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Hsin Yung Chien Co., Ltd.

2025 Annual Report

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IV. Certifying CPA for the latest financial report:

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V. Name of the trading place where overseas securities are listed for trading and the method of inquiry of overseas securities: None.

VI. The Company's website: <http://www.hyc-king.com>

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One 、 Letter to Shareholders

Dear shareholders,

We would like to express our sincere appreciation for your continued support and encouragement over the past year, which has enabled Hsin Yung Chien Co., Ltd. to achieve steady growth and share its operating achievements with shareholders. The following presents a report on the Company's operating results for 2025 and its business outlook for 2026.

I. Report on the 2025 Business Results

(I) Operating Results of the Business Plan

The Company's net operating revenue for 2025 was NT\$1,596,478 thousand, representing an increase of 9% compared with NT\$1,466,396 thousand in 2024. Operating profit for 2025 was NT\$497,794 thousand, representing an increase of 12% compared with NT\$444,086 thousand in 2024.

Compared to with last year, revenue increased by 9%, mainly due to growth in the Europe, Asia, and the domestic market. Gross profit and operating profit recorded modest growth compared with last year, primarily attributable to product mix and effective cost control.

Unit: NT\$ thousands

Item \ Year	2025	2024	Increase (decrease) rate
Net Operating Revenue	1,596,478	1,466,396	9%
Operating Costs	(962,173)	(877,128)	10%
Gross Operating Profit	634,305	589,268	8%
Operating Expenses	(136,511)	(145,182)	(6%)
Net Operating Income	497,794	444,086	12%
Non-operating Income (Expenses)	61,053	52,750	16%
Profit Before Tax (PBT)	558,847	496,836	12%
Income Tax Expense	(107,851)	(98,609)	9%
Net Profit	450,996	398,227	13%
Earnings Per Share (EPS) after tax	5.78	5.11	

(II) Budget Implementation Status:

In accordance with applicable regulations, the Company did not publicly disclose financial forecasts for 2025. The overall operating performance and results were generally in line with the Company's internal business plan.

(III) Financial Performance and Profitability Analysis:

	Item	2025	2024
Financial structure (%)	Debt-to-Asset Ratio	17	17
Solvency Ratios (%)	Current Ratio	587	707
	Quick Ratio	515	643
Profitability Ratios (%)	Return on Assets (ROA)	12	11
	Return on Equity (ROE)	14	13
	Net Profit Margin (%)	28	27
	Earnings per Share (EPS) (NT\$)	5.78	5.11

(IV) Research and Development Status:

1. Rubber Products

The Company will continue to focus its research and development efforts on three key areas: materials, structural design, and process improvements. In addition to continuously enhancing existing products and expanding product specifications, the Company also places significant emphasis on mold improvement and innovation. In terms of synthetic fiber materials, the Company collaborates with domestic manufacturers to develop high-strength fabrics suitable for high-impact applications, offering the advantage of replacing multiple layers of conventional fiber materials. With respect to rubber compounds, development is aligned with current market trends, including green energy conveyor belts, energy-saving conveyor belts, and high-performance products such as premium heat-resistant, oil-resistant, wear-resistant, and flame-resistant conveyor belts. These developments provide customers with a broader range of product options. In recent years, the Company has also focused on co-developing specialized products with customers, such as rubber dams used in hydraulic applications, in order to create higher value-added products.

2. Composite Material Products

The following outlines the progress of product development and promotion:

A. Development of Hydrogen Storage Tanks for Fuel Cells

Unlike traditional hydrogen storage cylinders made from less environmentally friendly thermosetting composite materials, Shine Composite utilizes thermoplastic carbon fiber composites in the development of hydrogen storage tanks for fuel cells. The Company is currently developing Type III hydrogen tanks (with metal liners) as well as Type IV hydrogen tanks with polyamide (PA) liners.

B. Development of Unmanned Vehicles

The Company leverages the high rigidity, rapid manufacturability, and lightweight characteristics of thermoplastic carbon fiber composites to develop unmanned vehicles and related components. Through these efforts, the Company aims to provide products with high production quality, stable performance, faster delivery, and greater scalability.

II. 2026 Business Plan Summary

(I) Business Strategies

1. Expansion of Polymer Composite Materials Market

The Company will accelerate the mass production of new product lines and actively expand both domestic and international markets.

2. Enhancement of Brand Recognition

The Company will enhance product quality, strengthen brand recognition, and improve customer satisfaction.

3. Product Portfolio Optimization

The Company will promote product diversification and differentiation to increase product value-added.

4. Strengthening Human Resource Development

In response to the Company's continued growth, efforts will be made to cultivate talent, establish a talent pool, implement employee training programs, and strengthen performance evaluation systems to enhance employee satisfaction.

5. Carbon Reduction Initiatives

Achieving net-zero carbon emissions is not only a global trend but also a key driver of corporate green competitiveness. The Company will reduce carbon emissions through sustainable design, raw material sourcing, and green manufacturing, thereby staying ahead of customer expectations.

(II) Expected Sales Volume and Basis

The sales target is determined based on market demand conditions and industry trends, customer operating conditions, and the Company's current order status, while also taking into consideration its production capacity. The target sales volume is set at 10,000 thousand kilograms.

(III) Key Production and Sales Policies

1. Sales Policy

The Company will focus on developing emerging markets, actively expanding new product applications and customer base, and enhancing product diversification and differentiation to increase value-added.

2. Production Policy

The Company will ensure accurate fulfillment of customer delivery schedules, reserve production capacity for urgent orders, and enhance operational flexibility of equipment.

(IV) Future Development Strategies

In addition to continuously promoting product optimization and increasing high value-added product offerings, the Company will remain focused on its core business to differentiate its rubber products and avoid price-based competition. In the area of composite materials, leveraging over 50 years of process expertise and rubber formulation development, the Company has developed stable, environmentally friendly, and automation-compatible heat-resistant cushioning pads with barcode management capabilities, which are applicable to the electronics industry. Furthermore, the thermoplastic composite materials developed by the Company feature high heat resistance (up to 330°C), high strength capable of replacing metals, recyclability, and lightweight properties. These materials can be widely applied across consumer and automotive sectors and are expected to contribute to future revenue growth.

III. Impact of the External Competitive Environment, Regulatory Environment, and Overall Operating Environment

(I) Impact of the External Competitive Environment

The primary challenges arise from increasingly intense price competition within the industry and fluctuations in raw material costs. The Company has developed corresponding strategies to differentiate its products and avoid destructive price competition, while continuing to invest in the research and development of high value-added products. Through process optimization and the adoption of automation, the Company aims to enhance production efficiency and product consistency. At the same time, the Company continues to strengthen long-term partnerships with key customers to solidify its market position and mitigate the impact of price competition.

(II) Impact of the Regulatory Environment

Global emphasis on environmental protection and sustainable development continues to increase, and the rubber industry faces increasingly stringent environmental and safety regulations, including controls on volatile organic compound (VOC) emissions,

waste management requirements, and carbon emission management. These factors have an impact on operating costs and process design. In addition, governments worldwide are progressively implementing carbon pricing mechanisms and ESG disclosure requirements, requiring companies to strengthen greenhouse gas inventory management and carbon reduction strategies. The Company continues to enhance its environmental management systems, promote the adoption of energy-efficient equipment, and improve production processes to reduce emissions and enhance resource efficiency. Meanwhile, the Company actively adopts international sustainability standards to enhance information transparency and corporate governance, thereby meeting the expectations of investors and regulatory authorities.

(III) Impact of the Overall Operating Environment

The global economy is affected by inflationary pressures, interest rate adjustments, and geopolitical risks, resulting in uneven and volatile end-market demand, which in turn affects the shipment momentum of rubber products. In addition, fluctuations in the prices of synthetic rubber and petrochemical raw materials, coupled with rising energy costs, have exerted pressure on the Company's cost structure. In terms of the supply chain, uncertainties in international transportation costs and lead times persist, requiring greater supply chain flexibility and inventory management capabilities. The Company continues to adopt prudent procurement strategies and diversify its sources of supply to mitigate the risks associated with raw material price fluctuations. At the same time, it strengthens its financial structure and cash flow management to ensure stable operations in an uncertain environment. Looking ahead, the Company will continue to respond prudently to global uncertainties while focusing on the development of new products and improving the capacity utilization of its new facilities, thereby sustaining steady growth and long-term development.

Wishing all shareholders good health and the very best in all your endeavors.

Hsin Yung Chien Co., Ltd.

Chang, Hui-Kuan, Chairman

Two. Corporate Governance Report

I. Information about directors, supervisors, president, vice presidents, assistant vice presidents, and heads of departments and branches:

(I) Director :

Title	Nationality or place of registration	Name	Gender	Age	Date of election (appointment)	Term of office	Initial election date	Number of shares held at the time of election		Number of shares held currently		Number of shares held by spouse and minor children currently		Number of shares held in the names of others		Major experience (education)	Positions concurrently held at the Company and other companies	Other directors, directors or supervisors with a spousal relationship or kinship relationship within the second degree			Remark	
								Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship		
Chairman	Republic of China	Ji Wng Cheng Co., Ltd. Representative : Chang, Hui-Kuan	female	61-70 years old	May15, 2024	3 years	June 6, 2025	6,950,513	8.91%	15,343,420	19.67%	-	-	-	-	Shin Min High School Chairman of Chih Jung Co., Ltd.	Chairman of Chih Jung Co., Ltd.	President	Lin, Chi-Uo	brother-in-law's wife	-	
																		Special Assistant, Chairpersons Office	Hu, Mei-Hui	sisters-in-law	-	
Director	Republic of China	You Zhen Co., Ltd. Representative: Lin, Chi-Uo	Male	61-70 years old	May15, 2024	3 years	September 23, 2003	8,187,675	10.5%	15,500,000	19.87%	-	-	-	-	Graduated from the Institute of Business Management, Daye University	President, Hsin Yung Chien Co., Ltd.	Chairperson	Chang, Hui-Kuan	brother-in-law's wife	-	
																		Special Assistant, Chairperson's Office	Hu, Mei-Hui	Wife	-	
Director	Republic of China	Huang, Kuo-Chen	Male	71-80 years old	May15, 2024	3 years	September 28, 2006	128,000	0.16%	128,000	0.16%	90,200	0.12%	-	-	Graduated from the International Trade Department, Chienkuo Technology University Accounting Supervisor, Yuantai Automobile Transportation Company Chair of the Supervisors, Yuanlin Credit Cooperative	None	-	-	-	-	-
Director	Republic of China	Chiu, Po-Ta	Male	91-100 years old	May15, 2024	3 years	May 26, 2010	160,000	0.21%	160,000	0.21%	-	-	-	-	Graduated from the Business Management Department, Feng Chia University Chairperson, Lih Hsin Industrial & Trading Co., Ltd.	Chairman, Lih Hsin Industrial & Trading Co., Ltd.	-	-	-	-	-
Director	Republic of China	Chen, Chao-Kao	Male	71-80 years old	May15, 2024	3 years	May 26, 2010	688,380	0.88%	688,380	0.88%	-	-	-	-	Graduated from Chia Yang High School Chairman, Kong Chou Construction Co., Ltd. Director representative , Maoqiang Technology Co.,Ltd. Director Mosa Industrial Corp.	Chairman, Kong Chou Construction Co., Ltd. Director representative , Maoqiang Technology Co.,Ltd. Director Mosa Industrial Corp.	-	-	-	-	-

Title	Nationality Or place of registration	Name	Gender Age	Date of election (appointment)	Term of office	Initial election date	Number of shares held at the time of election		Number of shares held currently		Number of shares held by spouse and minor children currently		Number of shares held in the names of others		Major experience (education)	Positions concurrently held at the Company and other companies	Other directors, directors or supervisors with a spousal relationship or kinship relationship within the second degree			Remark
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Director	Republic of China	Chen, Chin-I	Male 81-90 years old	May 15, 2024	3 years	September 28, 2006	-	-	-	-	2,200	0.00%	-	-	Graduated from the Department of Economics, Tung Hai University Chief Auditor, Changhua Bank Head office	None	-	-	-	-
Independent Director	Republic of China	Lin, Chen-Chih	Male 71-80 years old	May 15, 2024	3 years	June 27, 2012	-	-	-	-	-	-	-	-	Master of Philosophy, Tung Hai University Graduated from the International Trade Department, Chienkuo Commercial College President, Oudi Enterprise Development Co., Ltd.	President, Oudi Enterprise Development Co., Ltd.	-	-	-	-
Independent Director	Republic of China	Lin, Chin-An	Male 71-80 years old	May 15, 2024	3 years	July 7, 2021	-	-	-	-	-	-	-	-	Provincial Fengyuan Senior Business Vocational School Manager, Changhua Bank Nantou and Changhua Branch	None	-	-	-	-
Independent Director	Republic of China	Lin, Shu-Hui	female 51-60 years old	May 15, 2024	3 years	May 15, 2024	-	-	-	-	-	-	-	-	Master of Financial Management, College of Management, National Chung Hsing University Assistant Manager, TAIWAN INTERNATIONAL SECURITIES CO.,LTD. Hsin Yung Chien Co., Ltd. Accounting Manager Financial and Accounting Consultant, Pets Mall Co., Ltd.	Financial and Accounting Consultant, Pets Mall Co., Ltd.	-	-	-	-

Note: The number of shares as of the book-close date on March 24, 2026 is 77,991,707.

(II) Major shareholders of legal person shareholders; if the major shareholders are legal person shareholders, their major shareholders:

Table 1: Major shareholders of legal person shareholders

Name of Corporate Shareholder	Major Shareholders of the Corporate Shareholder
Ji Wng Cheng Co., Ltd.	Chih Jung Corp. (Shareholding ratio: 99.66%)
You Zhen Co., Ltd.	Wang chi Corp. (Shareholding ratio: 99.53%)

Table 2: If the major shareholders are legal person shareholders, their major shareholders:

Name of legal person shareholder	Major shareholders of legal person shareholders
Chih Jung Corp.	Yung Chi Corp. (Shareholding ratio: 100%)
Wang chi Corp.	Yung Chi Corp. (Shareholding ratio: 100%)

(III) Disclosure of professional qualifications of directors and independence of independent directors:

Condition Name	Professional qualifications and experience	Independence status	Number of independent director positions concurrently served in other public companies
Ji Wng Cheng Co., Ltd. Representative : Chang, Hui-Kuan	<ol style="list-style-type: none"> Chairperson of the Company Ms. Chang, Hui-Kuan possesses professional expertise in financial management and accounting. She actively participates in the Board of Directors and works with other directors in making major corporate decisions, contributing to the Company's sustainable development and long-term operational goals. There are none of the circumstances of Article 30 of the Company Act. 	Has a kinship relationship within the second degree with Lin, Chi-Uo, the representative of the legal person director You Zhen Co., Ltd.	None

Condition Name	Professional qualifications and experience	Independence status	Number of independent director positions concurrently served in other public companies
You Zhen Co., Ltd. Representative : Lin, Chi-Uo	<ol style="list-style-type: none"> 1. President of the Company 2. Mr. Lin, Chi-Uo has various professional abilities in operations management, leadership and decision-making, crisis management, industrial knowledge, sustainable management, and international market outlook, enabling the Company to develop steadily and expand internationally and allowing the Company to operate towards sustainable development. 3. There are none of the circumstances of Article 30 of the Company Act. 	Has a kinship relationship within the second degree with Chang, Hui-Kuan, the Chairman.	None
Huang, Kuo-Chen	<ol style="list-style-type: none"> 1. Director of the Company 2. Director Huang, Kuo-Chen once served as the chair of the supervisors of Yuanlin Credit Cooperative, and he has served as a director of the Company for many years. He has professional abilities in financial management, accounting affairs, etc., and he continues to make major decisions on the Board of Directors of the Company with the other directors, enabling the Company to move towards better development and achieve the goal of sustainable management. 3. There are none of the circumstances of Article 30 of the Company Act. 	There is no spousal relationship or kinship relationship within the second degree among the directors.	None

Condition Name	Professional qualifications and experience	Independence status	Number of independent director positions concurrently served in other public companies
Chen, Chin-I	<ol style="list-style-type: none"> 1. Director of the Company 2. Mr. Chen, Chin-I once served as the head of the audit department of the head office of Changhua Bank, and he has served as a supervisor of the Company for many years. He has professional abilities in finance, accounting and audit affairs, and he continues to make major decisions on the Board of Directors of the Company with the other directors, enabling the Company to move towards better development and achieve the goal of sustainable management. 3. There are none of the circumstances of Article 30 of the Company Act. 	There is no spousal relationship or kinship relationship within the second degree among the directors.	None
Chen, Chao-Kao	<ol style="list-style-type: none"> 1. Director of the Company 2. Mr. Chen, Chao-Kao is the chairperson of the Board of Directors of Kong Chou Construction Co., Ltd., and he has served as a supervisor of the Company for many years. He has various professional abilities in operations management, leadership and decision-making, crisis management, industrial knowledge, sustainable operations and international market outlook, and he continues to make major decisions on the Board of Directors of the Company with the other directors, enabling the Company to move towards better development and achieve the goal of sustainable management. 3. There are none of the circumstances of Article 30 of the Company Act. 	There is no spousal relationship or kinship relationship within the second degree among the directors.	None

Condition Name	Professional qualifications and experience	Independence status	Number of independent director positions concurrently served in other public companies
Chiu, Po-Ta	<p>1. Director of the Company</p> <p>2. Mr. Chiu, Po-Ta is the chairperson of Lih Hsin Industrial & Trading Co., Ltd. He once served as the managing supervisor of the Import and Export Association, the executive director of the Sino-Indonesia Cultural and Economic Association, the supervisor of the Taichung World Trade Center, and a consultant of Jinding Securities, and he has served as a supervisor of the Company for many years. He has various professional abilities in operations management, leadership and decision-making, crisis handling, industrial knowledge, finance, sustainable management, and international market outlook, and he continues to make major decisions on the Board of Directors of the Company with the other directors, enabling the Company to move towards better development and achieve the goal of sustainable management.</p> <p>3. There are none of the circumstances of Article 30 of the Company Act.</p>	There is no spousal relationship or kinship relationship within the second degree among the directors.	None
Lin, Chen-Chih	<p>1. Independent director, member of the Audit Committee, member of the Remuneration Committee of the Company.</p> <p>2. Mr. Lin, Chen-Chih is the president of Odi Company. He has various professional abilities in operations management, leadership and decision-making, crisis management, industrial knowledge, sustainable management, and international market outlook. During his tenure as an independent director of the Company, he has provided appropriate suggestions and guidance for the Company's operations and operations analysis. The Company relies on Mr. Lin, Chen-Chih's expertise to continuously supervise its operation.</p> <p>3. There are none of the circumstances of Article 30 of the Company Act.</p>	<p>The following three independent directors:</p> <p>1. All meet the independence qualification of independent directors.</p> <p>2. Fully comply with independence requirements:</p> <p>(1) The person, their spouse, or any relative within the second degree of kinship have not served as a director, supervisor, or employee of the Company or any other affiliated enterprise.</p> <p>(2) The person, their</p>	None

Condition Name	Professional qualifications and experience	Independence status	Number of independent director positions concurrently served in other public companies
Lin, Chin-An	<p>1. Independent director, convener of the Audit Committee, member of the Remuneration Committee of the Company.</p> <p>2. Mr. Lin, Chin-An once served the manager of the Nantou Branch and Changhua Branch of Changhua Bank. He has professional abilities in accounting, finance, industry knowledge, sustainable management, and international market outlook. During his tenure as an independent director of the Company, he has provided appropriate advice and guidance on the Company's operations, and finance and operations analysis. The Company relies on Mr. Lin, Chin-An's expertise to continuously supervise its operation.</p> <p>3. There are none of the circumstances of Article 30 of the Company Act.</p>	<p>spouse, or any relative within the second degree of kinship have not held the Company's shares.</p> <p>(3) Has not served as a director, supervisor or employee of a company with a specific relationship with the Company (by reference to Article 6, paragraph 1, subparagraphs 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).</p>	None
Lin, Shu-Hui	<p>1. The Company's independent director, Audit Committee member, Remuneration Committee member</p> <p>2. Shu-Hui Lin previously served as Assistant Manager of the Underwriting Department at Taiwan International Securities Co., Ltd., where she assisted companies in going public. She also held positions as Finance and Accounting Manager at Hsin Yung Chien Co., Ltd. and Lactozyme Enterprise Co., Ltd., gaining extensive experience in accounting and financial analysis. She is currently a financial advisor at Pets Mall Co., Ltd., providing the company with professional advice and guidance on operations, finance, and business analysis. The company continues to benefit from Shu-Hui Lin's expertise in overseeing its operations.</p> <p>3. There are none of the circumstances of Article 30 of the Company Act.</p>	<p>(4) No amount of remuneration has been received from providing business, legal, financial, accounting and other services to the Company or its affiliated enterprises in the last two years.</p>	

(IV) Diversification and independence of the Board of Directors:

(1) Board of Directors Diversity Policy:

Based on the Company's diversification policy, strengthening corporate governance, and promoting the development of a sound composition and structure of the Board of Directors, the candidate nomination system is adopted for the nomination of candidates for directors of the Company. Candidates are nominated in accordance with the provisions of the Articles of Association to evaluate the qualifications of candidates, measure their professional background, credibility, or relevant professional qualifications, etc. After the nomination are approved by the Board of Directors, they are sent to the shareholders' meeting for election.

The diversification core items of directors are as follows:

Board members generally have the knowledge, skills, and accomplishments necessary for performing their duties. To achieve the ideal goal of corporate governance, the overall capabilities of the Board of Directors are as follows:

1. Operational judgment ability.
2. Accounting and financial analysis ability.
3. Operations management ability.
4. Crisis management ability.
5. Industrial knowledge.
6. International market outlook.
7. Leadership.
8. Decision-making ability.

(2)At present, there are 9 directors. The implementation of diversification by all directors is as follows:

The 20th Board of Directors consists of 9 members, and the implementation of board diversity is as follows:

Management goal	Achievement status
One additional female director was added	Achieve
Decline the average age of directors	Achieve
The number of directors concurrently serving as company managers shall not exceed one-third of the total board seats	Achieve

* The directors of this term are all Taiwanese and male. At least two female director

will be added in the next term, with the goal of increasing the ratio of female directors to 1/3.

*The proportion of directors who are also employees is 22%, the proportion of independent directors is 33%, and the proportion of directors who are not employees is 78%.

* There are 1 director aged 51-60 , There are 2 directors aged 61-70, 4 directors aged 71-80, 1 director aged 81-90 and 1 director aged 91-100.

* Term of office of directors: 3 directors above 9 years, and 4 directors below 5 years and 2 director below 3 years.

Implementation of diversification by directors :

A. basic component

Title	Name of director	Nationality	Gender	Positions concurrently held at the Company	Age	Term and seniority of independent directors
Director	Chang, Hui-Kuan	Republic of China	female	V	61-70	Under 3 years
Director	Lin, Chi-Uo	Republic of China	Male	V	61-70	Over 9 years
Director	Huang, Kuo-Chen	Republic of China	Male		71-80	Over 9 years
Director	Chen, Chin-I	Republic of China	Male		81-90	Under 5 years
Director	Chen, Chao-Kao	Republic of China	Male		71-80	Under 5 years
Director	Chiu, Po-Ta	Republic of China	Male		91-100	Under 5 years
Independent Director	Lin, Chen-Chih	Republic of China	Male		71-80	Over 9 years
Independent Director	Lin, Chin-An	Republic of China	Male		71-80	Under 5 years
Independent Director	Lin, Shu-Hui	Republic of China	female		51-60	Under 3 years

B. Professional background

Title	Name of director	Operations management	Leadership and decision-making	Industrial knowledge	Finance and accounting	Crisis management
Director	Chang, Hui-Kuan	V	V	V	V	V
Director	Lin, Chi-Uo	V	V	V		V
Director	Huang, Kuo-Chen	V			V	V
Director	Chen, Chin-I	V			V	V
Director	Chen, Chao-Kao	V	V	V		V
Director	Chiu, Po-Ta	V	V			V
Independent Director	Lin, Chen-Chih	V	V			V
Independent Director	Lin, Chin-An	V			V	V
Independent Director	Lin, Shu-Hui	V			V	V

In summary, the members of the 20th Board of Directors bring diverse expertise and professional backgrounds. In addition to Chairman Chang Hui-Kuan, who is actively involved in operations, and General Manager Lin Chi-Uo, the Board includes Director Lin Shu-Hui and Director Huang Kuo-Chen, who specialize in finance and accounting; Director Lin Cheng-Chih, who is experienced in business management and marketing; Directors Chen Chin-I and Chiu Po-Ta, who possess expertise in financial management, auditing, and the securities sector; and Director Chen Chao-Kuo, who has extensive experience in the construction industry. Each director contributes unique professional knowledge, skills, and experience, providing the Company with well-rounded guidance across multiple aspects of its operations.

