidiaries of the Company meeting certain specific requirements. The Company may also allocate no more than 2% of said earnings as the remuneration to directors upon a resolution adopted at a meeting of the Board of Directors. It should be considered reasonable if the remuneration to directors varies depending on the earnings.
2. In addition to the disclosure in the above table, in the most recent fiscal year, the compensation received by Directors from the service rendered (For example, serving as a consultant to all non-employees of the parent company/companies included in the financial statements/reinvestment business): None.

Note 1: Including the cost of providing the car, NT$11,370 thousand. 2.: The Company did not actually pay or appropriate retirement benefits to directors in 2025.

Range of Remunerations of Directors Table

Range of Remunerations of Directors of the Company	Name of director			
	Total remuneration of the first four items (A + B + C + D)		Total remuneration of the first seven items (A + B + C + D + E + F + G) (Notes 1)	
	All companies	All companies included in the financial statements	All companies	All companies included in the financial statements
NT$1,000,000 (inclusive)～NT$2,000,000 (exclusive)	Representative of Kinmean Company Ltd.: Po-Chuan Lin/Jung-Che Hsieh Representative of Kinki Investment Co. Ltd.: Wei-Chang Lee / Fu-I Hung Li-He Investment Co., Ltd. Representative of Li-He Investment Co., Ltd.: Ching-Chung, Pai	Representative of Kinmean Company Ltd.: Po-Chuan Lin/Jung-Che Hsieh Representative of Kinki Investment Co. Ltd.: Wei-Chang Lee / Fu-I Hung Li-He Inv. Ltd. Company Representative of Li-He Investment Co., Ltd.: Ching-Chung, Pai	Li-He Investment Co., Ltd.	Li-He Investment Co., Ltd.
NT$2,000,000 (inclusive)～NT$3,500,000 (exclusive)	Kinmean Company Ltd. Kinki Investment Co. Ltd. Kinchuan Investment Co. Ltd. Representative of Kinchuan Investment Co. Ltd.: Wen-Liang Pai Hsin-Yuan Tsai Po-Hsi Liao Wen-Yi Hsiao	Kinmean Company Ltd. Kinki Investment Co. Ltd. Kinchuan Investment Co. Ltd. Representative of Kinchuan Investment Co. Ltd.: Wen-Liang Pai Hsin-Yuan Tsai Po-Hsi Liao Wen-Yi Hsiao	Kinmean Company Ltd. Kinki Investment Co. Ltd. Kinchuan Investment Co. Ltd. Representative of Kinchuan Investment Co. Ltd.: Wen-Liang Pai Hsin-Yuan Tsai Po-Hsi Liao Wen-Yi Hsiao	Kinmean Company Ltd. Kinki Investment Co. Ltd. Kinchuan Investment Co. Ltd. Representative of Kinchuan Investment Co. Ltd.: Wen-Liang Pai Hsin-Yuan Tsai Po-Hsi Liao Wen-Yi Hsiao
NT$3,500,000 (inclusive)～ NT$5,000,000 (exclusive)	None	None	None	None
NT$5,000,000 (inclusive)～NT$10,000,000 (exclusive)	None	None	Representative of Kinmean Company Ltd.: Po-Chuan Lin Representative of Li-He Investment Co., Ltd.: Ching-Chung Pai	Representative of Kinmean Company Ltd.: Po-Chuan Lin Representative of Li-He Investment Co., Ltd.: Ching-Chung Pai
NT$10,000,000 (inclusive)～NT$15,000,000 (exclusive)	None	None	None	None

NT$15,000,000 (inclusive)～NT$20,000,000 (exclusive)	None	None	Representative of Kinki Investment Co. Ltd.: Wei-Chang Lee Representative of Kinki Investment Co. Ltd.: Fu-I Hung	Representative of Kinki Investment Co. Ltd.: Wei-Chang Lee Representative of Kinki Investment Co. Ltd.: Fu-I Hung
NT$20,000,000 (inclusive)～NT$25,000,000 (exclusive)	None	None	Representative of Kinmean Company Ltd.: Jung-Che Hsieh	Representative of Kinmean Company Ltd.: Jung-Che Hsieh
Total	9 people	9 people	9 people	9 people

Note 1: Including the cost of providing the car, NT$11,370 thousand.

ii. Remuneration of General Managers and Deputy General Managers (consolidated and name disclosure by tier):

Unit: NT$ thousand

Title	Name	Salary (A)		Retirement pension (B)		Bonus and special fee (C) (note 1)		Employee remuneration (D)				Percentage of total amount of A, B, C and D to net profit after tax (%)		Remuneration received from a non-subsidiary reinvested enterprise or parent company
		All companies	All companies included in the financial statements	All companies	All companies included in the financial statements	All companies	All companies included in the financial statements	All companies		All companies included in the financial statements		All companies	All companies included in the financial statements	
								Cash amount	Monetary amount of shares	Cash amount	Monetary amount of shares			
Chief Sustainability Officer	Po-Chuan Lin	16,290	16,290	0	0	17,430	17,430	31,820	0	31,820	0	65,540 4.82%	65,540 4.69%	None
CEO	Jung-Che Hsieh													
Deputy General Manager of ABU	Shao-Chung Hu													
General Manager of DBU	Wei-Chang Lee													
General Manager of SBU	Fu-I Hung													
Deputy General Manager of Chairman's Office	Ching-Chung Pai													

Note 1: Including the cost of providing the car, NT$12,670 thousand.

Remuneration Range Table

Range of Remunerations to Each General Manager and Deputy General Manager of the Company	Names of the General Manager and Deputy General Manager	
	All companies (note 1)	All companies included in the financial statements
Below NT$1,000,000	None	None
NT$1,000,000 (inclusive)～NT$2,000,000 (exclusive)	None	None
NT$2,000,000 (inclusive)～NT$3,500,000 (exclusive)	None	None
NT$3,500,000 (inclusive)～ NT$5,000,000 (exclusive)	None	None
NT$5,000,000 (inclusive)～NT$10,000,000 (exclusive)	Po-Chuan Lin Ching-Chung Pai Shao-Chung Hu	Po-Chuan Lin Ching-Chung Pai Shao-Chung Hu
NT$10,000,000 (inclusive)～NT$15,000,000 (exclusive)	None	None
NT$15,000,000 (inclusive)～NT$20,000,000 (exclusive)	Wei-Chang Lee Fu-I Hung	Wei-Chang Lee Fu-I Hung
NT$20,000,000 (inclusive)～NT$25,000,000 (exclusive)	Jung-Che Hsieh	Jung-Che Hsieh
Total	6 people	6 people

Note 1: Including the cost of providing the car, NT$12,670 thousand.

iii. Name of the manager to whom employees' remuneration is distributed and the distribution situation

Unit: Thousand NT$

	Title	Name	Monetary amount of shares	Cash amount	Total	Percentage of net profit after tax (%)
Managerial Officer	Chief Sustainability Officer	Po-Chuan Lin	0	45,337	45,337	3.25%
	CEO	Jung-Che Hsieh				
	General Manager of DBU	Wei-Chang Lee				
	General Manager of SBU	Fu-I Hung				
	Deputy General Manager of Chairman's Office	Ching-Chung Pai				
	Deputy General Manager of ABU.	Shao-Chung Hu				
	Deputy General Manager of DBU	Jui-Lin Chou				
	CFO	Yung-Sheng Ku				
	Assistant General Manager of ABU	Chien-Chung Teng				
	Assistant General Manager of SBU	Chi-Tung Tsai				
	Assistant General Manager of SBU	Tien-Chi Cheng				
	Assistant General Manager of R&D	Chia-Che Ho				

	Assistant General Manager of EBU	Nan-Huang Liu				
	Assistant General Manager, Office of the CEO	Kuo-Ching Yao				
	Assistant General Manager, Office of the CEO	Chun-Cheng Lin				
	Audit Supervisor	Yi-Chun Ko				

iv. Analysis of the proportion of total remuneration paid by the Company and all companies in the financial report to the Company's directors, supervisors, General Managers and Deputy General Managers to the net profit after tax in the last two years, and explanation of the remuneration policy, standard and combination, the procedure of remuneration setting and the relevance with business performance and future risks.

Remuneration/Net Profit After Tax Ratio (Last Two Years) (%)				
Year / Title	2025 (Note1)		2024	
	All companies	All companies included in the financial statements	All companies	All companies included in the financial statements
Director	6.18%	6.02%	7.65%	7.45%
General Managers & Deputy General Managers				
Note1: The amount of remuneration distributed in 2025 is the proposed amount. Note2: The reason why the ratio of remuneration to net profit after tax in 2025 was lower than in 2024 is that the net profit after tax in 2025was higher.				

1. Remuneration Policy, Standards and Structure

The remuneration of directors includes remuneration, salary and traveling expenses. The remuneration is based on the provisions of the Company's articles of association, and the Board of Directors prepares a distribution plan and submits it to the shareholders meeting for payment. Traveling expenses are paid according to the market standard. The remuneration of General Managers and Deputy General Managers includes salary, bonus and employees' remuneration.

The standard of payment varies in accordance with the Company's salary management measures, position and responsibility assumed, and the Company's operating performance.

2. Procedures for Determining Remuneration

Quarterly performance bonuses, annual bonuses, and employee remuneration are designed to reward employees for their contributions, incentivize continued efforts, and align employee interests with those of shareholders. In accordance with the Company's Articles of Incorporation, if the Company generates profits at year-end, before distributing earnings, not less than 10% of annual profit shall be allocated as employee remuneration (of which at least 40% must be distributed to general employees). In addition, up to 2% of annual profit may be allocated as directors' remuneration, subject to Board resolutions.

The frequency, timing, and conditions for the distribution of performance bonuses and employee remuneration are governed by the Company's Performance Management Regulations. The actual distribution ratios, amounts, and allocation methods are determined based on the Company's operating results, with reference to industry standards in Taiwan, and are proposed by the Remuneration Committee to the Board of Directors. Performance bonuses are distributed quarterly, while employee remuneration is granted after approval by the Board and reported to the shareholders meeting.

3. Alignment of Remuneration with Performance Evaluation

The Company's Human Resources Department consolidates semiannually performance evaluations as the basis for bonus distribution. Performance indicators are divided into qualitative indicators (such as work attitude, innovation capability, and teamwork) and quantitative indicators (such as the achievement of individual and departmental goals, achievement rates, and completion rates of special projects). Remuneration is not solely tied to short-term profitability, nor is it designed to induce directors and managers to engage in risk-taking behavior beyond the Company's risk appetite in pursuit of higher compensation.

4. Alignment of Remuneration with Future Risks

The Remuneration Committee conducts regular annual evaluations and reviews of remuneration. In addition to considering individual performance achievement rates and contributions to the Company, it also takes into account the Company's overall operating performance, future industry risks, and, where necessary,

reviews the remuneration system in light of actual operating conditions and relevant laws and regulations. The objective is to provide reasonable remuneration while ensuring a balance between the Company's sustainable development and risk management. The 2025 year-end bonus policy was passed by the Remuneration Committee.

(III) Corporate Governance Operation

i. Operation of the Board of Directors

1. Information on the operation of the Board of Directors

A total of 10 general board meetings were held in the most recent year, and the attendance of the directors is as follows:

Title	Name	Actual number of attendance	Number of delegated attendants	Actual rate of attendance (%)	Remarks
Chairman	Kinmean Company, Ltd. Representative: Po-Chuan Lin	10	0	100.00	
Director	Kinchuan Investment Co. Ltd. Representative: Wen-Liang Pai	10	0	100.00	
Director	Kinmean Company, Ltd. Representative: Jung-Che Hsieh	10	0	100.00	
Director	Li-He Investment Co., Ltd. Representative: Ching-Chung Pai	10	0	100.00	
Director	Kinki Investment Co. Ltd. Representative: Wei-Chang Lee	10	0	100.00	
Director	Kinki Investment Co. Ltd. Representative: Fu-I Hung	10	0	100.00	
Independent Director	Hsin-Yuan Tsai	10	0	100.00	
Independent Director	Po-Hsi Liao	9	1	90.00	
Independent Director	Wen-Yi Hsiao	10	0	100.00	

Other matters to be recorded:

I. If the operation of the Board of Directors has any of the following circumstances, state the date, session number and proposal contents of the Board of Directors' meeting, all independent directors' opinions, and the Company's handling of independent directors' opinions:

(I) Matters specified in Article 14-3 of the Securities and Exchange Act: For details, please refer to Section **IV. Corporate Governance (XIII) Important resolutions reached in shareholders meeting and Board of Directors in the most recent year and up to the publication date of this annual report**

(II) In addition to the previous matters, other Board of Directors resolutions that were opposed to or with opinions reserved by independent directors, and the records or written statements are retained:

None.

II. On the implementation of directors' avoidance of interest related proposals, state the name of the director, the content of the proposal, the reason for avoidance and the status of participation in voting: There were no avoidance circumstances other than those related to salary.

III. Listed and OTC companies shall disclose the evaluation cycle and period, scope, method, and content of the Board of Directors' self (or peer) evaluation, and fill in the attached Table 2 (2) Implementation status of the Board of Directors' evaluation.

IV. The objectives of strengthening the Board of Directors' responsibilities in the current and recent years (such as establishing an audit committee, enhancing information transparency, etc.) and evaluation of the implementation: None

2. Implementation of performance evaluation on the Board of Directors

(1) The implementation of performance evaluation on the Board of Directors in 2025:

Frequency of evaluation	Evaluation period	Scope of evaluation	Method of evaluation	Content of evaluation
Once a year	January 1 to December 31, 2025	Board of Directors	Self-evaluation of the Board of Directors	The indicators consist of the participation level in the management of the Company, enhancement of the decision-making quality of the Board, composition and structure of the Board of Directors, election and continuing education of directors and internal controls.
Once a year	January 1 to December 31, 2025	Individual Board members	Self-evaluation of Board members	The indicators consist of alignment with the Company's goals and mission, comprehension of the responsibilities of the Directors, participation level in the management of the Company, management of internal relations and communication, profession and

				continuing education of directors and internal controls.
Once a year	January 1 to December 31, 2025	Remuneration Committee Member	Remuneration Committee Members' Self-Evaluation	The indicators consist of participation level in the management of the Company, comprehension of the responsibilities of the functional committee, enhancement of the decision-making quality of the functional committee and composition of functional committee and appointment of members and internal controls.
Once a year	January 1 to December 31, 2025	Audit Committee Member	Audit Committee Members' Self-Evaluation	The indicators consist of participation level in the management of the Company, comprehension of the responsibilities of the functional committee, enhancement of the decision-making quality of the functional

				committee and composition of functional committee and appointment of members and internal controls.

(2) The Board of Directors' performance evaluation result 2025 is stated as following:

A. Board of Directors' performance evaluation

Aspect	**Indicator**	**Weight**	**Score**
A. Participation level in the management of the Company.	11	20%	18.91
B. Enhancement of the decision-making quality of the Board.	12	30%	29.00
C. Composition and structure of the Board of Directors.	7	15%	14.14
D. Appointment of Director and continued education.	7	10%	9.43
E. Internal control.	7	25%	24.29
Total	44	100%	95.77

Evaluation result: 5 major aspects, 44 indicators, and an overall score of 95.77 points, indicating that the overall operations and communication are proper.

Improvement: Composition and structure of the Board of Directors.

Suggestion: During the reelection of directors this year, the Company will prudently plan the composition of candidates and include candidates of different genders to continue implementing the Board diversity policy, thereby enhancing the overall board functionality and decision-making quality. Furthermore, to strengthen directors' performance of their duties, the Company will continue to arrange professional training and development courses to increase their professional knowledge and governance capabilities, serving as an important reference for strategic planning and major decisions.

B. Self-evaluation of the Board members

Dimension	Index	Weight	Scores
A. Alignment with the Company's goals and mission	3	20%	19.26
B. Comprehension of the responsibilities of the Directors.	3	20%	19.41
C. Participation level in the management of the Company.	8	20%	18.78
D. Management of internal relations and communication	3	15%	14.89
E. Appointment of Director and continued education.	3	10%	9.56
F. Internal control.	3	15%	14.22
Total	23	100%	**96.12**

Evaluation results: 6 major aspects, 23 indicators and overall scores 96.12 points, indicating that the overall operation is successful.

Areas of improvement: Participation in the Company's operations

Suggestion: The Company will make effective use of unscheduled communication meeting mechanisms to enhance directors' understanding of the Company's operational status, business development, and future strategic direction. This facilitates directors in fully discharging their duties during Board operations and strengthens the supervision and discussion of the Company's existing or potential risks. Simultaneously, the Board will continue to monitor the implementation of internal control systems and the progress of subsequent follow-up improvements to reinforce corporate governance effectiveness and risk management mechanisms.

C. Remuneration Committee Members' Self-Evaluation

Aspect	Indicator	Weight	Score
A. Participation level in the management of the Company.	4	30%	29.50
B. Comprehension of the responsibilities of the Remuneration Committee.	5	30%	28.00
C. Enhancement of the decision-making quality of the Remuneration Committee.	7	30%	28.86

D. Composition of the Remuneration Committee and appointment of members.	3	10%	9.56
Total	**19**	**100%**	**95.92**

Evaluation results: 4 major aspects, 19 indicators and overall scores 95.92 points, indicating that the Committee is able to operate independently and effectively.

Improvement: Enhancing the awareness of the responsibilities of the Remuneration Committee.

Suggestion: In the future, the Company will continue to review and establish more explicit performance evaluation and remuneration policies for directors and executives. This will enable the Remuneration Committee to more specifically grasp the scope of its duties and operational basis when deliberating relevant proposals. Simultaneously, the Company will gradually strengthen the linkage between managerial performance indicators and corporate sustainability goals to enhance the reasonableness and transparency of the compensation system, while providing greater support for the Company's long-term development.

D. Audit Committee Members' Self-Evaluation

Aspect	**Indicator**	**Weight**	**Score**
A. Participation level in the management of the Company.	4	30%	30.00
B. Comprehension of the responsibilities of the Audit Committee.	5	25%	24.00
C. Enhancement of the decision-making quality of the Audit Committee.	7	25%	24.76
D. Composition of the Audit Committee and appointment of members.	3	10%	9.33
E. Internal control.	3	10%	8.67
Total	**22**	**100%**	**96.76**

Evaluation results: 5 major aspects, 22 indicators and overall scores 96.76 points, indicating that the Committee is able to operate independently and effectively.

Area for improvement: Internal control

Suggestion: The Company will continue to enhance the Audit Committee's understanding of the corporate accounting system, financial status, financial reports, and audit reports. Through periodic reports, meeting communications, and information disclosure, the Company aims to improve the Audit Committee's grasp of relevant issues, facilitating the full exercise of its supervisory functions and promoting the continuous refinement of internal control systems and the overall governance mechanism.

ii. Operation of the Audit Committee

1. Operation of the Audit Committee:

The audit committee of the Company consists of three independent directors. The purpose of the audit committee is to assist the performance of the Board of Directors in terms of the quality and integrity with respect to accounting, audit, financial report processes and financial control.

The audit committee held a total of 9 meetings in 2025 and the main meeting agenda includes the following:

(1) Financial statements audit and accounting policies and procedures

(2) Internal control system and relevant policies and procedures

(3) Material asset transactions

(4) Company risk management

(5) Issuance of employee stock options

2. The number of audit committee meetings in the most recent year and the attendance rate of each independent director:

A total of 9 audit committee meetings were held in the most recent year. The member attendance status is as follows:

Title	Name	Actual attendance number	Actual attendance rate (%)	Remarks
Independent Director	Hsin-Yuan Tsai	9	100.00	None
Independent Director	Po-Hsi Liao	8	89.00	None
Independent Director	Wen-Yi Hsiao	9	100.00	None

Other matters to be recorded:

I. If any of the following applies to the operation of the Audit Committee, specify the Audit Committee's meeting date, period, and proposal contents; independent directors' dissenting opinions, reservations, or major proposals; and the resolution of the Audit Committee and the response of the Company to the opinions of the Audit Committee:

See (2) for details. For matters listed in Article 14-5 of the Securities and Exchange Act and other matters that have not been approved by the Audit Committee but agreed by more than two-thirds of all directors, state the date, session number and proposal contents of the Board of Directors' meeting, the resolution of the Audit Committee, and the Company's handling of the Audit Committee's opinions.

II. On the implementation of independent directors' avoidance of interest-related proposals, state the name of the independent director, the content of the proposal, the reason for avoidance and the status of participation in voting: None.

III. Status of communication between independent directors, the head of internal audit and the accountant:

(I) Status of communication between independent directors and the head of internal audit

1. The head of internal audit attends each audit committee meeting, reports on the audits' status, and communicates face-to-face with independent directors.
2. The internal auditors will immediately report to the independent directors if they find a major violation or the Company is in danger of major damage.
3. The communication channel between the Company's independent directors and the head of internal audit is smooth and good.

(II) Communication between independent directors and the accountant

The accountants report the results of the quarterly audit or review of the financial statements required by relevant laws and regulations at the quarterly audit committee meetings. If there are special circumstances, they will immediately report to the members of the audit committee. There was no such special situation in 2025. The Company's Audit Committee communicates well with the accountants.

Communication between Independent Directors, the Internal Audit Supervisor, and CPAs is as follows:

1. Communication Methods:
   (1) Independent Directors may contact the Internal Audit Supervisor and attest CPAs at any time, and communication remains effective. A seminar is held at least once a year specifically for Independent Directors to meet with the Internal Audit Supervisor and attest CPAs.
   (2) Upon completion of monthly audit reports, the Internal Audit Supervisor promptly submits them to the Independent Directors for review and provides timely responses to any inquiries or assigned follow-up items. At Audit Committee meetings, the Internal Audit Supervisor reports on the execution of audit operations, detailing audit items and findings, as well as planned audit items and schedules for the upcoming quarters, and attends Board meetings as an observer to provide reports.
   (3) Attest CPAs attend Audit Committee meetings to report on key audit matters and the results of their review of current financial reports. They communicate thoroughly on whether there are material adjusting entries or significant impacts of regulatory amendments on the Company.

2. Summary of Communication Status

Date/ meeting	Communication Matters	Communication Results
2025/02/26 Audit Committee meeting	1. Report on the execution of internal audit operations for Q4 2024. 2. Discussion on the 2024 internal control self-assessment results and the summary report on improvement follow-up items, and the issuance of the 2024 "Statement on the Internal Control System." 3. Discussion on the 2024 Business Report and the Consolidated and Individual Financial Reports.	1. Acknowledged and concurred; the matter shall be reported to the Board of Directors. 2. After thorough discussion, the Chairman consulted all attending members, and with their unanimous consent, the proposal was approved as proposed and shall be submitted to the Board of Directors for resolution. 3. After thorough discussion, the Chairman consulted all attending members, and with their unanimous consent, the proposal was approved as proposed and shall be submitted to the Board of Directors for resolution.
2025/04/29 Audit Committee meeting	1. Report on the execution of internal audit operations for Q1 2025. 2. Report on the consolidated financial reports for Q1 2025.	1. Acknowledged and concurred; the matter shall be reported to the Board of Directors. 2. After thorough discussion, the Chairman consulted all attending members, and with their unanimous consent, the proposal was approved as proposed and shall be submitted to the Board of Directors for resolution.
2025/07/30 Audit Committee meeting	1. Report on the execution of internal audit operations for Q2 2025. 2. Report on the consolidated financial reports for the first half of 2025.	1. Acknowledged and concurred; the matter shall be reported to the Board of Directors. 2. After thorough discussion, the Chairman consulted all attending members, and with their unanimous consent, the proposal was approved as proposed and shall be submitted to the Board of Directors for resolution.

2025/10/28 Audit Committee meeting	1. Report on the execution of internal audit operations for Q3 2025. 2. Report on the consolidated financial reports for the first three quarters of 2025.	1. Acknowledged and concurred; the matter shall be reported to the Board of Directors. 2. After thorough discussion, the Chairman consulted all attending members, and with their unanimous consent, the proposal was approved as proposed and shall be submitted to the Board of Directors for resolution.
2025/12/24 Private meeting	1. Report on the execution status of internal audit operations for 2025. 2. Report on Key Audit Matters and regulatory updates for 2025.	1. Acknowledged and concurred. 2. Acknowledged and concurred.
2025/12/24 Audit Committee meeting	1. Discussion on the 2026 Audit Plan formulated based on risk assessment results. 2. Amendment to the "Internal Control System, Internal Audit System, and Internal Control Self-Assessment Procedures."	1. After thorough discussion, the Chairman consulted all attending members, and with their unanimous consent, the proposal was approved as proposed and shall be submitted to the Board of Directors for resolution. 2. After thorough discussion, the Chairman consulted all attending members, and with their unanimous consent, the proposal was approved as proposed and shall be submitted to the Board of Directors for resolution.

(1) For matters listed in Article 14-5 of the Securities and Exchange Act and other matters that have not been approved by the Audit Committee but agreed by more than two-thirds of all directors, state the date, session number and proposal contents of the Audit Committee's meeting, the resolution of the Audit Committee, and the Company's handling of the Audit Committee's opinions:

Audit Committee meeting date	Session number	Proposal contents	Resolution	Handling of opinions
2025.01.22	1	1. Investment in Mitsui Grinding Wheel Co., Ltd. (MKS) in Japan and Mitsui Grinding Technology	It was agreed by all the members	None.

		(Thailand) Co., Ltd. (MGT), both subsidiaries of the Mitsui Mining & Smelting Group.	present, and the proposal was passed.	
2025.02.26	2	1. Reporting of the Company's 2024 business report and consolidated and individual financial reports. 2. Issuance of the Company's internal control statement for 2024. 3. The Company's 2024 earnings distribution plan 4. Decision on the base date for the conversion of employee stock warrants into new shares for the fourth quarter of 2024. 5. Change of signing Certified Public Accountants due to internal adjustments at the accounting firm. 6. Report on the Company's 2024 financial statements audit and verification appointment	It was agreed by all the members present, and the proposal was passed.	None.
2025.04.01	3	1. To support the operational development of the Company's subsidiary, Max Kinik Seimitsu Co., Ltd. (MKS), a proposal has been made to provide an intercompany loan totaling JPY 1.2 billion to MKS for its working capital requirements. 2. To support the operational development of the Company's subsidiary,Max Kinik Seimitsu Co., Ltd. (MKS), a proposal has been made to provide an	It was agreed by all the members present, and the proposal was passed.	None.

		endorsement and guarantee for a short-term credit facility applied for by MKS from Mizuho Bank, and to authorize the Chairman to sign all relevant guarantee documents. 3. Proposal regarding the custody of seals for endorsement and guarantee operating procedures.		
2025.04.29	4	1. Proposal for the Company's 2025 Q1 Consolidated Financial Statements. 2. Proposal for the 2025 Additional Capital Expenditure Budget. 3. Proposal for the Capital Increase in the subsidiary, Kinli Investment Co., Ltd. 4. Proposal to set the Record Date for the issuance of new shares upon conversion of employee stock options for the first quarter of 2025. 5. Proposal to amend the Company's " Operational Procedures for Loaning Funds to Others." 6. Proposal to amend the Company's "Endorsement Guarantee Method."	It was agreed by all the members present, and the proposal was passed.	None.
2025.07.30	5	1. The Company’s consolidated financial statements for the first half of 2025. 2. Decision on the base date for the conversion of employee stock warrants into new shares for the	It was agreed by all the members present, and the proposal was passed.	None.

		second quarter of 2025. 3. Proposal to amend the Company's "Risk Management Policy."		
2025.08.19	6	1. Proposal for the capital reduction of the subsidiary, Kinli Investment Co., Ltd.	It was agreed by all the members present, and the proposal was passed.	None.
2025.10.02	7	1. To expand business operations, the Company proposes to invest an amount not exceeding USD 6,600,000 through a British Virgin Islands (BVI) company to establish a subsidiary in Mainland China. The subsidiary will be primarily responsible for the manufacturing and sales of CMP diamond disks.	It was agreed by all the members present, and the proposal was passed.	None.
2025.10.28	8	1. The Company’s consolidated financial statements for the first three quarters of 2025. 2. Decision on the base date for the conversion of employee stock warrants and convertible corporate bonds into new shares for the third quarter of 2025 3. Proposal to amend the Company’s “Regulations Governing the Issuance and Conversion of the First Domestic Unsecured Convertible Bonds.”.	It was agreed by all the members present, and the proposal was passed.	None.

2025.12.24	9	1. The Company's 2026 audit plan 2. Proposal to amend the Company's "Internal Control System, Internal Audit System, and Internal Control Self-Assessment Procedures." 3. Proposal for the disposal of the Company's real estate located at Land Lot No. 685-2, Zhongshan Section, Yingge District, New Taipei City.	It was agreed by all the members present, and the proposal was passed.	None.

(2) Other than the matters above, matters that have not been approved by the Audit Committee but agreed by more than two-thirds of all directors:

None.

(3) On the implementation of independent directors' avoidance of interest related proposals, state the name of the independent director, the content of the proposal, the reason for avoidance and the status of participation in voting:

None.

3. Supervisors' participation in the operation of the Board of Directors:

None.

iii. Regulations, member composition, responsibilities and implementation status of the Company's Remuneration Committee

1. Regulations:

(Basis of Establishment)

To improve the remuneration system for directors and managers, the Company has established this “Remuneration Committee Charter” (hereafter “the Charter”) for compliance pursuant to Article 3 of the “Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange” (hereafter “Remuneration Committee Governing Regulations”) for compliance.

(Organizational Members)

The duties of this Committee is to evaluate the remuneration policies and systems of the Company's directors and managers professionally and objectively; make recommendations to the Board of Directors for policy reference, and faithfully perform the following functions and powers with the duty of care as a good manager:

This Committee shall comprise 3 members appointed through Board of Directors resolution. At least 1 of its members must be an independent director, and all members shall elect an independent director to serve as the meeting convener and chairperson.

The professional qualifications and independence of the members of this Committee shall comply with the provisions provided by Articles 5 and 6 of the Regulations Governing the Remuneration Committee.

The term of the remuneration committee members shall end at the same time as that of the Board of Directors that appointed the members. When a member of the Committee is dismissed for any reason, resulting in less than three members, it is necessary to convene a Board of Directors’ meeting within three months from the date of occurrence for supplemental appointment of members.

(Committee Responsibilities and Powers)

This Committee shall exercise the care of a good administrator in faithfully performing the official powers listed below and submit its recommendations for deliberation by the Board of Directors:

I. Review the Charter regularly and propose amendment recommendations.

II. Establish and regularly review the Company's directors and managers' annual and long-term performance targets and remuneration policies, systems, standards, and structures.

III. Regularly evaluate the performance goal achievements by the Company's directors and managers, and determine the content and amount of their remuneration.

When performing the functions and powers mentioned in the preceding paragraph, the Committee shall act according to the following principles:

I. Ensure that the Company's and remuneration arrangements comply with relevant laws and regulations and are sufficient to attract outstanding talents.

II. The performance evaluation and salary remuneration for directors and managers shall refer to the usual payment level in the peer industry and consider the time invested by the individual, the responsibilities of the individual, the achievement of personal goals, the performance of other positions, and the remuneration of the Company in recent years for the same position. The Company must also consider the reasonableness of the connection between individual performance and the Company's operating performance, the future risks according to the Company's short-term and long-term business goals, the Company's financial status, etc.

III. The directors and managers shall not be guided to engage in behaviors that surpass the Company's risk appetite in pursuit of remuneration.

IV. The characteristics of the industry and the nature of the Company's business must be considered when determining the dividends ratio and the variable salary remuneration payment time based on the director's and senior managers' short-term performance.

The salary and remuneration referred to in the preceding 2 paragraphs include cash remuneration, stock options, dividends, retirement benefits or severance payments, various allowances, and other substantial incentive measures. The scope must comply with the guidelines for items that must be recorded in annual reports published by listed companies regarding director and manager remuneration.

Suppose the decision-making matters for the remuneration of directors and managers of the Company's subsidiaries are subject to the approval of the Company's Board of Directors according to the subsidiary's hierarchical responsibility. In that case, this Committee must make the recommendations and

submit them to the Board of Directors for discussion.

(Meeting Convention)

This Committee shall convene meetings twice a year, the reason for the convening shall be stated at the time of convening, and the members of the committee shall be notified seven days in advance. However, this provision shall not apply in case of an emergency.

If the convener asks for leave or is unable to convene the meeting for some reason, another independent director of the Committee appointed by the convener shall serve as agent. If the Committee has no other independent directors, the convener shall appoint other members of the Committee to act on behalf of the Committee. If the convener does not appoint an agent, the other Committee members shall nominate one person to act as an agent.