(3) Independence of the Board of Directors:

The Company currently have 9 members on the Board of Directors. As of the end of 2025, all the independent directors had complied with the regulations for independent directors of the Securities and Futures Bureau of the FSC, and there were no circumstances under paragraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act between directors and independent directors. The Board of Directors of the Company is independent. Please refer to the disclosure of directors' professional information and independent directors' independence information on pages 10-14 of this annual report. Please refer to the directors' information on page 8-9 of this

annual report for information on the academic experience, gender, and work experience of each director.

(4) Specific Management Objectives:

A. The Company's Board of Directors is responsible for guiding corporate strategy, supervising management, and being accountable to both the Company and its shareholders. The corporate governance system and related arrangements shall ensure that the Board exercises its duties in accordance with applicable laws, the Articles of Incorporation, and resolutions of the shareholders' meeting. Directors receive reports from the management team during Board meetings, provide guidance and recommendations, and maintain effective communication with management to jointly maximize shareholder value.

B. The Company has not yet achieved a ratio of at least one-third female representation on the Board of Directors. The Company places great importance on gender equality in Board composition and has appointed two female directors in the current term. It aims to gradually increase the proportion of female directors to one-third in future board renewals.

C. In the current term, more than half of the independent directors have not served more than three terms. The Company aims to ensure that, upon the next re-election, no independent director will serve more than three consecutive terms.

(V)President, vice presidents, assistant vice presidents, and heads of departments and branches:

March 24, 2026; unit: share: %

Title	Nationality	Name	Gender	Date of appointment (appointment) of election	Shareholding		Shares held by spouse and minor children		Number of shares held in the names of others		Major experience and educational background	Positions concurrently held at other companies	Managers with a spousal relationship or kinship within the second degree			Remark
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
President	Republic of China	Lin, Chi-Uo	Male	May 2002	158,281	0.20%	0	0.00%	-	-	Graduated from the Institute of Business Management, Daye University	-	-	-	-	-
Executive Vice President	Republic of China	Li, Chiung-Tung	Male	August 2019	2,403	0.00%	10,656	0.01%	-	-	Factory Affairs Director, Sanjiu Building Materials Co., Ltd. Graduated from the Enterprise Management Institute of Chaoyang University of Technology	-	-	-	-	-
Manager, Production Department	Republic of China	Chou, Yi-Shang	Male	June 2004	434,006	0.56%	92,722	0.12%	-	-	Universal Scientific Industrial Co., Ltd. Graduated from the Enterprise Management Institute of Chaoyang University of Technology	-	-	-	-	-
Manager, R&D Center	Republic of China	Chang, Wei-Hsiu	Male	March 2012	-	-	-	-	-	-	Kung Long Batteries Industrial Co., Ltd. Hardinge Taiwan Precision Machinery Limited Industrial Engineering research Institute of Chaoyang	-	-	-	-	-

Title	Nationality	Name	Gender	Date of appointment (appointment) of election	Shareholding		Shares held by spouse and minor children		Number of shares held in the names of others		Major experience and educational background	Positions concurrently held at other companies	Managers with a spousal relationship or kinship relationship within the second degree			Remark
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
											University of Technology					
Accounting Supervisor and Corporate Governance Supervisor	Republic of China	Lin, Chiu-Hung	Female	August 2011	4,465	0.01%	-	-	-	-	Graduated from the Accounting Department, Providence University Deputy Manager, PricewaterhouseCoopers Taiwan Audit Director, Hsin Yung Chien Co., Ltd.	-	-	-	-	
Administration Manager	Republic of China	Lin, Feng-l	Female	March 2012	3,821	0.00%	-	-	-	-	Sen Yong Industrial Information Secretary Information Specialist, Mobiletron Electronics Co., Ltd. Cost Accountant, Yangtie Factory Graduated from the Enterprise Management Institute of Chaoyang University of Technology	-	-	-	-	

II. Remuneration of directors, supervisors, president and vice presidents:

1. Remuneration of directors (including independent directors):

Title	Name	Remuneration of directors								Total amount of items A, B, C, and D as a proportion of the net profit after tax				Relevant remuneration received for concurrently serving as employee								Total amount of items A, B, C, D, E, F, and Gas a proportion of the net profit after tax				Remuneration from reinvested enterprises other than subsidiaries or the parent company
		Remuneration (A)		Retirement pension (B)		Directors' remuneration (C) (Note 1)		Business execution expenses (D)						Retirement pension (B)		Directors' remuneration (C) (Note 1)		Business execution expenses (D)								
		The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	
Director	Ji Wng Cheng Co., Ltd. Representative : Chang, Hui-Kuan	-	-	-	-	4,204	4,204	36	36	4,240	0.94%	4,240	0.94%	1,968	1,968	-	-	48	-	48	-	6,256	1.39%	6,256	1.39%	None
Director	You Zhen Co., Ltd. - Representative: Lin, Chi-Uo	-	-	-	-	3,369	3,369	36	36	3,405	0.75%	3,405	0.75%	852	852	-	-	308	-	308	-	4,565	1.01%	4,565	1.01%	None
Director	Huang, Kuo-Chen	-	-	-	-	170	170	120	120	290	0.06%	290	0.06%	-	-	-	-	-	-	-	-	290	0.06%	290	0.06%	None
Director	Chen, Chao-Kao	-	-	-	-	170	170	120	120	290	0.06%	290	0.06%	-	-	-	-	-	-	-	-	290	0.06%	290	0.06%	None
Director	Chen, Chin-I	-	-	-	-	170	170	120	120	290	0.06%	290	0.06%	-	-	-	-	-	-	-	-	290	0.06%	290	0.06%	None
Director	Chiu, Po-Ta	-	-	-	-	170	170	120	120	290	0.06%	290	0.06%	-	-	-	-	-	-	-	-	290	0.06%	290	0.06%	None

Independent Director	Lin, Chen-Chih	-	-	-	-	170	170	190	190	360	0.08%	360	0.08%	-	-	-	-	-	-	-	-	360	0.08%	360	0.08%	None
Independent Director	Lin, Chin-An	-	-	-	-	170	170	190	190	360	0.08%	360	0.08%	-	-	-	-	-	-	-	-	360	0.08%	360	0.08%	None
Independent Director	Lin, Shu-Hui	-	-	-	-	170	170	190	190	360	0.08%	360	0.08%	-	-	-	-	-	-	-	-	360	0.08%	360	0.08%	None

1. Please explain the remuneration policy, system, standard and structure of independent directors, and explain the relevance to the amount of remuneration paid according to such factors as responsibilities, risks, investment time and so on:
The Company's Articles of Incorporation clearly stipulate that no more than 3% of the annual profit shall be used as director's remuneration and 1.5% of the pre-tax net profit for the year shall be set aside as director's remuneration in accordance with the resolution of the Board of Directors. Since all independent directors serve as members of the Audit Committee and the Remuneration Committee, they are responsible for participating in discussions and resolutions at committee meetings. Therefore, their business execution remuneration is higher than that of ordinary directors.

2. Except as disclosed in the table above, the remuneration received by directors of the company for their services (such as serving as non-employee consultants of the parent company/all companies in the financial report/reinvested enterprises) in the most recent year: None.

The remuneration disclosed herein is not identical to the concept of income under the Income Tax Act. Accordingly, this table is intended solely for disclosure purposes and shall not be used for tax assessment purposes.

Note : The disclosed earnings distribution content is the 2025 earnings distribution approved by the Board of Directors resolution on March 4, 2026. The earnings distribution has yet to be reported at the 2026 shareholders' meeting, so it has not yet been actually distributed. The director's remuneration and employee remuneration disclosed in the above table are provisional estimates.

2. Remuneration of president and vice presidents:

Unit: NT\$1,000

Job title	Name	Salary (A)		Retirement pension (B)		Bonuses, special expenditures, etc. (C)		Employee remuneration amount (D) (Note 1)				Ratio of the total amount of A, B, C and D vs. net profit after tax (%)				Remuneration received from investee companies outside of subsidiaries, or from the parent company
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies included in the financial statements		The Company		All companies included in the financial statements		
								Amount in cash	Amount in shares	Amount in cash	Amount in shares					
President	Lin, Chi-Uo	852	852	34	34	-	-	308	-	308	-	1,194	0.26%	1,194	0.26%	None
Executive Vice President	Li, Chiung-Tung	955	955	-	-	-	-	3,121	-	3,121	-	4,076	0.90%	4,076	0.90%	

The remuneration disclosed herein is not identical to the concept of income under the Income Tax Act. Accordingly, this table is intended solely for disclosure purposes and shall not be used for tax assessment purposes.

3. Names of managers who are distributed employees' remuneration and the distribution status:

unit: NT\$ thousand

	Title	Name	Stock amount	Cash amount (Note)	Total	Proportion of total amount in net profit after tax (%)
	President	Lin, Chi-Uo				
	Executive Vice President	Li, Chiung-Tung				
	Manager	Chou, Yi-Shang		4,545	4,545	1.01%
	Manager	Chang, Wei-Hsiu				
	Manager	Lin, Chiu-Hung				
	Manager	Lin, Feng-I				

4. Compare and explain the proportion of the total remuneration paid by the Company and all companies in the consolidated statements to its directors, supervisors, president, and vice presidents in the last two years to the after-tax net income of the individual financial report, and explain the policies, standards, and procedures for remuneration payment, as well as the relevance to business performance and future risks:

(1) Analysis of the proportion of the total remuneration to the after-tax net income of the individual financial report in the last two years

Title	2024		2025	
	The Company	All companies in the financial report	The Company	All companies in the financial report
Directors	3.03%	3.03%	2.90%	2.90%
President and vice presidents	1.26%	1.26%	1.17%	1.17%
Total	4.29%	4.29%	4.07%	4.07%

In 2025, the remuneration paid by the Company accounted for a slightly lower proportion of net profit after tax compared to 2024, mainly due to the increase in net profit after tax, which resulted in a lower ratio.

(2) The policy, standard and combination of remuneration, procedure for setting remuneration, and the relationship with business performance and future risk are

described as follows:

A. The remuneration of directors and managers of the Company is distributed according to the Articles of Association, which are as follows:

Article 21: The remuneration of the directors of the Company shall be determined by the Board of Directors in accordance with the general standards of the industry.

Article 22: HYC may establish managers, whose appointment, removal and remuneration shall be in accordance with the Company Act; the retirement of the appointed managers shall be handled in accordance with the retirement rules for the appointed managers of the Company.

Article 24: The Company, based on its pre-tax profit for the current year before deducting employee compensation and director remuneration, shall first offset accumulated losses, if any. If there is a remaining balance, no less than 2% shall be allocated as employee compensation, including no less than 1% for distribution to non-managerial employees. Director remuneration shall not exceed 3% of the aforesaid profit. Employee compensation may be distributed in the form of cash or shares, and recipients may include employees of subsidiaries who meet certain eligibility requirements. The distribution of employee compensation and director remuneration shall be approved by a resolution of the Board of Directors with the attendance of more than two-thirds of the directors and the consent of a majority of the directors present, and shall be reported to the shareholders' meeting.

B. Link between performance evaluation and remuneration of directors and managers:

The Company's director remuneration is in accordance with the provisions of the Articles of Incorporation, and the Board of Directors has resolved to allocate 1.5% of the current year's net profit before tax as director remuneration. In addition to referring to industry standards, director remuneration evaluation criteria incorporate financial indicators (net profit after tax achievement rate, operating efficiency and contributions), non-financial indicators, (meeting attendance rate, training hours, sustainable development) and so on and they are reported to the Remuneration Committee.

Manager remuneration includes salary and bonus. Salary refers to industry standards, job responsibilities, professional abilities, and other items. Employee bonuses take into account various evaluation criteria of managers, including financial indicators (revenue achievement rate, operating profit achievement rate, and net profit after tax achievement rate), non-financial indicators (legal compliance, major deficiencies in operating risk matters and special contributions) and talent cultivation. These criteria are determined by the chairman of the board based on operating performance and reported to the Remuneration Committee.

III. Corporate Governance Operation Status

(I) Operation status of the board of directors

The board of directors held 6 (A) meetings in the past year (2025), and the attendance status is as follows:

Title	Name	Number of actual (non-voting) attendances B	Number of attendances by proxy	Actual (non-voting) attendance rate (%) [B/A]	Remark
Chairman	Ji Wng Cheng Co., Ltd. Representative : Lin, Chi-Chin	0	-	0%	expired on June 6, 2025
Chairman	Ji Wng Cheng Co., Ltd. Representative : Chang, Hui-Kuan	3	-	100%	Appointed on June 6, 2025
Director	You Zhen Co., Ltd. Representative: Lin, Chi-Uo	6	-	100%	
Director	Huang, Kuo-Chen	6	-	100%	
Director	Chen, Chin-I	6	-	100%	
Director	Chen, Chao-Kao	6	-	100%	
Director	Chiu, Po-Ta	6	-	100%	
Independent Director	Lin, Chen-Chih	6	-	100%	
Independent Director	Lin, Chin-An	6	-	100%	
Independent Director	Lin, Shu-Hui	6	-	100%	

Other matters to be recorded:

I. In case of any of the following circumstances in the operation of the Board of Directors, state the date of the board meeting, session, content of the proposal, opinions of all independent directors, and the company's handling of the opinions of independent directors:

(I) Items listed in Article 14-3 of the Securities and Exchange Act:

Please refer to the annual report for the contents of the resolutions. None of the independent directors had objections to the matters listed in Article 14-3 of the Securities and Exchange Act, and the proposal was passed accordingly.

(II) Except for the matters referred to in the preceding paragraph, other matters decided by the Board of Directors with objections or reservations by independent directors that have been recorded or stated in writing: No such situation.

II. For the implementation of the directors' recusal for proposals involving personal interests, state the name of the director, the content of the proposal, the reason for recusal, and the status of their participation in voting:

Board meeting date	Content of the proposal	Name of director with recusal for personal interest	Reason for recusal	Status of their participation in voting
2025.08.07	Discussion of the individual distribution of directors' remuneration for the year 2024, which was approved by the Remuneration Committee on August 7, 2025.	Attending directors	Directors present shall avoid their respective interest issue in accordance with the law when discussing their own remuneration.	Passed accordingly after consultation by the presiding chair with the remaining directors present

III. TWSE/TPEX listed companies shall disclose information such as the evaluation cycle and period, evaluation scope, method, and evaluation content of the Board of Directors' self (or peer) evaluation: The Company has submitted the implementation status of the 2025 performance evaluation of the Board of Directors to the Board of Directors on March 4, 2026, and the evaluation results are excellent.

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
Not once every year	2025.1.1~2025.12.31	Board of Directors Individual board member	Internal self-evaluation of the Board of Directors and self-evaluation of board members	<p>1. Performance evaluation items of the Board of Directors: (1) Participation in the operation of the Company, (2) Improvement of the decision-making quality of the Board of Directors, (3) Composition and structure of the Board of Directors, selection and (4) Continuing education of the Board of Directors, (5) Internal control.</p> <p>2. Performance evaluation items for individual directors: (1) Mastery of the Company's objectives and tasks, (2) Recognition of directors' responsibilities, (3) Participation in the Company's operations, (4) internal relationship management and communication, (5) directors' professional and continuous learning, (6) internal control.</p> <p>3. Performance evaluation items for functional committees</p>

				(1) Participation in the company's operations. (2) Cognition of the functional committee's responsibilities (3) Decision-making quality of the functional committee (4) Functional committees (5) Internal control
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IV. Assessment of the objectives of strengthening the functions of the Board of Directors in the current year and the most recent year (such as establishing an Audit Committee, improving information transparency, etc.) and the implementation:

- (1) The Company has established the Audit Committee in 2021.
- (2) In 2025, the Board of Directors of the Company held Six board meetings, which was in line with the requirement of the Rules of Procedure of Board of Directors' Meetings that the board meeting should be held at least once a quarter. Important proposals were announced on the Market Observation Post System in accordance with the law, and at the same time announced on the Company's website, so that the information was truly open and transparent.
- (3) In 2020, the Board of Directors of the Company adopted the "Measures for the Performance Evaluation of the Board of Directors" to carry out the internal performance evaluation of the Board of Directors at least once a year.
- (4) Strengthen professional knowledge: The Company actively provides information on various continuing education courses and encourages the Board of Directors to participate in various corporate governance courses or arrange lecturers to give lectures to the Company from time to time to strengthen the abilities of the board members. In 2025, the 9 directors had 60 hours of continuing education in total.

(II) Operation of the Audit Committee:

1. The Company's Audit Committee is composed of three independent directors. The Audit Committee assists the Board of Directors in fulfilling its supervisory responsibilities over the quality and integrity of the Company's accounting, auditing, financial reporting processes, and internal financial controls. Its 주요 responsibilities are as follows:
 - (1) Supervision and review of the fair presentation of the Company's financial statements.
 - (2) Supervision and evaluation of the effective implementation of the internal control system.
 - (3) Supervision of the Company's compliance with applicable laws and regulations.

(4) Review of transactions involving acquisition or disposal of assets, significant lending of funds, endorsements or guarantees for third parties, and matters involving directors' own interests.

(5) Issuance, offering, or private placement of equity-type securities.

(6) Appointment, dismissal, and remuneration of external auditors.

2. Major matters reviewed in 2025 and key activities are summarized as follows:

(1) Review of the 2025 financial statements and quarterly financial reports from Q1 to Q3, which were subsequently submitted to the Board of Directors for resolution.

The Board of Directors prepared the 2025 Business Report, Financial Statements, and profit distribution proposal. The financial statements were audited by PricewaterhouseCoopers Taiwan, which issued an audit report. The Audit Committee reviewed the above reports and found no material discrepancies.

(2) Evaluation of the effectiveness of the internal control system, which was submitted to the Board of Directors for resolution.

The Audit Committee evaluates the effectiveness of the Company's internal control policies and procedures, including financial, operational, risk management, information security, and legal compliance controls. It also reviews regular reports from the internal audit department, external auditors, and management, including risk management and compliance matters. The Audit Committee considers that the Company's internal control and risk management systems are effective, and that appropriate control mechanisms are in place to monitor and rectify any deviations.

(3) Assessment of auditor independence.

The Audit Committee is responsible for overseeing the independence of the external auditor to ensure the integrity of financial reporting. As a general principle, except for tax-related services or specifically approved engagements, the external auditor shall not provide other services to the Company. All services provided by the audit firm are subject to Audit Committee approval. The Audit Committee conducts its independence assessment in accordance with Statement of Auditing Standards No. 10, "Integrity, Objectivity and Independence," to evaluate the auditors' independence, professionalism, and suitability, including any relationships or financial/business interests with the Company. On February 26, 2025, the Audit Committee and the Board of Directors approved that PwC Taiwan partners Wu Song-Yuan and Liu Mei-Lan meet the independence requirements and are qualified to serve as the Company's financial and tax auditors.

(4) Review of amendments to the internal control system, submitted to the Board of Directors for resolution.

3. In 2025, the Audit Committee held 5 meetings (A). The attendance of the Independent Directors is as follows:

Title	Name	Number of actual attendances B	Actual attendance rate (%) [B/A]	Remark
Independent Director	Lin, Chin-An	5	100%	convener
Independent Director	Lin, Chen-Chih	5	100%	
Independent Director	Lin, Shu-Hui	5	100%	

Other Disclosures Required:

(I) Where any of the following circumstances occur in the operation of the Audit Committee, the date of the meeting, session number, content of proposals, independent directors' dissenting or qualified opinions, significant recommendations, resolutions of the Audit Committee, and the Company's handling of such opinions shall be disclosed.

(1) Matters set forth in Article 14, Paragraph 5 of the Securities and Exchange Act.

Meeting date	Agenda	Resolution	Matters under Article 14, Paragraph 5 of the Securities and Exchange Act	Matters approved by more than two-thirds of all directors without Audit Committee approval.	The Company's Response to the Audit Committee's Opinions
January 17, 2025 2nd Term, 3rd Meeting	Proposal regarding the distribution of directors' remuneration for fiscal year 2024 in accordance with the Company's Articles of Incorporation, and the proposed provision ratio for fiscal year 2025.	The Chairperson consulted all attending committee members, and the proposal was approved as presented and submitted to the Board of Directors for resolution.	V	-	The Board of Directors subsequently approved the proposal unanimously without amendment.
February 26, 2025 2nd Term, 4th Meeting	<ol style="list-style-type: none"> 1. Internal audit report submitted by the Chief Internal Auditor. 2. Effectiveness assessment of the internal control system for 2024 and the Internal Control System Statement. 3. Proposal regarding the appointment and remuneration of the external auditor (CPA). 4. Evaluation of the independence and suitability of the external auditor (CPA) for 2025. 5. Proposal regarding the change of external auditor (CPA). 	The Chairperson consulted all attending committee members, and the proposals were approved as presented and submitted to the Board of Directors for resolution..	V	-	The Board of Directors subsequently approved the proposals unanimously without amendment.

	<p>6. Proposal for the distribution of employee compensation and director remuneration for 2024.</p> <p>7. 2024 Business Report and Financial Statements.</p> <p>8. Proposal for the distribution of earnings for 2024.</p> <p>9. Proposal to define the scope of basic-level employees of the Company.</p> <p>10. Amendment to certain provisions of the Articles of Incorporation.</p>				
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Meeting date	Agenda	Resolution	Matters under Article 14, Paragraph 5 of the Securities and Exchange Act	Matters approved by more than two-thirds of all directors without Audit Committee approval.	The Company's Response to the Audit Committee's Opinions
May 8, 2025 2nd Term, 5th Meeting	1. Internal audit report submitted by the Chief Internal Auditor.	The chairperson consulted all attending committee members, who agreed to pass the proposal as is, and it was forwarded for resolution by the Board of Directors.	V	-	The Board of Directors subsequently approved the proposal unanimously without amendment.
	2. 2025 First Quarter Financial Report.				
August 7, 2025 2nd Term, 6th Meeting	1. Internal audit report submitted by the Chief Internal Auditor.	The Chairperson consulted all attending committee members, and the proposals were approved as presented and submitted to the Board of Directors for resolution.	V	-	The Board of Directors subsequently approved the proposals unanimously without amendment.
	2. 2025 Second Quarter Financial Report.				
	3. Proposal to amend the "Remuneration Committee Charter."				
	4. Proposal to amend the "Salary Cycle," "Salary Cycle Approval Authority Table," and "Salary Management Procedures."				
	5. Proposal for the individual distribution of directors' remuneration for 2024.				
November 6, 2025 2nd Term, 7th Meeting.	1. Internal audit report submitted by the Chief Internal Auditor. 2. Report on the 2025 risk management procedures and implementation status. 3. 2025 annual audit plan in accordance with Article 13 of the "Regulations Governing the Establishment of Internal Control Systems by Public Companies." 4. 2025 Third Quarter Financial Report.	The Chairperson consulted all attending committee members, and the proposals were approved as presented and submitted to the Board of Directors for resolution.	V	-	The Board of Directors subsequently approved the proposals unanimously without amendment.

(II) Apart from the above matters, there were no resolutions approved by more than two-thirds of all directors without Audit Committee approval.

II. In cases where independent directors recuse themselves from conflict-of-interest proposals, the implementation status shall include the names of the independent directors, the content of the proposals, the reasons for recusal, and their participation in voting: None.

III. Communication between independent directors, the Chief Internal Auditor, and external auditors (including significant matters, communication methods, and results related to the Company's financial and business conditions):

(1) The Chief Internal Auditor compiles monthly audit reports of the previous month and submits them to the independent directors by the end of each month. Independent directors may communicate directly with the Chief Internal Auditor at any time.

(2) Internal audit personnel track the improvement status of internal control deficiencies and abnormalities and prepare follow-up reports for submission to the independent directors.

(3) The Chief Internal Auditor attends each Audit Committee meeting and reports key operational matters to the independent directors, ensuring full communication regarding audit execution and effectiveness.

(4) In addition to reporting on the audit or review results of financial statements, the external auditor holds at least one annual regulatory briefing to update the Company on the latest developments in financial and tax regulations and related responses. Independent directors and the external auditor may communicate as needed via email, telephone, or meetings. The Company maintains effective communication between independent directors and the external auditor.

(5) In 2025, communication among independent directors, the Chief Internal Auditor, and external auditors was conducted in the absence of general directors and management. For meeting dates and communication matters, please refer to page 22 of the Annual Report, and also under Corporate Governance in the "Investor Relations" section of the Company's website.

IV. For the performance evaluation of the Audit Committee and Remuneration Committee, please refer to page 29 of this Annual Report.

Communication between independent directors, the Chief Internal Auditor, and the external auditor

2025	Communication counterpart	Communication topics	Nature of communication	Communication results
2025.01.16	Chief Internal Auditor of the Company	Internal audit execution report	Audit Committee	No objections
	External Auditor (CPA) of the Company	Explanation of the basis, opinion, scope, and key audit matters of the financial statement audit, and responses to questions raised by independent directors	Audit Committee	No objections
2025.02.26	Chief Internal Auditor of the Company	Internal audit execution report Results of the self-assessment of the internal control system	Audit Committee	No objections
		Explanation of the basis, opinion, scope, and key audit matters of the 2024 financial statement audit		After review, there were no objections, and the proposal was approved as presented and submitted to the Board of Directors for resolution.

2025.05.08	Chief Internal Auditor of the Company	Internal audit execution report	Audit Committee	No objections
	External Auditor (CPA) of the Company	Explanation of the basis, opinion, scope, and key review matters of the 2025 first-quarter financial statements	Audit Committee	After review, there were no objections, and the proposal was approved as presented and submitted to the Board of Directors for resolution.
2025.08.07	Chief Internal Auditor of the Company	Internal audit execution report	Audit Committee	No objections
		Amendment to the "Remuneration Committee Charter" Amendment to the "Payroll Cycle" Amendment to the "Payroll Cycle Approval Authority Table" Amendment to the "Salary Management Procedures"		After review, there were no objections, and the proposal was approved as presented and submitted to the Board of Directors for resolution

	External Auditor (CPA) of the Company	Explanation of the basis, opinion, scope, and key review matters of the 2025 second-quarter financial statements	Audit Committee	After review, there were no objections, and the proposal was approved as presented and submitted to the Board of Directors for resolution
2025.11.06	Chief Internal Auditor of the Company	Internal audit execution report	Audit Committee	No objections
		2026 Annual Audit Plan Amendment to the "Sustainability Information Management Procedures" Amendment to the "Risk Management Policy and Procedures"		After review, there were no objections, and the proposal was approved as presented and submitted to the Board of Directors for resolution
	External Auditor (CPA) of the Company	Explanation of the basis, opinion, scope, and key review matters of the 2025 third-quarter financial statements	Audit Committee	After review, there were no objections, and the proposal was approved as presented and submitted to the Board of Directors for resolution

III. Corporate governance operations and the circumstances of, and reasons for, deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies:

Evaluation Item	Operations			The circumstances of, and reasons for, deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
	Yes	No	Summary	
I. Does the company establish and disclose the corporate governance best practice principles according to the corporate governance best practice principles for TWSE/TPEX-listed companies?	✓		The Company itself has established the "Corporate Governance Best Practice Principles" in accordance with the corporate governance best practice principles for TWSE/TPEX-listed companies and has made them available on the Company's website for investors to access.	No significant discrepancies.
II. Company equity structure and shareholders' rights (I) Has the company established internal procedures to handle shareholder suggestions, inquiries, disputes, and litigation matters, and implemented them accordingly? (II) Does the company have a list of the major	✓ ✓		(I) The Company itself has designated personnel responsible for matters related to stock affairs and has a Spokesperson and Acting Spokesperson system to handle shareholder suggestions, with legal advisors consulted for related legal issues. (II) Through the shareholder services provider and periodic reporting by	No significant discrepancies.

Evaluation Item	Operations			The circumstances of, and reasons for, deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
	Yes	No	Summary	
<p>shareholders who actually control the company and the ultimate controllers of these major shareholders?</p> <p>(III) Has the company established and implemented risk control and firewall mechanisms with related enterprises?</p>	✓		<p>insiders on changes in the equity holdings of directors and managers, the company gains an understanding and control of the structure of major shareholders.</p> <p>(III) The Company itself has no affiliated enterprises for the year 2025. If there are any affiliated enterprises, they will be controlled and audited by the head office according to the "Subsidiary Supervision Operations" established by the Company itself.</p>	
<p>(IV) Has the company established internal regulations prohibiting insiders from using non-public information in the market to trade securities? Has the company established internal procedures to handle</p>	✓		<p>(IV) The Company itself has established the "Procedures for Handling Material Internal Information," "Code of Ethical Conduct," and "Insider Trading Prevention Management Procedures," applicable to directors, managers, and employees of the Company itself.</p>	

Evaluation Item	Operations			The circumstances of, and reasons for, deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
	Yes	No	Summary	
shareholder suggestions, inquiries, disputes, and litigation matters, and implemented them accordingly?			Regulate insiders and employees to avoid conflicts of interest related to their duties, and prohibit them from disclosing non-public information they become aware of to others to prevent insider trading; conduct regular annual internal education and advocacy.	
<p>III. The composition and responsibilities of the Board of Directors</p> <p>(I) Has the Board of Directors established a diversity policy, specific managerial objectives, and implemented them?</p>	✓		(I) The Company has established guidelines within the "Corporate Governance Best Practice Principles" and the "Procedures for Election of Directors," which consider diversification in the composition of the Board of Directors. Currently, all directors possess professional backgrounds in finance and business-related fields, each with different expertise in their respective areas, which is beneficial to the Company's various developments	No significant discrepancies.

Evaluation Item	Operations			The circumstances of, and reasons for, deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
	Yes	No	Summary	
			<p>and operations. Considering the list of nine directors in the Company's 20th term, apart from the Chairperson Zhang Huikuan and the President Lin Jiyou, there is Director Huang Guozhen, who specializes in finance and accounting; Director LIN, CHENG-ZHI, who excels in management and marketing; and Directors Chen Jinyi, Qiu Boda, LIN, SHU-HUI, who are experts in financial, auditing, and securities fields, along with Director Chen Chaoguo, who is well-versed in the construction industry, each director possesses professional background, skills, and experience.</p> <p>Policy for Board of Directors Diversity, specific managerial objectives, and implementation status can be found on pages 15 to 18 of this annual report.</p>	

Evaluation Item	Operations			The circumstances of, and reasons for, deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
	Yes	No	Summary	
(II) In addition to establishing the Remuneration Committee and Audit Committee as required by law, does the company voluntarily establish other types of functional committees?	✓		(II) In addition to establishing the Remuneration Committee and Audit Committee as required by law, the Company's corporate governance operations are managed by each department according to its responsibilities, and no other functional committees have been established yet. The need for establishing such committees will be assessed in the future.	
(III) Does the company establish methods and procedures for evaluating the performance of the Board of Directors, conduct regular annual performance evaluations, and submit the evaluation results to the Board of Directors for consideration in the remuneration and re-nomination of individual	✓		(III) The Company itself approved the establishment of the Board of Directors performance evaluation methods in 2020, conducting an internal performance evaluation of the Board of Directors annually. If necessary, external professional independent institutions or expert scholar teams may be commissioned to conduct the evaluation. The results will be disclosed on the company's website, in the annual report, and on the	

Evaluation Item	Operations			The circumstances of, and reasons for, deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
	Yes	No	Summary	
<p>directors?</p> <p>(IV) Does the company regularly evaluate the independence of the attesting CPA?</p>	✓		<p>Market Observation Post System (MOPS) as required.</p> <p>1. On January 17, 2020, the Board of Directors approved the establishment of the "Board of Directors Performance Evaluation" The method for performance evaluation.</p> <p>2. The implementation status of the 2025 Board of Directors performance evaluation was reported to the Board of Directors on March 4, 2026. For the evaluation results, please refer to page 15-18 of this annual report.</p> <p>3. The performance evaluation results of each director will be used as a reference for their individual remuneration and re-nomination.</p> <p>(IV) The Company's Audit Committee conducts an annual evaluation of the independence and suitability of the attesting CPAs. In addition to</p>	

Evaluation Item	Operations			The circumstances of, and reasons for, deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
	Yes	No	Summary	
			<p>requiring the attesting CPAs to provide a "Statement of Independence" and "Audit Quality Indicators (AQIs)," the evaluation is carried out according to the criteria in Note 1 and the 13 AQI indicators. Upon confirming that the accountants have no other financial or business relationships with the Company itself, apart from fees related to attestation and tax cases, and that the accountants' family members do not violate independence requirements, we referenced the AQI indicators. It was confirmed that the accountants and the firm have both auditing experience and training hours above the industry average. Additionally, PwC Global and Taiwan have developed a series of digital tools to assist in data analysis-driven auditing work, reducing audit risk and improving efficiency. The results of the most recent annual evaluation were discussed and approved by the Audit</p>	

Evaluation Item	Operations			The circumstances of, and reasons for, deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
	Yes	No	Summary	
			Committee on March 4, 2026, and subsequently presented for resolution by the Board of Directors on March 4, 2026, regarding the independence and competency evaluation of the accountant. Please refer to page 56 of this annual report.	
IV. Have TPEX-listed companies appointed competent and sufficient corporate governance personnel, and designated a Corporate Governance Officer responsible for corporate governance-related affairs (including but not limited to providing directors and supervisors with necessary information for executing duties, assisting directors and supervisors in complying with laws and regulations, handling matters related to Board of Directors and shareholders' meetings according to the law,	✓		Approved by the Board of Directors on November 6, 2020, Lin Chiu-Hung, the manager of the Finance Department, was appointed as the Corporate Governance Officer to protect shareholders' rights and strengthen the functions of the Board of Directors. Manager Lin Chiu-Hung possesses over ten years of experience in executive roles involving financial, stock affairs, and meeting management for public companies. The main responsibilities of the Corporate Governance Officer include handling matters related to Board of Directors and shareholders' meetings according to the law, preparing minutes for Board and shareholders' meetings, assisting directors with their appointments	No significant discrepancies.

Evaluation Item	Operations			The circumstances of, and reasons for, deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
	Yes	No	Summary	
preparing minutes for Board and shareholders' meetings, etc.)?			and ongoing training, providing directors with necessary information for executing their duties, and assisting directors in complying with laws and regulations. According to training regulations, the officer must complete 12 hours of training by 2025. For details on the training content, please refer to page 107 of this annual report.	
V.Has the company established communication channels with stakeholders (including but not limited to shareholders, employees, customers, and suppliers), set up a stakeholder section on the company's website, and appropriately responded to important corporate social responsibility issues raised by stakeholders?	✓		(I)The Company itself has a Spokesperson and an Acting Spokesperson. The relevant contact information is announced on the Market Observation Post System as required. Additionally, financial and stock-related information is announced on both the Market Observation Post System and the company website to establish good communication channels with investors. (II)The Company itself has set up a "Stakeholder Section" on its official website and has listed the main stakeholders according to the operational attributes. The 2025 Year	

Evaluation Item	Operations			The circumstances of, and reasons for, deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
	Yes	No	Summary	
			summary report of communication with stakeholders was presented at the Board of Directors meeting on November 6, 2025, detailing the communication status with each stakeholder. Dedicated contact phone numbers and emails were also set up for different types of stakeholders, with the responsible unit handling the communications.	
VI.Has the company appointed a professional shareholder services provider to handle Shareholders' meeting matters?	✓		The Company itself has appointed the Stock Transfer Agent Department of Capital Securities Corporation to handle various stock affairs.	No significant discrepancies.
VII.Information disclosure (I) Has the company set up a website to disclose financial, business, and corporate governance information? (II) Does the company adopt other methods of information disclosure (such as establishing an English	✓ ✓		(I) The Company's website URL is as follows: www.hyc-king.com, which discloses financial, business, and corporate governance information. (II) The Company itself has established both Chinese and English official websites, with the Office of the President specifically responsible for the collection and	No significant discrepancies.

Evaluation Item	Operations			The circumstances of, and reasons for, deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
	Yes	No	Summary	
<p>website, designating personnel responsible for the collection and disclosure of company information, implementing a Spokesperson system, and placing the process of investor conferences on the company's website)?</p> <p>(III) Has the company published and filed the annual financial report within two months after the end of the fiscal year, and announced and filed the financial reports for the first, second, and third quarters and the operating conditions of each month ahead of the prescribed deadline?</p>	✓		<p>disclosure of company information. Additionally, a Spokesperson and Acting Spokesperson are designated to unify the release of external information.</p> <p>(III) The Company itself has published and filed the 2025 Year financial report on the Market Observation Post System on March 4, 2026, following the end of the fiscal year. The financial reports for the first, second, and third quarters were also filed ahead of the announcement deadline, and the operating conditions for each month were announced and filed within the required deadline.</p>	
VIII. Does the company have other important information that could	✓		(I) Employee Rights: The Company itself treats employees with integrity and protects their legal rights in	No significant discrepancies.

Evaluation Item	Operations			The circumstances of, and reasons for, deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
	Yes	No	Summary	
<p>help in understanding its corporate governance operations, including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholder rights, director and supervisor training, implementation of risk management policies and risk measurement standards, implementation of customer policies, and the company's procurement of liability insurance for directors and supervisors?</p>			<p>accordance with the Labor Standards Act.</p> <p>(II) Employee care: Providing a stable welfare system and a robust education and training system for employees, and establishing a good relationship of mutual trust and reliance with them. For example, regular employee meetings, family days for employees, and the provision of recreational activities, health check-ups, and medical consultations.</p> <p>(III) Investor Relations: The Company itself convenes an annual shareholders' meeting in accordance with the Company Act and relevant laws and regulations, providing shareholders with ample opportunities to ask questions or propose motions. A Spokesperson system is in place to handle shareholder suggestions and inquiries. The Company also handles the disclosure and declaration of</p>	

Evaluation Item	Operations			The circumstances of, and reasons for, deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
	Yes	No	Summary	
			<p>relevant information as required by the competent authority, promptly providing information that may affect investors' decisions.</p> <p>(IV) Supplier Relationships: The Company itself establishes partnerships with suppliers based on principles of equality and mutual benefit, creating a stable supply chain. Regular audits are conducted to ensure supply quality.</p> <p>(V) Stakeholder Rights: The Company itself maintains open communication channels with related banks, employees, consumers, and suppliers, respecting and safeguarding their legitimate rights and interests. A Spokesperson system is in place to address investor inquiries, aiming to provide investors and stakeholders with highly transparent financial and business information.</p> <p>(VI) Director training status: The Company itself regularly provides directors with</p>	

Evaluation Item	Operations			The circumstances of, and reasons for, deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
	Yes	No	Summary	
			<p>courses related to corporate governance. For details on the training status, please refer to the explanation on page 42 of this annual report.</p> <p>(VII) The implementation of risk management policies and risk measurement standards: The Company itself has established various internal regulations according to the law to conduct risk management and assessment.</p> <p>(VIII) The implementation of customer policies: The marketing department of The Company itself promptly addresses customer issues. Upon notification of a problem by a customer, it is resolved within the stipulated time to ensure customer rights. Additionally, The Company itself has purchased product liability insurance to protect the end-users of its products.</p> <p>(IX) The Company itself annually purchases liability insurance for</p>	

Evaluation Item	Operations			The circumstances of, and reasons for, deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
	Yes	No	Summary	
			<p>directors and key managers. Key details regarding the insured amount, coverage scope, and premium rates were reported to the Board of Directors on November 6, 2025.</p> <p>(X) Intellectual property management plans and implementation status:</p> <p>1. Intellectual property management plans To strengthen industry leadership and safeguard its hard-earned advanced technological achievements, The Company itself has devised an intellectual property strategy that aligns with its operational goals and R&D resources. This strategy establishes a model for creating company value through intellectual property rights, not only protecting the company's operational freedom but also strengthening competitive advantages and providing support to enhance profitability.</p> <p>2. Patent management</p>	

Evaluation Item	Operations			The circumstances of, and reasons for, deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
	Yes	No	Summary	
			<p>Conduct technical development through the R&D unit, and periodically commission external patent firms to plan and apply for patent layout. The related patents are primarily used to protect new product development results, aiming to provide high-quality products and services and expand the product range.</p> <p>3.Acquisition of intellectual property list and results As of the end of 2025, the total number of patent applications over the years is 151. Currently, 13 "invention" patents, 10 "utility model" patents, and 9 "design" patents, totaling 32, have received approval and are held. There are 0 "invention" patents, 0 "utility model" patents, and 0 "design" patents under review.</p> <p>4.Management of trade secrets The employee code of conduct and the employee confidentiality and non-compete contract stipulate the</p>	

Evaluation Item	Operations			The circumstances of, and reasons for, deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
	Yes	No	Summary	
			<p>following: employees have the obligation to keep personal business and company business confidential. Employees, whether during or after employment, must not disclose any business secrets. Otherwise, the company has the right to terminate employment and pursue legal action as well as compensation for losses. Employees of the Company itself must not disclose or use business secrets owned by their previous employers.</p> <p>5. In the Board of Directors meeting on November 6, 2025, a report on the implementation status related to intellectual property was presented.</p>	
<p>IX. Please describe the improvements made in response to the most recent corporate governance evaluation results released by the Corporate Governance Center of Taiwan Stock Exchange Corporation, and propose priority enhancement items and corresponding measures for those not yet improved:</p> <p>Improvements situation:</p> <ol style="list-style-type: none"> 1. The Company has disclosed information on major shareholders, as well as financial, business, and corporate governance information, on the English version of its official website. 2. The Company has completed the preparation of its sustainability report and filed it within the deadline prescribed by the competent authority. 				

Evaluation Item	Operations			The circumstances of, and reasons for, deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
	Yes	No	Summary	
Priority enhancement items and measures: The Company plans to formulate specific measures to enhance corporate value in 2026 and submit them to the Board of Directors. Relevant information will be disclosed in the "Corporate Value Enhancement Plan" section of the Market Observation Post System (MOPS).				
1. Evaluation criteria for the independence and suitability of accountants.				
Evaluation Item	Evaluation results	Does it comply with independence		
Does the accountant have a direct or significant indirect financial interest with The Company itself?	No	Yes.		
Does the accountant engage in financing or guaranteeing activities with The Company itself or its directors?	No	Yes.		
Does the accountant have a close business relationship and potential employment relationship with The Company itself?	No	Yes.		
Has the accountant or any member of their audit team ever served as a director, manager, or held a position with significant influence over auditing work at The Company itself currently or in the past two years?	No	Yes.		
Has the accountant provided non-audit service items to The Company itself that may directly affect auditing work?	No	Yes.		
Does the accountant broker the stocks or other securities issued by The Company itself?	No	Yes.		
Does the accountant serve as a defender for The Company itself or represent The Company itself in coordinating conflicts with third parties?	No	Yes.		
Does the accountant have a familial relationship with the directors, managers, or personnel holding positions with significant influence on audit cases at The Company itself?	No	Yes.		

(IV) If the company has set up a Remuneration Committee, disclose its composition, responsibilities and operation:

1.Responsibilities of the Remuneration Committee

Members of the Remuneration Committee shall faithfully perform the following duties and responsibilities to the Board of Directors in accordance with the Organizational Rules of the Remuneration Committee and with the due care of a good manager, and shall submit their suggestions to the Board of Directors for discussion.

- (1)Formulate and regularly review the policies, systems, standards and structures for the performance evaluation and compensation of directors and managers.
- (2) Regularly evaluate and determine the salary and remuneration of directors and managers.

2.Information on the members of the Remuneration Committee

Identity	Condition Name	Professional qualifications and experience	Independence status	Number of Remuneration Committee member positions concurrently served in other public companies
Independent Director	Lin, Chen-Chih	<ul style="list-style-type: none"> 1. Independent director, member of the Audit Committee, member of the Remuneration Committee of the Company. 2. Mr. Lin, Chen-Chih has served as a member (convener) of the Company's Remuneration Committee for more than 9 years, and has professional opinions on the appointment and dismissal of managers, the reward and remuneration system, personnel formulation, and salary measures. The Company relies on Mr. Lin, Chen-Chih's expertise to continuously supervise its operation. 3. There are none of the circumstances of Article 30 of the Company Act. 	<p>The three members on the left:</p> <ul style="list-style-type: none"> 1. All meet the independence qualification of independent directors. 2. Fully comply with independence requirements: <ul style="list-style-type: none"> (1) The person, their spouse, or any relative within the second degree of kinship have not served as a director, supervisor, or employee of the Company or any other affiliated enterprise. (2) The person, their spouse, or any relative within the second degree of kinship have not held the Company's shares. (3) Has not served as a director, supervisor or employee of a company with a specific relationship with the Company (by reference to Article 6, paragraph 1, subparagraphs 5 to 8 of 	0

Identity	Condition Name	Professional qualifications and experience	Independence status	Number of Remuneration Committee member positions concurrently served in other public companies
Independent Director	Lin, Chin-An	<ol style="list-style-type: none"> 1. Independent director, convener of the Audit Committee, member of the Remuneration Committee of the Company. 2. Mr. Lin, Chin-An has served as the manager of Changhua Bank Nantou Branch and Changhua Branch for more than 10 years. He has professional opinions on the reward system, personnel formulation and salary measures. The Company relies on Mr. Lin, Chin-An's expertise to continuously supervise its operation. 3. There are none of the circumstances of Article 30 of the Company Act. 	<p>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).</p> <p>(4) No amount of remuneration has been received from providing business, legal, financial, accounting and other services to the Company or its affiliated enterprises in the last two years.</p>	0
Independent Director	Lin, Shu-Hui	<ol style="list-style-type: none"> 1. The Company's independent director, Audit Committee member, Remuneration Committee member 2. Lin, Shu-Hui previously served as Assistant Manager of the Underwriting Department at Taiwan International Securities Co., Ltd., where she assisted companies in going public. She also held positions as Finance and Accounting Manager at Hsin Yung Chien Co., Ltd. and Lactozyme Enterprise Co., Ltd., gaining extensive experience in accounting and financial analysis. She is currently a 		0

Identity	Condition Name	Professional qualifications and experience	Independence status	Number of Remuneration Committee member positions concurrently served in other public companies
		<p>financial advisor at Pets Mall Co., Ltd., providing the company with professional advice and guidance on operations, finance, and business analysis. The company continues to benefit from Shu-Hui Lin's expertise in overseeing its operations.</p> <p>3. There are none of the circumstances of Article 30 of the Company Act.</p>		

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 member is from May 15, 2024, to May 14, 2027. The member qualifications and attendance of the Remuneration Committee (A) of the latest year (2024) were as follows:

Title	Name	Number of actual attendances (B)	Number of attendances by proxy	Actual attendance rate (%) (B/A)	Remark
Convener	Lin, Chin-An	2	-	100%	
Member	Lin, Chen-Chih	2	-	100%	
Member	Lin, Shu-Hui	2	-	100%	

Other matters to be recorded:

- I. Date, session, proposal content, resolution of the meetings of the Remuneration Committee in the latest year and handling of the opinions of the Remuneration Committee:

Remuneration Committee	Proposal content and subsequent handling	Resolution	The Company's handling of the opinions of the Remuneration Committee
January 17, 2025 1st session of 2025	1. Reviewed the Company's proposed distribution of directors' and supervisors' remuneration and employees' remuneration for the year 2024 in accordance with the Articles of Association of the Company, and the projected ratio for 2025. 2. Reviewed the Company's dividend and	All members of the committee agreed and approved.	The proposal was submitted to the Board of Directors and approved by all directors present.