The convener shall determine the proceedings of the committee meeting; other committee members may also propose agendas for discussion during the meeting. The meeting agenda shall be provided to the Committee members in advance.

Attendance books shall be provided during committee meetings and signed by all attendees present at the meeting for reference.

Members of the Committee shall attend the meeting in person. If a member cannot attend in person, the member may entrust 1 member to attend by proxy. Each member is limited to being entrusted by one person. Attendance via video conference shall be considered as attendance in person.

A Committee member appointing another member to attend the committee meeting on his/her behalf shall issue a written proxy stating the scope of authorization with respect to the reasons for the meeting.

(Meeting Resolution)

The Committee meetings shall pass resolutions by agreement from over half of the committee members. If there is no objection after consultation by the committee's chairman at the time of voting, the resolution shall be deemed as passed, and its force shall be the same as that of voting.

The results of the voting in the preceding paragraph shall be reported on the spot and recorded.

Suppose a member has expressed objection or provided a qualified opinion on

matters resolved by this Committee's meeting (which has been documented or stated in writing). In that case, such matters shall be recorded in the meeting minutes and announced on the information reporting website specified by the competent authority within two days after the fact.

When the Board of Directors' meeting is discussing the recommendations made by this Committee, it shall comprehensively consider matters of the amount the remuneration, payment method and the future risk of the Company etc.

Suppose the Board of Directors does not adopt or amend the recommendations of the Committee. In that case, two-thirds of all directors must be present, and over half of the directors present must agree to reject the recommendation. The Board of Directors must specifically explain why the remuneration passed by the resolution is better than the that recommended by this Committee according to the preceding comprehensive considerations.

Suppose the salary and remuneration approved by the Board of Directors are better than the recommendations by the Committee, in addition to recording the differences and reasons in the Board of Directors meeting minutes. In that case, an announcement must also be published on the information declaration website designated by the competent authority within two days from the date of approval by the Board of Directors.

A member of the Committee who has a personal interest in any of the matters at the meeting that may cause harm to the interest of the Company shall be recused.

If the committee is unable to convene a meeting or make a resolution due to reasons in the proviso to item four or the preceding paragraph, it shall report to the Board of Directors for its discussion and resolution.

(Meeting Minutes)

Matters discussed in the Committee meeting shall be properly documented. The meeting minutes shall include the following items:

I. The session, time, and place of the meeting.

II. Name of the chair.

III. Member attendance record, including the names and numbers of members present, excused, and absent.

IV. Names and job positions of those attending the meeting.

V. Name of the minute taker.

VI. Report items.

VII. Issues discussed: The resolution method and outcome of the motion and any objections or qualified opinions expressed by the Committee members.

VIII. Extraordinary motions: Including the proposer's name, the resolution method and outcome of the motion, and any objections or qualified opinions expressed by the committee members, experts, or other persons.

IX. Other details that must be recorded in the meeting minutes.

The Committee sign-in book shall be a part of the proceedings. The recorded video and audio shall be treated as part of the meeting minutes if a meeting is held via video conferencing.

The meeting minutes shall be signed or stamped by the chairperson and the minute taker and distributed to all committee members and independent directors within twenty days after the meeting. They shall also be reported to the Board of Directors, be included in the Company’s important file archives, and be kept for five years. The production and distribution of the proceedings may be done electronically.

Before the expiry of the retention period mentioned in the preceding paragraph, if a lawsuit occurs regarding matters related to the committee, the minutes shall be preserved until the lawsuit's termination.

(Verification Consultation)

During a Committee meeting, the Committee may request the Company's directors, related managers, internal auditors, accountants, legal advisors, or other personnel to attend and provide relevant information.

The Committee may pass a resolution to retain attorneys, accountants, or other professionals to provide audit or consulting services on matters related to their duties. All costs thus incurred shall be borne by the Company.

(Subsequent Implementation)

Regarding the subsequent implementation of the matters resolved by the Committee, the Committee may authorize the convener or other committee members to take follow-up actions and provide verbal or written reports to the Committee during the period of implementation. The case shall be submitted to the next committee meeting for ratification if necessary.

2. Information of the Company's Remuneration Committee Members:

April 30, 2026

Qualification / Identity (Note 1)	Name	Years of service (Note 2)	Professional qualification and experience (Note 3)	Independence status (Note 4)	Number of concurrent Remuneration Committee member of other public companies
Independent Director (Convener)	Hsin-Yuan Tsai	8.88	Please refer to pages 10-18 for information on the disclosure of directors' professional qualifications and independent director independence.		1
Independent Director	Po-Hsi Liao	8.88			None
Independent Director	Wen-Yi Hsiao	5.88			None

Note 1: Please state in the form the length of service, professional qualifications and experience, and independence for each member in the remuneration committee; for independent directors, please refer to Schedule 1 (I) of Directors' and Supervisors' Information on page OO for related information. Please indicate whether you are an independent director or other (Please specify if you are a convener).

Note 2: This refers to the years of service of the independent director as a member of the Company's Remuneration Committee.

Note 3: Professional Qualifications and Experience: State the professional qualifications and experience for each remuneration committee member.

Note 4: Independence: Please state the independence of each member in the remuneration committee, including but not limited to whether he or she, the spouse, or a relative within the second degree of kinship is a director, supervisor, or employee of the Company or its affiliates; the number and proportion of shares held by him or her, the spouse, or a relative within the second degree of kinship (or in the name of another person); whether he or she is a director, supervisor, or employee of a company with which the Company has a specific relationship (refer to the provisions of Article 6, Paragraphs 1, 5 to 8 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange); and the amount of compensation received for commercial, legal, financial, accounting or related services to the Company or its affiliates in the last two years.

3. Information on the operation of the Remuneration Committee:

(1) There are 3 members on the Remuneration Committee of the Company.

(2) The term of office of the current members: June 20, 2023, to June 19, 2026.

The Remuneration Committee held 6 regular meetings in the most recent year. The qualifications and attendance of the members are as follows:

Title	Name	Actual attendance (B)	Number of delegated attendants	Actual attendance rate (%) (B/A) (note)	Remarks
Convener	Hsin-Yuan Tsai	6	0	100%	Consecutive term of office
Member	Po-Hsi Liao	5	1	83%	Consecutive term of office
Member	Wen-Yi Hsiao	6	0	100%	Consecutive term of office

Other matters to be recorded:

I. In the event where the Remuneration Committee's proposal is rejected or amended in a Board of Directors meeting, please describe the date and session of the meeting, details of the agenda, the board's resolution, and how the Company had handled the Remuneration Committee's proposals (describe the differences and reasons, if any, should the Board of Directors approve a solution that was more favorable than the one proposed by the Remuneration Committee).

None.

II. In case where any member object or express qualified opinions to the resolution made by the Remuneration Committee, whether on-record or in writing, please describe the date and session of the meeting, details of the agenda, the entire members' opinions, and how their opinions were addressed.

None.

III. The reasons and resolutions of the most recent Remuneration Committee meeting:

Session number	Convention date	Reason for discussion	Resolution
1	2025.02.26	1. Distribution of year-end bonuses to Assistant General Manager and audit supervisors. 2. Distribution of the Company's 2024 employees' remuneration and directors' remuneration..	Agreed by all members present and passed.

2	2025.04.29	1. Proposal for the establishment of the " EBU" on February 1, 2025. 2. The Company's salary adjustment for the current year. 3. Proposal regarding the remuneration for Assistant General Manager-level personnel. 4. Proposal to define the scope of non-managerial employees.	Agreed by all members present and passed.
3	2025.06.19	1.Proposal for the salary adjustment and bonus distribution for the Company's managers (excluding the senior managers) for the current year. 2.Proposal for the distribution of remuneration for the Company's directors. 3.Proposal for the distribution of compensation for the Company's senior managers.	Agreed by all members present and passed.
4	2025.07.30	1. The managerial officers' bonus of the current year (excluding the senior managers).	Agreed by all members present and passed.
5	2025.10.28	1. Proposal for the incentive awards for employees who contributed to the acquisition of the Japanese and Thai subsidiaries.	Agreed by all members present and passed.
6	2025.12.24	1. Proposal for 2025 year-end bonus.	Agreed by all members present and passed.

Note:
(1) If a member of the Remuneration Committee resigns before the end of the year, the date of the resignation shall be indicated in the remarks column. The actual attendance rate (%) is calculated based on the number of meetings of the Remuneration Committee during the term of service and the actual number of attendance.
(2) Before the end of the year, if the Remuneration Committee is re-elected, the new and incumbent Remuneration Committee members shall be listed. Whether the member is incumbent, new or re-elected and the date of reelection shall be indicated in the remarks column. The actual attendance rate (%) is calculated based on the number of meetings of the Remuneration Committee during their term of office and their actual attendance.

iv. Regulations, member composition, responsibilities, and operating conditions of the Company's Sustainable Development Committee

1. Regulations:

(Basis of Establishment)

The Company's Sustainable Development Committee (hereinafter referred to as the Committee) has been established for compliance to establish a good corporate governance structure.

(Scope of Applicability)

Matters related to the powers and rules of procedure of the Committee) shall be handled in compliance with the Committee Charter unless otherwise provided by laws or regulations.

(Purpose of Establishment)

In order to improve the overall practice of sustainable operation of the enterprise, the Committee shall assist the Board of Directors in developing and recommending matters related to the organization and management of the Board to strengthen its functions. Additionally, the Committee is dedicated to implementing corporate social responsibility, including environmental protection and corporate governance.

(Composition of the Committee)

The Committee has been resolved by the Board of Directors to consist of at least five members, of whom at least half shall be independent directors. The term of a director joining the Committee, unless otherwise stipulated by law, the Company's articles of incorporation, or regulations, shall begin on the date of the Board's resolution and end upon the expiration of the director's term, the director's resignation from the Committee or from their directorship, or upon a new resolution by the Board of Directors appointing a replacement committee member.

Committee members' term of office shall be in accordance with the term of office of directors, and may be re-elected.

The Committee is chaired by the Chairman and takes corporate sustainability as the highest guiding principle. It reviews the effectiveness of ESG promotion through regular meetings, and reports the annual implementation results to the Board of Directors.

Under this Committee, an Executive Committee is established where the CEO serves as the commander, and the general managers of all business units and the Deputy General Manager of the Chairman's Office are ex-officio members.

(Scope of Responsibilities)

In order to achieve the objectives stipulated in Article 3, the duties of the Committee shall include the following:

I. Review of the Company's sustainable operation strategy and corporate social responsibility report (or Corporate Sustainability Report).

II. The sustainable development of the Company, including the formulation of goals and strategies for corporate governance, ethical management, and environmental and social aspects.

III. Review and follow-up on the implementation and effectiveness of the Company's sustainable development, and report to the Board of Directors on a regular basis.

(Organizational Structure)

Various functional teams are established under the Executive Committee, including the Sustainable Environment and Occupational Safety and Health Group, the Green Innovation Group, the Employee Relations and Social Participation Group, the Information Security Group, the Sustainable Procurement Group, the Corporate Governance Group, and the Smart Manufacturing Group. Heads of related units at the manager level or above shall be appointed as team leaders. To implement the corporate sustainable development strategy, each group sets ESG promotion indicators based on their functions and responsibilities. Through meetings, the groups review the effectiveness of the previous phase's ESG promotion indicators and discuss the next phase's goals and plans. Continuous improvement efforts are made to achieve the sustainable development goals. Functional groups may make adjustments with the approval of the Executive Committee. The Executive Secretary of the Committee shall be responsible for the following matters:

I. Prepare meeting agendas, and keep track of meeting minutes and resolutions.

II. Preliminary review of the contents of the proposals of the functional groups referred to above, and shall compile the information and submit the same for discussion.

III. The contact, coordination, and operation integration of the functional groups or units referred to in the preceding paragraph.

IV. Establishment and maintenance of the Committee's database. Each functional group may hold a work meeting as needed to discuss the implementation status of each group and should present the current year's implementation plan at the beginning of each year and present a report on the implementation results at the end of the year. The annual implementation plan and implementation report referred to in the preceding paragraph shall be reviewed by the Committee and then reported to

the Board of Directors.

(Meeting Method)

This Committee shall convene at least two meetings per year. Ad-hoc meetings shall be held separately when deemed necessary.

When convening the committee meeting, the convener shall clearly explain the purposes in the meeting notice, which shall be distributed to all members of the Committee at least seven days before the meeting. However, this provision shall not apply in case of an emergency.

If the Committee's convener is on leave or unable to organize the meeting, the convener may appoint one of the other members as a proxy. If the convener does not appoint a proxy, the members of the Committee shall elect from among themselves a proxy.

The Committee may require the Company's related managers or other personnel to attend the meeting and provide relevant information.

(Preparation of the Agenda)

The convener shall determine the proceedings of the committee meeting; other committee members may also propose agendas for discussion during the meeting.

(Attendance and Resolution)

Attendance books shall be provided during committee meetings and signed by all attendees present at the meeting for reference.

The members of this Committee shall attend the meeting in person. If members cannot attend in person, members may delegate one of the other members as a proxy. Directors who participate via video conferencing shall be deemed to have participated in the meeting in person.

A Committee member appointing another member to attend the committee meeting on his/her behalf shall issue a written proxy stating the scope of authorization with respect to the reasons for the meeting.

When a resolution is adopted by a committee, it shall be attended by more than half of the members of the committee and approved by more than half of the members present, unless otherwise provided in the laws and regulations or in the Company's Articles of Incorporation. The outcome of the vote must be documented and announced on-site. At the time of voting, if there is no objection after consultation by the chairperson of the committee, the resolution shall be deemed passed, and the effect of consultation shall be the same as that of voting.

The proxy specified in paragraph 3 is entitled to represent one person only.

(Meeting Minutes)

Matters discussed in the Committee meeting shall be properly documented. The meeting minutes shall include the following items:

I. The session, time, and place of the meeting.

II. Name of the chair.

III. Member attendance record, including the names and numbers of members present, excused, and absent.

IV. Names and job positions of those attending the meeting.

V. Name of Minute Taker.

VI. Report items.

VII. Discussion items: The method of resolution and the result for each motion; a summary of the comments made by independent directors of the committee, experts, or other persons; the name of any independent director who is an interested party as referred to in Paragraph 1 of Article 11; an explanation of the important aspects to the interest relationship; the reasons why the director was required or not required to enter recusal; the status of their recusal; and the opinions or qualified opinions.

VIII. Extraordinary motions: The name of the proposer, the method of resolution, and the result for each motion; the name of any Committee member who is an interested party as referred to in Paragraph 1, Article 11 of the Committee Charter; an explanation of the important aspects to the interest relationship; the reasons why the director was required or not required to enter recusal; the status of their recusal; the opinions or qualified opinions, summaries of the statements made by committee members, experts, and other personnel, and objections or reservations.

IX. Other details that must be recorded in the meeting minutes.

The attendance book constitutes part of the minutes for each Committee meeting and shall be preserved permanently. The meeting minutes shall be signed or stamped by the chairperson and the minute taker and distributed to all committee members within twenty days after the meeting. It should be treated as part of the Company's important files and shall be properly kept permanently over the Company's existence. The preparation and distribution of meeting minutes prescribed in the first paragraph may be made in electronic form.

(Recusal from Deliberation)

If a member of this Committee has personal interests regarding the meeting matters, the director shall state the key aspects of the personal interests. If it is likely to prejudice the interests of the Company, the member shall not participate in the

discussion or voting for that agenda item, shall enter recusal during the debate and voting for that item, and shall not act as another member's proxy to exercise voting rights on the matter.

Where the spouse, a blood relative within the second degree of kinship of a Committee member, or any company which has a controlling or subordinate relation with a member has interests in the matters under discussion in the meeting of the preceding paragraph, such Committee member shall be deemed to have a personal interest in the matter. If a resolution could not be reached in the committee meeting because of the rules prescribed in Paragraph I, the matter shall be reported to the Board of Directors for decision-making.

(Employment of Experts)

According to its resolutions, the Committee may engage lawyers, accountants, or other external experts to conduct necessary investigations, provide consultations, or attend meetings regarding matters specified in Articles 3 and 5. The Company shall bear all costs thus incurred.

(Implementation)

This Organizational Charter shall be implemented after it has been approved by the Board of Directors, and the same shall apply to its amendments.

2. Information of members of the Company's Sustainable Development Committee:

Qualification / Identity status	Name	Responsibilities	Professional Qualifications and Experience
Chairman (Chairman)	Po-Chuan Lin	I. Review of the Company's sustainable operation strategy and corporate social responsibility report (or Corporate Sustainability Report). II. The sustainable development of the Company, including the formulation of goals and strategies for corporate governance, ethical	Please refer to pages 10-18 for information on the disclosure of directors' professional qualifications and independent director independence.
Vice Chairman	Wen-Liang, Pai		

Independent Director	Hsin-Yuan Tsai	management, and environmental and social aspects. III. Review and follow-up on the implementation and effectiveness of the Company's sustainable development, and report to the Board of Directors on a regular basis.	
Independent Director	Po-Hsi Liao		
Independent Director	Wen-Yi Hsiao		

3. Information on the operation of the Sustainable Development Committee:

(1) There are 5 members on the Sustainable Development Committee of the Company.

(2) The term of office of the current members: June 20, 2023, to June 19, 2026.

The Sustainable Development Committee held 2 regular meetings in the most recent year. The qualifications and attendance of the members are as follows:

Title	Name	Actual attendance (B)	Number of delegated attendants	Actual attendance rate (%) (B/A) (note)	Remarks
Chairman	Po-Chuan Lin	2	0	100%	None
Member	Wen-Liang, Pai	2	0	100%	None
Member	Hsin-Yuan Tsai	2	0	100%	None
Member	Po-Hsi Liao	2	0	100%	None
Member	Wen-Yi Hsiao	2	0	100%	None

The reasons and resolutions of the most recent Sustainable Development Committee meeting:

Session number	Convention date	Reason for discussion	Resolution
1	2025.07.30	ESG Implementation Report of the Company	Agreed by all members present and passed.
2	2025.12.24	The Company's ESG implementation status and stakeholder communication status	Agreed by all members present and passed.

v. Regulations, Composition, Responsibilities, and Operation Status of the Company's Nomination Committee.

1. Regulations

(Basis for Establishment)

To improve the functions of the Board of Directors and strengthen management mechanisms of the Company, these Organizational Charter of the Nomination Committee (hereinafter, the "Charter") are hereby established in accordance with Article 27, Paragraph 3 of the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" for compliance.

(Scope of Application)

Matters relating to the powers and duties of the Nomination Committee (hereinafter, the "Committee") shall be governed by this Charter, except as otherwise provided by law, regulations, or the Articles of Incorporation.

(Information Disclosure)

The Company shall disclose this Charter and the operation status of the Committee in its annual report, on the Company website, or through the Market Observation Post System (MOPS).

(Composition of the Committee)

The Committee shall be composed of at least three directors appointed by the Board of Directors, more than half of whom shall be independent directors. The members of the Committee shall elect one person from among themselves to serve as the convener. The term of office for a director serving on the Committee shall start from the date of appointment by the Board and end upon the expiration of their director's term, their resignation from the Committee or the Board, or the date the Board appoints a replacement,

unless otherwise provided by law or the Company's Articles of Incorporation or internal rules.

(Scope of Responsibilities)

The Committee shall exercise the due care of a good manager, faithfully perform the following duties under the authorization of the Board, and submit its recommendations to the Board for discussion:

(1) Formulate selection criteria for directors, assess the independence of independent directors, and based on these, select, review, and nominate candidates for directors.

(2) Construct the organizational structure of various functional committees and review the establishment and amendment of their respective organizational charters.

(3) Formulate and periodically review director training programs, Board performance evaluations, and assessments of Board members.

(4) Review the establishment and amendment of the Company's Corporate Governance Best Practice Principles.

(5) Other matters assigned by the Board of Directors.

When a member of the Committee has a personal interest in a matter under discussion at a meeting, they shall explain the essential content of such interest. If there is a risk of prejudice to the Company's interests, the member shall not participate in the discussion or voting, shall recuse themselves during such discussion and voting, and shall not act as a proxy for another Committee member to exercise voting rights. The spouse, blood relatives within the second degree of kinship, or any company with a controlling or subordinate relationship with a Committee member who has an interest in a meeting matter shall be deemed to have a personal interest.

If the Board of Directors decides not to adopt a recommendation of the Committee, it shall require the attendance of at least two-thirds of all directors and the consent of a majority of the directors present. The Company shall record the details and reasons for the discrepancy in the Board meeting minutes and file a report on the Market Observation Post System (MOPS) within two days from the date of the Board resolution.

(Convocation and Notification of Meetings)

The Committee shall meet at least once a year and may convene meetings as necessary.

The notice of a Committee meeting shall specify the reasons for convocation and be sent to all members seven days in advance, except in cases of emergency.

The aforementioned notice may be provided in writing or via electronic means.

The members of the Committee shall elect one person to serve as the convener and meeting chair. If the convener is on leave, unable to convene a meeting for any reason, or must recuse themselves under Article 5, they shall appoint another member as their proxy. If no proxy is appointed, the Committee members shall elect one person among themselves to act as the proxy.

The Committee may invite managers from relevant departments, internal audit personnel, CPAs, legal counsel, or other personnel to attend meetings as observers and provide necessary information, but they shall leave the meeting during discussion and voting.

(Meeting Agenda and Attendance)

The meeting agenda shall be determined by the convener; other members may also submit proposals for discussion. The agenda shall be provided to Committee members in advance.

When a meeting is held, the Company shall provide an attendance book for signing and future reference.

Members of the Committee shall attend meetings in person. If unable to attend in person, they may appoint another member as a proxy. Participation via video conference is deemed as attendance in person.

A member appointing a proxy shall issue a power of attorney for each meeting, specifying the scope of authorization regarding the reasons for convocation. Each member may act as a proxy for only one other member.

(Resolutions and Minutes)

Resolutions of the Committee shall require the attendance of at least two-thirds of all members and the consent of a majority of the members present, unless otherwise provided by law or the Company's Articles of Incorporation or rules.

Minutes shall be recorded for all Committee proceedings and shall include the following details:

(1) Session, time, and location of the meeting.

(2) Name of the chair.

(3) Attendance status (names and count of those present, on leave, or absent).

(4) Names and titles of observers.

(5) Name of the recorder.

(6) Reported matters.

(7) Discussion matters: resolution methods and results for each proposal.

(8) Extempore motions: name of the proposer, and the resolution methods and results.

(9) Other required disclosures.

The minutes shall fully record the names of members with a conflict of interest under Article 5, the essential content of such interests, reasons for recusal or non-recusal, the status of recusal, any objections or reservations expressed, and summaries of comments made by members, experts, and other personnel.

The attendance book and video/audio recordings (if held via video conference) shall form an integral part of the meeting minutes.

Minutes shall be signed or sealed by the chair and the recorder, distributed to all Committee members within 20 days after the meeting, reported to the Board, and kept as important company records for five years. Preparation and distribution of minutes may be done electronically.

If litigation arises regarding Committee matters before the preservation period expires, the minutes shall be preserved until the conclusion of the litigation.

(Resources for Exercising Duties)

The Committee may, by resolution, engage lawyers, professional recruitment firms, investment banks, CPAs, or other professionals to provide consultation and assistance regarding its duties, with the associated costs borne by the Company.

The details of such engagements, the relationship between the engaged parties and the Company, and the costs incurred shall be disclosed in the corporate governance operation status table of the annual report.

(Execution of Resolutions)

The execution of matters resolved by the Committee may be delegated to the convener or other members, who shall provide written or oral reports to the Committee during the execution period. If necessary, such matters shall be submitted for ratification or reporting at the next meeting.

(Administrative Unit)

The administrative unit of the Committee shall be the Finance Department, responsible for assisting with agenda planning, convocation, notification, meeting proceedings,

recording minutes, and other related matters.

(Enforcement)

This Charter shall take effect upon approval by the Board of Directors. The same shall apply to any amendments.

2. Profiles of the Company's Nomination Committee Members

Qualifications / Identity status	Name	Responsibilities	Professional Qualifications and Experience
Chairman	Po-Chuan Lin	1. Formulate selection criteria for directors, assess the independence of independent directors, and based on these, select, review, and nominate candidates for directors. 2. Construct the organizational structure of various functional committees and review the establishment and amendment of their respective organizational charters. 3. Formulate and periodically review director training programs, Board performance evaluations, and assessments of Board members. 4. Review the establishment and amendment of the Company's Corporate Governance Best Practice Principles.	Please refer to pages 10-18 for information on the disclosure of directors' professional qualifications and independent director independence.
CEO	Jung-Che Hsieh		
Independent Director (Convener)	Hsin-Yuan Tsai		
Independent Director	Po-Hsi Liao		
Independent Director	Wen-Yi Hsiao		

3. Information on the Operation Status of the Nomination Committee

(1) The Company's Nomination Committee consists of 5 members.

(2) Term of office for the current members: June 20, 2023 to June 19, 2026.

The Nomination Committee held 1 regular meeting in the most recent year. The eligibility and attendance status of the members are as follows:

Title	Name	Actual Attendance (B)	Attendance by Proxy	Actual Attendance Rate (%) (B/A) (Note)	Note
Chairman	Hsin-Yuan Tsai	1	0	100%	None
Member	Jung-Che Hsieh	1	0	100%	None
Member	Po-Chuan Lin	1	0	100%	None
Member	Po-Hsi Liao	1	0	100%	None
Member	Wen-Yi Hsiao	1	0	100%	None

Discussion matters and resolution results for each meeting of the Nomination Committee in the most recent year:

Session	Meeting Date	Discussion Matters	Resolution Results
1	2025.12.24	1. Proposal for the appointment of members of the Nomination Committee. 2. Proposal for the election of the convener of the Nomination Committee.	Approved unanimously by all attending members.

vi. Corporate Governance Implementation and Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies"

Evaluation items	Operation Status			Performance of Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
I. Has the Company established and disclosed its corporate governance principles based on the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies?"	V		In order to establish and fulfill the corporate governance system, in reference to the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies established by TWSE and TPEx jointly, the Company enacts its own corporate governance best practice principles and construct the valid corporate governance framework, and discloses the same on the Company's official website.	Already completed in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
II. Shareholding structure and shareholders' interests				
(I) Has the Company implemented a set of internal procedures to handle Shareholders' recommendations, queries, disputes, and litigations?	V		The Company has established the spokesperson system, and has also set up the email box for investors, such that the Company is able to handle shareholders' recommendation or disputes rapidly and respond to shareholders via email.	Already completed in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
(II) Is the Company constantly informed of the identities of its major Shareholders and the ultimate controller?	V		The Company may be constantly informed of the identities of its major shareholders and the ultimate controller through interaction with major shareholders.	Already completed in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
(III) Has the Company established and implemented risk management practices and firewalls for companies it is affiliated with?	V		The Company has established comprehensive risk control and firewall mechanisms between affiliated enterprises and strictly enforces them. In addition to explicitly formulating the "Procedures Governing Financial and Business Transactions Between Related Parties" as the compliance criteria for financial and business interactions, all transactions are conducted on an arm's length basis. Furthermore, through the supervision and review of internal audit and independent directors, the Company has built substantial and effective operational firewalls to maximize the protection of shareholder interests.	Already completed in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.

Evaluation items	Operation Status			Performance of Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
(IV) Has the Company established internal policies that prevent insiders from trading securities against non-public information?	V		The Company has established the " Procedures for Handling Material Inside Information and Prevention of Insider Trading " as its highest guiding principle. Through these regulations, the Company strictly requires insiders and employees who may have access to material inside information to fulfill their confidentiality obligations and prohibits them from engaging in insider trading, thereby ensuring the fairness of information disclosure and safeguarding the rights and interests of investors.	Already completed in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
III. Composition and responsibilities of the Board of Directors				
(I) Has the Board of Directors formulated a diversity policy, specific management objectives, and implemented them for its members?	V		The Board members who satisfy the Company's operating model and development needs will be appointed as the first priority. Meanwhile, the members' professional background, their skills and experience needed by the Company's business, and diversity policy will also be taken into consideration. (The Company's Board consists of 9 members in total, including 3 independent directors served by famous persons in the industry. For details, please refer to **II. Corporate Governance Report /(I) Profiles of the Directors, General Manager, Deputy General Managers, Assistant General Managers, and heads of the functions and branches /i. Director Information /3. Diversity and Independence of Board of Directors**	Already completed in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
(II) Apart from the Remuneration Committee and Audit Committee, has the Company assembled other functional committees at its own discretion?	V		To implement high standards of corporate governance, the Company has voluntarily established the "Sustainable Development Committee" and the "Nomination Committee," in addition to the statutory Remuneration Committee and Audit Committee. The Sustainable Development Committee is dedicated to deepening the promotion of various ESG indicators, while the Nomination Committee strengthens the Board structure by	Already completed in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.

Evaluation items	Operation Status			Performance of Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
			establishing a rigorous nomination and qualification review mechanism for directors (including independent directors). In the future, the Company will continue to evaluate the addition of other functional committees as appropriate, based on operational developments and corporate governance trends.	
(III) Has the Company established a set of policies and evaluation methodology to evaluate the performance of the Board? Is regular performance evaluation conducted, at least once a year, and the evaluation result is submitted to the Board to serve as a reference in determining the remuneration of individual directors and a nomination for re-election?	V		To implement corporate governance and enhance Board performance, the Company has established the "Board of Directors Performance Evaluation Method." The Company regularly completes the performance evaluation for the previous year in the first quarter of each year, and explicitly stipulates that an external professional independent institution shall be engaged to conduct an evaluation at least once every three years. All internal and external evaluation results are reported to the Board of Directors. These results are substantively applied in determining individual directors' remuneration and serve as a core reference for future director nominations and re-election assessments.	Already completed in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
(IV) Does the Company assess the independence of external auditors regularly?	V		The Company appoints the trustworthy Deloitte Taiwan and its CPAs to certify the Company's financial statements. They have no conflict of interest with the Company and all act independently. According to Article 14-3 of the Securities and Exchange Act, the Company reports the retention or dismissal of its independent auditors or the compensation given thereto to the Board of Directors for approval by resolution. Meanwhile, the Company also practiced the period evaluation on independence and competency of the independent auditors retained by it in accordance with Article 29 of the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and also prepared the "Independent Auditor's Independence Evaluation Form" in accordance with	Already completed in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.

Evaluation items	Operation Status			Performance of Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
			Article 47 of the "Certified Public Accountant Act" and Article 10 of the "the Norm of Professional Ethics for Certified Public Accountant of the Republic of China" - "Integrity, Objectivity and Independence". By the end of the year, the Board of Directors held based on the Assessment Form (see Note 3) that MING-HSIEN LIU, and JIAN-WEI CHEN CPAs of Deloitte Taiwan should be competent. Besides, both CPAs have issued their "Declaration for Statement of Independence" (for details, please refer to **II. Corporate Governance Report /(III) Corporate Governance Operation /v. Corporate Governance Implementation and Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" /3. Declaration for Statement of Independence issued by CPAs.**	
IV. Has the publicly listed company designated a department or personnel that specializes (or is involved) in corporate governance affairs (including but not limited to providing directors and supervisors with the information needed to perform their duties, convention of board meetings and shareholders meetings, company registration and changes, preparation of board meeting and shareholders' meeting minutes etc.)?	V		The corporate governance personnel appointed by the Company all satisfy the qualifications referred to in Article 23 of the "Taiwan Stock Exchange Corporation Operation Directions for Compliance withthe Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers" (hereinafter referred to as the "Operating Directions"). The Board resolution dated February 25, 2020 approved the Company's own corporate governance best practice principles. Then, in December 23, 2020, the Board appointed the CFO, Yung-Sheng Ku, who had the experience in the industry for more than three years to serve as the Company's chief corporate governance officer concurrently since January 1, 2021, responsible for the Company's corporate governance practices, including, organizing the Board of Directors meetings and shareholders meetings under laws, providing directors/supervisors with the information needed to perform their duties and in helping directors/supervisors hold the	Already completed in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.

Evaluation items	Operation Status			Performance of Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
			position, complete continuing education and comply with laws. In addition, stock affairs personnel are also established to concurrently act as the corporate governance personnel, in order to assist the handling of corporate governance related affairs.	
V. Has the Company provided proper communication channels and created dedicated sections on its website to address corporate social responsibility issues that are of significant concern to stakeholders (including but not limited to shareholders, employees, customers and suppliers)?	V		The Company has set up the spokesperson system, and the email box dedicated to processing complaints from employees, suppliers and consumers/customers. Meanwhile, the Company establishes the communication channel with stakeholders via the Company's website, email, Tel. No. and fax, and also sets up the Stakeholders Section on the Company's website.	Already completed in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
VI. Has the Company commissioned a professional stock agency institution to handle shareholders meeting affairs?	V		The Company has appointed the Shareholders Service Agency Dept., KGI Securities to handle the shareholders' services for the Company.	Already completed in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
VII. Information disclosure				
(I) Has the Company established a website that discloses financial, business, and corporate governance-related information?	V		Investors may access the information about the Company's finance, business and corporate governance practices via the Company's website and MOPS.	Already completed in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
(II) Does the Company adopt other avenues for information disclosure (e.g. setting up an English website, designating specific personnel to collect and provide disclosure on the Company, implementing spokesperson system, disclosing the process of institutional investor conferences on the Company website and et cetera)?	V		The Company is committed to enhancing the transparency and timeliness of information disclosure. We have strictly implemented a spokesperson and acting spokesperson system, and assigned dedicated personnel responsible for the collection and external disclosure of material information. To ensure information parity for both domestic and foreign shareholders, the Company has established a bilingual (Chinese and English) official website. Presentation materials and video/audio recordings from investor conferences are regularly uploaded to a dedicated section on the website, ensuring that all stakeholders can promptly stay informed of the Company's operational and financial dynamics.	Already completed in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.

Evaluation items	Operation Status			Performance of Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
(III) Does the Company publicly announce and file the annual financial reports within two months after the accounting year-end, and publicly announce and file the first, second and third quarterly financial reports and monthly operating status reports before the stipulated deadlines?		V	The Company places a high priority on the timely disclosure of financial information, with all financial reports and operational information being announced ahead of statutory deadlines. Our financial reports for the first, second, and third quarters are consistently filed ahead of the statutory schedule, strictly ensuring submission within 30 days after the end of each quarter. Monthly operational results are also disclosed well before the legal deadlines. Furthermore, the Company continues to refine the efficiency of its annual closing process, completing the announcement and filing of annual financial reports ahead of the statutory three-month deadline to proactively safeguard investors' right to access information.	While the Company's quarterly financial reports and monthly revenue are all announced ahead of schedule in accordance with the recommendations of the Best Practice Principles, the annual financial report involves a longer closing period. This is to accommodate the consolidation of accounts for the group's global subsidiaries and the conduct of cross-border audit procedures, which resulted in the inability to complete the announcement within two months. The Company is currently actively optimizing internal financial closing systems and processes to enhance the efficiency of compilation and closing, with the goal of fully complying with the high-standard recommendations of the Best Practice Principles in the future.
VIII. Does the Company have other important information helpful for understanding its corporate governance (including but not limited to employee rights and interests, employee care, investor relations, supplier relationships, stakeholders' rights, directors' and supervisors' continuing education, implementation of risk management policies and risk measurement standards, execution of customer policies, and the Company's purchase of liability insurance for the directors and supervisors)?	V		Upholding the business philosophy of "Good Together: Good to you, me and all," the Company has deeply embedded sustainable development into its corporate governance framework. The implementation status of key information is as follows: **Employee Rights and Care**: Adhering strictly to labor laws and international human rights conventions, the Company provides competitive compensation and benefits. Furthermore, we implement ISO 45001 Occupational Health and Safety Management to create a safe, equitable, and developmental friendly workplace. **Investor, Customer, and Supplier Relations:** 1.Investors: Implementation of the	Already completed in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.

Evaluation items	Operation Status			Performance of Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
			spokesperson system and bilingual website disclosure to ensure information parity for domestic and foreign institutional investors and shareholders. 2.Customers: Committed to providing the best grinding solutions, while strictly implementing customer confidentiality protection and quality satisfaction management. 3.Suppliers: Promoting a green supply chain, incorporating ESG performance into the supplier evaluation mechanism, and strictly adhering to the "Conflict Minerals Policy." **Director Professional Development and Liability Insurance:** The Company maintains sufficient "Directors and Officers (D&O) Liability Insurance" for all directors and key officers annually, and regularly reports the insurance status to the Board of Directors. Meanwhile, professional development sessions covering corporate governance and sustainability trends are regularly arranged for directors, with the total training hours fully complying with the regulations of the competent authorities. **Risk Management Implementation Status:** Through a dual approach involving internal audit and the "Sustainable Development Committee," the Company implements various risk measurements and controls. This includes financial and foreign exchange risk management for multinational operations, cybersecurity protection, and climate change risks (such as internal carbon pricing assessments and the advancement of carbon reduction targets). The performance of these risk management initiatives is regularly reported to the Audit Committee and the Board of Directors for review.	
IX. Please describe improvements that have been made about the results of the corporate governance evaluation as prescribed by the Taiwan Stock Exchange Corporate Governance Center, as well as priorities and measures for matters that have yet to be improved:				

Evaluation items	Operation Status			Performance of Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
1. Regarding Evaluation Indicator E-14, the Company expects to formulate and disclose a biodiversity policy or commitment within the current year. 2. Regarding Evaluation Indicator E-15, the Company will plan, formulate, and disclose strategies and measures for promoting natural carbon sinks.				

1. Status of Professional Development for the Corporate Governance Officer

Title	Name	Course Name	Hours
Corporate Governance Officer	Yung-Sheng Ku	Practical Training Course for Directors, Supervisors (including Independents), and Corporate Governance Officers - Taipei Session	12

2. CPA Independence Assessment Table and Evaluation Results

Kinik Company

Independent Auditor's Independence Evaluation Form

November 2025

2025 Independent Auditor's Firm Name: Deloitte Taiwan

2025 Independent Auditors: CPA MING-HSIEN LIU, CPA JIAN-WEI CHEN

Item	Independence Evaluation Item	Whether the independence criteria are satisfied	
		Yes	No
1	The independent auditors have no material financial interest relations with the Company, directly or indirectly.	V	
2	The independent auditors have no material business relationship with the Company.	V	
3	The independent auditors have no potential employment relationship with the Company.	V	
4	The independent auditors shall procure their assistants to strictly comply with the principles of Integrity, Objectivity and Independence.	V	
5	The independent auditors never accept any precious gifts or presents from the Company and the Company's directors, supervisors and managers (with the value more than that commensurate to the Social Etiquette).	V	
6	The independent auditors never engage in the loaning of fund with the Company.	V	
7	The independent auditors never concurrently engage in any other profession that might result in their loss of independence.	V	
8	The independent auditors never collect any commission related to the business.	V	
9	The independent auditors never hold the Company's shares.	V	
10	The independent auditors never concurrently engage in any routine work of the Company with fixed pay.	V	

11	The independent auditors never engage in any joint venture or share profits with the Company.	V	
12	The Company never involves in the management function related to the Company's decision making.	V	
13	The independent directors do not serve as the Company's directors, supervisors or managers or perform any function that would pose material impact to the audit concurrently or have never done so in the most recent two years. Meanwhile, they confirm that they would never serve any of said functions during the future audit period.	V	
14	During the audit period, the independent auditors and their spouses or dependents have never served as the Company's directors, supervisors, managers or any function that would pose a direct and material impact to the audit work.	V	
15	The independent auditors issued the "Statement of Independence."	V	

Conclusion:

To the Statement of Independence issued by CPA Ming-Hsien Liu and CPA Jian-Wei Chen of Deloitte Taiwan retained by the Company this year and in reference to Article 47 of the "Certified Public Accountant Act" and "Bulletin of Norm of Professional Ethics for Certified Public Accountant of the Republic of China No. 10," both CPAs are held satisfying the Company's independence evaluation standards based on the Company's comprehensive evaluation.

Kinik Company
Audit Committee
2026 Audit Quality Index (AQI) Evaluation Form - Deloitte Taiwan

AQI indicator	Measurement focus	Information hierarchy	Correlation with audit quality
Aspect 1: Professionalism			
Audit experience (1-1)	Whether the senior auditors have sufficient audit experience to perform the audit.	CPA Firm & Cases	Positive correlation
Training hours (1-2)	Whether the accountants and senior auditors receive sufficient education and training each year to continuously acquire professional knowledge and skills.	CPA firm	Positive correlation
Liquidity ratio (1-3)	Does the firm maintain sufficient senior human resources?	CPA firm	Negative correlation
Professional support (1-4)	Does the audit firm have sufficient professional staff (e.g. evaluators) to support the audit team?	CPA firm	Positive correlation
Aspect 2: Quality Control			
Accountant's load (2-1)	Is the workload of the accountant too heavy?	CPA Firm & Cases	Negative correlation
Audit input (2-2)	Is the input of the audit team members appropriate in each stage of the audit.	CPA Firm & Cases	Positive correlation
EQCR review Status (2-3)	Whether EQCR accountants dedicate sufficient hours to the review of the audit cases.	CPA Firm & Cases	Positive correlation
Quality control support (2-4)	Does the firm have sufficient quality control manpower to support the audit team?	CPA firm	Positive correlation
Aspect 3: Independence			
Non-audit service fee (3-1)	The impact of non-audit service expenditure on independence	Case	Negative correlation
Customer familiarity (3-2)	Impact of cumulative years of audited cases on the firm's annual financial statements	Case	Negative correlation (If the cumulative years are too long)
Aspect 4: Supervision			
External inspections and penalties	Whether the quality control and audit cases of the firm are implemented in accordance with relevant laws and regulations.	CPA Firm & Cases	Negative correlation

(4-1)			
The competent authority issues a letter for improvement (4-2)	Same as above	CPA Firm & Cases	Negative correlation
Aspect 5: Innovation capability			
Innovative plans or initiatives (5-1)	The CPA firm's commitment to improving audit quality, including the CPA firm's innovation ability and planning.	CPA firm	Positive correlation

Based on the above assessment, the independent directors are of the opinion that the firm and its CPAs are ☑**competent;** ☐incompetent and they are appointed for the auditing of the Company's 2026 financial statements.

Signature of Independent Director: Date of Evaluation: March 10, 2026

Kinik Company
Audit Committee
2026 Audit Quality Index (AQI) Evaluation Form - Deloitte Taiwan

AQI indicator	Measurement focus	Information hierarchy	Correlation with audit quality
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Signature of Independent Director: Date of Evaluation: March 10, 2026

Kinik Company
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2026 Audit Quality Index (AQI) Evaluation Form - Deloitte Taiwan

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Aspect 5: Innovation capability			
Innovative plans or initiatives (5-1)	The CPA firm's commitment to improving audit quality, including the CPA firm's innovation ability and planning.	CPA firm	Positive correlation

Based on the above assessment, the independent directors are of the opinion that the firm and its CPAs are ☑**competent;** ☐incompetent and they are appointed for the auditing of the Company's 2026 financial statements.

Signature of Independent Director: Date of Evaluation: March 10, 2026

3. The Statement of Independence issued by the CPAs.

(1) CPA MING-HSIEN LIU

Deloitte.

勤業眾信

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114.12.16 勤審 11409091 號

受文者：中國砂輪企業股份有限公司

主　旨：本所接受委託查核　貴公司民國 114 年度財務報表，依照中華民國會計師公會全國聯合會「職業道德規範公報第十號查核與核閱之獨立性」之規定，審計小組成員聲明已遵守下列規範，未有違反獨立性情事。

說　明：

一、審計小組成員及其配偶與受扶養親屬未有下列情事：

1. 持有　貴公司直接或間接重大財務利益。

2. 與　貴公司或其董監事、經理人間，有影響獨立性之商業關係。

二、在審計期間，審計小組成員及其配偶與受扶養親屬未擔任　貴公司之董監事、經理人或對審計工作有直接且重大影響之職務。

三、審計小組成員與　貴公司之董監事或經理人未有配偶、直系血親、直系姻親或二親等內旁系血親之關係。

四、審計小組成員未收受　貴公司或其董監事、經理人或主要股東價值重大之饋贈或禮物（其價值未超越一般社交禮儀標準）。

五、審計小組成員已執行必要之獨立性／利益衝突程序，未發現有違反獨立性情事或未解決之利益衝突。

勤業眾信聯合會計師事務所

會計師　劉　明　賢

(2) CPA JIAN-WEI CHEN

Deloitte.

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四、審計小組成員未收受　貴公司或其董監事、經理人或主要股東價值重大之饋贈或禮物（其價值未超越一般社交禮儀標準）。

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勤業眾信聯合會計師事務所

會計師　陳　建　瑋

4. Continuing education and training related to corporate governance attended by the directors, supervisors and managerial officers in 2025:

Title	Name	Course title	Hours
Chairman	Kinmean Company Ltd. Representative: Po-Chuan Lin	Exemplary Conduct in the Era of Co-governance Critical Perspectives on M&A and Financial Due Diligence: Risks and Opportunities Directors Should Know 2025 Strengthening Taiwan's Capital Market Summit	9
Director	Kinchuan Investment Co. Ltd. Representative: Wen-Liang Pai	Corporate Governance Forum Critical Perspectives on M&A and Financial Due Diligence: Risks and Opportunities Directors Should Know Corporate Governance Forum, Issue No. 137	9
Director	Kinmean Company Ltd. Representative: Jung-Che Hsieh	Corporate Governance Forum Critical Perspectives on M&A and Financial Due Diligence: Risks and Opportunities Directors Should Know A Human-Centric Future: Culture of Engagement and Practices in Corporate Transformation	9
Director	Li-He Investment Co., Ltd. Representative: Ching-Chung Pai	Critical Perspectives on M&A and Financial Due Diligence: Risks and Opportunities Directors Should Know Series of Courses for Directors, Supervisors, and Corporate Governance Officers- Practicing Corporate Sustainability: Case Analysis of Legal Liabilities Under the Three Gender Equality Acts	6
Director	Kinki Investment Co. Ltd. Representative: Wei-Chang Lee	Critical Perspectives on M&A and Financial Due Diligence: Risks and Opportunities Directors Should Know Series of Courses for Directors, Supervisors, and Corporate Governance Officers—Green and Transformation Finance Action Plan, Sustainable Development Roadmap, and Director Responsibilities	6
Director	Kinki Investment Co. Ltd. Representative: Fu-I Hung	Critical Perspectives on M&A and Financial Due Diligence: Risks and Opportunities Directors Should Know Corporate Governance Forum, Issue No. 137	6
Independent Director	Hsin-Yuan Tsai	Critical Perspectives on M&A and Financial Due Diligence: Risks and Opportunities Directors Should Know Global Economic Landscape and Taiwan’s Industry Dynamics Under Trump 2.0	6
Independent Director	Po-Hsi Liao	Corporate Governance Special Lecture, 1st Session of 2025 Latest Developments and Practices in Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) Critical Perspectives on M&A and Financial Due Diligence: Risks and Opportunities Directors Should Know	9
Independent Director	Wen-Yi Hsiao	Critical Perspectives on M&A and Financial Due Diligence: Risks and Opportunities Directors Should Know Enhancing Organizational Resilience through Twin Transformation: AI Governance and Sustainability Governance	6

vii. Sustainable development implementation status and the discrepancy with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed.

Sustainable development implementation status and the discrepancy with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons

Projects to be promoted	Implementation Status (Note 1)			Performance of Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and the reasons
	Yes	No	Summary description	
I. Has the Company established a governance structure to promote sustainable development, set up a dedicated (part-time) unit to promote sustainable development, has the Board of Directors authorized senior management to handle the matter, and what is the Board of Directors' supervision status? **(TWSE/TPEx listed companies shall report the implementation status, not belong to compliance or interpretation.)**	V		The establishment of the Sustainable Development Committee of Kinik Company was approved by the Board of Directors' meeting on October 27, 2021, in order to promote sustainable operations and corporate social responsibility. The Committee consists of the Chairman, Vice Chairman, and independent directors and is responsible for overseeing the implementation of the Committee's missions (see the Company's website) and establishing the Sustainable Development Committee. The Board of Directors of Kinik Company has approved the establishment of the Sustainable Development Committee in 2021. The Chairman acts as the chairperson of the Committee, and the Vice Chairman and the Independent Directors act as the members of the Committee. The Committee is responsible for supervising the implementation of ESG by the Executive Committee established under the Sustainable Development Committee, and the results of the annual sustainable implementation are regularly reported to the Board of Directors (at least once semi-annually). For the Executive Committee, the CEO serves as the commander of this committee, and its members include General Managers of various Business Units and the Deputy General Manager of the Chairman's Office. Various functional task forces are established under the Executive Committee, including the Sustainable Environment and Occupational Safety seven teams of and Health Group, Green Innovation, Employee Relations and Social Participation, Information Security, Sustainable Procurement, Corporate Governance, and Smart Manufacturing. Heads of related units above the manager level (inclusive) are appointed to act as team leaders to be responsible for the promotion of various sustainable development plans. In 2025, several implementation plans were launched based on the Company's established sustainability goals and plans. These initiatives include: the continuous promotion of energy-saving and carbon reduction measures; the completion and verification of the water resource	No difference.

Projects to be promoted	Implementation Status (Note 1)			Performance of Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and the reasons
	Yes	No	Summary description	
			management system, with the Yingge Plant serving as a pilot site; and the planning of supplier GHG (Greenhouse Gas) projects. Each working group regularly reports on execution results and progress. In 2025, the Sustainable Development Committee held a total of two meetings. On July 30, 2025, and December 24, 2025, the Committee reported to the Board of Directors on the ESG implementation status of the current year and the execution plans for the following year. The Board of Directors also fulfilled its oversight duties by providing timely inquiries and feedback, reviewing current management policies and strategies, and directing the management team to make necessary adjustments.	
II. Has the Company performed risk assessment pertaining to the environment, community and corporate governance issues related to the operation of the Company in accordance with the materiality principle, and established the corresponding risk management policies or strategies? (Note 2) **(TWSE/TPEx listed companies shall report the implementation status, not belong to compliance or interpretation.)**	V		The Company periodically conducts operational risk assessments covering Environmental, Social, and Governance aspects. The assessment boundary encompasses the Company's five production plants, various manufacturing processes, and customer relationships. The assessment process evaluates the economic, environmental, and social impacts on stakeholders, identifying key material issues such as climate change, cybersecurity, human rights, and human resources.To manage these issues and risks, the Company compiles domestic and international sustainability topics and distributes questionnaires to internal and external stakeholders defined by KINIK. Based on the principle of "Double Materiality: Financial Materiality and Impact Materiality," we analyze the collected data to assess the degree of impact. Issues are then ranked by their positive and negative impacts to identify KINIK's annual material topics. For each risk theme, we establish corresponding response strategies, formulate specific management policies and tracking indicators, and present the execution results in the Sustainability Report.	No difference.
III. Environmental topic (I) Has the Company developed an appropriate environmental management system, given the distinctive characteristics of its industry?	V		For the time being, the five factory premises (Yingge/Hsinchu/Zhubei/Shulin/Hsinchu Science Park) have completed and passed the certification of, ISO14001:2015 environmental management system. In 2024, SGS Taiwan Ltd. conducted a re-verification once every three years to verify the system's applicability and effectiveness, and the Company has obtained the certificate successfully. For the time being, the Company has identified the environment safety unit and personnel as the Company's first-level unit. The unit consists of 19 dedicated workers and largely benefited the Company's promotion of the environmental	No difference.

Projects to be promoted	Implementation Status (Note 1)			Performance of Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and the reasons
	Yes	No	Summary description	
			management system and related environment protection practices.	
(II) Has the Company made efforts for the efficient use of energy and used renewable materials for mitigating the impact on the environment?	V		The Company is committed to the improvement and measures for reducing the energy consumption. In each plant, other than the regular report as required by laws, up to 2025, the energy-saving efficiency has reached more than 1% in terms of energy management, better than the statutory requirement. In 2025, the total electricity consumption of the five production plants (including renewable energy) was 69,165 MWh, representing a decrease of approximately 4,234 MWh, or about 6%, compared to the 73,399 MWh in the 2021 base year. During the same period, energy intensity decreased from 13.4 MWh per million NTD to 9.6 MWh per million NTD. To recycle waste, with the regeneration technology for grinding wheels, the Company has successfully developed the processing technology to recycle waste resin grinding wheels for recycling. This process has been approved by the Ministry of Economic Affairs, enabling the production of 7.4 tons of regenerated abrasive material per month, which is then reintroduced into the manufacturing process for use. In addition, the Company prioritizes the assessment of low energy consumption, non-toxicity, recyclability, and energy saving benefits during the procurement process, and also purchases products causing less environmental damage and lower pollution levels. Accordingly, the Company fulfills the commitment in green procurement and enhances the corporate green image.	No difference.
(III) Has the Company assessed the present and future potential risks and opportunities posed by climate change to the Company and undertaken countermeasures pertaining to climate change?	V		The domestic and foreign climate risk topics are summarized by the Company and questionnaires are distributed to the heads of the responsible units of the Company. In addition, questionnaires are collected for data analysis on the topic occurrence probability, impact level, and potential weakness. A climate risk matrix is created to identify the priority sequence of risk topics, in order to establish short, medium, and long-term goal plans, and to assess the expected investment resources. For detailed information, please refer to the Sustainability Report of the Company. In response to climate change topics, the Company continues to promote energy conservation and carbon reduction through quarterly carbon reduction meetings, and also reviews the overall carbon emissions status of the Company, in order to adjust	No difference.

Projects to be promoted	Implementation Status (Note 1)			Performance of Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and the reasons
	Yes	No	Summary description	
(IV) Has the Company measured its greenhouse gas emission, water use, and the total weight of waste for the past two years, and established policies pertaining to energy conservation, reduction in carbon and greenhouse gas emission, reduction in water use, or management of waste disposal?	V		or specify the implementation direction in a timely manner, thereby reducing the risks of climate change on the Company's operations. 1. Statistical data on greenhouse gas (GHG) emissions in the last two years (1) 2024: Direct emissions were 7,119.85 tCO2e; indirect energy emissions were 29,833.91 tCO2e; (2) 2025: Direct emissions were 3,928.78 tCO2e; indirect energy emissions were 30,433.50 tCO2e; (3) For the 2025 inventory data, the external verification has been completed on March 20, 2026, and the verification statement is expected to be obtained in May 2. Water consumption: Total water consumption in 2024: 1,600.33 million liters Total water consumption in 2025: 1,637.19 million liters 3. Wastes: Total weight of wastes in 2024: 1,604.52 tons; general wastes of 1,565.53 tons, and hazardous waste of 38.99 tons. Total weight of wastes in 2025: 1,779.98 tons; general wastes of 1,726.30 tons, and hazardous waste of 53.68 tons. 4. Various goals (1) Energy Saving and Carbon Reduction Goals: The Company has established annual targets of a 3% reduction in carbon emissions and a 2% saving in electricity. Every quarter, energy-saving and carbon reduction measures are reviewed and their performance is tracked through the "KINIK Net-Zero Goals and Carbon Reduction Action Project" meetings. In 2025, Category 1 and Category 2 greenhouse gas emissions across the five production plants decreased by 9,134 tCO2e compared to the 2021 base year—a total reduction of 21%, successfully achieving the expected targets. (2) Water Resource Management Goals: The Company has established targets to reduce annual water withdrawal by 1% and increase the water recycling rate by 1.5%. The water recycling ratio across various plants ranges from approximately 6.5% to 22%. Implementation measures include process water reclamation, condensate recovery, and RO water recycling, with ongoing efforts to enhance water recycling initiatives. In 2025, the Yingge Plant successfully implemented the Water Efficiency Management System (ISO 46001:2019). Through the PDCA (Plan-Do-Check-Act) management model, the plant reviews water efficiency and identifies opportunities to increase	No difference.

Projects to be promoted	Implementation Status (Note 1)			Performance of Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and the reasons
	Yes	No	Summary description	
			recycled water use and reduce water withdrawal. Although total water consumption in 2025 was higher than in 2024 due to increased production capacity, water intensity decreased from 0.24 million liters per million NTD in 2024 to 0.23 million liters per million NTD in 2025, representing a year-over-year reduction of 0.01 in water intensity. (3) Waste Management Goals: The Company aims to maintain a waste resource recovery rate of over 90% and increase it by at least 1% annually. Each plant performs regular reporting and statistics on waste clearance and disposal in accordance with environmental regulations. Simultaneously, the Company strives for annual reduction and moves toward waste valorization through reuse or the self-manufacturing of recycled products. In terms of waste disposal, resource recovery flows are adopted, such as the physical solidification of sludge into concrete aggregates or the crushing of plastic drums into granules. The Company continues to identify and partner with vendors capable of transforming final waste disposal into reuse, while ensuring proper sorting at the source. In 2024, the resource recovery rate for the five production plants was 91.5%, and in 2025, it reached 92.69%, both achieving the expected targets.	
IV. Social topics (I) Has the Company formulated relevant management policies and procedures in accordance with relevant laws and regulations of International Bill of Human Rights?	V		The Human Resources Department is the designated unit responsible for the Company's human rights policy. It is tasked with establishing and executing internal standard documents—"Category B: General Affairs and Personnel Relations"—which comply with labor regulations. The department also formulates the Human Rights Policy, Corporate Social Responsibility Commitment, Code of Sustainable Business Conduct, and Diversity, Equity, and Inclusion (DEI) Declaration. The Company supports and adheres to fundamental human rights principles, including the UN Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights (UNGP), the UN Global Compact, and the ILO Declaration on Fundamental Principles and Rights at Work, as well as the laws and regulations of each operating location. These standard documents are disclosed electronically, ensuring employees fully understand their rights and relevant application procedures. The Human Rights Policy applies to all departments, subsidiaries, branches, and all employees (including full-time, part-time, contract, interns, and dispatched workers). Furthermore, the Company encourages and expects our suppliers, partners, and all business	No difference.

Projects to be promoted	Implementation Status (Note 1)			Performance of Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and the reasons
	Yes	No	Summary description	
			associates to uphold the following principles to safeguard human rights: 1. Compliance with Regulations: Comply with local laws at all operating locations and follow the UN International Labour Organization (ILO) standards to protect labor rights. 2. Commit to eliminating all forms of forced labor; prohibit the use of forced, bonded, indentured, or involuntary labor, slavery, or human trafficking. 3. To protect the nation's future productivity and ensure the health of minors, the employment of child labor under the age of 15 is strictly prohibited. Identity documents must be provided and verified during recruitment to ensure legal hiring. 4. Maintain a zero-tolerance policy toward any form of workplace discrimination or harassment. Discrimination based on race, color, age, gender, sexual orientation, gender identity and expression, ethnicity or nationality, disability, pregnancy, religion, political affiliation, group background, protected veteran status, protected genetic information, or marital status is prohibited. Ensure equal opportunities in hiring, promotion, rewards, and training, while implementing "equal pay for equal work" and "equal pay for work of equal value." 5. All employment must comply with applicable laws regarding wages and overtime pay, ensuring employees enjoy full statutory leave entitlements. Unused special leave (due to year-end or contract termination) shall be converted into wages in accordance with regulations. Advance notice periods for contract termination shall follow statutory requirements or involve pay in lieu of notice. 6. Respect employees' legal right to freedom of association. Employees may voluntarily organize or join various clubs and organizations. The Company respects the right to collective bargaining and strives to establish continuous two-way communication channels between employees and management. 7. Comply with occupational safety and health laws. Care for employees' physical and mental well-being through safety training, health check-ups, and health promotion activities. Continuously improve workplace safety and hygiene to reduce the risk of occupational accidents. 8. Provide diverse communication channels and grievance mechanisms for employees, customers, suppliers, investors, local communities, and other stakeholders to contact, provide feedback, or	

Projects to be promoted	Implementation Status (Note 1)			Performance of Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and the reasons
	Yes	No	Summary description	
			report concerns to the Company. To implement the Human Rights Policy, KINIK organizes human rights-related education and training for all employees, covering topics such as policy advocacy, codes of ethical conduct, and the prevention of unlawful infringement and sexual harassment. Simultaneously, the Human Resources and Administration Department collaborates with internal units and external professional institutions to conduct courses on occupational health and safety as well as labor regulations. In 2025, the results of our human rights initiatives were as follows: Training Courses: 77 courses related to human rights were offered. Total Training Hours: 9,108 hours. Total Participants: 5,251 attendees. Furthermore, starting in 2025, the Company periodically conducts Human Rights Risk Due Diligence. The assessment results, along with mitigation and remediation measures, are disclosed in the annual Sustainability Report to strengthen human rights risk management and information transparency.	
(II) Has the Company established and implemented reasonable employee welfare measures (including compensation, vacation and other benefits), and properly reflected the operating performance or results in employee compensation?	V		In accordance with the Labor Standards Act, the Company has established "Attendance Management Regulations" and "Management Regulations for Promotions, Transfers, and Salary Adjustments" to reasonably manage employee rights regarding work and career development. Additionally, "Performance Management Regulations" have been formulated to reward employees with outstanding performance and boost morale. KINIK values diversity, equality, and employee care, striving to create a friendly workplace environment. As of the end of 2025, the total number of employees in Taiwan was 1,780, of which 631 were female (35.45% of the total workforce). There were 63 female managers, representing 19.21% of the management team. Furthermore, the Company has established the "KINIK Baby Handbook" and the "Maternal Health Protection Plan Manual" to provide support measures for employees during pregnancy and postpartum. These measures include hazard assessment and control, physician consultations, risk stratification management, and job suitability arrangements to ensure maternal health and workplace safety. Additionally, the Company provides facilities such as breastfeeding rooms and maternity-friendly parking spaces. Through internal welfare systems and support	No difference.

Projects to be promoted	Implementation Status (Note 1)			Performance of Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and the reasons
	Yes	No	Summary description	
			measures, we assist employees in balancing work and family life, creating a safe, friendly, and supportive workplace environment.	
(III) Does the Company provide employees with a safe and healthy work environment? Are Employees trained regularly on safety and health issues?	V		1. The Company has implemented ISO/CNS 45001:2018, adhering to the PDCA (Plan-Do-Check-Act) management cycle. This includes formulating annual plans for Safety and Health Management, Education and Training, Automatic Inspection, and Employee Health Management. Based on these plans, various promotional measures are executed, including improvements for occupational accident prevention as well as health management initiatives such as health checkups and health promotion activities. Implementation performance is reviewed during quarterly Safety and Health Committee meetings and annual Management Review meetings, with execution measures adjusted in a timely manner. In compliance with Article 32 of the Occupational Safety and Health Act, relevant education and training sessions are conducted (such as for forklift operators, dust-exposed operations, and noise-exposed operations). Furthermore, orientation training for new hires is provided (covering report-in procedures and Job Breakdown Sheets (JBS)), achieving a 100% training completion rate. 2. The validity period of the ISO 45001:2018 certificate is from 2024.1.12 to 2027.1.12; the scope of certification includes Yingge Plant, Shulin Plant, Hsinchu Plant, Zhubei Plant, and Hsinchu Science Park Plant. CNS 45001:2018 and the TOSHMS certificate are valid from 2024.1.12 to 2027.1.11; the scope of verification includes Yingge Plant and Shulin Plant. In 2025, there were a total of 12 occupational disasters, and the number of occupational accident victims was 12 people, with the occupational injury rate (IR) of 3.10 and the loss days ratio (LDR) of 37.70. No fire incident occurred in 2025. Primary improvement measures for the 12 occupational accidents included: 6 cases of engineering improvements (such as adding manual switch modes with password protection, installing fixed molds, and adding safety guards); 4 cases of administrative management (including educational outreach, adding warning signage, and ensuring secure piping fixation); and 2 cases of adding or adjusting Personal Protective Equipment.	No difference.
(IV) Has the Company established an effective career development training	V		The Company is dedicated to creating a conducive learning environment. In addition to establishing On-the-Job Training (OJT) for general employees	No difference.