		<p>year-end bonus payment standards for managers for 2024.</p> <p>3. Discussed the work plan of the Remuneration Committee of the Company for 2025.</p>		
	<p>August 7, 2025 2nd session of 2025</p>	<p>Reviewed the remuneration distribution plan of the directors and supervisors of the Company for 2024.</p>	<p>All members of the committee agreed and approved.</p>	<p>The proposal was submitted to the Board of Directors and approved by all directors present.</p>
<p>2. If the Board of Directors does not adopt or amend the suggestions of the Remuneration Committee, state the date of the board meeting, the session, the content of the proposal, the resolution of the Board of Directors, and the Company's handling of the opinions of the Remuneration Committee (if the remuneration adopted by the Board of Directors is superior to the suggestions of the Remuneration Committee, state the circumstances and reasons for the differences): No such situation.</p>				
<p>3. If the members of the Remuneration Committee disagree or reserve their opinions on the resolutions, and there are records or written statements in place, state the date, session, content of the proposal, opinions of all members, and the handling of the opinions of the members: No such situation.</p>				

(V) The Company itself promotes sustainable development implementation status and the circumstances and reasons for discrepancies with the sustainable development best practice principles for TWSE/TPEX-listed companies:

Promote item	Implementation status.			The circumstances and reasons for discrepancies with the sustainable development best practice principles for TWSE/TPEX-listed companies.
	Yes.	No	Summary	
I.Has the company established a governance structure to promote sustainable development, set up a dedicated (or concurrent) unit for promoting sustainable development, and authorized senior management to address it, as well as the Board of Directors supervising the situation?	✓		Under the Board of Directors, the Company has established a Sustainable Development Promotion Task Force, with the Office of the President specifically responsible for coordinating sustainable development-related policies, systems, or management guidelines, and the planning and proposal of concrete promotion plans. The President leads various company departments to execute different projects in four major areas: corporate governance, employee care, environmental sustainability, and social participation, maintaining continuous communication and interaction with stakeholders, and reporting regularly to the Board of Directors. The annual execution plan and results are reported to the Board of Directors each year, with the most recent reporting date being November 6, 2025. A Sustainable Development Promotion Task Force has been established, with the President serving as the project leader. Under the green sustainable environmental management framework, the	No significant discrepancies.

Promote item	Implementation status.			The circumstances and reasons for discrepancies with the sustainable development best practice principles for TWSE/TPEX-listed companies.
	Yes.	No	Summary	
			<p>organization and energy-related carbon reduction strategies are managed. A blueprint for the company's short, medium, and long-term low-carbon development directions has been formulated, and meetings are held monthly to review execution progress. In 2025, a total of 11 meetings were held, covering topics including:</p> <ol style="list-style-type: none"> 1..Identify key sustainability issues to focus on and develop corresponding action plans. 2.Goals, policies, action plans, and capital expenditures related to sustainability issues; 3.Supervision of the implementation of sustainable management matters and evaluation of implementation status. <p>The Board of Directors regularly listens to reports from the management team (including ESG reports). The management team must propose company strategies to the Board of Directors, which must assess the likelihood of these strategies' success and frequently review their progress, urging the management team to make adjustments when necessary.</p>	

Promote item	Implementation status.			The circumstances and reasons for discrepancies with the sustainable development best practice principles for TWSE/TPEX-listed companies.
	Yes.	No	Summary	
<p>II. Does the company assess, in accordance with the principle of materiality, matters related to business operations? Risk assessment of environmental, social, and corporate governance issues, and Has the company established relevant risk management policies or strategies?</p>	✓		<p>1. The Company itself has incorporated data risk assessments for all sites.</p> <p>2. The Company itself assesses relevant risks of significant issues in accordance with the principle of materiality and establishes various internal regulations based on the assessed risks. Different levels of risk control are carried out by responsible units within the company for each category of risk factors. Risk management tasks are planned and executed based on the assessments, with the aim of minimizing the uncertainties in business operations. Focus on issues related to climate change, energy, and resources, and set goals while regularly reviewing the results.</p> <p>3. Establish relevant risk management policies based on the assessed risks:</p>	No significant discrepancies.

Promote item	Implementation status.			The circumstances and reasons for discrepancies with the sustainable development best practice principles for TWSE/TPEX-listed companies.						
	Yes.	No	Summary							
			<table border="1"> <thead> <tr> <th>Major issue</th> <th>Risk evaluation item contents:</th> <th>Contents</th> </tr> </thead> <tbody> <tr> <td>Environment</td> <td>Environmental impact and management</td> <td> 1.Through the implementation of process safety management and institutionalized management cycles, The Company itself effectively reduces pollution emissions and the impact on the environment. 2.The Company itself obtained ISO 50001 energy management system certification in 2026. 3.ISO 14064-1 certification was commissioned to </td> </tr> </tbody> </table>	Major issue	Risk evaluation item contents:	Contents	Environment	Environmental impact and management	1.Through the implementation of process safety management and institutionalized management cycles, The Company itself effectively reduces pollution emissions and the impact on the environment. 2.The Company itself obtained ISO 50001 energy management system certification in 2026. 3.ISO 14064-1 certification was commissioned to	
Major issue	Risk evaluation item contents:	Contents								
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Promote item	Implementation status.			Summary	The circumstances and reasons for discrepancies with the sustainable development best practice principles for TWSE/TPEX-listed companies.
	Yes.	No			
				an external impartial organization in March 2026.	
			Society	Occupational safety and health	<p>1.Obtained ISO 45001 occupational safety and health management system certification.</p> <p>2.Annual fire drills and public safety education and training are held regularly to cultivate employees' emergency response and self-safety management abilities.</p>

Promote item	Implementation status.			The circumstances and reasons for discrepancies with the sustainable development best practice principles for TWSE/TPEX-listed companies.						
	Yes.	No	Summary							
			<table border="1"> <tr> <td>Society</td> <td>Product quality and safety</td> <td>1.The Company itself ensures that all its products comply with government regulations and adhere to the EU's ROHS standards. 2.Annually purchase product liability insurance to mitigate financial losses and enhance product safety.</td> </tr> <tr> <td>Corporate governance</td> <td>Societal economy and regulations</td> <td>1.Through the establishment of a governance organization and the implementation of internal control</td> </tr> </table>	Society	Product quality and safety	1.The Company itself ensures that all its products comply with government regulations and adhere to the EU's ROHS standards. 2.Annually purchase product liability insurance to mitigate financial losses and enhance product safety.	Corporate governance	Societal economy and regulations	1.Through the establishment of a governance organization and the implementation of internal control	
Society	Product quality and safety	1.The Company itself ensures that all its products comply with government regulations and adhere to the EU's ROHS standards. 2.Annually purchase product liability insurance to mitigate financial losses and enhance product safety.								
Corporate governance	Societal economy and regulations	1.Through the establishment of a governance organization and the implementation of internal control								

Promote item	Implementation status.			Summary	The circumstances and reasons for discrepancies with the sustainable development best practice principles for TWSE/TPEX-listed companies.
	Yes.	No			
				<p>systems, ensure that all company personnel and operations comply with relevant laws and regulations.</p> <p>2.Applying for patents for products developed by the company to protect company interests.</p>	
			Enhance the functions of the Director.	<p>1.Plan relevant training topics for directors and arrange ongoing training for directors annually.</p> <p>2.Purchase directors' liability insurance to</p>	

Promote item	Implementation status.			Summary		The circumstances and reasons for discrepancies with the sustainable development best practice principles for TWSE/TPEX-listed companies.
	Yes.	No				
					<p>protect them in the event of lawsuits or claims.</p> <p>Stakeholder communication</p> <p>1.To avoid misunderstandings arising from differing positions between related parties and the Company that could lead to operational or litigation risks, the Company annually analyzes important related parties and the critical issues they are concerned with.</p> <p>2.Establish various communication</p>	

Promote item	Implementation status.			Summary	The circumstances and reasons for discrepancies with the sustainable development best practice principles for TWSE/TPEX-listed companies.
	Yes.	No			
				channels, actively communicate, and reduce opposition and misunderstandings . An investor email address is established, handled and responded to by the Spokesperson.	
III.Environmental issues (I)Has the company established an appropriate Environment management system based on its industry characteristics?	✓		(I)The Company itself has obtained ISO 14001:2015 environmental management system certification, with the latest certificate valid from August 28, 2024, to August 27, 2027. The Company itself follows the environmental regulations set by the Ministry of Environment (such as the Air Pollution Control Act, Water Pollution Control Act, Waste Disposal Act, and Toxic and Chemical Substances of Concern Management Act) to establish an environmental		No significant discrepancies.

Promote item	Implementation status.			The circumstances and reasons for discrepancies with the sustainable development best practice principles for TWSE/TPEX-listed companies.
	Yes.	No	Summary	
			<p>management manual, and through the establishment of a management system, ensure the comprehensive operation and long-term effectiveness of the environmental management system. To ensure compliance with international environmental management standards and continuously optimize environmental protection measures, the Company itself has established a comprehensive environmental management system and continuously improves environmental performance using the PDCA model. The main aspects of the environmental management system promoted in 2025 include the following:</p> <ol style="list-style-type: none"> 1. Pollution Prevention: Actively use environmentally friendly carbon black and recycled rubber in raw materials, and produce high-value recyclable circular products to reduce the impact on the environment. 2. Energy and resource conservation: Introduce the ISO 50001 energy management system, promote various energy-saving initiatives across the company, optimize energy use, and reduce the 	

Promote item	Implementation status.			The circumstances and reasons for discrepancies with the sustainable development best practice principles for TWSE/TPEX-listed companies.
	Yes.	No	Summary	
			<p>impact on the environment.</p> <p>3.Waste Management: Implement waste sorting and reuse, uphold the spirit of product recycling and maximized resource utilization, to reduce waste generation.</p> <p>4.Chemical management: Assess the potential exposure levels of chemicals and adopt graded management based on risk levels; and establish an operational environment monitoring plan to ensure the safety and health of workers and the environment.</p> <p>Overall, the implementation of The Company itself's environmental management system in 2025 was effective. No environmental pollution incidents occurred; introduced the ISO 50001 energy management system and obtained certification; general waste was reduced by 21%, and 100% of waste rubber was reused. In terms of chemical management, all chemical exposure assessments have been completed, and the graded management system plan has been completed according to risk levels to prevent health hazards to workers. To</p>	

Promote item	Implementation status.			The circumstances and reasons for discrepancies with the sustainable development best practice principles for TWSE/TPEX-listed companies.
	Yes.	No	Summary	
(II) Is the company committed to enhancing energy use efficiency and using recycled materials with low environmental impact?	✓		ensure the effective implementation of the system, the 2025 Year completed ISO 14001 internal and external audits with no major deficiencies.	
(III) Has the company assessed the potential risks and opportunities of climate change for the present and future, and taken measures to address climate-related issues?	✓		(II) To promote green production, circular economy, and commit to environmental sustainability, the Company itself actively develops green energy products to contribute to our environment. Additionally, it entrusts qualified recycling vendors with the recycling and reuse of waste generated from the production process to reduce waste volume, and recovers and reuses waste heat from combustion to reduce energy consumption. (III) In response to global warming and effectively mitigating the impact of climate change, The Company itself actively promotes energy conservation and carbon reduction, actively participates in energy conservation and carbon reduction seminars, and regulatory briefings to seek possible improvement opportunities.	
(IV) Has the company accounted for the total greenhouse gas emissions, water usage, and waste generated	✓		(IV) The Company itself responds to the government's energy conservation and carbon reduction policy by actively promoting various measures that contribute	

Promote item	Implementation status.			The circumstances and reasons for discrepancies with the sustainable development best practice principles for TWSE/TPEX-listed companies.									
	Yes.	No	Summary										
over the past two years and formulated energy-saving, carbon reduction, greenhouse gas reduction, water usage reduction, or other waste management policies?			<p>to energy conservation, carbon reduction, and greenhouse gas reduction. The water usage and total waste generated in all plant areas over the past two years are as follows:</p> <table border="1"> <thead> <tr> <th>Item</th> <th>2024</th> <th>2025</th> </tr> </thead> <tbody> <tr> <td>Water consumption (thousand kilowatt-hours)</td> <td>11</td> <td>13</td> </tr> <tr> <td>Industrial waste (tons) - all non-hazardous</td> <td>462</td> <td>521</td> </tr> </tbody> </table> <p>The Company itself has obtained ISO 50001:2018 energy management system certification, with the latest certificate valid from February 21, 2025, to February 20, 2028, and conducts comprehensive training for all employees while auditing energy equipment to identify major energy-consuming equipment and carry out improvements. This is to</p>	Item	2024	2025	Water consumption (thousand kilowatt-hours)	11	13	Industrial waste (tons) - all non-hazardous	462	521	
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Promote item	Implementation status.			The circumstances and reasons for discrepancies with the sustainable development best practice principles for TWSE/TPEX-listed companies.
	Yes.	No	Summary	
			effectively grasp the greenhouse gas emissions within the organization and establish clear energy-saving and carbon reduction targets. The total greenhouse gas emissions, water usage, and waste of each Year The data on weight is disclosed on The Company's website.	
V. Societal issues (I) Has the company established relevant management policies and procedures in accordance with applicable regulations and international human rights conventions?	✓		(I)The Company itself recognizes and voluntarily adheres to internationally recognized human rights standards such as the United Nations "Universal Declaration of Human Rights," "Guiding Principles on Business and Human Rights," "Global Compact," and "International Labour Organization Conventions." Approval of the "Hiwin Company Human Rights Management Policy" respects the protections established by human rights conventions and is published on the Company's website. The Company has established a human rights governance body with the Board of Directors as the highest level, with the Management Department coordinating the implementation status of various human rights policies. This includes corporate	No significant discrepancies.

Promote item	Implementation status.			The circumstances and reasons for discrepancies with the sustainable development best practice principles for TWSE/TPEX-listed companies.						
	Yes.	No	Summary							
			<p>sustainability, customer service, environmental health and safety, human resources, information security, operations, quality, and R&D functions. Human rights management practices are promoted systematically and effectively, with regular reports to the Board of Directors.</p> <p>The Company's human rights management policy and a summary of specific programs are as follows:</p> <table border="1"> <thead> <tr> <th>Human Rights Management Policy</th> <th>Specific plan</th> </tr> </thead> <tbody> <tr> <td>Provide a safe and healthy work environment.</td> <td> 1. All company factory areas Complete the "ISO 45001 occupational health and safety management system" verification. 2. Onsite factory doctors and nurses provide services. </td> </tr> <tr> <td>Eliminate unlawful discrimination to ensure equal</td> <td>Achieve equal pay and reward conditions for men and women, provide equal promotion opportunities, and maintain more than 20% of</td> </tr> </tbody> </table>	Human Rights Management Policy	Specific plan	Provide a safe and healthy work environment.	1. All company factory areas Complete the "ISO 45001 occupational health and safety management system" verification. 2. Onsite factory doctors and nurses provide services.	Eliminate unlawful discrimination to ensure equal	Achieve equal pay and reward conditions for men and women, provide equal promotion opportunities, and maintain more than 20% of	
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Promote item	Implementation status.			Summary	The circumstances and reasons for discrepancies with the sustainable development best practice principles for TWSE/TPEX-listed companies.
	Yes.	No			
				<p>employment opportunities. managerial positions held by women to promote sustainable and inclusive economic growth.</p> <p>Prohibition of child labor To protect the physical and mental health of minors, The Company itself prohibits employing individuals under the age of 16. In the initial stages of recruitment and selection, such as screening resumes, relevant personnel must identify age based on the resume, graduation Year, and other related information.</p> <p>Prohibition of forced labor Forced labor refers to situations where individuals are compelled to perform any work or service under the threat of penalty and against their will. The Company itself values</p>	

Promote item	Implementation status.			The circumstances and reasons for discrepancies with the sustainable development best practice principles for TWSE/TPEX-listed companies.						
	Yes.	No	Summary							
			<table border="1"> <tr> <td></td> <td>harmonious labor relations.</td> </tr> <tr> <td>Assist employees in maintaining physical and mental health and work-life balance.</td> <td> 1. Implement a leave system and encourage colleagues to focus on work-life balance. 2. Through various family day activities, assist employees in maintaining physical and mental health and work-life balance. </td> </tr> <tr> <td>Support employees in exercising their labor rights in accordance with the law.</td> <td>Establish various communication channels, actively communicate, and reduce opposition and misunderstandings. A dedicated mailbox is set up, handled and responded to by the Management Department.</td> </tr> </table>		harmonious labor relations.	Assist employees in maintaining physical and mental health and work-life balance.	1. Implement a leave system and encourage colleagues to focus on work-life balance. 2. Through various family day activities, assist employees in maintaining physical and mental health and work-life balance.	Support employees in exercising their labor rights in accordance with the law.	Establish various communication channels, actively communicate, and reduce opposition and misunderstandings. A dedicated mailbox is set up, handled and responded to by the Management Department.	
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Promote item	Implementation status.			The circumstances and reasons for discrepancies with the sustainable development best practice principles for TWSE/TPEX-listed companies.
	Yes.	No	Summary	
(II) Does the company establish and implement reasonable employee welfare measures (including compensation, leave, and other benefits), and appropriately reflect operational performance or results in employee compensation?	✓		(II) To fully care for employees and ensure their living conditions, providing good working conditions and meeting their needs, in addition to providing basic protection as required by law, the Company also organizes various employee welfare activities and subsidies. The Company itself has established relevant regulations for remuneration, various bonuses, and performance evaluations to effectively link job performance with individual compensation, and explicitly stipulates employee compensation in the Articles of Incorporation. Article 24 of the Articles of Incorporation: The Company itself, based on the current Year's pre-tax profit prior to deducting employee and director compensation, after offsetting any losses, shall allocate no less than 2% for employee compensation, which includes a minimum of 1% designated for distribution among the basic-level employees, and no more than 3% for director compensation. Employee compensation may be distributed in stock or cash, and the recipients may include employees of subsidiaries who meet certain conditions.	

Promote item	Implementation status.			The circumstances and reasons for discrepancies with the sustainable development best practice principles for TWSE/TPEX-listed companies.
	Yes.	No	Summary	
			<p>Performance bonuses: The monthly performance evaluation of colleagues' work involves an assessment divided into quantitative work objectives and qualitative functional behaviors. It also incorporates relevant indicators such as risk and sustainable management into the assessment items, fully integrating the assessment results with corporate governance, overall operations, and sustainable development (such as work safety, environmental protection, energy saving, quality, educational training, and information security indicators).</p> <p>Year-end bonuses: The distribution is based on the achievement rate of the net profit after tax, considering each individual's contribution and annual performance evaluation, to encourage all colleagues to work together towards the company's goals. The Company's corporate governance and operational management guidelines not only aim for the achievement of substantial business performance but also meticulously integrate sustainability indicators from executive-level metrics, departmental work objectives, and</p>	

Promote item	Implementation status.			The circumstances and reasons for discrepancies with the sustainable development best practice principles for TWSE/TPEX-listed companies.
	Yes.	No	Summary	
(III) Does the company provide a safe and healthy work environment for employees and conduct regular safety and health education for them?	✓		<p>individual performance, with the mission of practicing corporate social responsibility. Beyond striving to achieve corporate profitability, it is even more vital that the entire company, from top to bottom, commits to every step in being environmentally friendly, nature-focused, and dedicated to social welfare. Design an incentive reward system to compensate colleagues for their hard work and efforts.</p> <p>(III) The Company itself has obtained ISO 45001:2018/CNS 45001:2018 occupational safety and health management system certification, with the latest certificate valid from October 31, 2025, to October 30, 2028. It conducts annual health examinations and health education training for employees, regularly provides employees with safety and health information, enhances employees' safety and health awareness, implements machine "safety operation manuals," and through education and training, and safety observation, reminds employees of operational safety. The Company itself conducts regular annual inspections of fire equipment and emergency</p>	

Promote item	Implementation status.			The circumstances and reasons for discrepancies with the sustainable development best practice principles for TWSE/TPEX-listed companies.
	Yes.	No	Summary	
(IV)Has the company established an effective career development training plan for employees?	✓		response drills, and in 2025 Year, there were no fire incidents. (IV)Provide education and training, establish a good environment in response to operational needs and competency planning, and arrange career development training plans based on individual occupational suitability and personal career planning.	
(V)For issues related to customer health and safety, customer privacy, marketing, and labeling of products and services, does the company comply with relevant regulations and international standards, and has it established policies and complaint procedures to protect consumer or customer rights?	✓		(V)To ensure the appropriateness of the quality assurance system implementation, a quality control laboratory has been established to maintain a high standard of product quality. To provide customers with the best products and satisfactory service, we actively value customer feedback. In addition to appointing dedicated personnel to provide procurement services, consultations, and advice, a dedicated email address is established to handle and respond to customer feedback and suggestions.	
(VI)Has the company established supplier management policies that require suppliers to comply with relevant regulations on environmental protection,	✓		(VI)The Company itself regards supplier management as one of the key actions for implementing sustainable management, requiring suppliers to strictly adhere to the supplier code of conduct and	

Promote item	Implementation status.			The circumstances and reasons for discrepancies with the sustainable development best practice principles for TWSE/TPEX-listed companies.
	Yes.	No	Summary	
occupational safety and health, or labor human rights, and what is the status of their implementation?			requesting major suppliers to sign the "Supplier Sustainability Commitment Statement." According to material procurement requirements, the procurement department is responsible for coordinating the evaluation of new suppliers and forming an investigation team. The team conducts a documentary review or on-site evaluation of candidate suppliers based on the material attributes. The members of the investigation team include representatives from relevant departments such as the procurement department and the quality and research department. They conduct a comprehensive review of the candidate suppliers' operational performance and sustainability performance. Operational performance covers areas such as quality management, R&D investment, and production manufacturing; sustainability performance includes aspects such as energy use, product carbon footprint, greenhouse gas reduction, occupational health and safety, and social involvement.	

Promote item	Implementation status.			The circumstances and reasons for discrepancies with the sustainable development best practice principles for TWSE/TPEX-listed companies.
	Yes.	No	Summary	
V.Has the company referred to internationally accepted reporting standards or guidelines to prepare sustainability reports and other reports disclosing non-financial information? Has the aforementioned report obtained assurance or certification from a third-party verification unit?	✓		The Company itself has disclosed sustainable development-related content on the company's website, with EHS personnel regularly reporting relevant environmental protection data. The Company itself has uploaded and filed the 2024 Year sustainability report to the Market Observation Post System and the company's website by the end of August 2025.	No significant discrepancies.
VI. If the Company has established its own Sustainable Development Best Practice Principles in accordance with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, please describe any deviations between its operations and such principles: The Company is committed to integrating sustainable development into its overall operations. While conducting its business activities, the Company actively implements sustainable development practices, enhances the quality of life of its employees, communities, and society, and promotes a competitive advantage based on sustainability. There are no material deviations between its actual operations and the established principles.				
VII. Other important information to facilitate understanding of the Company's implementation of sustainable development: ※Specific achievements in 2025: The Company is committed to the vision of creating a better society by engaging in charitable and public welfare activities, while continuously integrating internal and external resources to fulfill its corporate social responsibility. Through initiatives such as industry-academia collaboration, educational support, and community engagement, the Company actively participates in public welfare activities, cares for local communities, and gives back to society.				