Projects to be promoted	Implementation Status (Note 1)			Performance of Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and the reasons
	Yes	No	Summary description	
program for its employees?			and training programs for frontline managers to effectively develop job-required competencies, we also provide subsidies for specialized degree programs and executive education. These diverse approaches cultivate the talent necessary for the Company's sustainable management. In December 2024, the Company launched the "Long Teng Project". This initiative aims to drive strategic human resource management measures to effectively manage and develop internal talent while building an employer brand to attract external excellence and establish a robust talent pool. Aligned with long-term corporate strategic planning and development, the project focuses on refining professional expertise in R&D, manufacturing, and sales, while strengthening the leadership and management capabilities of supervisors at all levels to achieve the ultimate goal of sustainable operations.	
(V) For issues related to the customers' health and safety, consumer privacy, marketing and labeling on the Company's products and services, does the Company comply with the relevant regulations and international standards, and establish relevant policies on consumer or customer protection and complaint procedure?	V		The Company's products and services are marketed and labeled in accordance with the laws and international standards. Notwithstanding, as the Company's main products refer to the immediate goods supplied to serve various production processes, there is no consumer rights-related policy available. Therefore, the Company will use the best effort to keep fair communication with the upstream/downstream dealer, assign contact person for customer relations and keep improving the product quality and service, in order to satisfy various requirements.	No difference.
(VI) Has the Company established policy on supplier management, demanding suppliers to observe code of conduct pertaining to environmental protection, labor safety, and health or labor rights, and monitoring their implementation?	V		The Company has established the supplier management regulations. The Company will assess the suppliers' qualifications at least once per year and include the suppliers' environmental protection, occupational safety and health or human right protection practices into the rating. Any supplier who is found suspected of violating labor safety requirements will not be allowed to be contracted.	No difference.
V. Does the Company refer to universal standards or guidelines for report preparation when preparing for Sustainability Report and other non-financial disclosure reports? Does the Company obtain the confirmation or affirmation opinion from a third party for the aforementioned reports?	V		KINIK prepares an annual Sustainability Report in accordance with the standards issued by the Global Reporting Initiative (GRI). The third Sustainability Report was published in August 2025. Deloitte & Touche was commissioned to provide limited assurance in accordance with International Standard on Assurance Engagements (ISAE) 3000, "Assurance Engagements Other than Audits or Reviews of Historical Financial Information." The content of the report also references the	No difference.

Projects to be promoted	Implementation Status (Note 1)			Performance of Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and the reasons
	Yes	No	Summary description	
			Sustainability Accounting Standards Board (SASB) standards and the Task Force on Climate-related Financial Disclosures (TCFD) framework. All previous sustainability reports are disclosed on the Company's official website for stakeholder review.	

VI. If the Company has established integrity management principles in accordance with "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies," please describe the current practices and any deviations from the Best Practice Principles:

The Company has not yet established a Sustainable Development Principles. However, in December 2021, it established a Sustainability Committee. This committee consists of seven working groups: Corporate Governance, Sustainable Procurement, Information Security, Employee Relations and Social Engagement, Green Innovation, Smart Manufacturing, and Sustainable Environment and Occupational Safety and Health. Each working group meets at least once every six months, and the annual sustainability performance and key significant issues are regularly reported to the Board of Directors.

VII. Other important information for the implementation of sustainable development:

(1) Environmental protection and safety and health:

The Company controls the high-quality service that not only help customers prolong the useful life of tools but also improve the processing quality, thus reducing the consumption of resources on the earth. In order to fulfill the corporate social responsibility and commitment, and the target of sustainability, the Company promotes the environmental protection and also continues to improve the waste water and waste goods generated from the production processes, and mitigates the impact posed by the Company's products, activities and services to the environment, in order to prevent pollution. The Company will also continue to boost the energy conservation policy, in order to save costs and also reduce the emission of the GHGs at the same time. The factory premises are also equipped with air and water pollution prevention equipment. The Company's air and waste water emissions are considered satisfying the emission standards required by laws. The Company also engages in promotion of environmental protection, safety and health policies periodically.

(2) Social participation:

The Company has long-term adopted the green space of the Yingge Ceramics Museum to allow all visitors to the Ceramic Museum to enjoy better quality and service, communal meals for seniors in Xiying Village and Zhonghu Village in Yingge District, the donation for a hard-pen calligraphy classroom at Yingge Elementary School, campus improvement projects at Taoyuan Junior High School, the volleyball and boxing teams at Yingge Vocational High School, participation in the STPSTP Seed Talent Training Program by the Small Kindness Association, donations to the Taoyuan Christian Neighbor Love Foundation, and sponsorship of the "2022 National Smart Manufacturing Big Data Analysis Competition" organized by Tunghai University and jointly guided by the Executive Yuan Science and Technology Office and the Ministry of Education. The Company also arranged visits and internship activities with National Taipei University of Technology, National Taiwan Ocean University, Tamkang University, and Asia Eastern University of Science and Technology. Through field visits to companies, students can learn about the workplaces and how to improve basic skills in career development, understand what the general knowledge required in the workplace is, and cultivate independent thinking and self-reflection to expand career development; they may also understand the relationship between the school, society and factories, to learn various methods and ways to develop a career.

In 2020, the New Taipei City Government launched the "safety and health registration family" collective counseling to select large enterprises that can serve as safety and health role models for small and medium-sized enterprises as the core enterprises for the establishment of the safety and health family (the promotion and operation will last for three years). The Family established in 2022 of the Company has shown good outcomes in its active promotions and was awarded the Appreciation Medal by the Occupational Safety and Health Administration and won the National Merit Award in the safety and health family competition.

(3) For the disaster caused by earthquake in Hualien on February 6, 2018, the Company donated NT$1 million, hoping to do something for the damages area and victims in Hualien and help them re-build their homeland.

Projects to be promoted	Implementation Status (Note 1)			Performance of Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and the reasons
	Yes	No	Summary description	
(4) The Company won the "Corporate Promoting Family Friendly Program Award in 2018" from the New Taipei City Government. (5) In January 2018, Yingge Factory successfully renewed its healthy workplace promotion certification mark. (6) In June 2018, New Taipei City Yingge District Office executed the memorandum of understanding for disaster prevention with the Company. (7) In December 2018, the Company was awarded the 2018 "Waste Resource Circular Economy Evaluation" - Excellent Supplier (Excellent Two-Star) by the Environmental Protection Administration Executive Yuan. (8) In March 2019, New Taipei City Government awarded the Company's Yingge Factory the letter of gratitude for the Factory's engagement in the disaster prevention in 2018. (9) In December 2019, the Company won the "Excellent Healthy Workplace Health Management Award" from the Health Promotion Administration, Ministry of Health and Welfare. (10) In October 2020, Yingge Factory and Shulin Factory were awarded the "AED Certification" by New Taipei City Government. (11) In 2020, the Company will participate in the "Nantou Zhongliao Citrus Wish" project to contribute to an ESG-friendly environment. (12) In 2022, the Company was awarded the Certificate of Appreciation as a Core Enterprise by the Occupational Safety and Health Administration and the Award of Excellence in the Performance Evaluation of the Safety and Health Family. (13) The Company was awarded the title of "Excellent Disaster Prevention Enterprise" by the New Taipei City Government in 2022. (14) In 2023, the Company established the second security and health family, with the Shulin Factory as the core enterprise, and established the "Shining and Shining Kinik Security and Safety Family." (15) 2024 CDP Climate Change Questionnaire of Class B; and Water Safety Questionnaire of Class C (16) The Company participated in the international CSA survey questionnaire for the first time in 2024. (17) GHG inventory with expansion of inventory items and scope was introduced in 2024. (18) Demonstration factories for introduction of water resource management system was selected in 2024. (19) In 2025, the Yingge Plant was certified for the ISO 46001:2019 Water Efficiency Management Systems. (20) In 2025, the Yingge Plant received the Silver Award for the Middle-aged and Senior Friendly Workplace Certification from the New Taipei City Government. (21) In 2025, the Company was honored as one of the "Taiwan Top 100 Foreign-Selected Companies" for the second consecutive year. (22) In 2025, the Company participated in the S&P Global Corporate Sustainability Assessment (CSA) and was included in the S&P Global Sustainability Yearbook 2026. (23) In 2025, the Company attended the "2025 High-Tech Industry ESH Conference," joining forces with Taiwan's high-tech sector to pledge carbon reduction goals for 2030. (24) In 2025, KINIK CEO Hsieh Jung-che was selected as the "2025 National Premier CEO" by the Chinese Professional Management Association.				

Note 1: If you select "Yes" for the implementation, please specify the important policies, strategies, measures and implementations; if "No" for the implementation, please describe in the "Deviation from the Best Practice Principles for Sustainable Development of TWSE/TPEx Listed Companies" and causes of the differences, and the plans to adopt related policies, strategies, and measures in the future. However, with regards to Items 1 and 2, the TWSE/TPEx listed company shall describe its sustainable development governance and supervision structure, including but not limited to management approach, strategy and goal setting, and review measures. In addition, the of environmental, social, and corporate governance issues related to corporate operation risk management policies or strategies of the Company as well as evaluation status thereof shall be explained.

Note 2: The materiality principle refers to relevant environment, society and corporate governance issues having material impacts on the investors and other interested parties of the Company.

Note 3: Please refer to the best practice examples on the website of the Corporate Governance Center of the TWSE for disclosure methods.

viii. Climate-related information for TWSE/TPEX listed companies

1. Implementation of climate-related information

<table>
<tr><th>Item</th><th>Implementation Status</th></tr>
<tr><td>1. Describe the monitoring and governance of climate-related risks and opportunities by the Board of Directors and the management.</td><td>The organizational structure of climate governance in KINIK is in which the Board of Directors, as the highest supervisory unit, is responsible for formulating the Company's climate development strategies and plays a decision-making role in major climate promotion projects. The Sustainable Development Committee has been established under the Board of Directors to report the results of climate governance implementation to the Board of Directors on a regular basis; the Executive Committee and various functional groups under the Sustainable Development Committee are the main implementation units, responsible for implementing response measures and improvement measures for climate risks or opportunities Program.</td></tr>
<tr><td>2. Describe how the identified climate risks and opportunities affect the Company's business operations, strategies, and finance (short, medium, and long-term).</td><td>The Company has identified and assessed climate risks and opportunities through the climate risk and opportunity assessment process. The short-term occurrence period is defined as 1-3 years, the mid-term occurrence period is 3-5 years, and the long-term occurrence period is more than 5 years. The main climate risks and opportunities are established as a reference for strategic formulation and promotion.
(1) Risks Summary
<table>
<tr><th>Risk Factors</th><th>Estimated Time of Occurrence</th><th>Impact Dimensions</th><th>Response Strategies</th></tr>
<tr><td>Levying of carbon fees/Carbon tax</td><td>Short-term</td><td>• Cost</td><td>• Formulation of carbon reduction targets and actions, with performance tracking through dedicated project meetings and periodic updates to key customers.
• Implementation of group-wide greenhouse gas (GHG) inventories to gain a comprehensive understanding of the group’s overall carbon emission status.
• Deepening and expanding product carbon footprint assessments to precisely identify emission "hotspots" and formulate reduction plans that enhance carbon reduction cost-efficiency.
• Establishment of a digitalized carbon management system to enhance the efficiency of carbon emission data collection and management.
• Implementation of project management for energy-saving and carbon reduction initiatives across all production sites.
• Estimated investment cost for related inventories and system establishment is approximately NT$5 million.</td></tr>
</table></td></tr>
</table>

	Rise in global average temperature	Long-term	• Cost	• Implementation of sensors and intelligent control systems for large-scale chiller systems to operate in optimal energy-saving modes. • Annual replacement of legacy air conditioning equipment with inverter-driven systems to reduce energy consumption. • Conducting drills for power outage backup plans to mitigate the risk of power supply interruptions caused by extreme weather events.
	Proportion of renewable energy	Short-term	• Cost	• Planned addition of 5 million kWh of renewable energy in 2026, targeting a cumulative total of 20 million kWh by 2030. • Continuous evaluation and adjustment of the optimal renewable energy usage strategy in response to regulatory requirements and external market dynamics.
	Investment in Low-carbon R&D	Mid-term	• Cost	• Phased investment in the R&D of process technologies for low-carbon products—including third-generation semiconductors and diamond semiconductor substrates—while effectively managing investment costs.
	Decline in product competitiveness	Mid-term	• Cost • Revenue	• Deepening and expanding product carbon footprint assessments to precisely target emission hotspots and formulate reduction plans, thereby enhancing carbon reduction cost-efficiency. • Leveraging automation and AI tools to assist carbon reduction initiatives and effectively lower product carbon emissions. • Developing product recycling and reuse technologies.
	Rise in global sea levels	Long-term	• Cost • Revenue • Supply chain • Business interruption • Lead time	• Incorporation of flood risk assessments into the site selection process for new plants, ensuring the adequacy of flood control facilities. • None of KINIK's current production sites are located in flood-risk areas.
	Climate-related disclosure obligations	Short-term	• Cost	• Establishment of a digitalized carbon management system to enhance the efficiency of carbon emission data collection and management.

			• Training of greenhouse gas (GHG) inventory personnel to progressively strengthen internal carbon management capabilities and reduce reliance on external consultants.
Drought and water shortage	Short-term	• Cost • Revenue • Business interruption • Lead time	• Setting annual water conservation targets to reduce water withdrawal by 1% and increase the water recycling rate by 1.5% annually. • Construction of water storage facilities and establishment of water truck dispatching contingency mechanisms to respond to potential water restrictions. • Implementation of the ISO 46001 Water Efficiency Management System at the Yingge plant in 2025, with plans for a phased rollout to other production sites. • Promotion of water conservation and water recycling initiatives.

(2) Opportunities Summary

Opportunities Factors	Estimated Time of Occurrence	Impact Dimensions	Response Strategies
Enhancing information transparency	Short-term	• Increasing revenue	• Regular review of progress toward ESG targets with disclosure in the Sustainability Report. • Publication of Sustainability Reports in both Chinese and English to enhance the completeness of information disclosure. • Establishment of dedicated ESG and Investor Relations sections on the corporate website to disclose sustainability strategies, management systems, and performance metrics. • Continuous participation in international sustainability ratings such as CDP and S&P Global CSA to demonstrate achievements in climate action and sustainability governance.
Expanding into green product supply chains	Mid-term	• Increasing revenue • supply chain	• Implementation of group-wide greenhouse gas (GHG) inventories to gain a comprehensive understanding of the group's overall carbon emission status. • Formulation of carbon reduction

				targets and actions, with performance tracking through dedicated project meetings and periodic updates to key customers. • Deepening product carbon footprint assessments for CMP diamond disks and reclaimed wafers to precisely identify emission hotspots and formulate effective carbon reduction solutions.
	Energy efficiency enhancement	Short-term	• Cost reduction	• Promotion of various energy-saving initiatives and equipment replacement plans. • Continuous improvement of energy performance in accordance with the ISO 50001 Energy Management System. • Quarterly carbon reduction meetings to review energy-saving performance and define future directions. • Annual implementation of Lean management projects to continuously refine quality and enhance efficiency.
	Green Procurement and Supplier Management	Short-term Mid-term	• supply chain	• Commencing supplier greenhouse gas (GHG) inventories in 2026 to gain visibility into the supply chain's carbon emission status. • Establishment of a supplier tiered management mechanism to progressively guide suppliers in implementing GHG inventories and carbon reduction measures.
3. Describe the financial impacts of extreme climate events and transformational actions.	The Company's 2025 TCFD climate risk identification indicates that the primary climate risk issues include: the levy of carbon fees/taxes, renewable energy share, drought and water scarcity, and reduced product competitiveness. Financial Impacts: (1) Carbon Fee/Tax Levy: Short-term Policy and Legal Transition Risk; financial impact is an increase in costs. (2) Global Average Temperature Rise: Long-term Chronic Physical Risk; financial impact is an increase in costs. (3) Renewable Energy Share: Short-term Policy and Legal Transition Risk; financial impact is an increase in costs. (4) R&D Investment in Low-Carbon Technology: Medium-term Technology Transition Risk; financial impact is an increase in costs. (5) Reduced Product Competitiveness: Medium-term Market Transition Risk; financial impact includes decreased revenue and increased costs.			

	(6) Global Sea-Level Rise: Long-term Chronic Physical Risk; financial impact includes decreased revenue and increased costs. (7) Climate Disclosure Obligations: Short-term Policy and Legal Transition Risk; financial impact is an increase in costs. (8) Drought and Water Scarcity: Short-term Acute Physical Risk; financial impact includes decreased revenue and increased costs.
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	KINIK has established the "Risk Management Policy" as the supreme guiding principle for the Company's risk management. Risk identification, assessment, and management are conducted across various domains—including occupational health and safety, environment, and information security—under their respective management regulations. The "Risk Management Policy" classifies risks into three levels: Level 1 Risks (International Affairs), Level 2 Risks (Sustainability-related), and Level 3 Risks (Daily Operational Management). Climate risk is managed as a Level 2 Risk, with the Sustainable Development Committee overseeing risks related to sustainable operations. The Committee periodically conducts climate risk assessments and formulates management strategies based on the findings. This process involves integrating the duties and responsibilities of various units regarding climate issues, inventorying KINIK's current practices, and defining short-, medium-, and long-term goal plans. Furthermore, the Committee evaluates the resources required, which serves as a key factor in project budget allocation. On the execution level, the Executive Committee under the Sustainable Development Committee—along with its subordinate Green Intelligent Manufacturing Project Office and various functional groups—serves as the primary driving unit. They are responsible for implementing response measures and improvement plans for climate-related risks and opportunities. Annual implementation results are compiled by the Sustainable Development Committee and periodically reported to the Board of Directors. Additionally, the Green Intelligent Manufacturing Project Office holds quarterly Net-Zero and Carbon Reduction Project meetings, chaired by the Chairman, to regularly track the implementation and effectiveness of energy-saving and carbon reduction initiatives across all plants.
5. If scenario analysis is used to assess the resilience to climate change risks, the used scenarios, parameters, assumptions, analysis factors, and main financial impacts shall be described.	Among risk issues, KINIK considered operational relevance and the feasibility of quantitative assessment, selecting "drought and water scarcity" (physical risk) and "carbon fee/tax levy" (transition risk) to conduct scenario analysis and financial impact assessments. (1) Drought and Water Scarcity: Scenario analysis results indicate that under both the most ideal warming scenario (RCP 2.6) and the most unfavorable warming scenario (RCP 8.5), if water shortages lead to decreased production capacity or process interruptions, it may cause an annual loss of over NT$124.52 million in operating revenue during the near-future period (2016–2035). Estimated based on KINIK's 2025 gross margin of approximately 34%, this loss would result in a negative impact of approximately NT$42.33 million on annual operating profit. To reduce the impact of water shortage risks on operations, various plants have actively promoted multiple water-saving projects and established relevant water resource goals to reduce reliance on tap water and strengthen operational resilience. (2) Carbon Fee / Carbon Tax Levy: KINIK divides its scenarios into a Business As Usual (BAU) scenario, where no specific carbon reduction measures are taken, and a Company Target scenario, where carbon reduction plans are specifically implemented. Using 2021 as the base year, the carbon intensity per unit of revenue was calculated. Under the BAU scenario, assuming a compound annual growth rate of 3% in revenue, the combined Category 1 and Category 2 emissions for each plant were projected through 2030 to serve as a basis for determining whether carbon fee thresholds would be met. In the Company Target scenario, the Company's established carbon reduction goals and renewable energy usage plans were incorporated. Regarding assumptions for carbon price fluctuations, KINIK referred to the IEA World Energy Model, adopting its carbon price projections under the Stated Policies Scenario (STEPS) and the Net Zero Emissions by 2050 Scenario (NZE) as the basis for future carbon fee growth in Taiwan. This allowed for further evaluation of the difference in carbon fees faced before and after setting carbon reduction targets. Analysis results show that under the BAU scenario, KINIK's Chupei Plant will be subject to carbon fees as early as 2028; by 2030, the Yingge Plant may also be required to pay carbon fees as its

	emissions reach the threshold. Under the STEPS scenario, if the Company achieves its carbon reduction targets according to its established path, it can reduce carbon fee expenditures by more than NT$20 million in 2030 compared to taking no action.
6. If there is a transformation plan in place to manage climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical and transformational risks.	To achieve net-zero emissions by 2050, KINIK evaluates relevant climate issues through a climate risk and opportunity identification and assessment process. We have identified three transition risks and one physical risk, for which we have formulated corresponding goals and plans. These include annual targets of a 3% carbon reduction and 2% energy saving, an increase in the total water recycling and reuse rate by 1.5% compared to the previous year, and a 1% annual reduction in total water consumption. We will continue to optimize our carbon inventory system, promote carbon reduction projects, and enhance water use efficiency. Simultaneously, we will strengthen the installation of water storage facilities, expand the application of recycling and remanufacturing technologies, and, based on the specific characteristics of each plant, implement self-generation and self-consumption of renewable energy or purchase Renewable Energy Certificates (RECs).
7. If internal carbon pricing is used as a planning tool, the basis for setting the price shall be stated.	KINIK has formulated its Internal Carbon Pricing (ICP) regulations, scheduled for implementation in 2026. Pricing is determined based on the following factors and will undergo rolling adjustments: (1) Taiwan's Greenhouse Gas (GHG) reduction regulations and carbon fee policies. (2) Clean energy price levels in Taiwan, such as solar photovoltaic (PV) prices. (3) External carbon price trends. (4) Internal carbon pricing levels of domestic and international sustainability benchmarks or peers. (5) The Company's carbon reduction targets and implementation status. Initially, the pricing mechanism will adopt a "Shadow Price" as a cost calculation tool, meaning no actual fees will be charged to individual units. The emission calculation scope covers Scope 1 and Scope 2.
8. If there are climate-related goals established, an explanation shall be provided on the activities covered, the scope of greenhouse gas emissions, the planning period, and the progress of each year; if carbon offsets or Renewable Energy Certificates (RECs) are used to achieve the related targets, an explanation shall be provided on the source and quantity of the carbon offset limit or the	The Company has pledged to achieve net-zero emissions by 2050, setting an annual carbon reduction target of 3% (Category 1 and Category 2), while establishing a renewable energy goal of reaching RE30 by 2030 to continuously promote energy conservation, carbon reduction, and energy transition. In 2025, through measures such as equipment replacement and process optimization, Category 1 (direct greenhouse gas emissions) decreased by 4,625.74 tCO_2e and Category 2 (energy indirect emissions) decreased by 6,926.56 tCO_2e compared to the 2021 base year. Together, these represent a total reduction of 11,552.30 tCO_2e, with a cumulative decrease of 25.16%, successfully achieving the annual 3% carbon reduction target. To implement its renewable energy strategy, KINIK maintains the stable operation of the existing solar photovoltaic system at the Shulin Plant and sells electricity through the Feed-in Tariff (FiT) scheme, while planning the progressive procurement of green power. In 2025, KINIK purchased a total of 5,101,436 kWh of renewable energy, obtaining 5,101 Renewable Energy Certificates (RECs) and 1 fractional certificate. This fully demonstrates the Company's commitment to clean energy and supports the development and expansion of the renewable energy market through concrete action.

quantity of the Renewable Energy Certificates (RECs).	
9. Greenhouse gas inventories, assurance status, and reduction targets, strategies, and concrete action plans (please fill in 1-1 and 1-2 separately).	Please refer to the following 1-1 and 1-2

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

1-1-1 Greenhouse Gas Inventory Information

Describe the greenhouse gas emission volume (metric tCO2e), intensity (metric tCO2e/NT$ million), and data coverage for the most recent two years.
(1) GHG emissions: covering the parent company 1. 2024: Direct emissions were 7,119.85 tCO2e; indirect energy emissions were 29,833.91 tCO2e; intensity was 5.59 tCO2e/NT$ million 2. 2025: Direct emissions were 3,928.78 tCO2e; indirect energy emissions were 30,433.50 tCO2e; intensity was 4.79 tCO2e/NT$ million

Note 1: Direct emissions (scope 1, i.e. directly from emission sources owned or controlled by the Company), indirect energy emissions (scope 2, i.e. indirect greenhouse gas emissions from imported electricity, heat or steam) and Other indirect emissions (scope 3: emissions generated from corporate activities that are not indirect emissions from energy sources but come from sources owned or controlled by other companies).

Note 2: The data coverage of direct emissions and indirect energy emissions shall be handled in accordance with the schedule prescribed in Article 10, Paragraph 2. Other indirect emissions information may be disclosed voluntarily.

Note 3: Greenhouse gas inventory standard: Greenhouse Gas Protocol (GHG Protocol) or ISO 14064-1 issued by the International Organization for Standardization (ISO).

Note 4: The intensity of greenhouse gas emission can be calculated per unit of product/service or sales volume, but at least the data calculated in terms of sales volume (NT$ million) shall be disclosed.

1-1-2 Greenhouse Gas Inventory Assurance Information

Describe the status of assurance in the last 2 years up to the date of publication of the annual report, including the scope of assurance, institutions of assurance, criteria of assurance, and opinions of assurance.
The 2024 greenhouse gas (GHG) inventory for the individual entity was completed in 2025. In the same year, external verification was conducted for the Group's Scope 1 and 2 GHG emissions, aligned with the scope of the financial statements. This external verification was completed on March 20, 2026, and the verification statement is expected to be obtained in May. The statement will be updated on the Company's official website, and comprehensive assurance information will be disclosed in the Sustainability Report.

Note 1: The process shall be conducted in accordance with the schedule specified in Article 10, paragraph 2 of the guidelines. If the Company has not obtained the full greenhouse gas assertion before the publication date of the annual report, it is necessary to indicate "complete assurance information will be disclosed in the Sustainability Report." , if the Company does not prepare a Sustainability Report, it should be noted that "complete assurance information will be

disclosed on the Market Observation Post System" and complete assurance information will be disclosed in the next annual report.

Note 2: The assurance institutions shall comply with the relevant requirements of Sustainability Report assurance established by The Taiwan Stock Exchange Corporation's (TWSE) and Taipei Exchange (TPEx).

Note 3: Please refer to the best practice examples on the website of the Corporate Governance Center of the TWSE for disclosure methods.

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

Describe the greenhouse gas reduction base year and data, reduction goals, strategies, and concrete action plans and achievement of the reduction goals.
The Company has established 2021 as the baseline year for its greenhouse gas (GHG) inventory, setting the total GHG emissions of that year as the benchmark for its carbon reduction targets. In 2021, Scope 1 emissions were 8,554.52 tCO_2e, and Scope 2 emissions were 37,360.06 tCO_2e. The short-term targets are to reduce carbon emissions by 3% and achieve energy savings of 2% annually. Looking ahead, the Company aims to achieve a 34% carbon reduction by 2030, a 70% reduction by 2040, and net-zero carbon emissions by 2050. In 2025, through measures such as equipment replacement and process optimization, Category 1 (Direct Emissions) GHG emissions decreased by 4,625.74 tCO_2e, and Category 2 (Energy Indirect Emissions) decreased by 6,926.56 tCO_2e compared to the 2021 baseline year. The combined reduction totaled 11,552.30 tCO_2e, representing a 25.16% decrease, which successfully achieved the annual target of a 3% carbon reduction.

Note 1: It shall be processed in accordance with the schedule prescribed in Article 10, paragraph 2 of the guidelines.

Note 2: The base year should be the year the inspection is completed based on the boundary of the consolidated financial statements. For example, pursuant to Article 10, Paragraph 2 of the Guidelines, a company with a capital of more than NT$10 billion should, in 2025, complete the inventory check of the consolidated financial report for the year 2024, making 2024 the base year. If a company has completed the inspection of the consolidated financial statements ahead of schedule, the earlier year can be used as the base year, and the base year data can be calculated by a single year or the average of several years.

Note 3: Please refer to the best practice examples on the website of the Corporate Governance Center of the TWSE for disclosure methods.

ix. The status of the Company's fulfillment of ethical management and measures adopted

Performance of ethical corporate management and the differences from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons:

Evaluation items	Implementation status			Performance of ethical corporate management and the differences from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons
	Yes	No	Summary description	
I. Establishment of ethical corporate management policy and plan				
(I) Does the Company have an ethical corporate management policy approved by the Board of Directors and clearly state the ethical corporate management policy and practice in the internal regulations and external documents, as well as the commitment of the Board of Directors and senior management to actively implement the corporate management policy?	V		In order to implement the Company's ethical behavior and ethical corporate management, the Company has formulated the "Ethical Corporate Management Best Practice Principles" which has been approved by the Board of Directors. All directors, managers and employees of the Company shall maintain a high level of personal conduct and professional ethics when carrying out business, so as to maintain the Company's reputation and gain the respect and trust of customers, suppliers and people from all walks of life to ensure the sustainable development of the Company.	No difference.
(II) Has the Company established an evaluation mechanism for the risk of unethical behavior, regularly analyzed and evaluated the business activities with high unethical behavior risk within the business scope, and formulated a plan to prevent unethical behavior accordingly which at least covers the preventive measures for the behaviors in paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?	V		The Company has formulated the "Ethical Corporate Management Best Practice Principles", "Code of Ethics and Conduct" and "Code of Professional Ethics" . If employees find any person who violates laws, regulations, or the code of conduct, they should provide sufficient information to report to the Company's appropriate personnel. The Company shall handle the information above confidentially and responsibly, and do its best to protect the safety of those who report in good faith to prevent any form of retaliation. The Company has incorporated ethical behavior into work rules and reward and punishment measures, and established a	No difference.

			clear reward and punishment and appeal system. The Company pays attention to it through business meetings, examines internal and external risks, and makes immediate countermeasures. The Company inspects internal and external risk factors according to internal control and other relevant operation methods.	
(III) Does the Company stipulate the operating procedures, behavior guidelines, and disciplinary and grievance systems in its unethical behavior prevention plan and implement them, and regularly review and revise the plan?	V		The Company also has the "Ethical Corporate Management Best Practice Principles", "Code of Ethics and Conduct" and "Code of Professional Ethics" which are applicable to all employees. There are also measures for Regulations Governing Trade Secret Management to prohibit the disclosure of trade secrets and infringement of intellectual property rights. The Company's internal audit unit conducts regular audits on activities with a high risk of unethical behavior. The Company pays attention to it through business meetings, examines internal and external risks, and makes immediate countermeasures.	No difference.
II. Implementation of ethical corporate management				
(I) Does the Company evaluate the integrity of all counterparties it has business relationships with? Are there any integrity clauses in the agreements it signs with business partners?	V		In terms of pre-assessment, the Company utilizes an internal review mechanism to incorporate the "integrity records" and "legal compliance" of inventory suppliers as mandatory evaluation criteria prior to any transaction. Regarding ongoing constraints, the Company explicitly stipulates in its business contracts that trading partners must adhere to the Company’s code of professional ethics. This strictly prohibits conflicts of interest, misrepresentation, and unfair trade, and clearly forbids any dishonest conduct, such as accepting gifts or gratuities. In the event of a violation, the Company reserves the right to terminate or rescind the contract at any time.	No difference.
(II) Has the Company set up a dedicated unit under the Board of Directors to promote ethical corporate management, and regularly (at least once a year) report to the Board of Directors its ethical corporate management policy and plan to prevent unethical behavior as well as its supervision of the implementation?	V		The Company has established an ethics team to handle the amendment, implementation, interpretation and consultation of the ethical code related regulations, as well as the filing and filing of reports and other related operations and supervision. The team reports to the Board of Directors at least once a year, and its main duties are as follows: I. Assisting in the incorporation of integrity and ethical values into the Company's business strategy, and	No difference.

adopting relevant anti-corruption measures to ensure ethical management in compliance with laws and regulations.

II. Regularly analyze and assess the risk of unethical behavior within the scope of business, and based on which to formulate plans for prevention of unethical behavior, and establish relevant standard operating procedures and conduct guidelines for each plan.

III. Planning the internal organization, structure, and allocation of responsibilities, and setting up a check-and-balance mechanism for mutual supervision of business activities within the business scope that are at a higher risk of unethical conduct.

IV. Promoting and coordinating the promotion and training of integrity policy.

V. Planning the whistle-blowing system and ensuring the effectiveness of its implementation.

VI. Assisting the Board of Directors and the management in checking and assessing whether the preventive measures established for the implementation of ethical management are operating effectively, and preparing reports on the assessment and compliance of relevant business processes on a regular basis.

VII. To prepare and properly keep documents related to the ethical corporate management policy, the statement of compliance, the fulfillment of commitments, and the implementation status.

The results of the 2025 education and training are as follows:

Course Title	Number of Participants	Training Hours
Corporate Trade Secret Protection and Management Practices	103	206
Trade Secret Protection Meeting	35	35
Trade Secret Protection Education and Training	26	52

(III) Does the Company have a conflict of interest prevention policy to provide appropriate channels for explanation and implement it?	V		The Company's internal control system and "Code of Professional Ethics " clearly state that the laws, regulations and company regulations shall be followed. Personal conflicts of interest or conflicts of interest that may intervene in the Company's overall interests shall be avoided, and the Company's best interests shall be acted upon. The Company's purchase (sales) customers, competitors and employees shall be treated fairly, and improper benefits obtained by other unfair trading methods shall be prohibited.	No difference.
(IV) Has the Company implemented effective accounting and internal control systems to maintain business integrity? Are these systems reviewed by internal or external auditors on a regular basis?	V		The Company has established effective accounting and internal control systems regularly checked by the internal audit unit.	No difference.
(V) Does the Company regularly conduct internal and external training for ethical corporate management?		V	Currently, the Company has not established a regular schedule for internal or external training on ethical management. However, ad-hoc integrity-related advocacy sessions are conducted. For instance, a "Trade Secrets" course was held in 2025 to educate employees on the concepts and responsibilities regarding the confidentiality of trade secrets.	Incorporated into future plans
III. Operation of the Company's accusation system				
(I) Does the Company have a specific accusation and reward system, establish a convenient accusation channel, and assign appropriate personnel to the accused person?	V		1. The Company has set up the "Code of Professional Ethics" and " Regulations Governing the Handling of Whistleblowing and Grievance Cases"; when company employees find a person who violates laws, regulations or the code of conduct, they shall submit sufficient information to report to appropriate personnel. The Company will appropriately handle such accusation information confidentially and responsibly. It will make every effort to protect the safety of those who accuse in good faith and avoid any form of retaliation. 2. If there is a violation of the Company's regulations, after investigation and punishment in accordance with the personnel management rules, the case shall be reported to the Board of Directors and the relevant violators shall be dealt with according to law.	No difference.

(II) Has the Company established the standard operating procedures for the investigation of accused matters, follow-up measures after investigation and the relevant confidentiality mechanism?	V		The Company has established the " Regulations Governing the Handling of Whistleblowing and Grievance Cases " to handle the investigation standard operating procedures, follow-up measures and related confidentiality mechanisms for reported matters.	No difference.
(III) Does the Company take measures to protect the accuser from improper treatment due to the accusation?	V		The Company has established the " Regulations Governing the Handling of Whistleblowing and Grievance Cases " under which the identity of the whistle-blower and the content of the complaint shall be kept confidential by the relevant personnel handling whistle-blowing cases and shall not disclose information that can be used to identify their identity. The Company guarantees to protect the whistleblower from improper treatment due to the report and complaint. Improper dispositions include but are not limited to dismissal, removel, demotion, salary reduction, damage to their rights and interests according to laws, contracts or customs, or other unfavorable dispositions.	No difference.
IV. Enhancement of Information Disclosure Does the Company disclose the content and promotion effect of its ethical corporate management best practice principles on its website and MOPS?	V		The Company has established the " Ethical Corporate Management Best Practice Principles ," " Code of Professional Ethics " and listed the code of ethical conduct of business, code of ethical conduct on the Company's website and the handling methods for accusation cases of illegal, immoral or unethical conduct, so as to disclose the information related to ethical operation.The implementation results are also disclosed on the Company's official website.	No difference.
V. If the Company has established business integrity policies in accordance with "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies," please describe its current practices and any deviations from the Best Practice Principles: No significant difference.				
VI. Other important information that is helpful in understanding the corporate ethical management operation of the Company? (Such as, the Company has the Ethical Corporate Management Best Practice Principles amended, etc.): The "Ethical Corporate Management Best Practice Principles" has been established on April 27, 2023 to enhance the practice of corporate social responsibility and implement ethical corporate management.				

Measures adopted by the Company to perform ethical corporate management:

1. Directors and managers shall not offer or receive any improper benefits in the course of business conduct.
2. Company personnel are prohibited from offering or accepting bribes when performing business.
3. It is prohibited to provide illegal political contributions and improper charitable donations or sponsorships.
4. Establish an effective accounting system and internal control system.

x. Intellectual Property Management Plan

1. Intellectual property management goals

(1) Develop the Company into an innovation-oriented work environment.

(2) Promote business profits by creating competitive advantages.

(3) Encourage employees of the Company to apply for patents, thereby enhancing R&D performance and improving the Company's technical standard.

(4) Establish a complete patent layout of the Company's core technologies, and create R&D and patented products with higher values.

(5) Strengthen the management of patents, trademarks and trade secrets, and provide companies with complete intellectual property protection.

2. Governance Structure of Intellectual Property Management

The Company's CEO Office is in charge of the supervision of the Company's overall operational planning and execution, intellectual property management and legal affairs, including: (1) assisting the CEO in handling company-wide affairs and planning the Company's sustainable business direction; (2) project planning coordination; (3) tracking, communication and coordination of the business of each business unit; (4) management of patent-related matters ; (5) management of trademark related matters.

3. Intellectual Property Management Plan

The Company has established an intellectual property management system with a management cycle of "Plan, Do, Check and Action (PDCA),” including:

(1) Plan: Set intellectual property management goals and comply with current

laws and regulations to promote intellectual property management to achieve organizational goals with the ability to protect intellectual property and to prevent disputes.

(2) Implement: Establish various ISO quality management systems (including "Regulations Governing Patent Management, ISO M1-00-04", "Regulations Governing Trademark Management, ISO A1-00-03", and "Regulations Governing Trade Secret Protection, ISO A5-00-04"), and introduce the Company's intellectual property into the ISO quality management system, so that the application, implementation, maintenance, and continuous improvement of the intellectual property management system can be implemented through the ISO quality management system.

(3) Check: Supervise and evaluate operational effectiveness in accordance with the policies and objectives of intellectual property management, and regularly supervise, analyze and evaluate the implementation effectiveness of intellectual property management through the Company's internal audits or management reviews.

(4) Action: Based on the check results, take corrective measures and timely revise and adjust the various management measures to continuously improve the suitability, completeness and effectiveness of the intellectual property management system.

4. Report of Board of Directors

The implementation of the 2025 intellectual property management plan was reported to the Board of Directors in December 2025.

5. Implementation Status

The Company continues to strategically expand its presence across various intellectual property fields. Regarding Patent Management, as of December 2025, the Company has filed more than 570 patent applications domestically and internationally, with the total number of granted patents exceeding 380. In terms of Trademark Management, the total number of applications has surpassed 120, with more than 100 trademark certificates successfully obtained. This comprehensive intellectual property layout ensures robust protection for all products, significantly enhancing the Company's competitive advantage. Furthermore, the Company has commissioned an external law firm to provide guidance on Trade Secret Management across all departments, ensuring that R&D innovations are thoroughly protected through a multi-layered framework of patents, trademarks, and trade secrets.

In recent years, the Company has developed the "KINIK Patent Map" and "KINIK Trademark Map" systems. We continuously enhance these systems to monitor the latest IP layouts and protection trends of both the Company and its competitors. These maps provide critical intelligence for product development and strategic IP positioning, thereby improving the quality and strength of our patent portfolio. These efforts effectively mitigate the risk of infringement disputes with competitors and foster the Company's sustainable growth and development.

xi. Other important information to be disclosed to improve the understanding of the operation of corporate governance:

The Company has listed on the Company's official website the relevant measures and information on corporate governance. Investors or interested parties may inquire from **the Company's official website portal(Chinese version)/investor service/corporate governance section** to enhance the understanding of the corporate governance operation of the Company by the interested parties and the public.

xii. The following matters shall be revealed in the implementation of the internal control system.

1. Statement of Internal Control:

See page 185 of this annual report.

2. If an independent auditor is entrusted with auditing the internal control system, the independent auditor's report shall be disclosed:

None.

xiii. Important resolutions of the shareholders meetings and the Board of Directors in the most recent year and up to the date of printing of the annual report:

1. Board of Directors

Date	Session number	Important resolutions	Independent directors' opinions and the Company's handling of independent directors' opinions
2025.01.22	Board of Directors	1. Investment in Mitsui Grinding Wheel Co., Ltd. (MKS) in Japan and Mitsui Grinding Technology (Thailand) Co., Ltd. (MGT), both subsidiaries of the Mitsui Mining & Smelting Group.	All independent directors approved.
2025.02.26	Board of Directors	1. Proposal for the distribution of year-end bonuses for Assistant General Manager-level executives. 2. Proposal for the distribution of 2024 employee compensation and director remuneration. 3. 2024 Business Report and the Consolidated and Individual Financial Statements. 4. Proposal for the issuance of the 2024 Internal Control System Statement. 5. Proposal for cash distribution from capital surplus. 6. Proposal for the 2024 earnings distribution. 7. Proposal to set the capital increase base date for the conversion of employee stock options into new shares for the fourth quarter of 2024. 8. Proposal for the change of attesting accountants due to internal adjustments within the accounting firm. 9. Submission of the proposal for the engagement of attesting accountants for the 2025 financial reports. 10. Proposal to convene the 2025 Annual Shareholders meeting.	All independent directors approved.
2025.04.01	Board of Directors	1. Proposal to extend an intercompany loan totaling JPY 1.2 billion to MKS to support the operational development of the Company's subsidiary, MAX KINIK SEIMITSU COMPANY LIMITED (formerly known as MITSUI GRINDING WHEEL CO., LTD.; renamed MAX KINIK SEIMITSU COMPANY LIMITED via a resolution passed at the shareholders meeting on February 27, 2025, with an effective date of April 1, 2025; hereinafter referred to as "MKS"). 2. Proposal to provide an endorsement and guarantee for a short-term credit facility applied for by MKS from Mizuho Bank, Ltd. to support the operational development of the Company’s	All independent directors approved.

		subsidiary, MAX KINIK SEIMITSU COMPANY LIMITED (formerly known as MITSUI GRINDING WHEEL CO., LTD.; renamed MAX KINIK SEIMITSU COMPANY LIMITED via a resolution passed at the shareholders meeting on February 27, 2025, with an effective date of April 1, 2025; hereinafter referred to as "MKS"), and to authorize the Chairman to sign all relevant guarantee documents. 3. Proposal regarding the custody of seals for endorsement and guarantee operating procedures.	
2025.4.29	Board of Directors	1. Proposal for the Company's Q1 2025 Consolidated Financial Statements. 2. Establishment of the EBU on February 1, 2025. 3. Proposal for the Company's annual salary adjustment. 4. Proposal for Assistant General Manager-level personnel compensation. 5. Proposal to define the scope of non-managerial employees. 6. Proposal for the addition to the 2025 capital expenditure budget. 7. Proposal for a capital increase in the subsidiary, Kinli Investment Co., Ltd. 8. Proposal to set the capital increase base date for the conversion of employee stock options into new shares for Q1 2025. 9. Proposal for the amendment of the Company's "Operational Procedures for Loaning Funds to Others." 10. Proposal for the amendment of the Company's "Endorsement Guarantee Method." 11. Proposal for the amendment of the Company's "Articles of Incorporation." 12. Proposal to add items to the agenda for the 2025 Annual Shareholders meeting.	All independent directors approved.
2025.06.19	Board of Directors	1. Proposal for the annual salary adjustment and bonus distribution for the Company's managers (excluding senior managers). 2. Proposal for the distribution of the Company's director remuneration. 3. Proposal for the distribution of the Company's senior managers remuneration.	All independent directors approved.
2025.07.30	Board of Directors	1. Proposal regarding the completion of the 2024 Sustainability Report. 2. Proposal for the Company's H1 2025 Consolidated Financial Statements. 3. Proposal to set the capital increase base date for the conversion of employee stock options and convertible bonds (CB) into new shares for Q2 2025. 4. Proposal for the annual profit sharing distribution for the Company's managers (excluding senior managers). 5. Proposal for the amendment of the Company's "Risk Management Policy."	All independent directors approved.

2025.08.19	Board of Directors	1. Proposal for the capital reduction of the subsidiary, Kinli Investment Co., Ltd.	All independent directors approved.
2025.10.02	Board of Directors	1. To expand business operations, the Company proposes to invest an amount not exceeding USD 6,600,000 through a British Virgin Islands (BVI) company to establish a subsidiary in Mainland China. The subsidiary will be primarily responsible for the manufacturing and sales of CMP diamond disks.	All independent directors approved.
2025.10.28	Board of Directors	1. Proposal for the Company's Q3 2025 Consolidated Financial Statements. 2. Proposal to set the capital increase base date for the conversion of employee stock options into new shares for Q3 2025. 3. Proposal for the establishment of the Company's " Charter of the Nomination Committee " 4. Proposal for the amendment of the Company's "Regulations Governing the Issuance and Conversion of the First Domestic Unsecured Convertible Bonds." 5. Proposal for the amendment of the Company's "Board of Directors Performance Evaluation Method."	All independent directors approved.
2025.12.24	Board of Directors	1. Proposal for the 2025 year-end bonuses. 2. Proposal for the Company's 2026 annual budget. 3. Proposal for the Company's 2026 annual audit plan. 4. Proposal for the amendment of the Company's "Internal Control System, Internal Audit System, and Internal Control Self-Assessment Procedures." 5. Proposal for the independence assessment of the Company's attesting accountants. 6. Proposal for the disposal of real estate located at No. 685-2, Zhongshan Section, Yingge District, New Taipei City. 7. Proposal for the Appointment of Nomination Committee Members.	All independent directors approved.
2026.03.10	Board of Directors	1. Proposal for the distribution of year-end bonuses for Assistant General Manager-level executives. 2. Proposal for the distribution of 2025 employee compensation and director remuneration. 3. Proposal to amend the scope of non-managerial employees. 4. 2025 Business Report and the Consolidated and Individual Financial Statements. 5. Proposal for the issuance of the 2025 Internal Control System Statement. 6. Proposal for cash distribution from capital surplus. 7. Proposal for the 2025 earnings distribution. 8. Proposal to set the capital increase base date for the conversion of employee stock options into new shares for Q4 2025. 9. Proposal for the amendment of the Company's "Operational Procedures for Loaning Funds to Others." 10. Proposal for the amendment of the Company's "Endorsement Guarantee Method." 11. To support the operational development of the Company's	All independent directors approved.

		subsidiary, Hongia Industry Co., Ltd. (hereinafter referred to as " Hongia "), the proposal to lend NT$100 million to Hongia. 12. To support the operational development of the Company's subsidiary, Max Kinik Seimitsu Company Limited (hereinafter referred to as "MKS"), the proposal to provide an endorsement and guarantee for MKS's application for a short-term credit line from Sumitomo Mitsui Banking Corporation, and to authorize the Chairman to sign relevant guarantee documents. 13. To support the operational development of the Company's subsidiary, Max Kinik Seimitsu Company Limited (hereinafter referred to as "MKS"), the proposal to provide an endorsement and guarantee for MKS's application for a short-term credit line from CTBC Bank Co., Ltd., and to authorize the Chairman to sign relevant guarantee documents. 14. To support the operational development of the Company's subsidiary, Max Kinik Seimitsu Company Limited (hereinafter referred to as "MKS"), the proposal to provide an endorsement and guarantee for MKS's application for a short-term credit line from Taishin International Bank, and to authorize the Chairman to sign relevant guarantee documents. 15. Submission of the proposal for the engagement of attesting accountants for the 2026 financial reports. 16. Proposal for the full re-election of the Board of Directors. 17. Proposal to convene the 2026 Annual Shareholders meeting.	
Other matters: (1) Implementation status of independent directors' avoidance of proposals with personal interests: None.			

2. Shareholders Meeting

Date	Session number	Important resolutions
2025.06.19	Shareholders Meeting	1. Proposal for the amendment of the Company's "Articles of Incorporation." 2. Proposal for the amendment of the Company's "Operational Procedures for Loaning Funds to Others." 3. Proposal for the amendment of the Company's "Endorsement Guarantee Method."

xiv. In the most recent year and as of the annual report's printing date, if the directors or supervisors have different opinions on important resolutions passed by the Board of Directors with records or written statements in place, the main content of them.

None.

xv. Status of the Company's personnel related to financial information transparency who have obtained relevant licenses required by the competent authority.

Department / License	Number of People	
	Internal Audit	Finance
Certified Public Accountant (CPA)	-	1
Certified public bookkeeper	-	3
Corporate Governance Basic Aptitude Test	1	3
Stock Affairs Specialist	1	-
Certified Internal Auditor (CIA)	1	-
Certification in Risk Management Assurance (CRMA)	1	-

xvi. Important resolutions of the 2025 shareholders meeting and implementation status.

1. Approval of the Company's 2024 final accounts:

Implementation status: The certification of the Company's 2024 financial reportwas completed by CPA Ming-Hsien Liu and CPA Yung-Hsiang Chao of DeloitteTaiwan; the independent auditor's report and review report were submitted,respectively.

2. 2024 Remuneration for Directors and Supervisors and Employees Compensation:

Implementation status: Directors' cash remuneration was NT$13,800,000, and employees' cash remuneration was NT$135,000,000; both were paid on July 18, 2025.

3. The Company's 2024 earnings distribution proposal:

   Implementation status: The actual earnings distribution in 2024was cash dividend for a total of NT$584,175,736 to shareholders, with July 27, 2025 set as the ex-dividend date, and August 13, 2024 as the date of cash dividend distribution; the cash dividend was NT$4.00 per share.

4. Approved the amendment to the Company's " Articles of Incorporation " , "Operational Procedures for Loaning Funds to Others.", "Endorsement Guarantee Method. " of the Company:

   Implementation status: Resolution passed.

(IV) CPA Public Expense Information

Unit: NT$ thousand

Accounting firm's name	Accountant's name	Accountant review period	Audit fee	Non-audit public expense	Total	Remarks
Deloitte Taiwan	Ming-Hsien Liu	2025.01.01 ~ 2025.12.31	4,510	Tax audit fees, miscellaneous expenses for typing and printing, travel, and others: 1,417	5,927	
	Jian-Wei Chen	2025.01.01 ~ 2025.12.31				

Please state the contents of non-audit services (e.g., tax compliance audit, assurance letters, or other financial advisory services).

Note: When there is a change in independent auditors or accounting firm during the year, the Company shall disclose the audit period and the reasons for the change in the remarks column, as well as the information on the audit and non-audit fees paid. Please include a note to state the contents of non-audit services.

(V) Change of independent auditor: None.

i. Regarding former CPA

<table>
<tr><td>Change date</td><td colspan="4">February 26, 2025</td></tr>
<tr><td>Describe reason for replacement</td><td colspan="4">Starting from the first quarter of 2025, the independent auditor of the Company has changed from CPA Yung-Hsiang Chao to CPA Jian-Wei Chen due to the internal job duty adjustment of the accounting firm.</td></tr>
<tr><td rowspan="3">Explain why the appointee or CPA is terminated or refuses to accept appointment.</td><td>Contract party / Condition</td><td colspan="2">Independent Auditors</td><td>Appointers</td></tr>
<tr><td>Voluntary termination of appointment</td><td colspan="2">Not applicable</td><td>Not applicable</td></tr>
<tr><td>No longer accept (continue) appointment</td><td colspan="2">Not applicable</td><td>Not applicable</td></tr>
<tr><td>Review report opinions other than the unqualified opinions issued within the latest 2 years, and why they exist:</td><td colspan="4">None</td></tr>
<tr><td rowspan="7">Is there any disagreement with the issuer?</td><td rowspan="5">Yes</td><td></td><td colspan="2">Accounting principles or practices</td></tr>
<tr><td></td><td colspan="2">Disclosure of financial reports</td></tr>
<tr><td></td><td colspan="2">Scope or steps of inspection</td></tr>
<tr><td></td><td colspan="2">Others</td></tr>
<tr><td></td><td colspan="2"></td></tr>
<tr><td>None</td><td>V</td><td colspan="2"></td></tr>
<tr><td colspan="4">Explanatory Notes</td></tr>
<tr><td>Other disclosure items (items that must be disclosed according to Points I-IV to I-VII, Subparagraph VI, Article X of this provision).</td><td colspan="4">None</td></tr>
</table>

ii. Information about the succeeding auditor

CPA firm name	Deloitte Taiwan
Accountant's name	Jian-Wei Chen
Date of appointment	February 26, 2025
Prior to appointment, accounting treatment methods for specific transactions or accounting principles as well as consultation matters and results for financial reports that may be issued.	None
Written opinion by the successor CPA on the dissenting opinion of the former CPA.	None

iii. Reply letter from the former independent auditor on matters related to paragraph 6(1) and (2)(3) of Article 10 of this Guidelines.

None.

(VI) If the chairman, General Manager, or manager in charge of financial or accounting affairs of the Company has worked in the firm of the independent auditor or its affiliated enterprises in the past year, the Company shall disclose the name, job title and the period of working in the firm of the independent auditor or its affiliated enterprises.

None.

(VII) Equity transfer and equity pledge by directors, supervisors, managers, and shareholders with a shareholding ratio of more than 10% in the most recent year and up to the date of printing of the annual report.

i. Changes in Equity Pledge

Job title	Name	2025		Up to April 25 for 2026	
		Increase (decrease) in the number of shares held	Increase (decrease) in pledged shares	Increase (decrease) in the number of shares held	Increase (decrease) in pledged shares
Chairman	Kinmean Company Ltd. Legal representative: Po-Chuan Lin	0 0	0 0	0 0	0 0
Director	Kinchuan Investment Co. Ltd. Legal representative: Wen-Liang, Pai	0 0	0 0	0 0	0 0
Director CEO	Kinmean Company Ltd. Legal representative: Jung-Che Hsieh	0 105,000	0 0	0 (36,000)	0 0
Director Deputy General Manager of Chairman's Office	Li-He Investment Co., Ltd. Legal representative: Ching-Chung Pai	0 0	0 0	0 0	0 0
Director General Manager of DBU	Kinki Investment Co. Ltd. Legal representative Wei-Chang Lee	0 150,000	0 0	0 0	0 0
Director General Manager of SBU	Kinki Investment Co. Ltd. Legal representative Fu-I Hung	0 51,000	0 0	0 (53,000)	0 0
Independent Director	Hsin-Yuan Tsai	0	0	0	0
Independent Director	Po-Hsi Liao	0	0	(108,000)	0
Independent Director	Wen-Yi Hsiao	0	0	0	0
CFO	Yung-Sheng Ku	20,000	0	40,000	0
Deputy General Manager of DBU	Jui-Lin Chou	(50,000)	0	110,000	110,000
Deputy General Manager of ABU	Shao-Chung Hu	(2,000)	0	30,000	0
Assistant General Manager of ABU	Chien-Chung Teng	29,000	0	(28,000)	0
Assistant General Manager of SBU	Chi-Tung Tsai	15,000	0	(33,572)	0
Assistant General Manager of SBU	Tien-Chi Cheng	(20,000)	0	29,000	0
Assistant General Manager of SBU	Wen-Hsiung Chou (Note1)	(13,000)	0	0	0
Assistant General Manager of EBU	Nan-Huang Liu (Note2)	20,000	0	(20,000)	0
Assistant General Manager, Office of the CEO	Chun-Cheng Lin (Note2)	18,000	0	0	0

Assistant General Manager, Office of the CEO	Kuo-Ching Yao (Note2)	12,000	0	3,000	0
Assistant General Manager of R&D	Chia-Che Ho	(20,000)	0	30,000	0

Note1: Assistant General Manager Wen-Hsiung Chou resigned on May 1, 2025.

Note2: Assistant General Managers Nan-Huang Liu, Chun-Cheng Lin, and Kuo-Ching Yao assumed office on May 1, 2025; therefore, the data in this table is calculated starting from May 1, 2025.

ii. If the counterparty of the equity transfer or pledge is a related party, the name of the counterparty, its relationship with the Company, directors, supervisors, managers and shareholders with a shareholding ratio of more than 10%, and the number of shares acquired or pledged shall be disclosed :

No such situation.

(VIII) Shareholding Ratio of Top 10 Shareholders and Their Affiliated Persons, Spouses, or Other Relatives within Two Degrees of Kinship

Name	Shareholding of the person		Shareholding of spouse or minor children		Shareholding under other person(s)		Top 10 Shareholders and Their Affiliated Persons, Spouses, or Other Relatives within Two Degrees of Kinship		Remarks
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Name (Designation)	Relationship	
Representative of Kinmean Company Ltd.: Man-Li Lin Chen	9,892,423	6.61	-	-	-	-	Man-Li Lin Chen Yang-Liang Pai Wen-Liang, Pai	The company's Chairman Relative within 2nd degree of kinship Relative within 2nd degree of kinship	
Yang-Liang Pai	6,454,372	4.31	2,153,539	1.44	-	-	Wen-Liang, Pai Man-Li Lin Chen	Relative within 2nd degree of kinship Relative within 2nd degree of kinship	
Man-Li Lin Chen	6,108,865	4.08	-	-	-	-	Kinmean Company Ltd. Yang-Liang Pai Wen-Liang, Pai	The company's Chairman Relative within 2nd degree of kinship Relative within 2nd degree of kinship	
Representative of Kinki Investment Co. Ltd.: Po-Chuan Lin	4,796,000	3.21	-	-	-	-	Man-Li Lin Chen	Relative within 1st degree of kinship	

Name	Shareholding of the person		Shareholding of spouse or minor children		Shareholding under other person(s)		Top 10 Shareholders and Their Affiliated Persons, Spouses, or Other Relatives within Two Degrees of Kinship		Remarks
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Name (Designation)	Relationship	
Representative of Kinchuan Investment Co. Ltd.: Wen-Liang, Pai	4,117,167	2.75	-	-	-	-	Wen-Liang, Pai Yang-Liang Pai Man-Li Lin Chen	The company's Chairman Relative within 2nd degree of kinship Relative within 2nd degree of kinship	
Wen-Liang, Pai	3,190,605	2.13	1,310,940	0.88	-	-	Kinchuan Investment Co. Ltd. Yang-Liang Pai Man-Li Lin Chen	Director of Kinik Company The company's Chairman Relative within 2nd degree of kinship Relative within 2nd degree of kinship	
Mitsubishi UFJ Morgan Stanley Securities Trading Account Under Custody of HSBC	2,923,000	1.95	-	-	-	-	None	None	
Investment Account of Central Bank of Norway managed by Citibank	2,904,450	1.94	-	-	-	-	None	None	
Morgan Stanley & Co. International plc Account Under Custody of HSBC Bank	2,854,122	1.91	-	-	-	-	None	None	
Cathay Life Insurance Co., Ltd.	2,800,000	1.84	-	-	-	-	None	None	

Note: YANG-LIANG PAI, WEN-LIANG, PAI and MAN-LI LIN CHEN are relatives within 2nd degree of kinship. MAN-LI LIN CHEN and PO-CHUAN, LIN are relatives within 1st degree of kinship.

(IX) Number of Shares and Consolidated Shareholding Percentage of Investee Company Held by the Company, Directors, Supervisor and Managers of the Company, and Entities in which the Company has Direct or Indirect Controlling Interests

Unit: Share; %

Investee (Note)	Investment by the Company		Held by Directors, Supervisors, managerial officers, and directly/indirectly controlled entities		Overall Investment	
	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage
Kinli Investment Co., Ltd.	2,000,000	100%	0	0%	2,000,000	100%
Hongia Industry Co.	2,925,000	100%	0	0%	2,925,000	100%
Kinik Thai Co., Ltd.	481,800	47.2%	0	0%	481,800	47.2%
Kinli Real Estate Management and Development Company	2,000,000	100%	0	0%	2,000,000	100%
Max Kinik Seimitsu Co., Ltd.	800,000	100%	0	0%	800,000	100%
Max Kinik Grinding Technology Co., Ltd.	19,319,312	77.7%	5,449,037	21.90%	24,768,349	99.6%

Note: The Company's long-term investment under equity method.

III. Fundraising status

(I) Capital and shares

i. Approved share capital:

April 25, 2026; Unit: shares

Type of shares	Approved share capital			Remarks
	Outstanding shares	Unissued shares	Total	
Registered ordinary shares	149,617,480	50,382,520	200,000,000	Listed

Note: The total number of shares issued as of April 25, 2026 was 149,617,480 shares, including 2,325,600 shares exercised by employees from January 1, 2026 to April 25, 2025, but the change registration with the Ministry of Economic Affairs has not yet been processed.

ii. Source of share capital:

April 25, 2026; Unit: shares

Year / Month	Issue price	Approved share capital		Paid-in capital		Remarks		
		Number of shares	Amount	Number of shares	Amount	Source of share capital (NT$)	Payment of share price with property other than cash	Others
2004/10	10	90,000,000	900,000,000	67,600,000	676,000,000	Capital increase from earnings 67,600,000	None	Note 1
2005/11	10	110,000,000	1,100,000,000	79,500,000	795,000,000	Capital increase from earnings 101,400,000 Employee bonus 17,600,000	None	Note 2
2005/11	10	110,000,000	1,100,000,000	98,463,954	984,639,540	Issuance of new shares for merger 189,639,540	None	Note 3
2006/9	10	200,000,000	2,000,000,000	115,300,000	1,153,000,000	Capital increase from earnings 147,695,930 Employee bonus 20,664,530	None	Note 4
2007/9	10	200,000,000	2,000,000,000	133,500,000	1,335,000,000	Capital increase from earnings 172,950,000 Employee bonus 9,050,000	None	Note 5
2008/9	10	200,000,000	2,000,000,000	141,000,000	1,410,000,000	Capital increase from earnings 66,750,000 Employee bonus 8,250,000	None	Note 6
2020/11	10	200,000,000	2,000,000,000	141,077,500	1,410,775,000	Conversion of stock options 775,000	None	Note 7
2021/5	10	200,000,000	2,000,000,000	141,469,000	1,414,690,000	Conversion of stock options 3,915,000	None	Note 8
2021/8	10	200,000,000	2,000,000,000	141,543,000	1,415,430,000	Conversion of stock options of NT$740,000	None	Note 9
2021/12	10	200,000,000	2,000,000,000	141,778,000	1,417,780,000	Conversion of stock options of NT$2,350,000	None	Note 10

April 25, 2026; Unit: shares

Year / Month	Issue price	Approved share capital		Paid-in capital		Remarks		
		Number of shares	Amount	Number of shares	Amount	Source of share capital (NT$)	Payment of share price with property other than cash	Others
2022/3	10	200,000,000	2,000,000,000	142,658,000	1,426,580,000	Conversion of stock options of NT$8,800,000	None	Note 11
2022/5	10	200,000,000	2,000,000,000	142,957,000	1,429,570,000	Conversion of stock options of NT$2,990,000	None	Note 12
2022/8	10	200,000,000	2,000,000,000	143,126,000	1,431,260,000	Conversion of stock options of NT$1,690,000	None	Note 13
2022/11	10	200,000,000	2,000,000,000	143,712,750	1,437,127,500	Conversion of stock options of NT$5,867,500	None	Note 14
2023/3	10	200,000,000	2,000,000,000	143,733,750	1,437,337,500	Conversion of stock options NT$210,000	None	Note 15
2023/5	10	200,000,000	2,000,000,000	144,059,750	1,440,597,500	Conversion of stock options of NT$3,260,000	None	Note 16
2023/8	10	200,000,000	2,000,000,000	144,104,750	1,441,047,500	Conversion of stock options of NT$450,000	None	Note 17
2023/11	10	200,000,000	2,000,000,000	144,692,250	1,446,922,500	Conversion of stock options of NT$5,875,000	None	Note 18
2024/3	10	200,000,000	2,000,000,000	144,943,500	1,449,435,000	Conversion of stock options of NT$2,512,500	None	Note 19
2024/5	10	200,000,000	2,000,000,000	145,080,500	1,450,805,000	Conversion of stock options of NT$1,370,000	None	Note 20
2024/8	10	200,000,000	2,000,000,000	145,148,000	1,451,480,000	Conversion of stock options of NT$675,000	None	Note 21
2024/12	10	200,000,000	2,000,000,000	145,806,134	1,458,061,340	Conversion of stock options of NT$6,564,000 Conversion of convertible bonds of NT$17,340	None	Note 22
2025/3	10	200,000,000	2,000,000,000	145,950,434	1,459,504,340	Conversion of stock options of NT$1,443,000	None	Note 23
2025/5	10	200,000,000	2,000,000,000	146,269,234	1,462,692,340	Conversion of stock options of NT$3,188,000	None	Note 24
2025/9	10	200,000,000	2,000,000,000	146,533,580	1,465,335,800	Conversion of stock options of NT$2,640,000 Conversion of convertible bonds of NT$3,460	None	Note 25
2025/11	10	200,000,000	2,000,000,000	146,941,080	1,469,410,800	Conversion of stock options of NT$4,075,000	None	Note 26

April 25, 2026; Unit: shares

Year / Month	Issue price	Approved share capital		Paid-in capital		Remarks		
		Number of shares	Amount	Number of shares	Amount	Source of share capital (NT$)	Payment of share price with property other than cash	Others
2026/4	10	200,000,000	2,000,000,000	147,291,880	1,472,918,800	Conversion of stock options of NT$3,508,000	None	Note 27
2026/4	10	200,000,000	2,000,000,000	149,617,480	1,496,174,800	Conversion of stock options & convertible bonds of NT$23,256,000	None	Note 28