Promote item	Implementation status.			The circumstances and reasons for discrepancies with the sustainable development best practice principles for TWSE/TPEX-listed companies.
	Yes.	No	Summary	
<p>I.Support for disadvantaged families: The Company provides long-term financial support for the tuition and miscellaneous expenses of six students from disadvantaged families, and regularly organizes meetings and gatherings to monitor and support their living and learning conditions.</p> <p>II.Support for local organizations and community engagement:</p> <ol style="list-style-type: none"> 1. Long-term sponsorship of the Nantou County Police Friends Association 2. Long-term sponsorship of the Nantou County Volunteer Police and Fire Brigade 3. Long-term sponsorship of the Taiwan Fund for Children and Families' "Winter Relief Carnival," continuously for 23 years, and recognized as a national model for child welfare 4. Sponsorship of the Nantou Lantern Festival organized by the Nantou County Government to promote local tourism 5. Support for cultural and artistic activities, including sponsorship of neoclassical music performances 6. Support for local religious blessing events, including pilgrimages dedicated to Baishatun Mazu of Gong Tian Temple, Xuantian Emperor of Songboling Shoutian Temple, and Jiutian Xuannü of Chongshou Temple. 7. Hosting visits by social groups to promote environmental greening and circular economy concepts in green energy technology 8. Delivering lectures at Chaoyang University of Technology to enhance students' understanding of industry practices <p>III. Provision of industry internships for students: The Company provides long-term internship opportunities for a total of four students from mechanical-related departments at Hsiuping University of Science and Technology and Nan Kai University of Technology.</p>				

(V-1) Climate-related Information of Listed and OTC Companies:

Implementation of Climate-related Information

Item	Implementation Status
1. Describe the Board of Directors' and management's oversight and governance of climate-related risks and opportunities.	According to the “Sustainability Development Roadmap for Listed Companies” issued by the Financial Supervisory Commission in March 2022, our company, which falls under the category of companies with a paid-in capital of less than NT\$5 billion, is required to implement greenhouse gas inventory and verification in the third phase (i.e., complete the inventory by 2026 and verification by 2028). Moving forward, we will follow the reference guidelines and relevant regulations provided by the competent authorities for greenhouse gas inventory and assurance activities. The progress of the Company’s greenhouse gas inventory and verification schedule is reported quarterly to the Board of Directors for oversight by the Sustainability Development Team.
2. Describe how the identified climate risks and opportunities impact the Company’s business, strategy, and financials (short-term, medium-term, and long-term).	In the short term, there is no significant impact of climate-related risks and opportunities on the industry in which the Company operates. However, in the long term, the impact of climate issues is expected to grow year by year. To reduce the environmental impact of product use, the Company will continue to develop low-carbon, green energy, and recyclable products to meet the environmental demands for related materials and products. However, due to the existing design and production models, the Company must allocate capital budgets annually for research and development, production, and facility transformation. The resulting financial challenges represent both a risk and an opportunity for the Company.

Item	Implementation Status
3. Describe the financial impact of extreme climate events and transition actions.	Please refer to the table below: Description of the current and potential future risks, opportunities, and response measures related to climate change for the Company.
4. Describe how the identification, assessment, and management of climate risks are integrated into the overall risk management framework	Please refer to the table below: Description of the current and potential future risks, opportunities, and response measures related to climate change for the Company.
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analytical factors, and key financial impacts used should be disclosed.	Scenario analysis has not yet been used to assess resilience to climate change risks.
6. If there is a transition plan in place to manage climate-related risks, please describe the content of the plan, as well as the metrics and targets used to identify and manage physical and transition risks.	Please refer to the table below: Description of the current and potential future risks, opportunities, and response measures related to climate change for the Company.
7. If internal carbon pricing is used as a planning tool, the basis for price determination should be disclosed.	Currently, carbon pricing is not used as a planning tool.
8. If climate-related targets are set, the covered activities, greenhouse gas emission scopes, planning timeline, and annual progress should be disclosed. If carbon offsets or Renewable Energy Certificates (RECs) are used to achieve these targets, the source and amount of carbon reductions offset, as well as the number of RECs used, should also be specified.	<ol style="list-style-type: none"> 1. Reduction in process electricity consumption: The electricity usage density is reduced by 1% annually, aiming to achieve an environmentally friendly policy with low pollution and low energy consumption. 2. Switch from heavy oil to natural gas and reduce natural gas consumption by 3% annually through the installation of energy-saving equipment. 3. Install a solar power generation system for self-consumption
9. Greenhouse Gas Inventory, Assurance, Reduction Targets, Strategies, and Action Plans.	<ol style="list-style-type: none"> 1. The Company completed a greenhouse gas inventory for the entire plant in 2024 and will continue to conduct it annually starting from 2025. 2. Assurance: External assurance by an independent third party is expected to be completed by June 2026.

The current and potential future risks, opportunities, and response measures related to climate change for the Company are as follows:

Type of risks	Potential financial impact	Countermeasures	Future opportunities
Flood/fire/earthquake	Production disruptions leading to a decline in revenue, affecting profitability and resulting in financial losses	<ol style="list-style-type: none"> 1. Develop an emergency response plan and establish an emergency response team to enhance emergency preparedness and minimize disaster impact. 2. Conduct fire drills annually. 3. Use fire-resistant materials for construction and regularly dispatch personnel to inspect the fire detection system. 4. The factory building complies with the seismic standards set by the Ministry of the Interior. 5. Purchase fire insurance 	Enhance disaster resilience
Unstable water and electricity supply	Production is impacted, leading to increased operational costs and financial losses	<ol style="list-style-type: none"> 1. Install a solar power generation system for self-consumption, evaluate the electricity storage system and equipment. 2. Boiler waste heat recovery 3. Switch to energy-efficient equipment and electrical appliances 	Enhance energy efficiency
Impact on company image	Failure to meet stakeholder expectations, resulting in damage to the Company's reputation and image	<ol style="list-style-type: none"> 1. Strengthen innovation and high-quality products 2. Move towards green manufacturing products to increase collaboration opportunities with customers 	To increase collaboration opportunities with customers

(VI) The Company's implementation of ethical corporate management and the circumstances of, and reasons for, any deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies

Evaluation Item	Operations			The circumstances and reasons for discrepancies with the ethical corporate management best practice principles for TWSE/TPEX-listed companies.
	Yes	No	Summary	
<p>I. Establish an integrity management policy and plan.</p> <p>(I) Has the company established an integrity management policy approved by the Board of Directors, explicitly stating the policy and practices of integrity management in its regulations and external documents, as well as the commitment of the Board of Directors and senior management to actively implement the management policy?</p> <p>(II) Has the company established a mechanism to assess the risk of unethical conduct, regularly analyze and evaluate business activities within its operational scope that have a higher risk of unethical conduct, and accordingly formulate plans to</p>	<p>✓</p> <p>✓</p>		<p>(I) The Company's Ethical Management Principles were approved by resolution of the Board of Directors on May 8, 2015, disclosed on the company's website and the Market Observation Post System (MOPS), and require joint compliance by directors, managers, and all employees.</p> <p>(II) To prevent unethical conduct in business activities, The Company itself explicitly prohibits unethical behavior and conflicts of interest in its Code of Ethical Conduct and has established the "Procedures and Behavioral Guidelines for Ethical Conduct" to specifically regulate and prevent</p>	<p>No significant discrepancies.</p>

Evaluation Item	Operations			The circumstances and reasons for discrepancies with the ethical corporate management best practice principles for TWSE/TPEX-listed companies.
	Yes	No	Summary	
<p>prevent unethical conduct, covering at least preventative measures for the acts mentioned in Article 7, Paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-listed Companies?</p> <p>(III) Does the company clearly define operational procedures, behavior guidelines, disciplinary measures, and appeal systems within its plans to prevent unethical conduct, and implement them effectively, while regularly reviewing and revising the aforementioned plans?</p>	✓		<p>unethical behavior. And each year, during the execution of the self-assessment of the internal control system by each department, risk assessments are conducted and necessary preventive measures are formulated. In the "Rules of Procedure for Board of Directors Meetings", "Work Rules", and other regulations, strict codes of conduct, ethical standards, grievance procedures, and related reward and punishment regulations are separately established. In 2025, there were no incidents of corruption, bribery, or other such behaviors.</p> <p>(III) For areas with high risk of unethical conduct, The Company itself strengthens the promotion among directors, managers, and employees to ensure they fully understand the company's integrity management policy, encourages the reporting of unethical behavior, and cooperates with audits and inspections to prevent</p>	

Evaluation Item	Operations			The circumstances and reasons for discrepancies with the ethical corporate management best practice principles for TWSE/TPEX-listed companies.
	Yes	No	Summary	
			unethical conduct.	
<p>II. Implement integrity management.</p> <p>(I) Does the company evaluate the integrity records of its counterparts and clearly stipulate integrity clauses in the contracts signed with them?</p> <p>(II) Has the company established a dedicated unit under the Board of Directors to promote ethical corporate management, and does it regularly (at least once a year) report to the Board of Directors on its integrity management policy, plans to prevent unethical conduct, and supervision of the implementation status?</p>	<p>✓</p> <p>✓</p>		<p>(I)The Company itself stipulates that employees should treat clients and competitors fairly and must not solicit gifts, kickbacks, hospitality, or any other improper benefits from the Company's suppliers.</p> <p>(II)</p> <p>1.To strengthen the management of ethical corporate practices, the Company itself has an established Human Resources unit responsible for the formulation and supervision of integrity management policies and prevention plans, with a report to the Board of Directors on November 6, 2025.</p> <p>2.The Company itself implements integrity management policies, and the related implementation status in 2025 is:</p> <p>A.Education training and compliance advocacy: The Company itself uses monthly meetings held by the Management Department to educate colleagues on</p>	<p>No significant discrepancies .</p>

Evaluation Item	Operations			The circumstances and reasons for discrepancies with the ethical corporate management best practice principles for TWSE/TPEX-listed companies.
	Yes	No	Summary	
			<p>matters to be aware of when conducting business and to inform all staff about legal knowledge related to non-compete and confidentiality. Additionally, employees are required to sign an employee confidentiality and non-compete contract upon employment.</p> <p>B.Communication channels: Employees can communicate with all levels of management and the Human Resources unit through various accessible channels and actively declare the integrity management policy and the implementation of integrity management in external activities such as on the website, annual report, and other external documents.</p> <p>C.Regular audits: For all operational activities at business locations, effective control and implementation are achieved through the company's annual self-audits and self-assessments of</p>	

Evaluation Item	Operations			The circumstances and reasons for discrepancies with the ethical corporate management best practice principles for TWSE/TPEX-listed companies.
	Yes	No	Summary	
(III) Has the company established a conflict of interest prevention policy, provided appropriate reporting channels, and implemented it?	✓		<p>legal compliance, independently audited by the audit unit to ensure the operation of the overall mechanism, collectively managing and preventing unethical conduct.</p> <p>D. Whistleblowing System and Whistleblower Protection: The Company itself has established the "Procedures for Handling Reports of Illegal, Unethical, or Dishonest Conduct," which specify the responsibility of relevant supervisors to maintain the confidentiality of the involved parties' information. And the Management Department serves as the dedicated unit for handling reports.</p> <p>(III) The Company itself has explicitly stated in its "Work Regulations" that employees are prohibited from using their professional relationships to solicit hospitality, gifts, commissions, remuneration, or any other improper benefits from clients or vendors. In addition, The Company itself explicitly states that employees engaged in work</p>	

Evaluation Item	Operations			The circumstances and reasons for discrepancies with the ethical corporate management best practice principles for TWSE/TPEX-listed companies.
	Yes	No	Summary	
(IV) Has the company established an effective accounting system and internal control system to implement integrity management, with the internal audit unit formulating relevant audit plans based on the evaluation results of unethical conduct risks, and checking compliance with plans to prevent unethical conduct, or has it commissioned an accountant to perform the audit?	✓		<p>outside without permission that conflicts with the company's interests will be dismissed. The Company's "Board Meeting Rules" include a conflict of interest clause, mandating that in the event of a conflict of interest, the individuals involved must adhere to the principle of recusal, refraining from discussion and leaving the meeting without participating in voting.</p> <p>(IV)The Company's accounting system is established with reference to relevant laws and regulations of the competent authority and is tailored according to the actual business situation of the Company itself. The internal control system is set up with reference to relevant regulations such as the "Regulations Governing the Establishment of Internal Control Systems by Public Companies," and is effectively implemented. The Internal Audit Office includes operations with higher risks in the annual audit plan based on the evaluation results to check</p>	

Evaluation Item	Operations			The circumstances and reasons for discrepancies with the ethical corporate management best practice principles for TWSE/TPEX-listed companies.
	Yes	No	Summary	
(V) Does the company regularly convene internal and external educational training on integrity management?	✓		<p>the actual implementation status of these operations, and reports to the Board of Directors. The accountant also reviews the implementation status of the company's internal control system annually.</p> <p>(V)The Company itself held an insider trading and integrity management compliance test on July 21, 2025, with a total of 73 participants. Additionally, on August 1, 2025, during the monthly meeting for all employees, the Company convened an internal training session on topics related to integrity management (including advocating insider trading prevention and integrity management compliance), with a total of 68 participants.</p>	
<p>III.The operations of the company's whistleblowing system.</p> <p>(I)Has the company established a specific whistleblowing and reward system, set up convenient whistleblowing channels, and designated appropriate personnel to</p>	✓		<p>(I)The Company itself provides a clear whistleblowing channel and ensures full confidentiality of the whistleblower's identity and the content of the report, handling it according to the procedures</p>	No significant discrepancies.

Evaluation Item	Operations			The circumstances and reasons for discrepancies with the ethical corporate management best practice principles for TWSE/TPEX-listed companies.
	Yes	No	Summary	
<p>handle complaints against the reported subjects?</p> <p>(II) Has the company established standard operating procedures for investigating reported matters, follow-up actions after the investigation is complete, and relevant confidentiality mechanisms?</p> <p>(III) Has the company taken measures to protect whistleblowers from improper treatment as a result of their reports?</p>	<p>✓</p> <p>✓</p>		<p>stipulated in the relevant regulations.</p> <p>(II) The Company itself has established the "Procedures for Handling Reports of Illegal, Unethical, or Dishonest Conduct," which specify the responsibility of relevant supervisors to maintain the confidentiality of the involved parties' information.</p> <p>(III) In the Company's whistleblowing process, the whistleblower is kept confidential and will not be subjected to any disposal as a result of reporting.</p>	
<p>IV. Enhance information disclosure. Does the company disclose its established ethical management principles and the effectiveness of their promotion on its website and the Market Observation Post System (MOPS)?</p>	<p>✓</p>		<p>The Company itself has disclosed its established ethical management principles and other related company regulations on its website to ensure the transparency of corporate governance information. It regularly promotes and maintains clear whistleblowing channels, and to date, there have been no reported violations of ethical management conduct.</p>	<p>No significant discrepancies.</p>
<p>V. If the Company has established its own Ethical Corporate Management Best Practice Principles in accordance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, please describe any deviations between its operations and such principles: No material deviations.</p>				

Evaluation Item	Operations			The circumstances and reasons for discrepancies with the ethical corporate management best practice principles for TWSE/TPEX-listed companies.
	Yes	No	Summary	
<p>VI. Other important information to facilitate understanding of the Company's implementation of ethical corporate management (including the Company's review and amendment of its Ethical Corporate Management Best Practice Principles): The Company's operations comply with the Securities and Exchange Act, the Company Act, the Business Accounting Act, regulations governing TWSE/TPEX-listed companies, and other applicable laws and regulations related to commercial conduct, as the foundation for implementing ethical corporate management.</p> <p>In addition to audits conducted by the internal audit unit in accordance with the audit plan across all departments, the implementation of the Company's systems is also regularly reviewed by external auditors (such as accounting firms).</p> <p>Major operational decisions, investment projects, bank financing, and other significant matters are subject to evaluation and analysis by the relevant responsible departments and must be approved by the Board of Directors before implementation.</p>				

(VII) Other important information that may facilitate a better understanding of the Company's corporate governance practices may also be disclosed:

1. The Company's directors and managerial officers regularly participate in corporate governance-related training programs. The training undertaken in 2025 is summarized as follows:

Job title	Name	Date	Organizer	Course name	Training hours
Chairperson and Representative Director	Chang, Hui-Kuan	2025/08/11	Internal Audit Association of the Republic of China	Practical Analysis and Considerations for "Shareholders' Meeting" and "Company Act"	6 hours
Chairperson and Representative Director	Chang, Hui-Kuan	2025/10/28	Chinese Corporate Governance Association	Board of Directors and Corporate Governance Practices	3 hours
Chairperson and Representative Director	Chang, Hui-Kuan	2025/11/06	Chinese Corporate Governance Association	How the Board of Directors Ensures Sustainable Business Operations - Starting from the Discovery and Cultivation of Talent	3 hours
Representative	Lin, Chi-Uo	2025/05/08	Chinese Corporate Governance Association	Regulations on Sustainable Development and Corporate Climate Governance	3 hours
Representative	Lin, Chi-Uo	2025/11/06	Chinese Corporate Governance Association	How the Board of Directors Ensures Sustainable Business Operations - Starting from the Discovery and Cultivation of Talent	3 hours
Director	Huang, Guo -Jhen	2025/05/08	Chinese Corporate Governance Association	Regulations on Sustainable Development and Corporate Climate Governance	3 hours
Director	Huang, Guo -Jhen	2025/11/06	Chinese Corporate Governance Association	How the Board of Directors Ensures Sustainable Business Operations - Starting from the Discovery and Cultivation of Talent	3 hours
Director	Ciou, Bo-Da	2025/05/08	Chinese Corporate Governance Association	Regulations on Sustainable Development and Corporate Climate Governance	3 hours
Director	Ciou, Bo-Da	2025/11/06	Chinese Corporate Governance Association	How the Board of Directors Ensures Sustainable Business Operations - Starting from the Discovery and Cultivation of Talent	3 hours
Director	Chen, Chao -Guo	2025/05/08	Chinese Corporate Governance Association	Regulations on Sustainable Development and Corporate Climate Governance	3 hours
Director	Ciou, Bo-Da	2025/11/06	Chinese Corporate Governance Association	How the Board of Directors Ensures Sustainable Business Operations - Starting from the Discovery and Cultivation of Talent	3 hours
Director	Chen, Chao -Guo	2025/05/08	Chinese Corporate Governance Association	Regulations on Sustainable Development and Corporate Climate Governance	3 hours
Director	Chen, Chao -Guo	2025/11/06	Chinese Corporate Governance Association	How the Board of Directors Ensures Sustainable Business Operations - Starting from the Discovery and Cultivation of Talent	3 hours

Job title	Name	Date	Organizer	Course name	Training hours
			Association	Operations - Starting from the Discovery and Cultivation of Talent	
Director	Chen,Jin-Yi	2025/05/08	Chinese Corporate Governance Association	Regulations on Sustainable Development and Corporate Climate Governance	3 hours
Director	Chen,Jin-Yi	2025/11/06	Chinese Corporate Governance Association	How the Board of Directors Ensures Sustainable Business Operations - Starting from the Discovery and Cultivation of Talent	3 hours
Independent director	Lin,Cheng-Jhih	2025/05/08	Chinese Corporate Governance Association	Regulations on Sustainable Development and Corporate Climate Governance	3 hours
Independent director	Lin,Cheng-Jhih	2025/11/06	Chinese Corporate Governance Association	How the Board of Directors Ensures Sustainable Business Operations - Starting from the Discovery and Cultivation of Talent	3 hours
Independent director	Lin,Cing-An	2025/05/08	Chinese Corporate Governance Association	Regulations on Sustainable Development and Corporate Climate Governance	3 hours
Independent director	Lin,Cing-An	2025/11/06	Chinese Corporate Governance Association	How the Board of Directors Ensures Sustainable Business Operations - Starting from the Discovery and Cultivation of Talent	3 hours
Independent director	Lin,Shu-Huei	2025/05/08	Chinese Corporate Governance Association	Regulations on Sustainable Development and Corporate Climate Governance	3 hours
Independent director	Lin,Shu-Huei	2025/11/06	Chinese Corporate Governance Association	How the Board of Directors Ensures Sustainable Business Operations - Starting from the Discovery and Cultivation of Talent	3 hours
Accounting officer	Lin,Ciou-Hong	2025/09/04 2025/09/05	Accounting Research and Development Foundation of the Republic of China	Issuer Securities Broker Exchange Accounting Officer Advanced Training Course	12 hours
Accounting officer agent	Lyu,Su-Jyuan	2025/07/24 2025/07/25	Accounting Research and Development Foundation of the Republic of China	Issuer Securities Broker Exchange Accounting Officer Advanced Training Course	12 hours
Corporate Governance Officer	Lin, Chiu-Hung	2025/05/08	Chinese Corporate Governance Association	Regulations on Sustainable Development and Corporate Climate Governance	3 hours
		2025/05/09	Securities and Futures Market Development Foundation of the Republic of China	2025 Year Insider Trading Prevention Advocacy Meeting	3 hours
		2025/07/18	Chinese Corporate Governance Association	Compliance Practices of Corporate Governance Officer	3 hours
		2025/11/06	Chinese Corporate Governance Association	How the Board of Directors Ensures Sustainable Business Operations - Starting from the Discovery and Cultivation of Talent	3 hours

Job title	Name	Date	Organizer	Course name	Training hours
Audit Supervisor	Liu,Wei-Ting	2025/07/23	Internal Audit Association of the Republic of China	"Generative AI" and "AI Data Protection" that Internal Auditors Must Understand	6 hours
		2025/07/24	Internal Audit Association of the Republic of China	Practical Seminar on "Examining Corporate Contracts from the Operational Cycle"	6 hours
Audit Agent	Ping,Siang-Fen	2025/07/14	Internal Audit Association of the Republic of China	How to prevent major financial fraud (asset misappropriation, insider trading, benefit transfer, stock price manipulation, irregular transactions, inaccurate financial statements, etc.)	6 hours
		2025/08/15	Internal Audit Association of the Republic of China	Discussion on Key Practices of "Sustainable Information Management" and Internal Control/Internal Audit	6 hours
Executive Vice President	Li,Jyong-Dong	2025/04/24	Bureau of Foreign Trade, Ministry of Economic Affairs	Risk Trends and Corporate Credit Management Strategies in the Trump 2.0 Era	3 hours
Reserve cadre	Lin,Ting-Yu	2025/12/10	World Vision Taiwan	ESG Transformation in the New Arena: Winning Resilience and Co-Creating Value	3 hours
Human Resources Manager	Lin,Fong-Yi	2025/05/07	SAP 2025 SAP NOW AI Tour Taiwan	Innovative Business AI. Collaborate to Intelligently Create the Future	7 hours
Human Resources Manager	Lin,Fong-Yi	2025/06/25	Xinda Business Management Consulting Co., Ltd.	Response strategies for labor inspections and common labor disputes regarding working hours, wages, etc.	6 hours

2. The Company's personnel training in environmental safety and occupational health, as well as the acquisition of relevant certifications in 2025, are as follows:

Job title	Name	Date	Organizer	Course name or the license or certificate received
Product R&D Manager	Jiang,Hong-Cin	2025/04/18	Nantou Training Center of Taiwan Boiler Association	Refresher Training for Hazardous Work Supervisors (Organic, Special Chemical, Oxygen Deficiency, Dust, Lead)
Production Section Chief	Jhou,Jhieh-Sheng	2025/04/25	Nantou Training Center of Taiwan Boiler Association	Refresher Training Program for Occupational Safety and Health Supervisors
Trainee Section Chief	Wang,Guo-Jyun	2025/04/30	Nantou Training Center of Taiwan Boiler Association	Refresher Training for Boiler Operators
Environmental Safety Specialist	Chen,Cing-Chuan	2025/08/22	Occupational Safety and Health Association, Republic of China	Seminar and Site Visit on Occupational Safety and Health Workplace Improvement and Occupational Accident Prevention

Job title	Name	Date	Organizer	Course name or the license or certificate received
Maintenance Section Chief	Chen,Ming-Yu	2025/11/04-11/06	CPC Corporation (China Productivity Center)	Energy Management Personnel Training
Production Manager	Jhang,Jia-Hao	2025/11/04	China Productivity Center	Refresher Training for Fire Safety Management Personnel
Engineer	Shen,Jheng-Yu Ceng,Jyun-You	2025/11/26-11/27	Taiwan Boiler Association	92nd First Aid Personnel Training Program

(VIII) For the implementation of the internal control system, disclose the following matters:

1. Internal Control Statement:

**Hsin Yung Chien Co., Ltd.
Internal Control Statement**

Date: March 4, 2026

Based on the results of self-assessment, the Company's internal control system for 2025 is hereby stated as follows:

- I. The Company knows that the establishment, implementation and maintenance of the internal control system is the responsibility of the Board of Directors and managers of the Company, and the Company has already established this system. Its purpose is to provide reasonable assurance for the achievement of the objectives of operational effectiveness and efficiency (including profitability, performance and asset security), reliability, timeliness, transparency of reporting, and compliance with relevant norms and relevant laws and regulations.
- II. An internal control system has its inherent limitations. No matter how perfect the design is, an effective internal control system can only provide reasonable assurance for the achievement of the three objectives above. Moreover, due to changes in environment and circumstances, the effectiveness of the internal control system may change accordingly. However, the Company's internal control system has a built-in supervision mechanism, and once deficiencies are identified, the Company will take corrective action immediately.
- III. The Company judges whether the design and implementation of the internal control system is effective in accordance with the judgment items of the effectiveness of the internal control system specified in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Regulations"). The judgment items of the internal control system adopted in the "Regulations" divide the internal control system into five components according to the process of management control: 1. control environment, 2. risk assessment, 3. control operations, 4. information and communication, and 5. supervision operations. Each component element includes several items. For the items above, please refer to the provisions of the "Regulations".
- IV. The Company has adopted the internal control system judgment items above to evaluate the effectiveness of the design and implementation of the internal

control system.

- V. Based on the results of the evaluation referred to in the preceding paragraph, the Company believes that the design and implementation of the internal control system as of December 31, 2025, including the understanding of the effectiveness of operations and the extent to which efficiency goals have been achieved, the reliability, timeliness, transparency of reporting, and the compliance with relevant norms and relevant laws and regulations, as well as the compliance with relevant internal control systems, are effective and can reasonably ensure the achievement of the goals above.
- VI. This statement will become the main content of the Company's annual report and prospectus, and will be made public. If there are false, hidden, and other illegal circumstances in the disclosure above, the legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act will be involved.
- VII. This Statement was approved by the Board of Directors of the Company on March 4, 2026. Of the 9 directors present, all directors agreed to the contents of this Statement.

Hsin Yung Chien Co., td.

Chairperson: Chang, Hui-Kuan

General Manager: Lin, Chi-Uo

2. Where a CPA is entrusted to audit the internal control system on a special case basis, the CPA's audit report shall be disclosed: None.

(IX) Important resolutions of the shareholders' meeting and the Board of Directors for the most recent year and up to the printing date of the annual report:

1. Important resolutions and their implementation status of the 2025 Annual General Meeting:

Meeting date	Important resolutions and their implementation status
2025.05.22	<p>1. Approval of the 2024 Business Report and Financial Statements Implementation status: Approved by resolution of the shareholders' meeting and announced on the Market Observation Post System (MOPS) and the Company's website.</p> <p>2. Approval of the 2024 Earnings Distribution Proposal Implementation status: In addition to the statutory surplus appropriation in accordance with the Articles of Incorporation, the Company distributed cash dividends of NT\$389,958,535 from accumulated undistributed earnings of prior years, equivalent to NT\$5 per share. The cash dividends were distributed on July 21, 2025.</p> <p>3. Discussion on the Amendment to the "Articles of Incorporation" Implementation status: The amendment to the Articles of Incorporation was approved and the registration change was approved by the Ministry of Economic Affairs on June 16, 2025.</p>

2. Important resolutions of the Board of Directors from January 1, 2025 to March 3, 2026 (date of publication):

Meeting date	Key resolutions
<p>January 17, 2025, 20th Board of Directors Meeting (4th Meeting)</p>	<ol style="list-style-type: none"> 1. Approval of the 2025 Year operational plan and budget proposal. 2. Approval of the proposal to distribute director remuneration and employee bonuses for the year 2024 according to the Articles of Incorporation and estimate the provision rate for the year 2025. 3. Approval of the bonus and year-end bonus distribution standards for managers for the Year 2024 proposal. 4. Approval of the content and payment proposal for director compensation. 5. Approval of the content and payment proposal for the managers' compensation. <p>Resolution results: The Board of Directors approved the proposal unanimously with no changes.</p> <p>Implementation status: The matters discussed in the above meeting have all been executed in accordance with the Resolution by the Board of Directors.</p>
<p>February 26, 2025, 20th Board of Directors Meeting (5th Meeting)</p>	<ol style="list-style-type: none"> 1. Approval of the case of the "Effectiveness Assessment of the Internal Control System" and the "Internal Control System Statement" for the Year 2024. 2. Approval of the Appointment and Remuneration of the CPA Proposal. 3. Approval of the evaluation of the independence and suitability of the CPA for the 2025 Year Proposal. 4. Approval of the Change of the CPA case Proposal. 5. Approval of the proposal for the distribution of employee and director compensation for the year 2024. 6. Approval of the 2024 Business Report and Financial Statements Proposal. 7. Approval of the Proposal for the earnings distribution for the year 2024. 8. Approval of the Proposal to Define the Scope of Basic-Level Employees of the Company. 9. Approval of the Amendment to Certain Provisions of the "Articles of Incorporation" Proposal. 10. Approval of matters related to convening the 2025 General shareholders' meeting proposal. 11. Approval of matters related to the 2025 General shareholders' meeting's acceptance of shareholder proposals proposal. <p>Resolution results: The Board of Directors approved the proposal unanimously with no changes.</p> <p>Implementation status: The matters discussed in the above meeting have all been executed in accordance with the Resolution by the Board of Directors.</p>

<p>May 8, 2025, 20th Board of Directors Meeting (6th Meeting)</p>	<p>Approval of the 2025 Q1 Financial Report Proposal. Resolution results: The Board of Directors approved the proposal unanimously with no changes. Implementation status: The matters discussed in the above meeting have all been executed in accordance with the Resolution by the Board of Directors.</p>
<p>June 6, 2025, 20th Board of Directors Meeting (7th Meeting)</p>	<p>Approval of the proposal to elect the Chairperson. Resolution results: The Board of Directors approved the proposal unanimously with no changes. Implementation status: The matters discussed in the above meeting have all been executed in accordance with the Resolution by the Board of Directors.</p>
<p>August 7, 2025, 20th Board of Directors Meeting (8th Meeting)</p>	<ol style="list-style-type: none"> 1. Approval of the 2025 Q2 Financial Report Proposal. 2. Approval of the Amendment to the "Remuneration Committee Charter" Proposal. 3. Approval of the Amendment to the "Salary Cycle," "Salary Cycle Approval Authority Table," and "Salary Management Procedures" Proposal. 4. Approval of the 2024 Sustainability Report Proposal. 5. Approval of the proposal for the compensation of the newly-appointed Chairperson. 6. Approval of the Proposal for the individual distribution of director compensation for the year 2024. <p>Resolution results: The Board of Directors approved the proposal unanimously with no changes. Implementation status: The matters discussed in the above meeting have all been executed in accordance with the Resolution by the Board of Directors.</p>
<p>November 6, 2025, 20th Board of Directors Meeting (9th Meeting)</p>	<ol style="list-style-type: none"> 1. Approval of the Yearly Audit Plan Proposal in accordance with Article 13 of the "Regulations Governing the Establishment of Internal Control Systems by Public Companies." 2. Approval of the 2025 Q3 Financial Report Proposal. 3. Approval of the Proposal for the extension of the bank financing limit. <p>Resolution results: The Board of Directors approved the proposal unanimously with no changes. Implementation status: The matters discussed in the above meeting have all been executed in accordance with the Resolution by the Board of Directors.</p>
<p>February 6, 2026, 20th Board of Directors Meeting (10th Meeting)</p>	<ol style="list-style-type: none"> 1. Approval of the 2026 Year operational plan and budget proposal. 2. Approval of the proposal to distribute director remuneration and employee bonuses for the year 2025 according to the Articles of Incorporation and estimate

	<p>the provision rate for the year 2026.</p> <ol style="list-style-type: none"> 3. Approval of the bonus and year-end bonus distribution standards for managers for the 2025 Year proposal. 4. Approval of the content and payment proposal for director compensation. 5. Approval of the content and payment proposal for the managers' compensation. <p>Resolution results: The Board of Directors approved the proposal unanimously with no changes. Implementation status: The matters discussed in the above meeting have all been executed in accordance with the Resolution by the Board of Directors.</p>
<p>March 4, 2026, 20th Board of Directors Meeting (11th Meeting)</p>	<ol style="list-style-type: none"> 1.Approval of the case of the "Effectiveness Assessment of the Internal Control System" and the "Internal Control System Statement" for the Year 2025. 2.Approval of the evaluation of the independence and suitability of the CPA for the 2026 Year Proposal. 3.Approval of the proposal for the distribution of employee and director compensation for the 2025 Year. 4.Approval of the 2025 Year Business Report and Financial Statements Proposal. 5.Approval of the Proposal for the earnings distribution for the year 2025. 6.Approval of the Amendment to Certain Provisions of the "Articles of Incorporation" Proposal. 7.Approval of matters related to convening the 2026 General shareholders' meeting proposal. 8.Approval of matters related to the 2026 General shareholders' meeting's acceptance of shareholder proposals proposal. <p>Resolution results: The Board of Directors approved the proposal unanimously with no changes. Implementation status: The matters discussed in the above meeting have all been executed in accordance with the Resolution by the Board of Directors.</p>

(X) In the most recent year and up to the printing date of the annual report, if the directors had different opinions on important resolutions passed by the Board of Directors, and there are records or written statements, the main contents: None.

IV. Information on the professional fees of the attesting CPAs :

(I) CPA fees

Unit: NT\$ thousand

CPA firm name	CPA name	CPA audit period	Audit fees	Non-audit fees	Total	Remark
Pricewaterhouse Coopers Taiwan	Wu, Sung-Yuan	2025/01/01 ~ 2025/12/31	1,800	542	2,342	note
	Liu , Mei- Lan					

Note: Non-audit fees mainly include the tax certification fee, transfer pricing report analysis project fee, amendment registration with the ministry of economic affairs, and seal certification fee.

(II). If the Company has any of the following circumstances, disclose the CPA fees:

- (1) If the accounting firm is replaced and the audit fees paid in the year of replacement are less than those paid in the year prior to the replacement, the amounts of the audit fees before and after the replacement and the reasons thereof shall be disclosed: Not applicable.
- (2) If the audit fee has decreased by more than 10% from that of the previous year, disclose the amount, proportion and reasons for the decrease: There is no such situation.

V. Information on Change of Certified Public Accountants:To align with internal personnel adjustments at PwC Taiwan, effective from the first quarter of 2025, the Company's financial statement certifying CPAs have been changed from CPAs Wu, Sung-Yuan and HONG,SHU-HUA to CPAs Wu, Sung-Yuan and Liu ,Mei- Lan.

VI.The chairperson, president or manager in charge of financial or accounting affairs of the company who has served in the CPA firm or its affiliated enterprises within the most recent year: None.

VII. For the most recent year and up to the date of printing of the annual report, the transfer of shares and changes in pledges of shares by directors, managers, and shareholders holding more than 10% of the shares:

- (I) Changes in equity held by directors, managers, and shareholders holding more than 10% of the shares:

Title	Name	2025		Current year as March 24	
		Increase (decrease) in the number of shares held	Increase (decrease)) in the number of shares pledged	Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged
Legal person representative and Chairman	Chang, Hui-Kuan	-	-	-	-
Director and Major shareholder	Ji Wng Cheng Co., Ltd. Representative : Chang, Hui-Kuan	8,392,907	-	-	-
Director and Major shareholder	You Zhen Co., Ltd. Representative: Lin, Chi-Uo	7,024,325	-	-	-
Director	Huang, Kuo-Chen	-	-	-	-
Director	Chen, Chin-I	-	-	-	-
Director	Chen, Chao-Kao	-	-	-	-
Director	Chiu, Po-Ta	-	-	-	-
Independent Director	Lin, Chen-Chih	-	-	-	-
Independent Director	Lin, Chin-An	-	-	-	-
Independent Director	Lin, Shu-Hui	-	-	-	-
Legal person representative and president	Lin, Chi-Uo	1,000	-	-	-
Manager	Chou, Yi-Shang	-	-	-	-
Manager	Li, Chiung-Tung	-	-	-	-
Manager	Lin, Chiu-Hung	-	-	-	-
Manager	Chang, Wei-Hsiu	-	-	-	-

Title	Name	2025		Current year as March 24	
		Increase (decrease) in the number of shares held	Increase (decrease)) in the number of shares pledged	Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged
Manager	Lin, Feng-I	-	-	-	-
Major shareholder	Chi Kuan Investment Co., Ltd. - Representative: Lin, Chi-Chin	(8,392,907)	-	-	-

(II) Information on directors, managers, and shareholders holding more than 10% of the shares whose equity is transferred to a related party:

Name	Reason for equity transfer	Transaction date	Transaction counterparty	The relationship between the transaction counterparty and the Company, directors, supervisors and shareholder s holding more than 10% of the shares	Number of shares	Transaction price
Ji Wng Cheng Co., Ltd. Represent ative : Lin, Chi-Chi	Merger by absorption	2024/12/30	Chi Kuan Investment Co., Ltd. - Representative : Chang,Hui- Kuan	the major shareholder	8,392,907	-
You Zhen Co., Ltd. Represent ative: Lin, Chi-Uo	Merger by absorption	2024/12/30	Ji Uo Investment Co., Ltd. - Representative : Lin, Chi-Uo	The company director is its representative	5,723,349	-

(III) Information on directors, managers, and the relative parties of equity pledge with shareholding ratio of more than 10% who are related parties: None.

VIII. For the top ten shareholders in shareholding, the information on their relationships as related parties or spouses or relatives within the second degree of kinship:

Name	Own shares		Shares held by spouse and minor children		Total shares held in the names of others		The names and relationships of the top ten shareholders who are related parties or spouses or relatives within the second degree of kinship.		Remark
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Name	Relationship	
You Zhen Co., Ltd. Representative: Mr. Lin Chi-Uo	15,500,000	19.87%	-	-	-	-	Chang,Hui-Kuan	Sister, in-law	-
Ji Wang Cheng Co., Ltd. Representative: Ms. Chang Hui-Kuan	15,343,420	19.67%	-	-	-	-	Lin Chi-Uo	Brother , in-law	-
Quan Zhang Co., Ltd Representative: Chang,Hui-Kuan	5,035,239	6.46%	-	-	-	-			-
Trust Property Special Account Entrusted by Lin, Chi-Chin	2,200,000	2.82%	-	-	-	-	-	-	-
Trust Property Special Account Entrusted by Hu,Mei-Hui	2,200,000	2.82%	-	-	-	-	-	-	-
Lin, Fang-Ling	1,785,000	2.29%	-	-	-	-	Lin Chi-Uo	Brother	-
Lin, Pei-Yao	1,100,000	1.41%	-	-	-	-			-
Lin,Ke-Xun	1,100,000	1.41%	-	-	-	-			-
Chen,Chao-Guo	688,380	0.88%	-	-	-	-	-	-	-
Lin,Hsiu-Ying	681,897	0.87%	-	-	-	-	Lin Chi-Uo	Brother	-

IX. The number of shares held by the company, its directors, managers, and enterprises directly or indirectly controlled by the company in the same reinvested enterprise, and the consolidated shareholding ratio: No such situation.

Three. Fund Raising

I. Capital and shares:

(I) Source of share capital: shares

Unit: thousand

Month and year	Issue price	Approved capital		Paid-in capital		Remark	Using assets other than cash to offset share capital	Others
		Number of shares (in thousand)	Amount (NT\$ thousand)	Number of shares (in thousand)	Amount (NT\$ thousand)			
August 1969	10	50	500	50	500	Share capital at establishment	-	-
September 1978	10	200	2,000	200	2,000	Capital increase from cash of 150,000 shares	-	Note 1
June 1980	10	1,700	17,000	1,700	17,000	Capital increase from cash of 1,500,000 shares	-	-
January 1991	10	2,700	27,000	2,700	27,000	Capital increase from cash of 1,000,000 shares	-	-
November 1993	10	5,700	57,000	5,700	57,000	Capital increase from cash of 3,000,000 shares	-	Note 2
December 1996	10	7,900	79,000	7,900	79,000	Capital increase from capital surplus of 2,200,000 shares	-	-
December 1997	10	10,500	105,000	10,500	105,000	Capital increase from earnings of 2,600,000 shares	-	Note 3
December 1999	10	13,954	139,535	13,954	139,535	Capital increase from earnings of 3,453,500 shares	-	Note 4
September 2002	10	19,577	195,768	19,577	195,768	Capital increase from earnings of 5,623,260 shares	-	Note 5
November 2002	10	19,706	197,060	19,706	197,060	Share swap due to merger of 129,200 shares	-	Note 6
October 2003	10	25,000	250,000	21,500	215,000	Capital increase from capital surplus of 1,794,040 shares	-	Note 7
September 2004	10	30,000	300,000	27,502	275,020	Capital increase from cash of 4,000,000 shares Capital increase from earnings of 1,505,000 shares Capital increase from capital surplus of 497,000 shares	-	Note 8
September 2005	10	44,300	443,000	31,500	315,000	Capital increase from earnings of 2,200,160 shares Capital increase from capital surplus of 1,797,840 shares	-	Note 9
December 2005	10	44,300	443,000	33,000	330,000	Capital increase from cash of 1,500,000 shares	-	Note 10
July 2006	10	44,300	443,000	38,050	380,500	Capital increase from earnings of 2,310,000 shares Capital increase from capital surplus of 2,640,000 shares Capital increase from employee bonus of 100,000 shares	-	Note 11
October 2006	10	44,300	443,000	42,807	428,070	Capital increase from cash of 4,757,000 shares	-	Note 12
October 2007	10	70,000	700,000	44,947	449,473	Capital increase from earnings of 2,140,350 shares	-	Note 13

Month and year	Issue price	Approved capital		Paid-in capital		Source of share capital	Using assets other than cash to offset share capital	Others
		Number of shares (in thousand)	Amount (NT\$ thousand)	Number of shares (in thousand)	Amount (NT\$ thousand)			
May 2008	10	70,000	700,000	44,965	449,654	New shares from corporate bond conversion of 18,041 shares	-	Note 14
July 2008	10	70,000	700,000	45,040	450,398	New shares from corporate bond conversion of 74,421 shares	-	Note 15
September 2008	10	70,000	700,000	45,044	450,443	New shares from corporate bond conversion of 4,510 shares	-	Note 16
October 2008	10	70,000	700,000	47,794	477,943	Capital increase from earnings of 2,750,000 shares	-	Note 17
October 2009	10	70,000	700,000	50,184	501,840	Capital increase from earnings of 2,389,716 shares	-	Note 18
August 2000	10	70,000	700,000	55,202	552,024	Capital increase from earnings of 5,018,404 shares	-	Note 19
September 2010	10	70,000	700,000	60,202	602,024	Capital increase from cash of 5,000,000 shares	-	Note 20
May 2011	10	70,000	700,000	60,838	608,386	New shares from corporate bond conversion of 636,170 shares	-	Note 21
July 2011	10	70,000	700,000	61,000	610,002	New shares from corporate bond conversion of 161,679 shares	-	Note 22
October 2011	10	70,000	700,000	61,386	613,866	New shares from corporate bond conversion of 386,334 shares	-	Note 23
August 2014	10	70,000	700,000	67,525	675,253	Capital increase from earnings of 6,138,663 shares	-	Note 24
September 2019	10	100,000	1,000,000	70,902	709,016	Capital increase from earnings of 3,376,264 shares	-	Note 25
September 2021	10	100,000	1,000,000	77,992	779,917	Capital increase from earnings of 7,090,155 shares	-	Note 26

Note 1: Approved via letter Tai-Jian-Shang-Xin-Zi No. 011516 dated October 5, 1978.

Note 2: Approved via letter Jing-(1993)-Shang-Zi No. 126019 dated December 28, 1993.

Note 3: Approved via letter Jing-1998-Shang-Zi No. 102755 dated February 19, 1998.

Note 4: Approved via MOEA letter Jing-(2000)-Shang-Zi No. 089100914 dated January 12, 2000.

Note 5: Approved via MOEA letter Jing-Shou-Shang-Zi No. 09101365540 dated September 4, 2002.

Note 6: Approved via MOEA letter Jing-Shou-Shang-Zi No. 09101468110 dated November 28, 2002.

Note 7: Approved via letter Jing-Shou-Zhong-Zi No. 09232836030 dated October 23, 2003.

Note 8: Approved via letter Jing-Shou-Zhong-Zi No. 09332657820 dated September 8, 2004.

Note 9: Approved via letter Jing-Shou-Zhong-Zi No. 09432866670 dated September 21, 2005.

- Note 10: Approved via letter Jing-Shou-Zhong-Zi No. 09433332660 dated December 12, 2005.
- Note 11: Approved via letter Jing-Shou-Zhong-Zi No. 09532504270 dated July 13, 2006.
- Note 12: Approved via letter Jing-Shou-Zhong-Zi No. 09532968690 dated October 11, 2006.
- Note 13: Approved via letter Jing-Shou-Zhong-Zi No. 09632841010 dated October 3, 2007.
- Note 14: Approved via letter Jing-Shou-Zhong-Zi No. 09732164930 dated May 1, 2008.
- Note 15: Approved via letter Jing-Shou-Zhong-Zi No. 09732555100 dated July 8, 2008.
- Note 16: Approved via letter Jing-Shou-Zhong-Zi No. 09732897980 dated August 22, 2008.
- Note 17: Approved via letter Jing-Shou-Zhong-Zi No. 09733198340 dated October 3, 2008.
- Note 18: Approved via letter Jing-Shou-Shang-Zi No. 09801235560 dated October 13, 2009.
- Note 19: Approved via letter Jing-Shou-Shang-Zi No. 09901175110 dated August 9, 2010.
- Note 20: Approved via letter Jing-Shou-Shang-Zi No. 09901204140 dated September 8, 2010.
- Note 21: Approved via letter Jing-Shou-Shang-Zi No. 10001088800 dated May 3, 2011.
- Note 22: Approved via letter Jing-Shou-Shang-Zi No. 10001148910 dated July 12, 2011.
- Note 23: Approved via letter Jing-Shou-Shang-Zi No. 10001235200 dated October 14, 2011.
- Note 24: Approved via letter Jing-Shou-Shang-Zi No. 10301179560 dated August 29 2014.
- Note 25: Approved via letter Jing-Shou-Shang-Zi No. 10801125490 dated September 18, 2019.
- Note 26: Approved via letter Jing-Shou-Shang-Zi No. 11001165150 dated September 22, 2021.

Share type	Approved capital			Remark
	Outstanding shares	Unissued shares	Total	
Bearer form Common shares	77,991,707	22,008,293	100,000,000	Listed shares

Where approval has been obtained to offer and issue securities under the omnibus reporting system, disclose the approved amount, information related to the intended issue and the issued securities: Not applicable.

(II) List of major shareholders:

Name, number of shares held and proportion of shareholding held by shareholders with a shareholding ratio of 5% or more, or shareholders with a top ten shareholding ratio:

		March 24, 2026	
Shares	Number	of	Shareholding
Name of major shareholder	shares held		ratio
You Zhen Co., Ltd.	15,500,000		19.87%
Ji Wng Cheng Co., Ltd.	15,343,420		19.67%
Quan Zhang Co., Ltd	5,035,239		6.46%
Trust Property Special Account Entrusted by Lin, Chi-Chin	2,200,000		2.82%
Trust Property Special Account Entrusted by Hu, Mei-Hui	2,200,000		2.82%
Lin, Fang-Ling	1,785,000		2.29%
Lin, Pei-Yao	1,100,000		1.41%
Lin, Ke-Xun	1,100,000		1.41%
Chen, Chao-Guo	688,380		0.88%
Lin, Hsiu-Ying	681,897		0.87%

(III) Dividend policy and implementation status:

1. Dividend policy:

- (1) The Company, based on current-year pre-tax profit before deducting employee and director remuneration and after offsetting accumulated losses, shall appropriate no less than 2% for employee remuneration, of which no less than 1% shall be allocated to frontline employees, and no more than 3% for director remuneration. Employee remuneration may be distributed in the form of cash or shares, and the recipients may include employees of subsidiaries who meet certain criteria. The distribution of employee remuneration and director remuneration shall be resolved by the Board of Directors with the attendance of more than two-thirds of the directors and the approval of a majority of the directors present, and shall be reported to the shareholders' meeting.
- (2) If the Company has a surplus in its annual final accounts, it shall first pay profit-seeking enterprise income tax and make up for its losses in previous years. If there is still a surplus, it shall set aside 10% as the legal reserve in accordance with the law, and set aside or reverse the special reserve in accordance with the law; if there is any remaining balance, then the Board of Directors shall prepare an earnings distribution proposal for it together with and the accumulated undistributed earnings, and submit it to the shareholders' meeting for

resolution on dividend distribution. Since the Company is in a stage of stable growth, considering shareholders' equity, the Company's financial structure and long-term development, the total amount of shareholders' dividends should be more than 20% of the accumulated undistributed earnings, of which cash dividends should not be less than 10% of the total shareholders' dividends.