Note 1: This capital increase was approved by the Financial Supervisory Commission of the Executive Yuan on July 28, 2004 via the letter referenced Jin-Guan-Cheng-Yi-Zi No. 0930133596 for capital increase with issuance of new shares.
Note 2: This capital increase was approved by the Financial Supervisory Commission of the Executive Yuan on August 15, 2005 via the letter referenced Jin-Guan-Cheng-Yi-Zi No. 0940133462 for capital increase with issuance of new shares.
Note 3: This capital increase was approved by the Financial Supervisory Commission of the Executive Yuan on August 22, 2005 via the letter referenced Jin-Guan-Cheng-Yi-Zi No. 0940133626 for capital increase with issuance of new shares.
Note 4: This capital increase was approved by the Financial Supervisory Commission of the Executive Yuan on July 3, 2006 via the letter referenced Jin-Guan-Cheng-Yi-Zi No. 0950127962 for capital increase with issuance of new shares.
Note 5: This capital increase was approved by the Financial Supervisory Commission of the Executive Yuan on July 3, 2007 via the letter referenced Jin-Guan-Cheng-Yi-Zi No. 0960033676 for capital increase with issuance of new shares.
Note 6: The capital increase was approved by the Financial Supervisory Commission of the Executive Yuan on July 2, 2008 via the letter referenced Jin-Guan-Cheng-Yi-Zi No. 0970032886 for capital increase with issuance of new shares.
Note 7: This capital increase was approved by the Commercial Department of the Ministry of Economic Affairs of the Executive Yuan on November 11, 2020 via the letter referenced Jing-Shou-Shang-Zi No. 10901212790 for capital increase with issuance of new shares.
Note 8: This capital increase was approved by the Commercial Department of the Ministry of Economic Affairs of the Executive Yuan on May 25, 2021 via the letter referenced Jing-Shou-Shang-Zi No. 11001087080 for capital increase with issuance of new shares.
Note 9: This capital increase was approved by the Commercial Department of the Ministry of Economic Affairs of the Executive Yuan on August 13, 2021 via the letter referenced Jing-Shou-Shang-Zi No. 11001147220 for capital increase with issuance of new shares.
Note 10: This capital increase was approved by the Commercial Department of the Ministry of Economic Affairs of the Executive Yuan on December 7, 2021 via the letter referenced Jing-Shou-Shang-Zi No. 11001208100 for capital increase with issuance of new shares.
Note 11: This capital increase was approved by the Commercial Department of the Ministry of Economic Affairs of the Executive Yuan on March 31, 2022 via the letter referenced Jing-Shou-Shang-Zi No. 11101041530 for capital increase with issuance of new shares.
Note 12: This capital increase was approved by the Commercial Department of the Ministry of Economic Affairs of the Executive Yuan on May 25, 2022 via the letter referenced Jing-Shou-Shang-Zi No. 11101079670 for capital increase with issuance of new shares.
Note 13: The Commercial Department of the Ministry of Economic Affairs of the Executive Yuan on August 17, 2022 via the letter referenced Jing-Shou-Shang-Zi No. 11101156470 for capital increase with issuance of new shares.
Note 14: The Commercial Department of the Ministry of Economic Affairs of the Executive Yuan on November 17, 2022 via the letter referenced Jing-Shou-Shang-Zi No. 11101217370 for capital increase with issuance of new shares.
Note 15: This capital increase was approved by the Commercial Department of the Ministry of Economic Affairs of the Executive Yuan on March 16, 2023 via the letter referenced Jing-Shou-Shang-Zi No. 11230040870 for capital increase with issuance of new shares.
Note 16: This capital increase was approved by the Commercial Department of the Ministry of Economic Affairs of the Executive Yuan on May 22, 2023 via the letter referenced Jing-Shou-Shang-Zi No. 11230084050 for capital increase with issuance of new shares.
Note 17: The Commercial Department of the Ministry of Economic Affairs of the Executive Yuan on August 28, 2023 via the letter referenced Jing-Shou-Shang-Zi No. 11230157270 for capital increase with issuance of new shares.
Note 18: The Commercial Department of the Ministry of Economic Affairs of the Executive Yuan on November 16, 2023 via the letter referenced Jing-Shou-Shang-Zi No. 11230214900 for capital increase with issuance of new shares.
Note 19: This capital increase was approved by the Commercial Department of the Ministry of Economic Affairs of the Executive Yuan on March 27, 2024 via the letter referenced Jing-Shou-Shang-Zi No. 11330042310 for capital increase with issuance of new shares.
Note 20: This capital increase was approved by the Commercial Department of the Ministry of Economic Affairs of the Executive Yuan on March 27, 2024 via the letter referenced Jing-Shou-Shang-Zi No. 11330076890 for capital increase with issuance of new shares.
Note 21: This capital increase was approved by the Commercial Department of the Ministry of Economic Affairs of the Executive Yuan on September 6, 2024 via the letter referenced Jing-Shou-Shang-Zi No. 11330152480 for capital increase with issuance of new shares.
Note 22: This capital increase was approved by the Commercial Department of the Ministry of Economic Affairs of the Executive Yuan on December 16, 2025 via the letter referenced Jing-Shou-Shang-Zi No. 11330201610 for capital increase with issuance of new shares.
Note 23: This capital increase was approved by the Commercial Department of the Ministry of Economic Affairs of the Executive Yuan on March 20, 2025 via the letter referenced Jing-Shou-Shang-Zi No. 11430034300 for capital increase with issuance of new shares.
Note 24: This capital increase was approved by the Commercial Department of the Ministry of Economic Affairs of the Executive Yuan on May 14, 2025 via the letter referenced Jing-Shou-Shang-Zi No. 11430064390 for capital increase with issuance of new shares.

Note 25: This capital increase was approved by the Commercial Department of the Ministry of Economic Affairs of the Executive Yuan on September 1, 2025 via the letter referenced Jing-Shou-Shang-Zi No. 11430132200 for capital increase with issuance of new shares.

Note 26: This capital increase was approved by the Commercial Department of the Ministry of Economic Affairs of the Executive Yuan on November 14, 2025 via the letter referenced Jing-Shou-Shang-Zi No. 11430181780for capital increase with issuance of new shares.

Note 27: This capital increase was approved by the Commercial Department of the Ministry of Economic Affairs of the Executive Yuan on April 21, 2026 via the letter referenced Jing-Shou-Shang-Zi No. 11530040700for capital increase with issuance of new shares.

Note 28: With respect to the employee stock options already executed from January 1, 2026 to April 25, 2026, 2,325,600 shares in total, no registration of changes has been done.

iii. List of major shareholders:

April 25, 2026

Name of major shareholders	Number of shares held (shares)	Shareholding ratio (%)
Kinmean Company Ltd.	9,892,423	6.61
Yang-Liang Pai	6,454,372	4.31
Man-Li Lin Chen	6,108,865	4.08
Kinki Investment Co. Ltd.	4,796,000	3.21
Kinchuan Investment Co., Ltd.	4,117,167	2.75
Wen-Liang, Pai	3,190,605	2.13
Mitsubishi UFJ Morgan Stanley Securities Trading Account Under Custody of HSBC	2,923,000	1.95
Investment Account of Central Bank of Norway managed by Citibank	2,904,450	1.94
Morgan Stanley & Co. International plc Account Under Custody of HSBC Bank	2,854,122	1.91
Cathay Life Insurance Co., Ltd.	2,800,000	1.87
Total	46,041,004	30.76

iv. Company dividend policy and implementation status:

1. The Company's dividend policy

The Company will balance dividend payments according to the operating and investment environment and capital requirements, and take into account the interests of shareholders and capital adequacy. If there are earnings in the Company’s annual final accounts, in addition to paying taxes and making up previous losses in accordance with the law, 10% will be first appropriated as the legal reserve, except when the legal reserve has reached the amount of the paid-in capital; after the special reserve is allocated or reversed in accordance with the regulations of the competent authority, the Board of Directors shall draft an earnings distribution proposal for the remaining distributable earnings together with the previous retained earnings, and submit it to the annual Shareholders meeting for a resolution of distribution. The proposal for the Company's stock dividends and bonus or legal reserve distributed from earnings or capital surplus to be paid in cash, in whole or in part, shall be subject to a resolution adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of director. A report of such distribution shall be submitted to a shareholders meeting. The issuance of shareholders’ dividends may adopt the two methods of issuance of new shares

and issuance of cash, and the respective proportions of the two are to be planned specified by the Board of Directors depending upon the actual needs. However, the amount distributed in the form of cash dividends shall not be less than 20% of the total shareholders' dividends proposed for distribution for the current year.

The special reserve as mentioned in the preceding paragraph refers to the book net amount of other deductions from equity (for the cumulative balance of, for example, exchange differences resulting from translating the financial statements of foreign operations, unrealized gains or losses in the fair value of financial assets through other comprehensive income, gains or losses on hedges, revaluation increments) for the period in which it arises. An equivalent amount of special reserve shall be allocated from the amount of the after-tax net profit for the period, plus items other than after-tax net profit for the period, that are included in the undistributed earnings of the period. If there remains any insufficiency, it shall be allocated from the undistributed earnings of the previous period. If there is a cumulative net amount of other deductions from equity in a preceding period(s), the Company shall allocate an amount of special reserve equal to the amount allocated to undistributed earnings for the preceding period. If there remains any insufficiency, allocate it from the amount of the after-tax net profit for the period, plus items other than after-tax net profit for the period, that are included in the undistributed earnings of the period.

2. Proposal to distribute stock dividend this year

Unit: NT$

Unappropriated retained earnings at the beginning of the period		$2,383,147,094
Defined Benefit plan re-measurement recognized in retained earnings confirmed		(2,910,296)
Adjustment to unappropriated earnings due to the adoption of the equity method of investment		464,202
		2,380,701,000
Add: Net profit for the period	1,360,219,847	
Less: Provision of legal reserve	(135,777,375)	
Less: Special reserve appropriated pursuant to laws	(17,665,735)	
Subtotal		1,206,776,737
Earnings available for distribution for this period		3,587,477,737
The distribution is as follows:		
Bonus to shareholders - cash (3.7/share)		(549,626,867)
Unappropriated retained earnings at the end of the period		$3,037,850,870

Note: The dividend distribution proposed at the current shareholders meeting: The Board of Directors resolved the 2025 earnings distribution on March 10, 2026. The cash dividend of NT$549,626,867 (NT$3.7 per share) for 2025 distribution of cash dividends to shareholders from the net income after tax of NT$1,360,219,847. The Company also intended to appropriate NT$193,112,143 of the capital reserve from the premium from the issuance of shares in excess of the par value to distribute cash dividend of NT$1.3 per share based on the shareholding recorded in the shareholder registry on the ex-dividend date. This results in a total cash dividend of NT$5 per share. It is to be distributed after the approval of by 2026 general shareholders meeting.

Chairman: Po-Chuan, Lin Managerial Officer: Jung-Che, Hsieh Accounting Officer: Yung-Sheng Ku

v. The impact on the operating performance of the Company and earnings per share by the proposal of the Shareholders Meeting to issue bonus shares:

As it is expected that only cash dividends will be allocated, exclusive of stock dividends, this year, the Company's operating performance and EPS should remain unaffected.

vi. Remuneration of Employees, Directors and Supervisors:

1. The amount or scope of the remuneration of employees, directors and supervisors as stated in the articles of association:

Where the Company has a profit at the end of a fiscal year, an amount no less than 10% thereof shall be appropriated as employees' remuneration (of which no less

than 40% of the employee remuneration shall be allocated to non-managerial employees), to be distributed in the form of shares or cash by a resolution of the Board of Directors. The recipients may include employees of affiliates satisfying certain criteria. The Company may, by a resolution of the Board of Directors, appropriate no more than 2% of the aforementioned profit amount as Directors' remuneration. The distribution of employees' remuneration and Directors' remuneration shall be reported to the shareholders meeting.

Provided, however, that if the Company has accumulated losses, an amount shall be reserved to offset such losses first, before appropriating employees' remuneration and Directors' remuneration according to the aforementioned ratios.

2. The calculation basis for the estimated amount of remuneration for employees, directors and supervisors, the calculation basis for the number of shares of employee remuneration distributed by shares, and the accounting treatment if the actual distribution amount is different from the estimated amount:

   If there is a discrepancy between the actual distribution amount and the estimated amount, it will be listed as the current year's expense and the assessment method will be reviewed in the next Board of Directors' meeting.

3. Remuneration distribution approved by the Board of Directors:

(1) The amount of employees' remuneration and directors' and supervisors' remuneration paid in cash or shares. If there is a discrepancy from the annual estimated amount of recognized expenses, the discrepancy amount, reasons and handling shall be disclosed:

The Board of Directors approved the proposal for 2025 distribution of remuneration of employees in cash of NT$185,000,000, and the remuneration of directors in cash of NT$13,800,000.

(2) The amount of employees' remuneration distributed by shares and its proportion to the total amount of individual or respective financial reports after tax, and the total employees' remuneration for the period:

The Company does not distribute employees' remuneration by shares.

4. The actual distribution of the remuneration of employees, directors and supervisors in the previous year (including the number of shares distributed, amount and share price); if there is a difference with the remuneration of recognized employees, directors and supervisors, state the difference, reasons and handling:

The 2024 remuneration of employees of NT$135,000,000 in cash and the remuneration of directors of NT$13,800,0000 for directors in cash were distributed in

2025, which were consistent with the proposed distribution approved by the original Board of Directors.

vii. Status on repurchase of the Company's shares:

None.

(II) Status of corporate debt handling

Types of corporate bonds (Note 2)		First domestic unsecured convertible corporate bonds (Note 5)
Issuance (handling) date		June 24, 2024
Par value		NT$100 thousand
Issuance and transaction place (Note 3)		Taipei Exchange
Issuance price		118.38
Total		NT$1 billion
Interest rate		0%
Period		5 years, Maturity date: June 24, 2029
Guaranteed institution		None
Trustor		KGI Bank Co., Ltd.
Underwriting Institution		KGI Securities Co. Ltd.
Certified Attorney		Not applicable
Certified Public Accountant		Not applicable
Repayment method		Please refer to Article 6 of the “Regulations Governing the Issuance and Conversion of the First Domestic Unsecured Convertible Bonds” of the Company for details.
Outstanding principal		427,400,000
Redemption or early repayment clause		Please refer to Article 18 of the “Regulations Governing the Issuance and Conversion of the First Domestic Unsecured Convertible Bonds” of the Company for details.
Restrictive clause (Note 4)		None.
Name of credit rating agency, rating date, rating result of corporate bonds		Not applicable.
Other rights attached	As of the printing date of this annual report, converted amount of (exchanged or subscribed) ordinary shares, GDRs or other securities	Up to the date of April 30, 2026, the aggregate converted ordinary shares is 2,011,855 shares, and the conversion face value of NT$572,600,000.

	Procedures for issuance and conversion (exchange or subscription)	Please refer to Regulations Governing the Issuance and Conversion of Convertible Bonds of the Company for details.
Issuance and conversion, exchange or subscription method, issuing condition dilution on equity and impact on existing shareholders' equity		For the issuance of NT$1 billion of unsecured convertible corporate bonds, based on the conversion price of NT$292.1 at the time of issuance, if all the bonds are converted for approximately 3,423,485 shares, then the dilution ratio is 2.35%.
Name of transfer agent for the transfer subject matter		Not applicable

Note 1: The issuance status of the corporate bonds includes the public and private placement corporate bonds in process. Public corporate bonds in process refer to those that have been approved by the FSC; private placement corporate bonds in process refer to those that have been approved by the Board of Directors.

Note 2: The number of fields can be adjusted depending upon the actual number of issuance in practice.

Note 3: It refers to the information of overseas corporate bonds.

Note 4: It refers to restrictive distribution of cash dividends, external investment, or request for maintenance of certain percentage of assets, etc.

Note 5: For private placement, it should be highlighted for indication.

Note 6: For convertible corporate bonds, corporate bonds under exchange agreement, corporate bonds issued under the corporate bond issuance agreement, or corporate bonds with warrants, the information of convertible corporate bonds, corporate bonds under exchange agreement, corporate bonds issued under the corporate bond issuance agreement, or corporate bonds with warrants should be listed in the form of a table according to the nature of the bonds.

Information on corporate bond conversion

Corporate bond type (Note 1)		First domestic unsecured convertible corporate bonds	
Item \ Year		2025	Up to April 30, 2026 for the current year (Note 4)
Market price of the corporate bond (Note 2)	Highest	146.50	196.00
	Lowest	98.70	135.20
	Average	122.98	162.44
Convertible price		284.6	284.6
Issue (processing) date and conversion price at issuance		June 24, 2024, the conversion price at issuance was NT$292.1	

Performance of conversion obligation method (Note 3)	Issuance of new shares

Note 1: The number of fields can be adjusted depending upon the actual number of issuance in practice.

Note 2: If the overseas corporate bonds are traded in multiple places, the places of trade are listed separately according to the transaction places.

Note 3: It refers delivery of issued shares or issuance of new shares.

Note 4: The data for the current year up to the printing date of the annual report shall be provided.

(III) Status of special shares handling

None.

(IV) Status of overseas depository receipts handling

None.

(V) Status of employee stock options handling

i. Status of the handling of employee stock options that have not yet expired as of the printing date of the annual report

April 30, 2026

Type of employee stock options	1st employee stock option certificate in 2020
Effective date of registration and total units	2020.6.22、2,500
Issuance (processing) date	2020.7.29
Number of units issued	2,500
Number of units available for issuance	0
Ratio of subscription shares issued to total shares issued	1.670%
Duration of share subscription	6 years
Performance method	Issuance of new shares
Restricted subscription period and ratio (%)	50% after two years, and 100% after three years
Number of shares acquired after execution	2,462,500 shares
Amount of executed share subscriptions	NT$145,203,150
Number of outstanding shares not converted from stock options	11,000 shares
Subscription price per share of the unsubscribed shares	NT$57.1
Ratio of the number of outstanding shares for number of outstanding shares not converted from stock options (%)	0.007%
Impact on shareholders' equity	Two years after the issuance date of the employee stock option certificate, the original shareholder’s equity will be diluted year by year during its existence, so the dilution effect is limited.

Note: 26,500 shares were canceled upon termination of employment

Type of employee stock options	1st employee stock option certificate in 2022
Effective date of registration and total units	2022.6.23、2,500
Issuance (processing) date	2022.7.26
Number of units issued	2,500
Number of units available for issuance	0
Ratio of subscription shares issued to total shares issued	1.670%
Duration of share subscription	6 years
Performance method	Issuance of new shares
Restricted subscription period and ratio (%)	50% after two years, and 100% after three years
Number of shares acquired after execution	1,886,400 shares
Amount of executed share subscriptions	285,972,972 shares
Number of outstanding shares not converted from stock options	559,600 shares
Subscription price per share of the unsubscribed shares	NT$150.80
Ratio of the number of outstanding shares for number of outstanding shares not converted from stock options (%)	0.374%
Impact on shareholders' equity	Two years after the issuance date of the employee stock option certificate, the original shareholder's equity will be diluted year by year during its existence, so the dilution effect is limited.

Note: 54,000 shares were canceled upon termination of employment

Type of employee stock options	1st employee stock option certificate in 2024
Effective date of registration and total units	2024.6.24、2,500
Issuance (processing) date	2024.7.31
Number of units issued	2,500
Number of units available for issuance	0

Ratio of subscription shares issued to total shares issued	1.670%
Duration of share subscription	6 years
Performance method	Issuance of new shares
Restricted subscription period and ratio (%)	50% after two years, and 100% after three years
Number of shares acquired after execution	0
Amount of executed share subscriptions	0
Number of outstanding shares not converted from stock options	2,454,000 shares
Subscription price per share of the unsubscribed shares	NT$307.10
Ratio of the number of outstanding shares for number of outstanding shares not converted from stock options (%)	1.666%
Impact on shareholders' equity	Two years after the issuance date of the employee stock option certificate, the original shareholder’s equity will be diluted year by year during its existence, so the dilution effect is limited.

Note: 41,000 shares were canceled upon termination of employment

ii. Names and subscription status of managers who have obtained employee stock warrants and of employees who rank among the top ten in terms of the number of shares to which they have subscription rights through employee stock warrants acquired, accumulated until the date of publication of the annual report

Title	Name	Number of shares to which they have subscription rights	Ratio of the number of shares to which they have subscription rights to the total number of outstanding shares	Executed				Not executed			
				Subscription quantity	Subscription price	Subscription amount	Ratio of the subscription quantity to the total number of outstanding shares	Subscription quantity	Subscription price	Subscription amount	Ratio of the subscription quantity to the total number of outstanding shares
Chairman and Chief Sustainability Officer	Po-Chuan Lin	2,656,000	1.77%	1,448,000	Issued in 2020 64.40 61.70 60.60 58.60 57.80 57.10 Issued in 2022 160.00 154.80 152.70 150.80	137,530,050	0.96%	1,208,000	Issued in 2022 150.80 Issued in 2024 307.1	326,431,300	0.80%
Deputy General Manager	Ching-Chung Pai										
General Manager of DBU	Wei-Chang Lee										
General Manager of SBU	Fu-I Hung										
Assistant General Manager	Kuo-Ching Yao										
CEO	Jung-Che Hsieh										
Assistant General Manager of ABU	Chien-Chung Teng										
CFO	Yung-										

	Sheng Ku										
Deputy General Manager of ABU.	Shao-Chung Hu										
Assistant General Manager	Chun-Cheng Lin										
Assistant General Manager of R&D	Chia-Che Ho										
Assistant General Manager of SBU	Chi-Tung Tsai										
Assistant General Manager of SBU	Tien-Chi Cheng										
Deputy General Manager of DBU	Jui-Lin Chou										
Audit Supervisor	Yi-Chun Ko										
Top Ten Employees	Chung-Hsin E	1,213,000	0.81%	792,000		83,311,000	0.52%	421,000		113,033,900	0.28%
	Chih-Chun Hsu										
	Tien-Yu Wu										
	Yu-Yu Liu										
	Yun-Ju										

	Chen Wen-Hsiung Chou										
	Min-Hung Wu										
	Shih-Ming Su										
	I-Chang Lin										
	Hsiang-Kun Hsieh										

Remarks:

I. Mr. Chung-Hsin E, one of the top ten employees, retired on March 31, 2025.

(VI) Status of handling of new shares with restricted employee rights

None.

(VII) Status of issuance of new shares for M&A or transfer of shares of other companies

None.

(VIII) Implementation status of capital utilization plan

Up to the printing date of annual report of last quarter, any previous issuances or private placements of securities not yet been completed or those completed in the last three years with plan effectiveness not yet revealed: None.

i. Plan content

Item	First domestic unsecured convertible corporate bonds
Competent Authority Approval Date and Document No.	Jin-Guan-Zheng-Fa-Zi No. 1130345166 Letter of Financial Supervisory Commission dated May 31, 2024.
Total amount of fund required for the plan	The total fund required for the plan was NT$1,183,769 thousand, and the actual fund raised was NT$1,183,769 thousand. The Company has completed the fundraising on June 21, 2024. The purpose of this plan is to repay bank loans, which can save interest expenses and reduce the dependence on financial institutions while strengthening the Company's financial structure and improving the solvency at the same time.

ii. Implementation Status

Unit: NT$ thousand

Plan item	Expected completion time	Total fund required	Expected fund utilization progress		Actual fund utilization progress	
			2024	2024	2024	2024
			2nd quarter	3rd quarter	2nd quarter	3rd quarter
Repayments of bank borrowings	2024 3rd quarter	1,183,769	0	1,183,769	283,769	900,000

IV. Operation Overview

(I) Business Content

i. Business Scope

1. Main businesses

A. Metal Wire Products Manufacturing.

B. Other Metal Products Manufacturing.

C. Heat Treatments.

D. Surface Treatments.

E. Mold and Die Manufacturing.

F. Mechanical Equipment Manufacturing.

G. Electronics Components Manufacturing.

H. Ceramic and Ceramic Products Manufacturing.

I. Glass and Glass Products Manufacturing.

J. Optical Instruments Manufacturing.

K. Growing of Crops.

L. Agricultural Products Preparations.

M. Cutting, Shaping and Finishing of Stone.

N. Waste Disposing.

O. All business items that are not prohibited or restricted by law, except those that are subject to special approval.

2. Total Sales of Main Products

Unit: %

Main product	Total Sales (note)	
	2024	2025
Grinding wheels and blades	18.66%	23.42%
CMP diamond disk	29.51%	29.5%
Reclaim wafer	50.17%	46.22%
Others	1.66%	0.86%
Total	100.00%	100.00%

3. The Company's Current Products (Services) items

The Company's main products items at the moment are grinding tools such as grinding wheels, CMP diamond disks and reclaim wafers. The types, materials, characteristics, importance and uses of various grinding and cutting tools and reclaim wafers are summarized as follows:

Type		Materials, characteristics and importance
Traditional Products	Porcelain Grinding Wheels Resin Wheels	The main abrasives are alumina and silicon carbide, with several preparation methods available depending on the bonding agent. The main production method is mixing the abrasive and the bonding agent, and then forming, firing and hardening. The particle size, bonding degree, and structure of the abrasive are adjusted according to each product's specifications. In the grinding process, the appropriate grinding wheel is selected according to the characteristics of the workpiece and the processing conditions so as to obtain a good grinding and cutting effect.
	BD Grinding Wheels	The main abrasives are diamond and cubic boron nitride (cBN). cBN is mainly used in the grinding of hard and difficult-to-machine steel materials, such as tool steel, alloy steel, casting and superalloys, but not the grinding operations of super-hard alloy of iron-based metals, ceramics, glass, stone, silicon wafer, sapphire, etc., which should be processed with diamond abrasive grains. Because diamond has many extremely superior characteristics, the application of this material will lead the development of future technology.
Diamond Products	Diamond Dresser (Diamond Disc or Pad Conditioner)	As semiconductor manufacturing moves toward increasing multi-layering and miniaturization, Chemical Mechanical Planarization (CMP) has become the most widely adopted global planarization technology in current IC fabrication processes. In the CMP process, the pores on the polishing pad surface become clogged with impurities after prolonged use, leading to degraded polishing characteristics and a decline in the wafer removal rate. To address this, a diamond conditioner is required to timely dress the polishing pad, re-exposing the pores and restoring its polishing function. Modern conditioners are generally manufactured by brazing diamond grits onto a metal substrate. In the field of CMP, the diamond conditioner is a critical component that influences process stability, cost-efficiency, and wafer removal rate (productivity).
Wafer Products	Reclaimed Silicon Wafers	Reclaim wafers are not regenerated from defective products during the production of ICs, but monitor wafers and dummy wafers in the IC manufacturing process. The purpose is to reduce the cost of new test wafers and dummy wafers.

4. New products (services) to be developed

A. Advanced CMP diamond disks for 2nm and next-generation semiconductor processes

B. Reclaimed wafers for 17nm specifications

C. Silicon-based semiconductor grinding wheels for advanced packaging

D. Ultra-fine grit grinding wheels for Silicon Carbide (SiC) wafers

E. Grinding wheels for 12-inch Silicon Carbide (SiC) wafers

F. Research on diamond wafer grinding and related components

G. Grinding wheels for next-generation packaging technologies

H. Development of automated production technologiesR&D Strategy and Objectives

5. R&D strategy& Objectives

R&D strategy: Focusing on core grinding technologies, the company adopts the most efficient and flexible approaches to establish advanced technological capabilities and achieve scalable manufacturing. The objective is to solve critical technical challenges and build a sustainable competitive advantage.

R&D Management Approach: Through structured planning and the integration of enabling technologies, we enhance both the quality and scope of R&D activities. Our efforts progress from fundamental research to product optimization, and ultimately to breakthrough innovation. Technological evolution is further accelerated through industry-academia collaboration, the development of adaptive production environments, and strategic investments and acquisitions.

R&D Objectives:

(1) Establish a world-class center for advanced grinding technology development.

(2) Develop a comprehensive service platform for Green intelligent manufacturing and integrated solutions.

(3) Pioneer cross-disciplinary industrial ecosystems and value chains.

(4) Extend product lifecycles through continuous process enhancement and technological innovation.

(5) Broaden and deepen the spectrum of core technologies and fundamental research.

(6) Develop scalable production technologies for next-generation products.

(7) Strengthen intellectual property strategy and protection mechanisms to safeguard profitability and innovation output.

ii. Industry Overview

1. Industry Status and Development

With the relocation of low-end industries and the upgrading of domestic precision industries, the grinding industry faces a technology-centered competition of elimination. Customers with the demand for products that small factories rely on for their livelihoods have shifted to lower-cost countries and set up factories there due to the high production costs in Taiwan; the customers who have their roots in Taiwan, due to their own technological upgrades, will have an increasing demand for the manufacturing and after-sales service capabilities of grinding tools. Therefore, due to the operation of market functions, the industry will develop towards a trend of high technical level, sufficient process capability and diversified product customization.

As for the Company's CMP diamond disks, a number of new products have successively passed customer certifications and entered mass production. The demand for semiconductor customers is booming; in addition to the continuous increase in the market share, it has achieved a leading position in the advanced process and packaging market.

Due to the particularity of Taiwan's position and its key position in the industrial chain, the semiconductor industry has become a target to win over by all countries in the geopolitical conflict. Its overall industrial chain, led by the leader TSMC, is continuously leading advanced manufacturing processes, and the demand for its mature processes is in short supply. Therefore, the demand for reclaim wafers has also continued to rise in response.

2. Relevance of the industry's upper, middle and lower reaches

(1) Supply of Upstream Raw Materials

The Company's main products are grinding and cutting tools, and the main raw materials are abrasives. Abrasives are high-hardness substances used for grinding, polishing, and other material removal processes. It can be divided into traditional abrasives. (mainly alumina and silicon carbide) and super abrasives (diamond and cubic boron nitride). As there are no other alternative materials at the moment, the abrasive market is only affected by the economy and the development of downstream industries, and there is no product life cycle problem. However, due to the limited global suppliers of traditional abrasives and diamond abrasives and the requirement for the quality of raw materials, the Company mostly depends on imports for the demand in this area. The main sources of imports for traditional abrasives are IFM, Niche, 3M and Saint Gobain; diamond abrasives mainly come from Element Six, HYPERION, ILJIN and Lands. Among the recycled wafer

products, the raw materials for test wafers mainly come from the top five suppliers (SUMCO, SHIN-ETSU, GLOBAL WAFER, SILTRONIC, SK SILTRON).

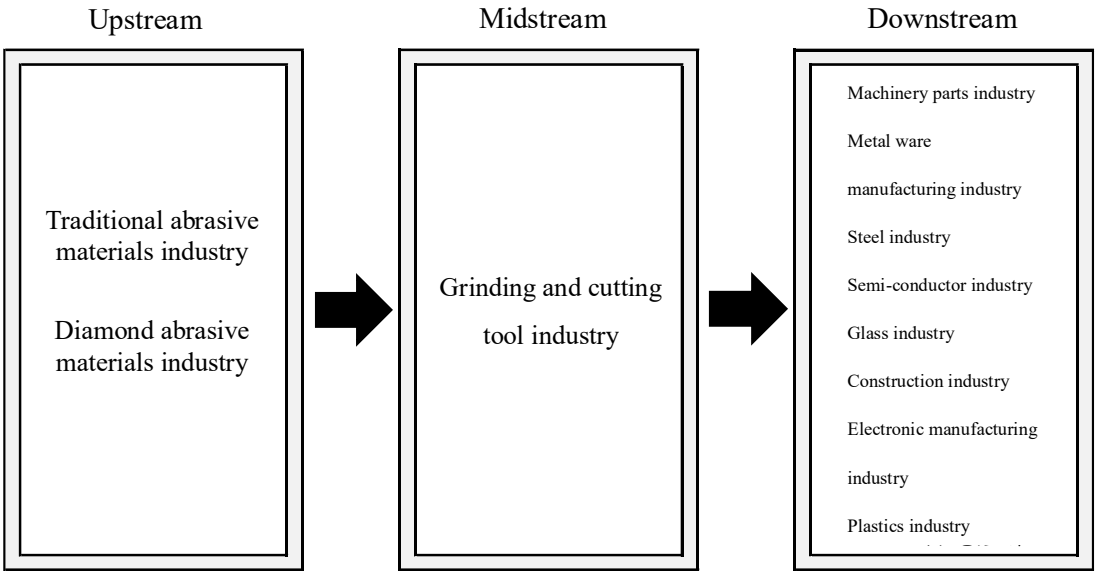
(2) Demand for Downstream Products

From the upstream, midstream, and downstream industries where the Company is located, the applications of grinding and cutting tools cover the industries of mechanical parts, hardware manufacturing, steel, semiconductor, glass, construction, electronics, plastics, optoelectronics, automobile and motorcycle, aerospace, shipbuilding, wind power and other downstream industries, which are necessary processing tools in the manufacturing process, and the industry relevance is extremely high; however, because of its wide market coverage and even distribution in various industries, they are less susceptible to the ups and downs of a single industry.

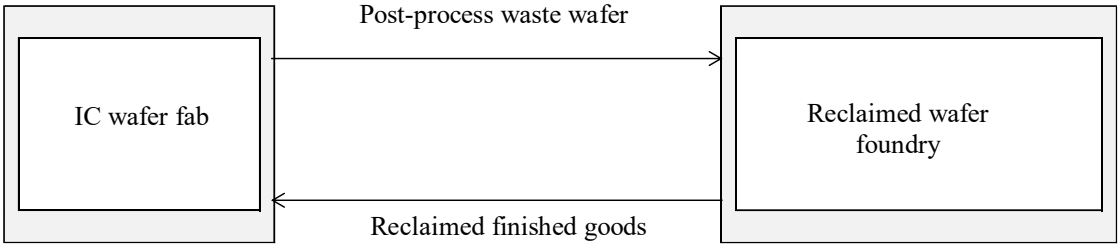
CMP diamond disks are consumables in the wafer manufacturing process. They are used in the chemical mechanical grinding (CMP) process in semiconductor manufacturing, covering the manufacturing of IC/silicon wafers, DRAM and LED diodes and third generation semiconductor (GaN, Sic) in the global semiconductor industry. Currently, the global supply is limited and it is an oligopoly market.

The downstream customers of reclaim wafers cover IDM, foundry and memory manufacturing; the customers come from all over the world and have extensive distribution. The Company is already an industry service company that serves the entire world. With the semiconductor customers continuing to expand and the demand growing, the demand for reclaim wafers is rising.

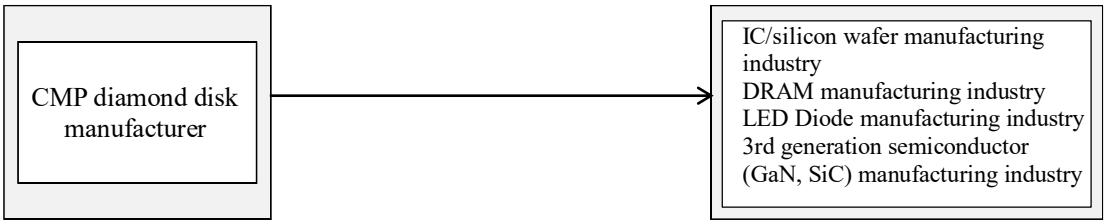
Conventional grinding wheel industry chain:



Reclaim wafer industry chain:



CMP diamond disk industry chain:



3. Product Development Trends and Competition

The development trend of abrasive products is that the process capability needs to provide products suitable for the processing of customer tables or workpieces and improve the grinding or cutting efficiency. For example, the development trend of consumer electronic products is "light, thin, short, and small," and the grinding tools used in their grinding processing must match accordingly. Because grinding tools are not final consumer products but are consumables in the processing, so the development trend is to make products that meet customer needs.

CMP diamond disks are an essential and critical consumable in the semiconductor wafer planarization process. As wafer manufacturing transitions from mature to advanced

nodes—moving from the nanometer era into the Angstrom era—the demand for planarization in wafer fabrication grows increasingly significant. Beyond the continuous refinement of product quality alongside semiconductor advancements, our role has further evolved into providing a "Total Solution" for the planarization process. By assisting customers in resolving planarization challenges, we establish closer partnerships and continue to advance toward even more sophisticated processes and advanced packaging.

Regarding the processing capability and product economic efficiency, the production of reclaim wafers with 0.1 micron for 8-inch wafers is the limit of the process. The existing wafer material quality is used for the 8-inch process to make the defect control in the raw material crystal pulling process or the subsequent processing quality meet the requirements. For 12-inch reclaim wafers, the quality of the original chips will be directly reflected in the yield of the recycled products. Therefore, the quality of 12-inch chips will be the focus of competition among chip suppliers. The current chip quality requirement has reached 19nm and will continue to move towards 17nm.

iii. Technology and R&D Overview

1. R&D expenses invested in the most recent year and until the date of publication of the annual report

Unit: NT$ thousand

Item \ Year	2025	March 31, 2026
R&D expenses (A)	191,203	48,369
Sales revenue, net (B)	8,149,475	2,293,229
Percentage of R&D expenses (A)/(B)	2.35%	2.11%

2. Technologies or Products Successfully Developed in the Most Recent Fiscal Year and Up to the Date of this Report:

(1) CMP diamond disks for 2nm semiconductor processes.

(2) Reclaimed wafers for 17nm specifications.

(3) High-grit thinning grinding wheels for silicon wafers.

(4) High-grit thinning grinding wheels for Silicon Carbide (SiC) wafers.

(5) Silicon-based semiconductor thinning grinding wheels for advanced packaging.

(6) Thinning grinding wheels for 12-inch Silicon Carbide (SiC) wafers.

iv. Long-term and Short-term Business Development Plans

1. Direction of Short-term Plan Development

(1) Marketing Strategy

A. Grinding Wheel

Stabilize the existing grinding wheel market, actively develop new customers, expand the market share, and gain customers' trust with stable quality, on-time delivery, and good after-sales service.

B. CMP diamond disk

(a) Reduce production costs based on existing technology and through product integration and improvement at this stage, and expand the scale of cooperation with existing customers.

(b) Through promotion of new products of Pyradia, EDP and equaDia, etc, expand the 12-inch wafer and advanced processing and packaging market, in order to further increase the market share.

(c) Actively strengthen the training of overseas service personnel and strategic alliances with related manufacturers to expand overseas sales channels with a more competitive attitude.

C. Reclaim wafer

In addition to continuing to strengthen and improve services to existing Taiwanese customers, the Company is actively obtaining certification with overseas semiconductor IDM factories, foundries or DRAM factories to expand the overseas market share.

(2) Production Strategy

A. Continue to invest in the research and improvement of production technology, and develop new products and new processes in response to market demand to improve market competitiveness.

B. Strengthen product design and process management, and implement a quality control system to improve product quality.

(3) Product Development Direction

A. Deploy complete product lines and product supply capabilities, and develop new materials and technologies.

B. Master the core technology and mass production capacity of products, and

expand the depth and breadth of product sales.

C. Use existing production equipment to improve product quality and produce high value-added products to enhance profitability.

(4) Operating Scale

To become a leading brand in the grinding tool industry, the Company continues to develop related technologies and products through investments in funds and talents to expand the Company's operating scale in a timely manner, in order to strengthen the position as a leading manufacturer in the grinding tool industry.

(5) Financial Cooperation

Strengthen comprehensive financial planning and cost control to reduce operational risks and improve competitiveness.

2. Long-term Development Strategy

(1) Marketing Strategy

A. Grinding wheel

Continue to develop long-term cooperative relations with customers and agents, and penetrate into other international markets, develop direct large-scale customers, and actively grasp vast business opportunities.

B. CMP diamond disk

Provide differentiated total solutions according to the individual needs of customers, and combine the downstream application requirements of the CMP market and the upstream machine specifications to develop new products and build a sales system that shares resources and profits.

C. Reclaim wafer

Invest in the development of next-generation processes in a timely manner in line with customers' product line width reduction and process requirements. Actively apply core technology to high value-added hard and brittle material products (e.g. Group III semiconductor materials) in other semiconductor industries to increase product breadth and scale of operation; on the other hand, accelerate capacity expansion and quality improvement in response to the increasing demand for 12-inch wafer regeneration from domestic and foreign customers.

Our new fab in Zhunan has built a complete 12" wafer production capacity from slicing, rinsing and inspection. We sell 12" test wafers to our customers, providing them with a backup solution to purchase test wafers, and establishing own

cutting and processing production capacity, in order to provide wafer products of special specifications to customers.

(2) Production Strategy

Continuously improve process technology, shorten the production cycle, improve product quality and inventory turnover rate, achieve the goal of reducing production costs, and actively expand the deployment of overseas production bases.

(3) Product Development Direction

Strengthen the R&D lineup, continue to expand the leading position and advantages in diamond-related applications, cooperate with customers and manufacturers to develop new product technologies, and develop marketable and high value-added products in different application fields in the hope to provide customers with a total solution for cutting, grinding and polishing and create value jointly with customers.

(4) Operating Scale

Strengthen the system integration of R&D, production, information, procurement and marketing, expand the production line in line with the development of new products, and develop product diversification and business diversification.

(5) Financial Cooperation

Use the money market or capital market in due course to raise funds for future operations.

(II) Market, Production and Sales Overview

i. Market Analysis

1. Sales (Supply) Regions of Major Products (Services)

Unit: NT$ thousand

Year / Sales Region		2023		2024		2025	
		Amount	%	Amount	%	Amount	%
Domestic sales		3,658,038	57.33	4,411,858	62.85	5,149,896	63.19
Export sales	USA	680,604	10.67	576,711	8.22	502,121	6.16
	Singapore	549,740	8.62	488,794	6.96	448,210	5.50
	China	517,490	8.11	433,609	6.18	462,866	5.68
	Japan	975,032	15.27	311,484	4.44	505,963	6.21
	Others			797,037	11.35	1,080,419	13.26
	Total with foreign	2,722,866	42.67	2,607,635	37.15	2,999,579	36.81
Total		6,380,904	100	7,019,493	100	8,149,475	100

2. Market Share

(1) Grinding wheel

The Company's traditional porcelain grinding wheels and resin grinding wheels have a combined market share of approximately 35%, and diamond-related tools have a market share of approximately 15%.

(2) CMP diamond disk

According to the statistical analysis of the American Dow Company, if the market share of CMP diamond disks is converted according to the sales amount of each manufacturer, the Company's global market share in 2024 is approximately 35%.

(3) Reclaim wafer

The Company’s domestic market share for reclaimed wafers has exceeded 30%. In terms of revenue distribution, the domestic market and international customers each account for 50% of the total revenue.

3. Future Supply and Demand and Growth of the Market

(1) Possible Supply Situation in the Future

Grinding tools are consumables used in the machining process and are not final consumer products. The supply of such products depends on that the manufacturing capability that can provide products suitable for customer machines or workpiece processing and improve grinding and cutting efficiency. In addition, the manufacturing of grinding tools involves many technologies and falls under a medium to a high level of labor-intensive industry. In addition to the quality of the product itself, the technical guidance services provided by the seller can also improve the processing efficiency of the manufacturer and the added value of the product. In the future, with the structural changes from the overall industrial upgrading in Taiwan, suppliers that can support technical services will be able to enhance the sales capabilities of their products. Given the current situation where large and small manufacturers compete together, the phenomenon of growth and decline will gradually occur.

(2) Possible Future Demand

A. Traditional Grinding Products

In terms of market demand, the downstream application industries of traditional grinding tools are broad, but mainly in the machine tool industry, the steel industry, the automobile industry and the hardware manufacturing industry, which have the highest proportions. In addition, with the current vigorous development of

the global semiconductor industry, the demand for diamond grinding wheel products used in this industry's grinding will also continue to grow.

B. CMP diamond disk

CMP diamond disks are primarily applied in the semiconductor Chemical Mechanical Planarization (CMP) market. One of the key requirements in CMP is high throughput, meaning that the wafer output per unit of time must meet specific standards. To fulfill the requirements for production volume and quality stability, diamond conditioners must be used to dress the polishing pads during the process. As polishing progresses, by-products and reaction residues deposit within the microscopic pores or grooves of the polishing pad, eventually clogging them. This prevents the slurry from distributing evenly across the pad, degrading its polishing characteristics—a phenomenon known as "glazing." Therefore, dressing with a diamond conditioner is necessary to maintain the stability of the polishing pad's removal capability over extended periods. With the rapid development of advanced processes and packaging, the demand for diamond conditioners has seen exponential growth. In the future, diamond conditioners used in CMP processes will need to meet the following requirements:

(a) Stable and fast wafer removal rate

The diamond disc conditioner needs to be able to properly condition the grinding pad and then regenerate the grinding pad function so that the grinding pad can provide a stable and fast wafer removal rate.

(b) Extending the life of the grinding pad

The grinding pad is a consumable item during the conditioning process. Therefore, based on cost considerations, over-conditioning the grinding pad by the diamond conditioner should be avoided to extend its life.

(c) Ensuring that the diamond does not fall off

The diamond attached to the diamond disc conditioner should be stable and not fall off to avoid scratching the wafer.

C. Reclaim wafer:

With the explosive demand for 2nm advanced processes and AI High-Performance Computing (HPC), according to the latest 2026 industry and financial data analysis, the total monthly capacity for 12-inch semiconductor reclaimed wafers in Taiwan is projected to reach approximately 2.2 to 2.3 million pieces by the end of the year. While the figure of 2.2 million appears substantial, and Taiwan's four major reclaimed wafer foundries are initiating large-scale capacity releases in 2026, market

demand is expected to continue outpacing supply until the full-scale mass production of 2nm and the arrival of the AI demand plateau.

Regarding the structural shortage of reclaimed wafers, the Company believes the market has entered a phase of high stratification. Of these 2.2 million wafers, approximately 60% are for mature processes—a segment characterized by intense competition. However, the Company's strategy has consistently focused on leveraging technology premiums and ecosystem integration to replace sheer production scale. Specifically, we target high-precision, high-end specifications and utilize our experience in supporting advanced processes to export our service models overseas, further deepening ties with international customers. Through continuous and close interaction with clients, we aim to capture more niche products while persistently enhancing our technical capabilities and product quality.

4. Competitive Niche

(1) Complete Marketing Channels and Customer Service

Since grinding and cutting tools are manufactured in accordance with the requirements of downstream industry customers for workpiece accuracy, they are consumable materials and are not directly sold to end consumers. As far as the grinding market is concerned, Taiwan's domestic market scale is limited and needs to rely on the international market. Therefore, the deployment of marketing channels is the key to the development of the industry. With long-term efforts, the Company has established a good model of interaction with domestic and foreign customers, such as TSMC, UMC, Powerchip, GF, Micron and other internationally renowned manufacturers and potential customers. It has actively expanded the export market through overseas agents and strategic alliances.

(2) Integrated Technical Support and After-sales Service

Under the professional division of labor, the value that the Company can provide to downstream players is no longer limited to products and prices. Still, it extends to logistical support, which has become part of the overall value chain of downstream customers to help downstream manufacturers to provide application technical support at any time, thus effectively enhancing service value and efficiency to improve the satisfaction of the final market.

(3) Innovation and Improvement of Technical Capabilities

Due to the rapid development of the grinding market, the application of various new processes and the promotion of new products significantly impact the industry. With the rapid changes in downstream market demand, the Company not

only fully grasps the future movement of the market but continues to use new technologies in the manufacturing process and products and closely communicate and cooperate with customers in order to grasp the development trends of industrial technology and establish a channel for collecting market information, so as to facilitate the development of downstream markets and related products.

5. Advantages and Disadvantages of Development Prospects and Countermeasures

(1) Favorable Factors

A. Grinding Wheel Products

(a) The product line is complete, the customer base is extensive, and the industry risk is relatively reduced.

Grinding wheel products have a wide range of applications, including machinery, hardware, steel, molds, automobiles, glass, aerospace and other industries that need to use this product. The Company has independent marketing and manufacturing capabilities and can accept orders with special specifications from customers, making the product line that can be provided quite complete. The customer base is wide and covers various industries; therefore, the industry climate risk is relatively small.

(b) Stable Customer Relationship

Since its establishment, the Company has been adhering to the business philosophy of "Good together: Good to You, Good to Me, Good to All" regardless of the size of customers, to assist customers in solving the problems they face in manufacturing and processing, and provide them with what they need in a timely manner in the course of the upgrading of the customer's manufacturing process; therefore, the Company has maintained a long-term and good cooperative relationship with customers. The Company has a stable relationship with downstream customers and cannot be easily replaced by other manufacturers.

(c) Regional Advantage

The Company's location in the mainland is convenient for downstream manufacturers to replace old grinding wheels with new ones and save a lot of costs for manufacturers than purchasing grinding wheels

abroad.

(d) Development and Introduction of New Products and New Processes

With the development of new abrasives and new binders, the Company has continued to develop many new products in recent years in response to the advancement of grinding and polishing technologies. The mass production of new products will help to decentralize the market and expand market share. In addition, in order to improve product quality and level, the Company is introducing new process technology to create high value-added products and achieve the Company's operating goals.

B. CMP diamond disk

(a) Located in Taiwan Which Is the Center of Semiconductors

Taiwan is the center of global semiconductors. Therefore, domestic CMP diamond disk manufacturers have an excellent geographical advantage in the interaction with downstream semiconductor manufacturers. In addition to the supply of CMP diamond disk products, through cooperation between its R&D and production departments, the Company has further evolved into a supplier of information, inventory management and other spare parts to provide customers with total solutions, thereby enhancing customers' willingness to cooperate in the long-term and the Company’s competitiveness in the market. In addition, in overseas business development, the rich Taiwanese technical experience can provide customers with the most suitable products and solutions.

(b) Steady Growth of Major Semiconductor Manufacturers

The market for advanced semiconductor processes and packaging is currently facing a supply-demand imbalance, with demand significantly outpacing supply. Leading wafer and memory manufacturers, as well as foundries—such as TSMC, UMC, VIS, SMIC, GlobalFoundries, Micron, and Intel—are aggressively establishing new fabrication plants and continuously expanding their capital expenditures. Furthermore, technological upgrades serve as the primary driver of semiconductor capital market growth; specifically, the rising demand for equipment supporting 3nm and sub-3nm nodes is a key catalyst for the massive capital expenditures in the foundry sector.

Chemical Mechanical Planarization (CMP) is currently the premier method for achieving "global planarization" in the global IC industry and has emerged as one of the fastest-growing technologies in the semiconductor equipment market in recent years. Beyond its extensive use in surface polishing for front-end silicon wafer processes, CMP technology is applied in various stages depending on the IC type, including device formation, interlayer insulation, and interconnect layers. As line widths continue to shrink, the CMP diamond disks produced by the Company are becoming increasingly integral to this high-potential technology, representing substantial market growth opportunities.

(c) Product Quality and Goodwill Establishment

The CMP diamond disk is a necessary and critical consumable product in the semiconductor manufacturing process. Its diamond arrangement, height and the curved surface of the circular metal plate are all variable factors that affect the process results and are among the many process parameters. Since the semiconductor manufacturing process is complex and the gross profit rate directly affects the price competitiveness of wafers, the stability of the process and the yield rate of wafers are prioritized by general wafer foundries. However, due to its special patentability, the CMP diamond disks of Kinik Company can not only ensure that the diamonds do not fall off during the process, but also save the cost of grinding pads and grinding fluids during the process, and improve the removal rate and yield of wafers. Therefore, the quality of the Company’s CMP diamond disks has been widely recognized by downstream semiconductor manufacturers.

C. Reclaim wafer

(a) Market Demand Changes

i. Demand for semiconductor reclaimed wafers in Taiwan has been on a steady upward trajectory in recent years, fueled by the accelerated pace and scale of capacity expansion among our clients. In particular, supply-demand dynamics for high-end reclaimed wafers remain exceptionally tight. To address this, the Company launched the Zhunan Phase 2 expansion project in Q2 2025, which is slated for completion in Q3 2026. This expansion primarily focuses on increasing capacity for reclaimed wafers with 17nm and 19nm specifications, further solidifying our leading position in the industry.

ii. Because 8-inch wafers are less competitive in products with fine line widths, the demand for wafer reclamation services has no longer increased. Therefore, the Company is actively expanding overseas markets; on the other hand, in conjunction with the business transformation of customers, many third generation semiconductor material applications have emerged, accompanied by new processing services and new product requirements. The Company uses existing production line capabilities to respond to new customer needs and seize the industry opportunity for transformation.

(b) Products Already Recognized by Customers

By establishing comprehensive digital systems, high-efficiency Manufacturing Execution Systems (MES), and robust Quality Management Systems (QMS), we have elevated both our technological capabilities and service quality to new heights, consistently earning high praise and recognition from our customers.

(2) Disadvantages and Countermeasures

A. Grinding Wheel Products

(a) Imports Required for Most of the Main Raw Materials

The main raw materials of traditional abrasives need to be imported, and the imports concentrate in Europe and mainland China. There is no domestic production, and the operation of foreign procurement takes a long time. Therefore, the safety stock of raw materials cannot be easily reduced. Besides, the purchases are mostly priced in US dollars, so the cost of the raw material is susceptible to changes in exchange rates.

Countermeasures:

Stabilize the cooperative relationship with existing suppliers and actively look for other suppliers with competitive prices to increase the source of supply; in addition, the marketing unit shall firmly control the sales forecast to schedule the production plan in advance and properly manage the raw material inventory circumstances, so that the purchase speed of raw materials will not affect sales.

(b) Highly Replaceable Product Technology

The industrial technology of the grinding industry is changing rapidly, and the replacement of new materials is fast. In particular, grinding wheel

products are often replaced in a generation with the advent of new products; these are all tests to product and technology development capabilities.

Countermeasures:

Grasp the trend of technology and its application to develop new materials and new product lines, strengthen the collection of market intelligence, and keeping an eye on the trends of suppliers and customers.

(c) Higher Inventory Volume

As grinding and cutting tool manufacturers respond to the needs of downstream manufacturers of different natures, their production method is mostly order-based production. However, based on the consideration of economies of scale and timely supply, and supplemented by planned production, the Company usually maintains a higher inventory volume.

Countermeasures:

Strengthen the information control of product supply, purchase and inventory to improve inventory turnover and reduce the risk of sluggish inventory.

B. CMP diamond disk

(a) Intense Market Competition

In order to gain market share, South Korean competitors launched a low-price attack which results in fierce market price competition, and even major U.S. manufacturers that had rarely cut prices have joined the battle.

Countermeasures:

In response to the price strategy of competitors' products, provide improved products on the existing process to extend the life of CMP diamond disks to help customers save overall costs; on the other hand, actively gain customers' trust in the Company's diamond discs in advanced manufacturing processes, in order to raise the entry barrier for competitors and increase the competitive advantage of the Company's CMP diamond disks. At the same time, the long-term cooperation model established by the Company with CMP application manufacturers can enhance product application efficiency and effectively provide customers with total solution for their manufacturing processes.

C. Reclaim wafer

(a) Specification Requirements Are Becoming Stricter

The 12-inch product specification has reached 19nm and will further shrink to 17nm in the future.

Countermeasures:

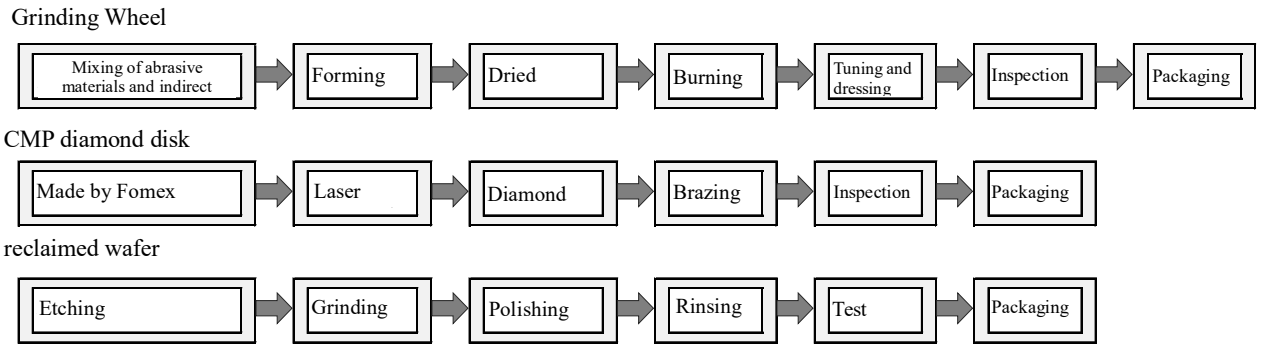
Actively improve process capabilities and grades to respond to 19nm and future 17nm process requirements.

ii. Important Applications and Production Process of Main Products

1. Important Applications of Main Products

Product items	Main Applications	Application Industry
Grinding wheel	It is the mother tool of machine tools used for grinding, removing defects and cutting machine parts. It can be widely used for all kinds of processing, grinding and precision polishing according to the different abrasives, bonding agents and manufacturing methods.	Machinery parts industry, hardware manufacturing industry, steel industry, semiconductor industry, glass industry, construction industry, electronics manufacturing industry, plastic industry, photoelectric industry, automobile and motorcycle industry, aerospace industry, shipbuilding industry, wind power industry, etc.
CMP diamond disk	It is used in the CMP process of the semiconductor industry; the unique patented manufacturing method can ensure that the diamonds do not fall off and do not scratch the wafer.	Foundry, DRAM manufacturing, hard disk manufacturing, LED, third generation semiconductor (GaN, SiC) and others.
Reclaim wafer	Used in semiconductor manufacturing processes or products.	IDM, wafer foundries, DRAM factories and equipment vendors.

2. Production Process



iii. Supply status of main raw materials

Name of main raw materials	Main sources of supply	Supply status
Traditional abrasive materials	IFM	Good
	Niche	Good
	3M	Good
	Saint Gobain	Good
Diamond abrasive material PCD blank	Element Six	Good
	HYPERION	Good
	Lands	Good
	ILJIN	Good

iv. Name List of Main Trade Creditors/Debtors

1. For either fiscal year of the two most recent fiscal years, the suppliers with the total purchase of 10% or more.

Unit: NT$ thousand

Item	2024				2025				Up to the last quarter of 2026			
	Name	Amount	As a percentage of net purchases for the year (%)	Relationship with the issuer	Name	Amount	As a percentage of net purchases for the year (%)	Relationship with the issuer	Name	Amount	Net purchase percentage up to the last quarter of the current year (%)	Relationship with the issuer
1	Company G	226,058	10.81	None	Company G	313,006	13.50	None	Company G	49,981	8.21	None
Others		1,865,272	89.19	-	Others	2,005,120	86.50	-	Others	558,772	91.79	-
Net purchase amount		2,091,330		-	Net purchase amount	2,318,126		-	Net purchase amount	608,753		-

2. For either fiscal year of the two most recent fiscal years, the customers with the total sale of 10% or more.

Unit: NT$ thousand

Item	2024				2025				Up to the last quarter of 2026			
	Name	Amount	As a percentage of net sales for the year (%)	Relationship with the issuer	Name	Amount	As a percentage of net sales for the year (%)	Relationship with the issuer	Name	Amount	As a percentage to net sales as of the previous quarter of the year (%)	Relationship with the issuer
1	Company A	2,355,553	33.56	None	Company A	2,957,823	36.29	None	Company A	781,717	34.09	None
Others		4,663,940	66.44	-	Others	5,191,652	63.71	-	Others	1,511,512	65.91	-
Net sales amount		7,019,493		-	Net sales amount	8,149,475		-	Net sales amount	2,293,229		-

(III) Number of Employees, Average Seniority, Average Age and Qualification Distribution and Percentage for the Past Two Years Until the Printing Date of the Annual Report and Ratios thereof

Year		2024	2025	April 30,2026
Number of employees	Direct labor	983 people	1,058 people	1,059 people
	Indirect labor	740 people	715 people	712 people
	Total	1,723 people	1,773 people	1,771 people
Average age		41.58 years of age	41.33 years of age	41.36 years of age
Average years of service		12.60 years	12.32 years	12.38 years

Year		2024	2025	April 30,2026
Distribution of academic qualifications	PhD	0.35%	0.39%	0.40%
	Master's Degree	8.53%	8.40%	8.47%
	Bachelor's Degree	50.15%	51.10%	51.27%
	High School	33.95%	33.78%	33.82%
	Below High School	7.02%	6.32%	6.04%

(IV) Expenditure on Environmental Protection

i. The total amount for losses (including compensation) and fines suffered by the Company due to environmental pollution in the last year and as of the date of publication of the annual report, future countermeasures (including improvement measures) and possible expenditures (including the anticipated loss, disposition and compensation amounts incurred for not adopting the response measures; and amounts cannot be reasonably estimated, describe why):

All of the Company's production sites—including Yingge, Hsinchu, Zhubei, Shulin, and Hsinchu Science Park—have successfully implemented and obtained certifications for ISO 14001 and ISO 45001. Furthermore, the Company conducts annual greenhouse gas inventories with external verification (ISO 14064-1). Our Shulin and Zhubei sites have obtained ISO 50001 Energy Management System certification, while the Yingge site has passed ISO 46001 Water Efficiency Management System verification. SGS Taiwan and the British Standards Institution (BSI) conduct periodic tracking of our environmental performance, safety and health metrics, energy indicators, and water efficiency targets at each site; to date, no major non-conformities have been reported. To further strengthen these initiatives, the Company has elevated the Environmental, Health, and Safety department to a first-level corporate unit, currently staffed with 19 dedicated professionals, which significantly bolsters our environmental management and related green operations.

(V) Labor-management Relations

i. The Company's various employee welfare measures, advanced education, training, and retirement systems and their implementation status, as well as the agreements between labor and management and various employee rights protection measures

1. Employee Welfare Measures

The Company has established the Employees Welfare Committee in accordance with the law on May 8, 1973, and the committee members are elected by both employers and employees to jointly perform employee welfare-related businesses. In addition, relevant management regulations and operating standards are handled in accordance with

the provisions of the Labor Standards Act. The Company's employee welfare measures are diversified, such as training grants, wedding, funeral and celebration subsidies, new year and festival gifts, birthday gifts, and group insurance for employees and family members. In response to the staff's training needs, the Company offers various training courses for new recruits and on professional skills, management skills, and self-enlightenment to provide employees with complete courses of professional skills development, self-growth, and enlightenment.

2. Retirement System and Implementation

In accordance with the relevant provisions of the Labor Standards Act, employee retirement reserves are allocated at 6% of the total monthly salary and deposited at the Bank of Taiwan in a dedicated account. The payment of employee pensions is also handled in accordance with the provisions of the Labor Standards Act. Starting from July 1, 2005, employees who choose the pension system applicable under the Labor Pension Act will have 6% of their monthly salary allocated to the individual pension account of the Labor Insurance Bureau. According to the provisions of the Labor Standards Act, the balance of the dedicated account of the Workers' Retirement Reserve Fund shall be estimated before the end of each year. If the balance is insufficient to pay in the next year to the workers who meet the requirement in Article 53 or subparagraph 1, paragraph 1, Article 54, then based on the amount of pension calculated in accordance with the preceding article, the difference shall be allocated before the end of March of the following year. The figure shall be submitted to the Supervisory Committee of Workers' Retirement Reserve Fund of the business unit for review.

3. Agreement Between Labor and Management

The rights and obligations of both employers and employees shall be handled in accordance with the various provisions of the Company's work rules.

4. Staff Training Status

The Company has planned a variety of advanced studies and training courses for supervisors and employees at all levels and has formulated "Training Measures." The main training courses include pre-employment training, on-the-job training by work level, on-the-job training by function and general skills training; a total of NT$3,818 thousand was spent on training in 2025.

ii. Losses suffered due to labor disputes for the most recent year and up to the publication date of the annual report, and disclose the estimated amount and corresponding measures that may occur at present and in the future. If no estimation can be reasonably made, explain the fact of not being able to reasonably make the estimation:

The Company has established a good labor-management relationship, and there has been no labor dispute and no loss due to material labor disputes. In addition, the Company adopts the human-based management on employees, and the possibility of labor disputes and losses in the future is extremely low.

iii. Code of Employee Conduct and Ethics

All the Company's operations and employees' rights and obligations are clearly stipulated in relevant rules and regulations for compliance, which are placed on the internal website for all employees to view at any time. The relevant regulations and methods of employee conduct or ethics code are listed as follows:

1. Hierarchical Responsibility

The Company has established clear approval authority for each operation according to the development needs of the organization, in order to effectively regulate the authority of each job rank and to ensure the normal operation of the Company. Relevant regulations and measures include "Organizational Regulations," "Job Authorization System," and so on.

2. Departmental Duties

According to the functions of the main departments, the Company clearly specifies the duties and organizational functions of each department, in order to implement the division of labor of each department and to strengthen the Company's competitiveness. Relevant regulations and measures include "Business Separation Measures for Division of Responsibilities", etc.

3. Reward and Punishment Regulations

Based on employees' special contributions and the damage caused to the Company, the Company has clearly specify the work discipline and code of conduct of employees, in order to achieve the purpose of encouragement or warning for employees. Relevant regulations and measures include "Reward and Punishment Management Measures" and "Employee Relationship Management Measures."