2. The proposed dividend distribution at this shareholders' meeting:

The Company's profit distribution plan for 2025 has been drafted by the Board of Directors, and a cash dividend of NT\$5 per share will be distributed. After it has been passed by the resolution of the general shareholders' meeting, another benchmark date for interest distribution will be set.

(IV) The effect of the proposed free share allotment at the current shareholders' meeting on the company's operating performance and earnings per share:

Not applicable.

(V) Remuneration of employees and directors:

1. Percentage or range of remuneration of employees and directors as stated in the Articles of Association:

Article 24: The Company, based on current-year pre-tax profit before deducting employee and director remuneration and after offsetting accumulated losses, shall appropriate no less than 2% for employee remuneration, of which no less than 1% shall be allocated to frontline employees, and no more than 3% for director remuneration. Employee remuneration may be distributed in the form of cash or shares, and the recipients may include employees of subsidiaries who meet certain criteria.

The distribution of employee remuneration and director remuneration shall be resolved by the Board of Directors with the attendance of more than two-thirds of the directors and the approval of a majority of the directors present, and shall be reported to the shareholders' meeting.

The distribution of employees' remuneration and directors' remuneration shall be made by a resolution adopted by the Board of Directors at which more than two-thirds of the directors are present and the proposal approved by a majority of the directors present, and it shall be reported to the shareholders' meeting.

Article 24-1: If the Company has a surplus in its annual final accounts, it shall first pay profit-seeking enterprise income tax and make up for its losses in previous years. If there is still a surplus, it

shall set aside 10% as the legal reserve in accordance with the law, and set aside or reverse the special reserve in accordance with the law; if there is any remaining balance, then the Board of Directors shall prepare an earnings distribution proposal for it together with and the accumulated undistributed earnings, and submit it to the shareholders' meeting for resolution on dividend distribution. Since the Company is in a stage of stable growth, considering shareholders' equity, the Company's financial structure and long-term development, the total amount of shareholders' dividends should be more than 20% of the accumulated undistributed earnings, of which cash dividends should not be less than 10% of the total shareholders' dividends.

2. The basis for estimating the remuneration of employees and directors in the current period, the basis for calculating the number of shares of employees' remuneration distributed by shares, and the accounting treatment if the actual distribution amount is different from the estimated amount:

If there is still any change in the amount after the date of issuance of the annual financial report, it shall be handled according to the change in accounting estimates, and the amount shall be adjusted and recorded in the next year.

3. Remuneration distribution by resolution of the Board of Directors:

The Board of Directors of the Company approved the proposal on March 4, 2026. The distribution of earnings for the year 2025 regarding employee and director remuneration is as follows:

- (1) If the amount of remuneration of employees and directors distributed in cash or stock is different from the estimated amount in the year of recognition, disclose the difference, reason and handling: The Company has estimated NT\$17,526,001 as employee cash remuneration for the year 2025 (including NT\$8,763,000 allocated to frontline employees), and NT\$8,763,000 as director remuneration. The above proposal has been reviewed by the Remuneration Committee and submitted to the Board of Directors for resolution. The proposed distribution of employee cash remuneration and director remuneration is consistent with the estimated amounts, with no discrepancies.
- (2) The ratio of employees' remuneration distributed by shares to the total after-tax profit and employees' remuneration in the current individual or respective financial report: None.

4. Actual distribution of remuneration of employees and directors in the previous year:

Item	Amount decided by the Board of Directors	Actual amount paid	Difference
Employees' remuneration	NT\$15,583,530	NT\$15,583,530	None
Directors' remuneration	NT\$7,791,764	NT\$7,791,764	None

(VI) The Company's repurchase of its own shares: None.

II. Handling of corporate bonds and convertible corporate bonds: None.

III. Handling of special shares: None.

IV. Handling of overseas depositary receipts: None.

V. Handling of employee stock option certificates:

- (I) For employee stock option certificates, disclose the status of handling and the impact on shareholders' equity as of the printing date of the annual report:

March 31, 2026

Type of employee stock option certificates	1st employee stock option certificates in 2020
Filing and affective date	September 1, 2020
Issue date	November 24, 2020
Number of units issued	2,000,000 shares
Ratio of the number of share subscriptions issued to the total number of issued shares	2.56%
Duration of subscription	10 years
Performance mode	Delivered by issuing new shares of the Company.
Restricted subscription period and ratio (%)	The stock option holder may not exercise the stock option within six years before the expiration of the employee stock option certificate, and may exercise the right to subscribe in full after the expiration of six years.
Number of shares acquired	0
Executed subscription amount	0
Number of outstanding shares for subscription	2,000,000 shares
Subscription price per share of those which have not been subscribed to	57.8
Number of outstanding shares for subscription to total issued shares (%)	2.56%
Impact on shareholders' equity	The Company estimates that the future revenue will show a growth trend, so the overall assessment shows that the dilution of earnings per share of the Company in the future years is still limited, and there is no significant impact on existing shareholders' equity.

Note: Calculated based on 77,991,707 shares as of the record date (March 24, 2026).

(II) Names and status of acquisition and subscription of managers and the top ten employees who have obtained stock option certificates:

March 31, 2026

	Title	Name	Number of share subscriptions acquired	Acquired Number of share subscriptions as a percentage of total issued shares (%)	Already executed				Not executed			
					Number of share subscriptions	Subscription price	Subscription amount	Number of subscribed shares as a	Number of share subscriptions	Subscription price	Subscription amount	Number of subscribed shares as a percentage of total issued shares
Manager	Executive Vice President	Li, Chiung-Tung	365,000	0.51% (Note1)	0	0	0	0	365,000	57.8	21,097,000	0.47% (Note2)
	Production Manager	Chou, Yi-Shang										
	Finance Manager	Lin, Chiu-Hung										
	R&D Manager	Chang, Wei-Hsiu										
	HR Manager	Lin, Feng-I										
Employee	Special Assistant	Hu, X-hui	475,000	0.67% (Note1)	0	0	0	0	475,000	57.8	27,455,000	0.61% (Note2)
	Senior Specialist	Chang, X-Hao										
	Section Chief	Chang, X-Hsiang										
	Section Chief	Chou, X-Sheng										
	Section Chief	Huang, X-Chin										
	Section Chief	Chen, X-Yu										
	Section	Wang,										

	Chief	X-Chun											
	Senior Specialist	Chiang, X-Chin											
	Head	Liu, X-Ting											
	Sales	Liu, X-Hsuan											

Note 1: Calculated based on 70,901,552 shares, the registered capital at the time of issuance in 2020 with the Ministry of Economic Affairs.

Note 2: Calculated based on 77,991,707 shares as of the record date (March 24, 2026).

VI. Handling of new shares with restricted employee rights:None.

VII. Handling of issuance of new shares for the merger or acquisition of shares of other companies: None.

VIII. Implementation of fund utilization plan: Not applicable.

Four. An Overview of Operations

I. Business Contents:

(I) Business scope:

1. Key business contents:

(1) Manufacturing, processing and trading of rubber conveyor belts, rubber plates and various rubbers that are oil resistant, acid resistant, heat resistant and fire resistant.

(2) Manufacturing of other rubber products.

(3) Manufacturing, processing and trading of composite products.

(4) General import and export business. (Except for licensed businesses)

2. Business proportions:

The business proportions of the Company's main products in 2025 are as follows:

Unit: NT\$1,000

Product name	2025 business turnover	Proportion of 2025 business (%)
Rubber products	1,564,344	97.99
Others	32,134	2.01
Total	1,596,478	100.00

3. The Company's current products and services:

Product type	Product name	Key applications and functions
Conveyor belt for mining/construction	Flat surface, heat-resistant, oil-resistant, fire-resistant, steel cable, etc.	It is used for long-distance transportation in various industries such as steel, ore, cement, sand and coal.
Inclined conveyor belt	Various tooth shapes	It is suitable for transporting all kinds of coal, mineral sands and powder materials.
Industrial rubber conveyor belt	Flat surface, heat-resistant, oil-resistant, fire-resistant, etc.	It is suitable for the transporting of various automatic production lines such as in anti-static electronic factories and shoe factories.
Rubber dam	Rubber dam	At present, it is widely used in irrigation, power generation, water storage, flood control, ecology, water parks, urban landscaping, etc.
Composite material products	Electronic hot-pressed cushion gaskets and thermoplastic sheets with environmental protection, energy saving and long-term effect.	Applied in the PCB industry hot pressing process and thermoplastic sheets.

4. New products to be developed:

(1) Rubber products

In terms of product development, the Company is also actively engaged in innovation and research to make product projects more diversified and application scopes wider. As for rubber, the products are in line with the current trend towards special rubber types such as green energy conveyor belts, energy saving conveyor belts, super heat-resistant and oil-resistant conveyor belts, and wear-resistant and fire-resistant conveyor belts, so that customers have more diversity in product selection. Recently the main direction of R&D is mainly to cooperate with customers to develop special rubber products and create products with higher added value.

(2) Composite material products

The thermoplastic composite material developed by the Company, in addition to having the same characteristics of light weight and high strength, has the advantage of being able to be recycled and remanufactured into different shapes, which completely eliminates the non-recyclable environmental protection issues of traditional thermosetting composite material. In addition, with the advantages of thermoplastic composite material of fewer processes and shorter manufacturing time, it can be fully introduced into the Industry 4.0 mode for automatic mass production, and solve the problem of labor shortage caused by the use of huge amounts of manpower in industries related to thermosetting carbon fiber composite material. The total manufacturing cost is a major advantage compared with traditional thermosetting carbon fiber composite material.

(II) Industry overview:

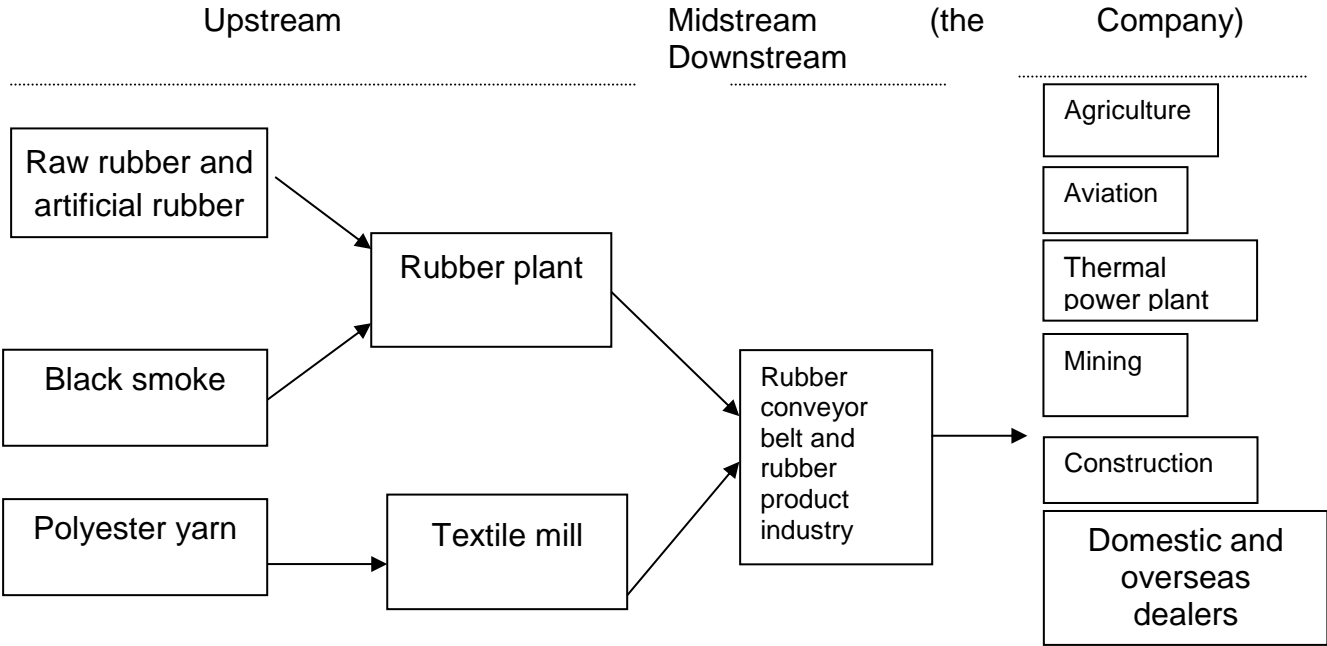
1. Current status and development of the industry:

The rubber product industry has a wide range of applications, ranging from sneaker soles to rubber hoses, rubber conveyor belts and tire belts. The rubber conveyor belt industry belongs to traditional industry. Under the long-term competitive market environment, the industry has actively invested in the addition of production equipment, the improvement of process technology, and the development of new products. Now, it has developed from a labor-intensive industry in the past to a new value industry which is technology and equipment intensive. Because most rubber conveyor belts in the past were heavy general conveyor belts, their application field was mainly in heavy industries such as the mining industry and power plant industry. In recent years, the demand for rubber conveyor belts decreased due to the slowdown of global economic growth, and the joining of international competitors such as those from South Korea, India,

Eastern Europe and China resulted in an overall phenomenon of price cutting in the international market, which affected the profits of general heavy conveyor belts. On the one hand, the Company actively develops the light conveyor belt market, promotes products with high strength, light weight and long service life, and at the same time extends the application of rubber products to the consumer product industry, and develops new market demand for rubber products; on the other hand, the Company strengthens the automation of machinery and equipment to reduce labor costs, and increases production capacity to create the benefits of economic production scale, so as to respond to the increasingly competitive market.

The main raw materials of rubber conveyor belts are rubber and cloth, which account for about 80% of the production cost. Therefore, the physical properties, substitutability, procurement sources and bargaining power of raw materials in the future will be the key to determine the profit of the industry. The Company maintains good and stable relationships with raw material suppliers, and our strength accumulated in raw material formulae after years of research and development will be conducive to future market competition.

2. Relevance of upstream, midstream and downstream industries:



3. Various development trends and competitive situations of the products:

Conveyor belts can be divided into mining conveyor belts, shipping logistics conveyor belts, inclined conveyor belts, agricultural conveyor belts, industrial rubber conveyor belts, and various types of rubber boards based on their applications. In terms of natural resource extraction, they are mainly applied in the fields of coal, mining, cement, sand and thermal power generation. The product market is in a mature stage, and in recent years, due to the global economic slowdown, the demand for iron ore sand has declined, and there is no obvious growth space for the conveyor belt market. We are actively developing products in new application areas to meet customer needs with a high production technology threshold, and there is a large potential for future market demand growth. Since the financial tsunami, the Company has adopted a business model that focuses on quality but not quantity, and does not blindly sacrifice profits for a high revenue. In recent years, the main product development has been special rubber products jointly developed with customers to create products with higher added values; the Company has also stepped into new operating areas and invested in composite material factories to further improve the Company's business performance.

According to the 2025 Taiwan Manufacturing Industry Top 2000 Survey by CommonWealth Magazine in 2024, the Company ranked the 1192th in the revenue ranking, and the 48th among in the manufacturing industry in terms of profit rate. At present, there is no publicly available industry information for reference in the global conveyor belt industry; the Company is the largest professional conveyor belt manufacturer in the world and a leading manufacturer in the domestic rubber conveyor belt market.

(III) Overview of technology and R&D:

1. Technical aspect:

The technical level of the Company's existing products can be divided into three aspects: material, structure, and processing and manufacturing. In terms of rubber materials, we actively develop products beyond the existing specifications, such as corrosion-resistant conveyor belts, which can be used in high acid and alkali environments such as chemical plants and salt farms, and strengthen the investment in environmental protection products. In terms of cloth, we develop new structures with good ductility and produce high-strength and low-shrinkage single-layer cloth conveyor belts, so as to reduce the power cost of users and

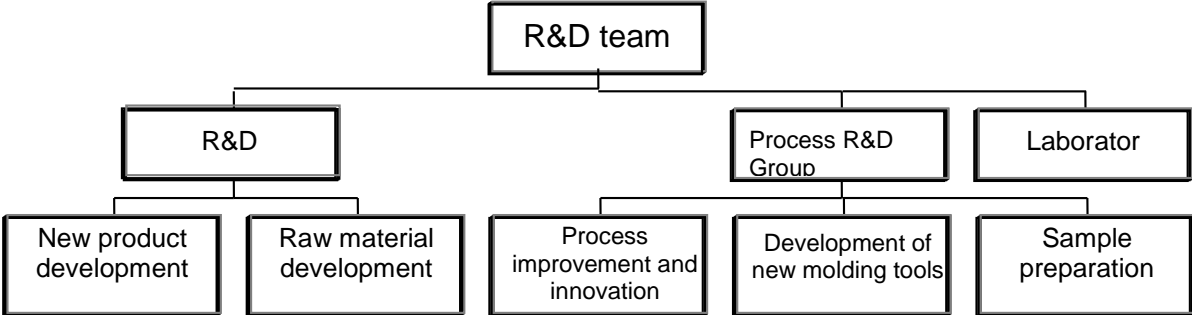
make energy saving and carbon reduction as the niche of product promotion. In terms of product structure, we are committed to reinforcing cloth fibers, which has the advantage of absolute replacement of multi-layer fiber layers for high-impact products. In terms of the reprocessing process, we continue reducing the manufacturing process, reduce the generation of leftovers, develop various molds and fixtures, promote the paperless work mode in the factory, and strengthen the efficient human-machine combination process.

2. R&D status:

In the future, the focus of our R&D will still be on material, structure and process improvement. In addition to continuing the product R&D in more specifications for existing products, the Company focuses on mold improvement and innovation as well. In the area of chemical fiber cloth raw material, the Company cooperates with domestic manufacturers to develop high-strength fabrics suitable for high-impact products with the advantage of replacing multi-layer fiber cloth layers. In the area of rubber, we focus on conveyor belts, energy-saving conveyor belts, super heat-resistant and oil-resistant conveyor belts and wear-resistant and fire-resistant conveyor belts which are in line with the current trend of environmental friendliness. Our R&D direction is to improve upon the existing basis, and expand the breadth and depth of the Company’s products to achieve the goal of “customer satisfaction”. In recent years, the Company has actively invested in composite material products, and successfully developed thermoplastic composite material plates with the characteristics of being light, thin, strong, tough and beautiful. Under the trend of light weight, high structural efficiency and innovative and beautiful design for industrial, automotive, electric bicycle and consumer products, the composite material products provided by the Company can offer characteristics that cannot be achieved by plastic, rubber or metal plates.

3. R&D personnel and their academic experience:

The organization of the Company’s overall R&D team is as follows:



Education of the Company's R&D team as of the end of 2025:

Unit: person

Year Education level	2024	2025
PhD	0	0
Master's	2	2
University and college	3	3
High school	0	0
Total	5	5

4. R&D expenses invested in the last two years and up to the date of printing of the annual report:

Unit: NT thousand

Year Item	2024	2025
R&D expenses	13,760	6,872

5. Technologies or Products Successfully Developed in 2025:

1. Oil blocking film
2. High-efficiency and environmentally friendly tubular conveyor belt

(IV) Long-term and short-term business development plans:

1. Short-term plans:

- (1) Comply with the accuracy of customer delivery time by reserving the capacity of machines for urgent orders and increasing the adaptability of machines, so as to improve customer satisfaction.
- (2) Accelerate the production schedule of new product lines and actively develop domestic and export markets.

2. Long-term plans:

- (1) Continue promoting our own brands and market them around the world with the KING and NEWSHEET composite material brands to increase market share.
- (2) Continue developing low-carbon, green energy and environmental protection products, and understand the needs of customers.
- (3) Continue process improvement and cost reduction.

II. Overview of the Market and Production and Sales Status:

(I) Market analysis:

1. Sales regions of key products:

Unit: NT\$1,000; %

Year Sales region	2024		2025	
	Amount	%	Amount	%
America	728,380	50%	761,726	48%
Europe	351,811	24%	430,669	27%
Asia	353,023	24%	375,361	23%
Other regions	33,182	2%	28,722	2%
Total	1,466,396	100%	1,596,478	100%

2. Market share:

According to the "Industrial Product Group Data" compiled by the Ministry of Economic Affairs, the production value, sales value and domestic and export sales value of Taiwan's rubber belt (2102010) industry in 2024 and 2025 were as follows:

Unit: NT\$1,000

Year	Production value	Sales value	Domestic sales value	Export value
2024	3,182,193	3,546,715	1,197,501	2,349,214
2025	3,233,410	3,657,082	1,212,567	2,444,515
Annual increase rate	1.61%	3.11%	1.26%	4.06%

Based on the "Industrial Product Group Data" from the Ministry of Economic Affairs regarding conveyor belt sales value, the Company's revenue from rubber products accounted for approximately 44% and 41% of Taiwan's conveyor belt industry in 2025 and 2024, respectively, representing a slight increase compared to the previous year.

3. Future supply and demand and growth of the market:

The conveyor belts of the Company can be divided into heavy, light and other types, and can be divided into two categories according to their application fields: one is the heavy conveyor belt used for mining, power plants and other purposes, and the other is the light conveyor belt used for agriculture, animal husbandry, various types of tilt, construction, air transport and aviation stations. Because China, India, Eastern Europe and other countries have joined the supply market with their low price advantages, the market price competition is fierce. At present, most of the world's major conveyor belt manufacturers are in China, Europe, the United States and Japan.

Because there is no organization for the statistics of the market demand for conveyor belts, and Taiwan's overall industrial output value is very small, it is difficult to extrapolate and estimate the global conveyor belt supply market. Although rubber conveyor belts are mature products, the global market scale is large; that is, the market is growing moderately, but because they are industrial consumer goods, the market will not shrink unless new substitutes appear.

The Company has more than 50 years of experience in production processes, and actively develops special rubber products with high added value together with customers instead of engaging in price competition. In recent years, the Company has also actively developed rubber products for rubber dams and animal husbandry to improve gross profit.

4. Competitive niche:

A. Possession of a complete conveyor belt product line

The Company's product line covers heavy, light and special conveyor belts. The physical properties of the products range from general to various types of belts with heat resistance, fire resistance, oil resistance, impact resistance and cutting resistance. Appearances range from flat to various patterns of toothed conveyor belts, with widths ranging from 300 mm to 4000 mm, thicknesses ranging from 3 mm to 40 mm, and lengths up to 500 M. The application fields range from traditional coal, iron ore, sand and stone industries to aviation logistics, agriculture, animal husbandry, construction and aviation. In the future, under the trend of automation and high efficiency, the demand for conveyor systems will increase day by day, and the application of conveyor belts will also become broader. The Company will continue its R&D to provide customers with diversified products and meet their demand for full purchase in one go.

B Labor-saving and high-productivity machinery and equipment

The sustainable operation of the rubber conveyor belt industry mainly depends on raw material development and process capacity, which includes production technology, machine and equipment functions and capacity scale. At present, the Company has three plants, including two conveyor belt manufacturing plants and one cloth soaking plant, with conveyor belts of a width of 4M. In terms of production technology, the Company has more than 50 years of production technology; it can reduce direct labor while at the same time improving the output per unit hour, and effectively reduce the generation of ineffective man-hours for line change. In order to facilitate material preparation and the timeliness of material accounting, it is more convenient to set up automatic warehouse storage equipment in individual

plants. The automation of machinery and equipment greatly reduces the Company's labor demand, and the Company will be able to improve production performance more efficiently, which helps to improve product diversification and quality stability.