4. Performance Management

Based on employees' work performance, the Company regularly conducts performance evaluation annually, in order to be used as a basis for providing return to work efforts and for review of deficiencies. Relevant regulations and measures include " Regulations Governing Performance Appraisal."

5. Attendance and Business Travel Management

Implement the duty agent system, and establish good discipline to improve the quality of work to clearly regulate the related operations of business travels and leaves. Relevant

regulations and measures include "Business Travel Management Measures" and "Attendance Management Measures."

6. Sexual Harassment Prevention Measures and Workplace Illegal Infringement Prevention Measures

In order to provide the Company's employees and job applicants with a working and service environment that is free from any sexual harassment and illegal infringement, the Company has adopted appropriate preventive, corrective, disciplinary and handling measures, in order to protect the rights, interests and privacy of the employees and job applicants. Relevant regulations and measures include "Sexual Harassment Prevention Measures and Workplace Illegal Infringements, Appeals and Punishment Measures."

iv. Work environment and employee safety measures

1. Employee insurance system:

(A) Labor insurance: The benefits for childbirth, injury and sickness, disability, retirement and death under the Labor Insurance Act.

(B) National health insurance: Employees and their dependents may receive the medical services under the National Health Insurance Act.

(C) Employee group insurance: Enrolled in the insurance program at the Company's expenses, covering term life insurance, accidental injury insurance, accidental insurance, hospitalization medical insurance and cancer medical insurance.

(D) Employee dependent insurance: Enrolled in the insurance program at the employee's expenses, covering accidental insurance for the employee's spouse, and hospitalization medical insurance for the employee's spouse, children and parents.

2. Build the safe workplace:

The Company organizes the personal safety and fire protection drills and health promotion activities, including:

(A) General safety and health education and training: The instructions to environmental safety and health and use of personal protective gears at factory premises.

(B) General education and training for hazard: Instructions to the hazardous characteristics and safety and health of chemicals at the plant sites.

(C) Education and training for dust workplace: Environmental safety and health requirements at dust workplaces.

(D) Education and training for noisy workplaces: Prevention of noise and use of

personal protective gears.

(E) Education and training for organic solvent workplace: Environmental safety and health requirements at organic solvent workplace.

(F) Fire protection drill: Announcement of basic knowledge about fire protection, escape and firefighting drills.

(G) In-service education and training for occupational safety and health: Have related personnel attend the training and workshop organized by contract externally.

(H) Safety and health education and training for contractors: Train and advise contractors about the safety, health and environment requirements at the factory premises.

(I) Safety and health education and training for new employees: Related instructions to the safety, health and environment and system controls at the factory premises.

(J) Education and training for the management at all levels: Announcement of responsibility and duty to be performed by various supervisors, and preventive measures implemented in the workplace (e.g.,noise and dust, etc.).

(K) Announcement of sexual harassment prevention measures and workplace infringement prevention measures

(L) Announcement of maternal health protection

(M) Health promotion conference and weight management planning: Announcement of the importance of health diet and fitness, and measures

v. Company Business Philosophy

Good Together

1. Good to You: Keep improving and enhance quality to meet the grinding needs of customers.

2. Good to Me: Pay attention to shareholder rights and employee welfare, and emphasize humanization and rational management, so as to achieve harmonious and sustainable operation for all employees.

3. Good to All: Give full play to business performance, give back to society, and fulfill corporate social responsibility.

(VI) Information Security Management

i. Please describe the cyber security risk management architecture, cyber security policy, specific management solution and resources invested in cyber security management

1. Information security management structure: An information security unit is formed

under the Sustainable Development Committee to coordinate and implement the Company's information security policy, advocate information security, and raise employees' information security awareness. It also reports to the CEO and Chairman from time to time on information security implementation result.

2. Information Security Policy:

(1) Objectives of Information Security: To establish a secure and reliable operating system to ensure the data, system, equipment and network security for the Company so that the Company's right and interests and the information system in each unit can be well protected.

(2) Scope of Information Security:

A. Personnel management and information security training.

B. Computer system security management.

C. Network security management.

D. System access control.

E. Security management for system development and maintenance.

F. Security management for IT assets.

G. Security management for physical and environment.

H. Management for information system sustainability plan.

I. Information security auditing.

3. Specific Measures for Information Security:

In order to implement the effective operation and various information management systems in the Company, maintain the confidentiality, integrity, and availability of important information systems, ensure information systems and network equipment can be safely maintained and operated to achieve the goal of sustainability, the specific management measures for information security are as follows:

(1) Authority management: management measures for personnel account, authority and system operation. (e.g. the authority to manage and review personal account and periodic inventory for personnel account authority)

(2) Access control: control measures for personnel access to internal and external systems and data transmission. (e.g. internal/external access control measures, and personnel access track records)

(3) External threats: internal potential weaknesses , tracking computer viruses, and protection measures. (e.g. host/computer vulnerability detection and update measures, virus prevention, and malware detection)

(4) System availability: system availability status and handling measures when services are interrupted. (e.g. monitoring and notification mechanism for system/network availability, contingency measures for service interruption, information backup measures, local/remote backup mechanism, and periodic IT disaster recovery drills)

4. Information security management resources:

(1) Network hardware equipment: firewall, antivirus for email system, spam filtering, internet behavior analysis.

(2) Software system: endpoint security, backup software, VPN authentication, encryption software.

(3) Telecom services: use of multiple lines, cloud backup services, dedicated network lines, intrusion prevention services (IPS).

(4) Human resources: daily system check, implementation of periodic backup and off-site storage of backup data, IT disaster recovery drill, annual internal audit of the information cycle, CPA's audit.

(5) ISO 27001:2022 Certification: Completed the annual surveillance audit for the ISO/IEC 27001:2022 Information Security Management System (ISMS) to ensure continuous compliance with international information security management standards.

(6) Regular Cybersecurity Meetings: Cybersecurity meetings are convened quarterly, with a total of four meetings held this year.

(7) Board Meetings: Information security implementation results are reported to the Board of Directors annually. The 2025 implementation results were reported to the Board on December 24, 2025.

ii. For the most recent year and up to the printing date of the annual report, the loss due to major cyber security events:

None.

(VII) Important Contracts

None

V. Review of Financial Position, Business Performance, and Risk Issues

(I) Financial Position

Unit: NT$ thousand

Item \ Year	2025	2024	Difference	
			Amount	%
Current assets	5,481,904	5,236,594	245,310	4.7%
Fixed assets	5,416,834	4,248,650	1,168,184	27.5%
Other assets	2,359,273	1,565,619	793,654	50.7%
Total assets	13,258,011	11,050,863	2,207,148	20.0%
Current liabilities	2,182,088	1,474,912	707,176	47.9%
Long-term liabilities	2,587,313	2,149,636	437,677	20.4%
Total liabilities	4,769,401	3,624,548	1,144,853	31.6%
Share capital	1,472,919	1,459,504	13,415	0.9%
Capital surplus	1,688,223	1,636,863	51,360	3.1%
Retained earnings	5,016,716	4,053,261	963,455	23.8%
Total equity	8,488,610	7,426,315	1,062,295	14.3%

Explanation:

1. Increase in Fixed assets, Other assets, and Total assets was primarily due to the expansion of the Zhunan plant.
2. Increase in Current liabilities was primarily due to an increase in short-term borrowings.
3. Increase in Long-term liabilities was mainly attributable to the increase in deferred income tax liabilities.
4. Increase in Total liabilities was primarily driven by the increase in short-term borrowings and deferred income tax liabilities.
5. Increase in Retained earnings was primarily due to the growth in profit resulting from the increase in annual revenue.

(II) Financial Performance

Unit: NT$ thousand

Item \ Year	2025		2024		Amount of increase (decrease)	Change in (%)	Analysis on changes
	Subtotal	Total	Subtotal	Total			
Total net operating revenue	$8 ,162 008		$7,026,604				
Less: Sales returns and allowances	(12,533)		(7,111)				
Net operating revenue		8,149,475		7,019,493	1,129,982	16.10%	
Operating cost		(5,502,434)		(4,831,377)	(671,057)	13.89%	
Operating margin		2,647,041		2,188,116	458,925	20.97%	V
Operating expenses		(1,343,734)		(1,032,919)	(310,815)	30.09%	V
Net operating profit		1,303,307		1,155,197	148,110	12.82%	
Non-operating income (expenses)		355,543		133,585	221,958	166.15%	V
Net profit before tax		1,658,850		1,288,782	370,068	28.71%	V
Income taxes (expenses)		(262,051)		(226,792)	(35,259)	15.55%	
Net income of the current period		1,396,799		1,061,990	334,809	31.53%	V
Other comprehensive income		(7,957)		66,921	(74,878)	-111.89%	V
Total comprehensive income of the current period		1,388,842		1,128,911	259,931	23.02%	V

Explanation:

1. Increase in Operating margin was primarily due to the increase in Net operating revenue for the current period.
2. Increase in Operating expenses was primarily driven by the increase in administrative expenses resulting from the growth in Net operating revenue.
3. Increase in Non-operating income was primarily due to the bargain purchase gain arising from the acquisition of subsidiaries.
4. Increase in Net profit before tax was primarily attributable to the increase in Net operating revenue and Operating margin.
5. Ihe increase in Other comprehensive loss was primarily due to the increase in exchange differences on the translation of financial statements of foreign operations.
6. Increase in Total comprehensive income of the current period was primarily driven by the growth in Net operating revenue, resulting from the continued robust development of the AI and semiconductor industries in 2025.

Estimated sales volume and its basis, possible impact on the Company's future financial business and its response plan:

1. Estimated sales volume and its basis:

Driven by the rising demand for 5G, AI servers, and automotive semiconductors, wafer fabs continue to expand their production capacity, which in turn fuels the growth in demand for reclaimed wafers and CMP diamond disks. Consequently, KINIK's revenue is poised to sustain its growth momentum this year. Furthermore, the new production line added to the Hsinchu Science Park Plant in 2025 is scheduled for completion by mid-2026, which will further contribute to our future revenue. The Company will remain dedicated to enhancing production efficiency, optimizing costs, and refining the product mix to successfully achieve our profitability targets.

2. Possible impact on the Company's future financial business and its response plan:

The Company expects to maintain profit and continue to generate cash; therefore, there is no significant financial impact.

(III) Cash Flow

i. Summary of net cash flow change analysis in the most recent year

Year / Item	2025	2024	Increase (decrease) ratio
Cash flow ratio	87.72	109.66	(20.01)%
Cash flow adequacy ratio	135.74	114.35	18.71%
Cash flow reinvestment ratio	8.7	6.94	25.36%

Analysis on increase/decrease:

1. Decrease in Cash flow ratio was primarily due to the increase in current liabilities resulting from an increase in other payables for the current period.
2. Increase in Cash flow adequacy ratio and Cash flow reinvestment ratio was primarily attributable to the significant increase in cash flows from operating activities for the current period.
3. Increase in cash flow reinvestment ratio: Mainly due to a significant increase in cash inflows from operating activities.

ii. Cash flow analysis for the coming year

Unit: NT$ thousand

Cash balance at the beginning of the period	Yearly net cash inflow from operating activities	Yearly cash outflow	Cash surplus (deficit) amount	Remedies for cash shortage	
				Investment plan	Financing plan
1,086,110	1,011,171	(2,266,811)	(169,530)	None	Increased loan of NT$1 billion

1. Analysis on changes of cash flow for the coming year:

(1) Operating activities: Operating Activities: Anticipated net cash inflow of NT$1,011,171 thousand in 2026, resulting from corporate profitability.

(2) Investing activities: Anticipated net cash outflow of NT$829,072 thousand in 2026 for the acquisition of equipment; cash outflow of NT$254,000 thousand for investments in BVI and CHiFF Tech. Inc.; and cash outflow of NT$441,000 thousand for the replacement and upgrade of machinery and equipment.

(3) Financing activities: Anticipated net cash outflow of NT$742,739 thousand in 2026, resulting from the distribution of cash dividends, partially offset by NT$1,000,000 thousand in new short-term borrowings for working capital.

2. Analysis on remedy for estimated cash shortage and liquidity: None.

(IV) Impacts of Major Capital Expenditures in the Most Recent Year to Financial Performance

i. Major capital expenditure utilization status, source of capital and nature of capital expenditures to be invested in the next five years

In order to meet the needs of the customers of reclaim wafers, the Board of Directors of the Company has resolved on December 24, 2024 to add a new production line at the Hsinchu Science Park Plant. It is expected that the production capacity can be increased by 100 thousand pieces of 12-inch reclaim wafers after the completion of the production line, and the total investment expenditure is approximately NT$2 billion.

According to the resolution of the Board of Directors' meeting on January 22, 2025, to enter the Japanese market and strengthen the Southeast Asian market to create more growth opportunities, the Company has signed a formal acquisition agreement with Mitsui Mining & Smelting Co., Ltd., in order to acquire 100% equity of "Mitsui Grinding Wheel Co., Ltd. (referred to as "MKS")" located in Japan and under Mitsui Mining & Smelting Co., Ltd. at an acquisition amount of JPY 1.919 billion, and the Company and its subsidiary KINIK Thai Company Limited also acquire "Mitsui Grinding Technology (Thailand) Co.,

Ltd. (referred to as "MGT")" located in Thailand and under Mitsui Mining & Smelting Co., Ltd. at an acquisition amount of THB 450 million. The total acquisition amount of the two companies is approximately NT$860 million.

ii. Expected benefits derived therefrom

Possible benefits from production expansion of Hsinchu Science Park Plant:

1. Expansion of production capacity to satisfy customer demands: After the present completion of the new production line, it is expected that an additional quantity of 10,000 pieces of 12" wafer production capacity can be increased per month, in order to effectively respond to the growth of the demand for high-quality wafers from existing and new customers, and to prevent the loss of orders and market share due to insufficient production capacity.

2. Increase of revenue and profitability: With the expansion of the production capacity, the Company is able to accept more orders, to promote revenue growth, and to amortize fixed costs through economies of scale, thereby further improving the unit product gross margin and overall profitability.

3. Securing market position and competitive advantage: The Company actively plans and invests in the reclaim wafer market, demonstrating the Company's ability to respond to customer demands promptly and reliably and to strengthen the cooperation relationship with customers, which is beneficial to securing and expanding the market share, thereby promoting the industry position.

Possible benefits from acquisition of MKS and MGT:

1. Expansion of international market: After the acquisition of "Mitsui Grinding Wheel Co., Ltd. (MKS)" in Japan and "Mitsui Grinding Technology (Thailand) Co., Ltd. (MGT)" in Thailand, the Company is able to enter the Japanese automotive grinding market directly and to strengthen the Southeast Asian planning, thereby accelerating the global development of the Company.

2. Acquisition of quality customers and technical resources: MKS and MGT have cultivated the local market for a long period of time, and have established stable customer base and professional technology capabilities. Through the present acquisition, the Company is able to quickly obtain the market channels, professional technologies and brand trust swiftly, thereby effectively shortening the market development schedule.

3. Increase of revenue scale and diverse revenue sources: After the acquisition is completed, both companies will be included under the consolidated operation system

of the Company, such that it is beneficial to increase the overall revenue scale of the Company while expanding the product and service lines, in order to reduce the risk of dependence on one single market and customer.

4. Achievement of Group synergy: With the integration of the products, technologies and market resources of the Company, KTC, MGS and MGT, the synergy effect of the Group can be achieved, thereby improving production efficiency, expanding product portfolios, optimizing supply chain management, and further improving overall competitiveness and operating efficiency.

(V) Causes of Profit or Loss Incurred on Investments in the Most Recent Year, and Any Improvements or Investments

i. Investment Policy in the Most Recent Year

The Company's most recent investments are made to expand the Company's presence in the Asian market, and focus on growth potential areas such as Japan and Southeast Asia, in order to diversify business risks and to strengthen international competitiveness.

ii. Reason for Investment Loss and Corrective Actions

The investment loss in the most recent year was mainly due to Winsheng Material Technology Co., Ltd. WinSheng Material Technology Co., Ltd. has shown relatively slow product research and development progress in recent years, and its core technology has no demonstrated obvious differentiation advantages, such that in terms of the seizing business opportunities in the new emerging application market, its competitiveness is relatively inadequate. In addition, due to the maturity of technology and the product certification schedule, WinSheng Material Technology Co., Ltd. has not yet obtained long-term orders of certain scale, and the overall order performance is relatively conservative, which in turn, causing certain level of pressure on the Company's business operation. However, the Company has disposed of part of the shares of WinSheng Material Technology Co., Ltd. held by the Company and has recovered the original investment capital, such that the overall investment has reached breakeven. The Company will carefully assess the disposal strategy of the remaining equity based on the consideration of the market condition and WinSheng Material Technology Co., Ltd.'s operating progress, in order to optimize asset allocation and improve capital utilization efficiency.

iii. Investment plan for the coming year

The Company will continue to review various investment projects from the long-term strategic point of view, in order to deal with the future market and demand for

expansion of production capacity to keep improving the Company's competitiveness in the world.

(VI) Analysis on Risk Issues for the Most Recent Year and Up to the Printing Date of the Annual Report

i. Effects that interest, exchange rate fluctuation and inflation have on the profits and losses of the Company as well as the future response measures

1. Effects that foreign exchange income and interests, revenue and expenditure have on the Company's income

Unit: NT$ thousand

Item	2025	2026 Q1
Net foreign exchange gains (losses) (1)	(20,160)	31,609
Net operating revenue (expenses) (2)	3,526	(3,087)
Net operating revenue (3)	8,149,475	2,293,229
Net foreign exchange gains (losses) to net operating revenue (1)/(3)%	(0.25)	1.38
Net interest revenue (expenses) to net operating revenue (2)/(3)%	0.04	(0.13)

The percentage of the Company's exchange gains (loss) and interest revenue (expenses) to the net operating revenue is not high. The Company's income remained unaffected by the fluctuation in foreign exchange rate and interest rate. Therefore, the Company's short-term interest rate and foreign exchange rate policy still upholds stability and avoid fluctuations.

2. Effects that inflation has on the Company's income

The Company's income remained unaffected by the inflation in the most recent year.

3. The Company's countermeasures against fluctuations in foreign exchange rate and interest rate.

Collect the information about fluctuations in foreign exchange rate and interest rate and analyze potential fluctuations in foreign exchange rate to take adequate countermeasures timely.

ii. Policies on transactions involving high risks, highly leveraged investments, funds lending to others, endorsement or guarantee and derivatives, the main reasons for the profit or loss of these transactions and future countermeasures

Except for the loaning of funds and providing endorsements/guarantees to invested subsidiaries, the Company doesn't engage in any transactions involving high risks, highly leveraged investments, funds lending to others, endorsement or guarantee and derivatives.

With respect to loaning funds to others, making endorsements/guarantees and derivatives trading, the Company establishes the "Operational Procedures for Loaning Funds to Others" "Endorsement Guarantee Method" and "Assets Acquisition or Disposal Handling Procedure" as the rules to be followed.

iii. Future R&D Roadmap and Planned R&D Investment

In recent years, the company has consistently pursued a strategy of diversification, positioning itself as a market leader in both the manufacturing of precision grinding tools and the provision of grinding services for hard and brittle materials. Looking ahead, R&D efforts will continue to center on grinding tools, advanced grinding technologies, and diamond materials, with a strategic focus on expanding these core technologies into emerging fields such as energy-efficient systems and the electronics sector.

By aligning with global industry trends, we aim to deliver optimal solutions to our clients and strengthen our position as one of the most competitive companies in the market. Key focus areas for future R&D initiatives include:

A. Advanced CMP diamond disks for 2nm and next-generation semiconductor processes.

B. Reclaimed wafers with 17nm specifications.

C. Silicon-based semiconductor grinding wheels for advanced packaging.

D. Ultra-fine grit Silicon Carbide (SiC) wafer grinding wheels.

E. Grinding wheels for 12-inch Silicon Carbide (SiC) wafers.

F. Research on diamond wafer polishing and related components.

G. Grinding wheels for next-generation packaging technologies.

H. Development of automated production technologies.

The expected key R&D projects for the next few years are described above, and the estimated R&D expenditure in 2026 is approximately NT$150 million.

iv. Effects of and response to changes in local and foreign policies and regulations relating to corporate finance and sales

The Company's management team will keep observing the important domestic and foreign policies related to the Company's business and finance, and changes in the laws and regulations. Meanwhile, the Company also made adjustment in response to the competent authority's amendments to the corporate governance and Company Act. For the time being, such amendments do not pose any major impact to the Company's business and finance.

v. Effects of and response to changes in technology and the industry relating to corporate

finance and sales

1. Analysis and evaluation on changes in technology and the industry

The Company will adjust its business strategies in response to changes in the industry from time to time, and recruit excellent talents timely, in order to continue improving the Company's R&D abilities, upgrade the Company's competitiveness and mitigating the impact posed by the changes in technology and the industry to the Company's business and finance. Meanwhile, the Company will keep observing changes in the industry and respond to the market trend effectively and rapidly.

2. Information Security Risk Assessment and Analysis

The Company has built a full-range network and computer security defense system which may monitor and block illegal computer and equipment in the network environment, and strictly control the access to the intranet. The Company also applies authorized and certified equipment to maintain the Company's operations of important functions, such as business, production and manufacturing, and accounting and finance.

Notwithstanding, in consideration of the ever-changing hacking skills, the Company cannot guarantee that the computer system may avoid external attacks completely. Under such circumstance, when the Company's intranet is hacked so that the Company's operating equipment and data are ruined, the Company's system might lose its important data, and the operating system might cause the production to be affected due to the hacking, thereby affecting the shipment to customers and impairing the Company's goodwill.

In order to deal with the multiple threats, the Company's MIS Dept. considers that the best way should be to verify the priority of network risks to be evaded. The information security needs more visible and stronger multi-layer interconnecting safety defense system, so that the new threats may be relieved.

Given said threats, the Company constructs such safety defense system which adopts the technological analysis, such as real-time scanning, webpage and classification of files, behavior analysis, high file harmlessness and prevention of kidnapping, ransomware and malicious program files, and is also able to protect the terminal device and mails as its goal. Meanwhile, the Company will check the vulnerability scanning system and terminal device behavior defense system on the network periodically to prevent the threatening potential risk existing in the Company's computer equipment from causing losses to the Company's operations and ransomware to reduce attacks to the Company largely and block the attack from malicious programs.

So far, the Company has not yet suffered any major cyber attacks or any event that would harm the Company's business and operations significantly. For the time being, the

Company keeps various business systems functioning steadily under the defense system.

vi. Impact of change in the corporate image on crisis management, and countermeasures

The Company is used to upholding the management philosophy adhering to profession and ethics and values the corporate identity and risk controls. For the time being, there is no crisis foreseeable. In the future, the Company will fulfill the corporate social responsibility while maximizing the shareholders' equity.

vii. Expected benefits from, risks relating to, and response to merger and acquisition plans

To enter the Japanese market and strengthen the Southeast Asian market to create more growth opportunities, according to the resolution of the Board of Directors' meeting on January 22, 2025, the Company has signed a formal acquisition agreement with Mitsui Mining & Smelting Co., Ltd., in order to acquire 100% equity of "Mitsui Grinding Wheel Co., Ltd. (referred to as "MKS")" located in Japan and under Mitsui Mining & Smelting Co., Ltd. at an acquisition amount of JPY 1.919 billion, and the Company and its subsidiary KINIK Thai Company Limited also acquire "Mitsui Grinding Technology (Thailand) Co., Ltd. (referred to as "MGT")" located in Thailand and under Mitsui Mining & Smelting Co., Ltd. at an acquisition amount of THB 450 million. The total acquisition amount of the two companies is approximately NT$860 million.

1. Expected benefits:

(1) Expansion of international market: After the acquisition of "Mitsui Grinding Wheel Co., Ltd. (MKS)" in Japan and "Mitsui Grinding Technology (Thailand) Co., Ltd. (MGT)" in Thailand, the Company is able to enter the Japanese automotive grinding market directly and to strengthen the Southeast Asian planning, thereby accelerating the global development of the Company.

(2) Acquisition of quality customers and technical resources: MKS and MGT have cultivated the local market for a long period of time, and have established stable customer base and professional technology capabilities. Through the present acquisition, the Company is able to quickly obtain the market channels, professional technologies and brand trust swiftly, thereby effectively shortening the market development schedule.

(3) Increase of revenue scale and diverse revenue sources: After the acquisition is completed, both companies will be included under the consolidated operation system of the Company, such that it is beneficial to increase the overall revenue scale of the Company while expanding the product and service lines, in order to reduce the risk of dependence on one single market and customer.

(4) Achievement of Group synergy: With the integration of the products, technologies and market resources of the Company, KTC, MGS and MGT, the synergy effect of the Group can be achieved, thereby improving production efficiency, expanding product portfolios, optimizing supply chain management, and further improving overall competitiveness and operating efficiency.

2. Possible risks:

(1) Cultural and management integration risk: The difference in foreign corporate culture and management style may lead to the internal communication and operation obstacles during the initial stage of the integration.

(2) Business performance less than expected: If the acquired company is unable to achieve the original business goal, it may affect the overall return on investment.

3. Countermeasures:

(1) Establishment of integrated project team: The headquarters assigns a senior team with cross-cultural communication and operational experience to handle the integration planning and implementation, in order to ensure smooth coordination with the local management team.

(2) Compliance with local laws and compliance review: Experienced local legal consultants and CPAs are retained to ensure that the transaction procedures and subsequent operations comply with relevant laws and regulations.

viii. Expected benefits from, risks relating to, and response to factory expansion plans

In order to meet the needs of the customers of reclaim wafers, the Board of Directors of the Company has resolved on December 24, 2024 to add a new production line at the Hsinchu Science Park Plant. It is expected that the production capacity can be increased by 100 thousand pieces of 12-inch reclaim wafers after the completion of the production line, and the total investment expenditure is approximately NT$2 billion.

1. Possible benefits from production expansion of Hsinchu Science Park Plant:

(1) Expansion of production capacity to satisfy customer demands: After the present completion of the new production line, it is expected that an additional quantity of 10,000 pieces of 12" wafer production capacity can be increased per month, in order to effectively respond to the growth of the demand for high-quality wafers from existing and new customers, and to prevent the loss of orders and market share due to insufficient production capacity.

(2) Increase of revenue and profitability: With the expansion of the production capacity, the Company is able to accept more orders, to promote revenue growth, and to amortize fixed costs through economies of scale, thereby further improving the unit product gross margin and overall profitability.

(3) Securing market position and competitive advantage: The Company actively plans and invests in the reclaim wafer market, demonstrating the Company's ability to respond to customer demands promptly and reliably and to strengthen the cooperation relationship with customers, which is beneficial to securing and expanding the market share, thereby promoting the industry position.

2. Possible risks:

(1) Production expansion schedule and cost control risk: Delay of construction, shortage of manpower or materials during the production expansion process may result in the delay of process or increase of cost.

(2) Capacity increase less than expected: The initial stage of new production line may face the challenges of insufficient process stability and yield rate less than expected, such that the revenue contribution schedule may be affected.

(3) Market change or demand delay: If the overall economy of the semiconductor industry slows down or the customer demand changes, it may cause the new production capacity utilization rate to be less than expected.

3. Countermeasures:

(1) Rigorous control of production expansion schedule and budget: The Company will establish a project management team, sign defined progress and responsibility clauses with key equipment suppliers and contractors, and regularly review the progress and budget implementation status, in order to ensure that the production expansion is completed on time with expected quality.

(2) Production capacity planning and trial mass production: The modular design and trial mass production verification plan are to be completed before the construction starts. The new equipment will be introduced in stages to stabilize the output, in order to increase the utilization rate and yield rate of the new production line at the beginning.

(3) Strengthening of market forecast and flexible production scheduling: The Company will maintain close communication with major customers, and will also dynamically adjust production and delivery planning.

ix. Risks relating to and responses to excessive concentration of purchasing sources and excessive customer concentration

The Company's largest customer accounted for approximately 36.29% of its net revenue, representing an increase compared to the previous year, which was primarily driven by the growth in demand from this customer. In the future, the Company will continue to actively develop new customers both domestically and overseas, and gradually reduce the proportion of net revenue from any single customer year by year to mitigate the risk of sales concentration.On the supplier side, last year the largest supplier accounted for approximately 14.83% of net purchases, which was primarily due to an increase in the sales ratio of turnkey reclaimed wafer products (bundled with materials) and strategic purchases of raw materials. Nonetheless, the Company will continue to evaluate suppliers based on factors such as product quality, purchase costs, and supplier cooperation. In addition to maintaining good relationships with long-term partners, the Company will actively develop high-quality suppliers to avoid the risk of purchase concentration.

x. Effects of, risks relating to, and response to large share transfers or changes in shareholdings by Directors, Supervisor or Shareholders with shareholdings of over 10%

The Company's Directors or Shareholders with shareholdings of over 10% all hold the Company's stocks for a long term stably. So far, no large share transfer or change has been found.

xi. Effects of, risks relating to, and response to the changes in management

The Company's management structure has remained stable permanently and no risk related to changes has been arising so far.

xii. For litigation or non-litigation cases involving the Company, Directors, Supervisors, General Manager, actual persons in-charge or major Shareholders with a stake of 10% or more that have been concluded or are still pending, and have a material impact on the Shareholders' interest or security prices, the disclosure should be made regarding the content of the disputes, the sum of penalty or claim, the commencement date of the suits, the parties involved and the status as of the publication date of the annual report

None

xiii. Other important risks, and mitigation measures

None

(VII) Other Material Issues

None.

VI. Special Items to Be Records

(I) Information on Affiliated Enterprises:

For information on affiliated enterprises of the Company, please visit the section of Three Statements of Affiliated Enterprise on the MOPS, and website at:

Path:

Market Observation Post System (MOPS) > Electronic Books > Shareholders meetings

https://emops.twse.com.tw/server-java/t58query

(II) Status of private equity securities issuing in the most recent year and as of the printing date of the annual report

None.

(III) Other necessary supplementary explanations

None

(IV) For the Most Recent Year until the Publication Date of the Annual Report, Matters Affecting Shareholders' Equity Stock Price as Prescribed in the Securities and Exchange Act, article 36 paragraph 3 subparagraph 2:

None.

中國砂輪企業股份有限公司
內部控制制度聲明書

日期：114年12月31日

本公司民國114年度之內部控制制度，依據自行評估的結果，謹聲明如下：

一、本公司確知建立、實施和維護內部控制制度係本公司董事會及經理人之責任，本公司業已建立此一制度。其目的係在對營運之效果及效率(含獲利、績效及保障資產安全等)、報導具可靠性、及時性、透明性及符合相關規範暨相關法令規章之遵循等目標的達成，提供合理的確保。

二、內部控制制度有其先天限制，不論設計如何完善，有效之內部控制制度亦僅能對上述三項目標之達成提供合理的確保；而且，由於環境、情況之改變，內部控制制度之有效性可能隨之改變。惟本公司之內部控制制度設有自我監督之機制，缺失一經辨認，本公司即採取更正之行動。

三、本公司係依據「公開發行公司建立內部控制制度處理準則」(以下簡稱「處理準則」)規定之內部控制制度有效性之判斷項目，判斷內部控制制度之設計及執行是否有效。該「處理準則」所採用之內部控制制度判斷項目，係為依管理控制之過程，將內部控制制度劃分為五個組成要素：1.控制環境，2.風險評估，3.控制作業，4.資訊與溝通，及5.監督作業。每個組成要素又包括若干項目。前述項目請參見「處理準則」之規定。

四、本公司業已採用上述內部控制制度判斷項目，評估內部控制制度之設計及執行的有效性。

五、本公司基於前項評估結果，認為本公司於民國114年12月31日的內部控制制度(含對子公司之監督與管理)，包括瞭解營運之效果及效率目標達成之程度、報導係屬可靠、及時、透明及符合相關規範暨相關法令規章之遵循有關的內部控制制度等之設計及執行係屬有效，其能合理確保上述目標之達成。

六、本聲明書將成為本公司年報及公開說明書之主要內容，並對外公開。上述公開之內容如有虛偽、隱匿等不法情事，將涉及證券交易法第二十條、第三十二條、第一百七十一條及第一百七十四條等之法律責任。

七、本聲明書業經本公司民國115年3月10日董事會通過，出席董事9人中，有0人持反對意見，餘均同意本聲明書之內容，併此聲明。

中國砂輪企業股份有限公司

董事長：林伯全

執行長：謝榮哲

Kinik Company

Chairman: Po-Chun Lin