C. Innovative process capability

The Company has two automatic conveyor belt manufacturing plants, which can quickly meet various conveyor belt schedules for large amounts. The automatic production equipment effectively reduces the labor demand, and the Company constantly seeks innovation and change in the production process. It has made progress year by year in improving unit output and reducing quality anomalies, reducing the consumption cost of traditional molds and improving product output value. Looking forward to the future, the Company will continue to innovate processes in the direction of energy saving and time saving, and provide customers with high-quality products with competitive prices. The Company has been established for more than 50 years. During this period, after many internal organizational adjustments and overall external economic recession risks, the Company has always responded to the changes in the overall environment with a flexible organizational structure, and therefore has a complete system in terms of organization management and personnel training. In addition to the products themselves, the key factors for future industrial profits are the full use of internal resources and good production management. To sum it up, under the excellent leadership of the management team, it is expected that the competitiveness of the Company will be greatly improved in the future for a better business performance and profitability.

5. Favorable and unfavorable factors of the development prospect and countermeasures:

A. Favorable factors

(A) Our products are customized with high technical levels.

Rubber conveyor belts are generally customized products that need to comply with specific equipment properties and application environments; there is a wide range of product types and specifications and a wide range of applications for the products, which are not mass-produced standardized products. The technical level of the products can be divided into three aspects: material, structure, and processing and manufacturing. In terms of the manufacturing process, it is necessary to adjust the complex manufacturing process in line with the R&D of the rubber formula, and to go through the processes of extrusion, tablet production, molding and sulfur addition. In addition to the matching of the front and rear stages of each piece of processing equipment, the setting of the machine and the operation of the personnel need to undergo repeated tests with a considerable cost of time. Therefore, the sustainable operation of the industry is based on the long-term planning of production content, equipment capacity, manufacturing process and rubber R&D to achieve continuous growth. Since its establishment, the Company has specialized in rubber conveyor belts of various specification as a professional manufacturer of rubber conveyor belts. In the past decade, the Company has invested in the innovation of equipment upgrades, process improvements, product specification expansion and rubber material development, so that the Company can still maintain a stable profit level within the global recession.

(B) Advanced Production Equipment Enhancing Cost Efficiency

The Company possesses modern production equipment that has been continuously improved to enhance its functionality. This provides a strong competitive advantage in terms of both quality and cost. In recent years, the maximum production width has been expanded to 12,000 mm, further enhancing the completeness of the product portfolio.

(C) The scale of production attracts cooperation from major manufacturers

At present, most of the major manufacturers in the conveyor belt industry are concentrated in Europe and the United States. With the rise of the Asian economy and the slowdown of the economic growth of Europe and the United States, it has become a trend for the major conveyor belt manufacturers to move their production bases to Asia. Hsin Yung Chien is the leader among Asian manufacturers in terms of machine equipment function, capacity scale and production technology. For many years, the Company has been focusing on its

core business of conveyor belts as a professional manufacturer and striving for excellence, and the Company can quickly meet customer needs in raw material development and product diversification. The Company has established a good reputation in the conveyor belt industry, and has an ample room in the cooperation with and selection of major international manufacturers in the future.

B. Unfavorable factors

(A) The profit margin of traditional conveyor belts is compressed

The traditional conveyor belt market has reached a mature stage, and the market development is limited. The overall demand of the conveyor belt market is still dominated by ordinary flat conveyor belts. Due to the low entry threshold as well as the low cost and preferential tariffs of China, India and Eastern Europe, their low price strategies have led to a sharp decline in the profit of traditional conveyor belts.

Countermeasures:

- a. In terms of sales strategy, actively develop orders for special conveyor belts and reduce the sales proportion of general conveyor belts, in order to reduce the risk of product elimination and strengthen the Company's competitiveness.
- b. In terms of pricing strategy, adopt different pricing strategies for different product requirements to improve the overall profitability of the Company.
- c. Under the Company's 50-year production technology platform, actively develop composite materials applied in electronics, consumer product, automobile and other applications, and look forward to injecting new momentum for revenue growth under the stable market supply and demand for conveyor belts.
- d. Effectively reduce production costs through process improvement and equipment upgrade.
- e. Increase production capacity to reduce production costs.

(B) The price of raw materials fluctuates greatly

The main raw materials of rubber conveyor belts are rubber and cloth. Taiwan is not a rubber producing country, and relies entirely on imports. The international rubber price, like the price of crude oil, is generally subject to fluctuations in market economic factors. In recent years, the prices of artificial rubber and natural rubber have been affected by and fluctuating accordingly with the oil price, making the production cost fluctuate greatly.

Countermeasures:

- a. Actively search for rubber suppliers. In the past, rubber was obtained indirectly through domestic agents. At present, rubber suppliers are directly

sought from rubber producing countries to reduce the cost of rubber acquisition.

- b. Engage in the research of rubber raw materials, look for raw material formulae that meet the needs of customers and the production quality requirements, and cooperate with upstream gluing plants in the research and testing of rubber compound formulae.

(C) Capital intensive industry with long payback period

Due to the long manufacturing process, rubber conveyor belts require a large amount of capital investment in machinery and equipment, which is different from the tires of the rubber product industry which are labor-intensive. Due to the large amount of capital investment required in advance, the industrial operational risk is relatively high, and a long period of operation is required for cost recovery.

Countermeasures:

- a. Develop new product channels, strive to improve capacity utilization, and reduce the share ratio of fixed costs.
- b. Obtain lower capital costs through the capital market, and reduce the initial cost burden of investment.

(D) Exchange rate changes increase the exchange risk:

Our products are mainly exported, so the risks arising from changes in foreign exchange rates have a considerable impact on our profit.

Countermeasures:

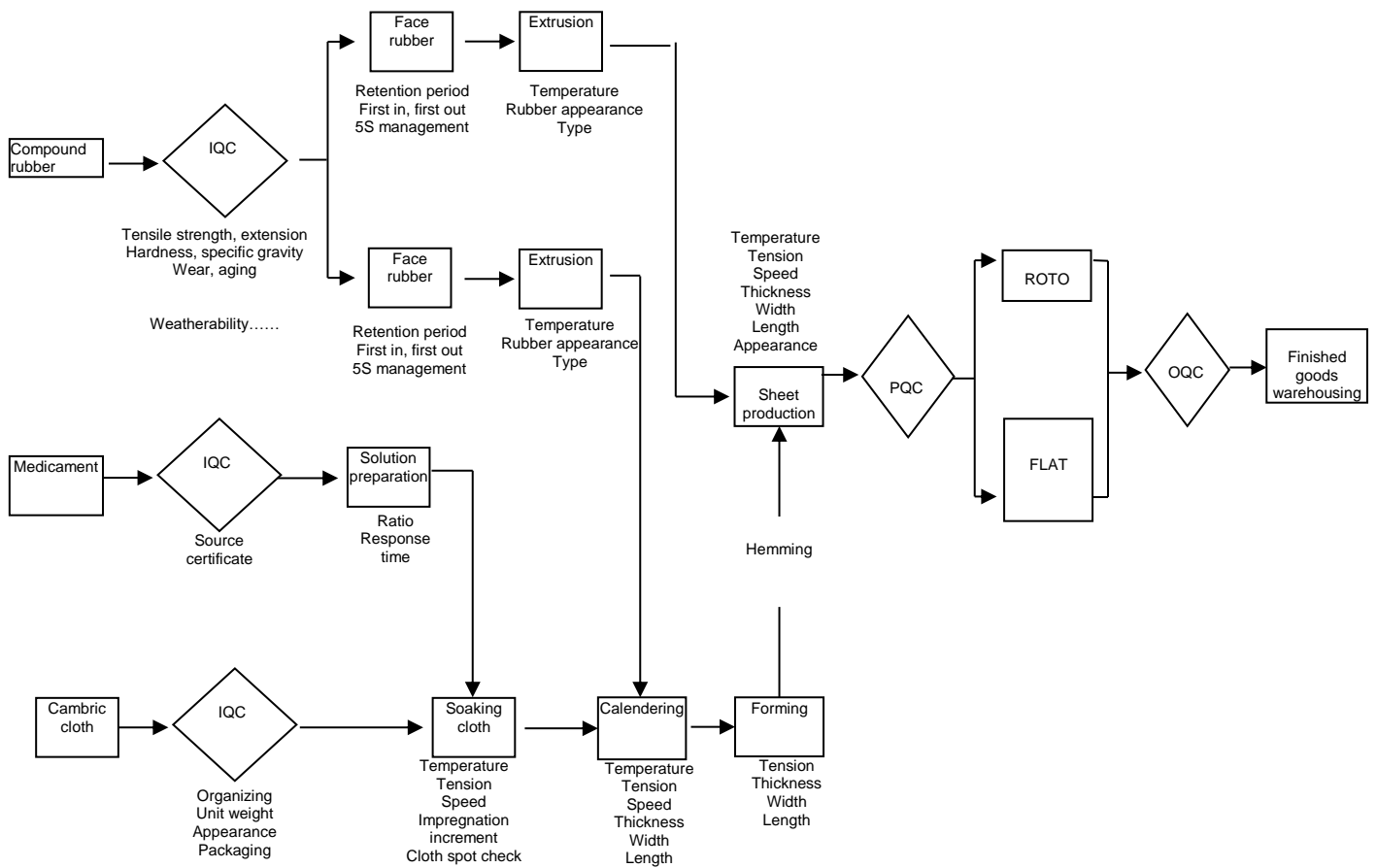
- a. The financial department pays attention to exchange rate changes at all times, collects the views of various professional institutions on exchange rates, strengthens the ability to analyze and judge exchange rate trends, reflects costs and adjusts selling prices in a timely manner, and performs appropriate foreign exchange hedging.
- b. Natural hedging by using foreign currencies for purchase and sales to reduce the risk of loss due to exchange.

(II) Important applications and production processes of key products:

1. Applications of key products:

The key products of the Company are all kinds of heavy, light and special conveyor belts, which are used in industries such as manufacturing, mining, cement and steel of general automatic production lines and power plants; rubber plates are used in industry, automobile and construction.

2. Production processes



(III) Supply of key raw materials:

The main materials of HYC are artificial rubber, black carbon rubber and raw cloth, etc. and the main suppliers are long-term cooperation with HYC. In order to ensure the stability of the supply source, we still keep in touch with other suppliers and the supply status is good to meet customers' needs.

(IV) Major customers:

1. Data of customers accounting for more than 10% of the total sales in the last two years:

Unit: NT\$thousand

	2024				2025			
Item	Name	Amount	Percentage of annual net sales (%)	Relationship with the issuer	Name	Amount	Percentage of annual net sales (%)	Relationship with the issuer
1	Company A	300,816	21	Customer	Company A	375,492	24	Customer
2	Company B	161,162	11	Customer	other	1,220,986	76	Customer
	other	1,004,417	68	Customer				
	Net sales	1,466,396	100		Net sales	1,596,478	100	

Note: As of the annual report publication date (March 31, 2026), the latest financial information audited and certified by the CPA is for the year 2025.

Reasons for increase or decrease: In 2025, due to changes in market demand, there were changes in customers accounting for more than 10% of total sales.

2. Information on suppliers whose total purchase amounts exceeded 10% of total purchases in the last two years:

Unit: NT\$thousand

	2024				2025			
Item	Name	Amount	Percentage of annual net purchases (%)	Relationship with the issuer	Name	Amount	Percentage of annual net purchases (%)	Relationship with the issuer
1	CHU LUN	180,800	30	Note	CHU LUN	211,164	28	Note
2	E	109,629	18	Supplier	E	155,141	21	Supplier
3	D	94,547	15	Supplier	D	104,759	14	Supplier
4	C	4,560	11	Supplier	C	86,433	11	Supplier
5	Other	156,525	26	Supplier	Other	192,301	26	Supplier
	Net purchases	606,061	100		Net purchases	749,798	100	

Note: The chairman of the counterparty company is a second-degree relative of the Company's Chairman.

Note 1: As of the annual report publication date (March 31, 2026), the latest financial information audited and certified by the CPA is for the year 2025.

Reasons for increase or decrease: The Company's main raw materials include synthetic rubber, carbon black, and fabric. There have been no significant changes in major suppliers over the past two years. The Company maintains a policy of appropriate diversification of supply sources and risk management in procurement, and continues to maintain long-term and stable cooperative relationships with its suppliers..

III. Employee data in the last two years and up to the date of printing of the annual report:

Item \ Year		2024	2025	2026 (As of March 31)
Number of employees	R&D personnel	4	4	4
	Management and business personnel	25	26	26
	Indirect production personnel	22	21	20
	Direct production personnel	59	65	61
	Total	110	116	111
Average age		41.91	41.41	42.36
Average years of service		10.27	9.93	10.4
Education level distribution	PhD	0%	0%	0%
	Master's	9%	7%	7%
	University and college	39%	42%	43%
	High school	46%	44%	43%
	Below high school	6%	7%	7%

IV. Environmental expenditure information:

For the most recent year and up to the publication date of the annual report, any losses incurred due to environmental pollution (including compensation and penalties arising from environmental protection inspections, specifying the date of penalty, reference number, violated regulations, description of violation, and penalty details) shall be disclosed, together with estimated amounts of current and potential future impacts and corresponding countermeasures. If a reasonable estimate cannot be made, the reasons shall be explained.

1. Date of penalty: May 21, 2025
2. Reference No.: Fu Shou Huan Kong Zi No. 1140116656
3. Violation: Article 24, Paragraph 2 of the Air Pollution Control Act
4. Description of violation: On March 14, 2025, the Environmental Protection Administration of the Ministry of Environment conducted an inspection at the Company's second plant and found that the installation of one additional rubber vulcanization laminating machine and the removal of one molding machine in the rubber product manufacturing process were inconsistent with the approved contents of the fixed pollution source operation permit issued by the local authority, in violation of Article 24, Paragraph 2 of the Air Pollution Control Act.
5. Penalty: A fine of NT\$100,000 and environmental educational training of 2 hours
6. Countermeasures: The rubber product manufacturing process at the second plant does not require an operation permit. On April 21, 2025, the Company submitted a request to the Nantou County Environmental Protection Bureau to cancel the permit and complete the necessary corrective actions.

V. Labor relations

- (I). The Company's various employee welfare measures, continuing education, training, retirement system and their implementation status, as well as labor-management agreements and various measures for protection of employee

rights and interests:

1. Employee welfare measures and implementation status:

- (1). Employees of the Company enjoy labor insurance and national health insurance from the date of arrival.
 - (2). The operation of the Company's various welfare measures is coordinated by the Welfare Committee. At present, all leave requests, working hours and other working conditions are handled in accordance with the provisions of the Labor Standards Act, and a number of welfare measures have been planned.
2. The current employee welfare, continuing education and training measures are as follows:
- (1). Employee birthday gift certificate.
 - (2). Year-end bonus and employee remuneration.
 - (3). Staff travel activities and staff family day activities.
 - (4). Year-end party or spring feast.
 - (5). Subsidies to employees for their weddings, funerals and festivities at the Company's discretion.
 - (6). Labor insurance, national health insurance and group insurance for employees in accordance with law.
 - (7). Comprehensive pre-service and in-service training.
 - (8). Rights issue and employee stock options to employees.
 - (9). Children's schooling awards and grants.
 - (10). Annual health examination for employees.
 - (11). Education and Training:

In order to support sustainable operations and cultivate outstanding talent, the Human Resources Department is responsible for the overall planning and coordination of internal and external employee training programs. The objective is to enhance employees' competencies and skills, improve work efficiency, and maximize individual potential in order to achieve rationalized management.

In 2025, a total of 2,338 training participations were recorded, including new employee orientation and various functional training programs, with total training hours of 636.5 hours.

3. Retirement system and implementation status:

- (1). In accordance with the provisions of the Labor Standards Act, the Company has formulated a retirement method for defined benefits, which is applicable to the length of service of all regular employees before the implementation of the Labor Pension Act on July 1, 2005, and the length of service of employees who have chosen to continue to apply the Labor Standards Act after the implementation of the Labor Pension Act. If an employee meets the retirement conditions, the payment of pension is calculated based on the length of service and the average salary of the 6 months before retirement.

Two base points will be given for each full year of service within 15 years (inclusive), and one base point will be given for each full year of service beyond 15 years, but the maximum cumulative limit is 45 base points. The Company allocates 2% of the total salary to the pension fund on a monthly basis, and deposits it in the Trust Department of the Bank of Taiwan in a special account in the name of the Labor Retirement Reserve Supervision Committee.

- (2). The Company has formulated “Measures for the Retirement of Managers”, and sets aside a 4% pension provision from their total salary on a monthly basis. In 2025 and 2024, the net pension costs recognized in accordance with the above retirement measures were both NT\$34 thousand and NT\$31 thousand.
- (3). On July 1, 2005, the Company formulated retirement measures for a defined allocation in accordance with the Labor Pension Act, which is applicable to employees of local nationality. For employees who choose to apply the labor pension system set forth in the “Labor Pension Act”, the Company will pay 6% of their salary to the individual account at the Labor Insurance Bureau every month, and the employee pension will be received by means of monthly or one-time pension payment according to the amount of the individual pension account and accumulated income. In 2025 and 2024, the pension costs recognized by the Company in accordance with the above retirement measures were NT\$2,501 thousand and NT\$2,089 thousand respectively.
4. Labor-management agreements and various measures for protection of employee rights and interests:

A harmonious labor-management relationship has always been one of the goals of the Company. The Company pays attention at all times to the welfare of employees, provides a good work environment, and emphasizes two-way communication with employees in order to maintain a harmonious labor-management relationship. So far, no losses have been caused by labor disputes, and the Company’s appeal channel is smooth to safeguard the rights and interests of employees.

5. Code of employee conduct or ethics:

The Company has formulated the “Ethical Corporate Management Best Practice Principles”, “Code of Ethical Conduct” and relevant management measures, which are applicable to its directors, managers and employees. The main norms are to prohibit unethical acts, avoid opportunities for self-interest, prohibit bribery or accepting bribes, protect and properly use the Company’s assets, comply with laws and regulations, and encourage the reporting of any illegal conduct or violation of relevant regulations.

6. Work environment and personal safety protection measures for employees:
In view of the importance of work environment and personal safety protection

measures for employees, the Company has obtained certification for ISO 14001 and ISO 45001 environmental and occupational safety and health management systems, and the Company continues to carry out major environmental inspections and occupational safety and health risk control according to the systems to ensure the safety and health of the employees' workplace.

(II) List the losses caused by labor disputes in the last year and up to the date of printing of the annual report (including violations of the Labor Standards Act according to labor inspection results, the date of punishment, the reference number of punishment, the provisions of the regulations violated, the content of the violation, and the content of the punishment), and disclose the estimated amounts that may be incurred at present and in the future and the countermeasures; if no reasonable estimates can be made, explain the reasons: None.

VI. Information Security Management

(I) Information security risk management framework, policies, management measures, and resources invested:

1. Information security risk management framework

In accordance with Article 3 of the "Information Security Control Guidelines for TWSE/TPEX Listed Companies," the Company has established the Information Security Management Committee as the governing body for information security governance and operational management. The PDCA (Plan-Do-Check-Act) cycle is adopted to ensure the reliability and continuous improvement of the information security risk management framework.

(1) The establishment of the Information Security Risk Management Committee has been approved by the President.

(2) Responsible for establishing policies, processes, and procedures for core business operations, core systems, and system risk management.

(3) Ensures that information security policies are effectively communicated to employees at all levels.

(4) Clearly defines the responsibilities and hierarchical reporting structure for risk management across all management levels.

(5) Supervises and supports the integration of information security planning and implementation.

(6) Regularly reports information security execution results to the Audit Committee.

2. Information security policies

The Information Security Management Committee has established the following policies to ensure smooth business operations and to prevent unauthorized access, use, disclosure, alteration, destruction, or other forms of compromise of information systems and data, thereby ensuring confidentiality, integrity, and availability:

(1) Employees shall participate in information security training to enhance overall security awareness in response to evolving cyber threats.

- (2) Protect the confidentiality and integrity of sensitive information and information systems from unauthorized access or modification.
- (3) Establish and maintain information security management procedures, which are regularly reviewed and updated as needed.
- (4) Conduct regular internal audits to ensure effective implementation of all security controls.

3. Management measures and resources invested in information security

- (1) Based on the Company's scale and risk assessment, one Information Security Supervisor and one dedicated information security personnel have been assigned.
- (2) Information security training for system users is conducted annually and completed in the third quarter.
- (3) Professional training for information security personnel is conducted annually and completed in the third quarter.
- (4) Vulnerability scanning is conducted annually, and high-risk vulnerabilities are remediated within six months; completed in the third quarter.
- (5) Penetration testing is conducted annually, with remediation of high-risk vulnerabilities within six months; completed in the third quarter.
- (6) Social engineering drills are conducted annually and completed in the second quarter.
- (7) No information security incidents occurred in 2025, and all incidents (if any) are reported, handled, and recovered in accordance with regulatory requirements.
- (8) All previously identified internal audit findings have been fully rectified.
- (9) The Information Security Management Committee meets at least once per year; the meeting was held in April 2025.
- (10) Annual budgets are allocated to continuously evaluate and implement information security technologies to enhance security management.

The Company introduced the ISO 27001 Information Security Management System in 2026 and engaged an independent third-party organization for certification in March 2026. The certification is expected to be obtained in April 2026. The implementation of ISO 27001 strengthens the Company's incident response capability and enhances the protection of both Company and customer assets.

- (II) In the last year and up to the date of printing of the annual report, the losses suffered due to major cybersecurity incidents, their possible impact and countermeasures; if no reasonable estimates can be made, explain the reasons: The Company has had no major cybersecurity incidents in the last year and up to the date of printing of the annual report.

VII. Important Contracts:

Contract nature	Contract counterparty	Contract date	Main contents	Restrictions
Bank mortgage loans	E.Sun Bank	2020/2/12~2029/7/15	Credit agreement	None

Five. Review and Analysis of the Financial Situation and Financial Performance and Risks

I. Financial Position:

Unit: NT\$thousand

Item \ Year	2024	2025	Difference	
			Amount	%
Current Assets	2,207,132	2,361,037	153,905	6.97
Property, Plant and Equipment	1,404,671	1,372,151	(32,520)	(2.32)
Intangible Assets	939	1,572	633	67.41
Other Assets	113,407	70,759	(42,648)	(37.61)
Total Assets	3,726,149	3,805,519	79,370	2.13
Current Liabilities	311,973	402,549	90,576	29.03
Non-current Liabilities	308,900	231,336	(77,564)	(25.11)
Total Liabilities	620,873	633,885	13,012	2.10
Share Capital	779,918	779,918	0	0.00
Capital Surplus	261,493	268,039	6,546	2.50
Retained Earnings	2,063,865	2,123,677	59,812	2.90
Other Equity	0	0	0	0
Total Equity	3,105,276	3,171,634	66,358	2.14
<p>Change Analysis (changes exceeding NT\$10 million and 20%):</p> <p>1. Other Assets: The decrease was mainly due to a reduction in prepaid equipment and construction payments in 2025, resulting in a decrease of 37.61% compared to 2024.</p> <p>2. Current Liabilities: The increase was mainly due to increases in contract liabilities, income tax payable, and the current portion of long-term borrowings in 2025, resulting in an increase of 29.03% compared to 2024.</p> <p>3. Non-current Liabilities: The decrease was mainly due to the gradual repayment of long-term borrowings in 2025, resulting in a decrease of 25.11% compared to 2024.</p>				

II. Financial Performance:

Unit: NT\$thousand

Item	Year				
		2024	2025	Increase (Decrease) Amount	Change (%)
Operating Revenue		1,466,396	1,596,478	130,082	8.87
Operating Costs		877,128	962,173	85,045	9.70
Gross Profit		589,268	634,305	45,037	7.64
Operating Expenses		145,182	136,511	(8,671)	(5.97)
Operating Profit		444,086	497,794	53,708	12.09
Non-operating Income and Expenses		52,750	61,053	8,303	15.74
Profit Before Income Tax		496,836	558,847	62,011	12.48
Income Tax Expense (Benefit)		(98,609)	(107,851)	(9,242)	9.37
Profit for the Period		398,227	450,996	52,769	13.25
Other Comprehensive Income (Net of Tax)		1,852	(1,224)	(3,076)	(166.09)
Total Comprehensive Income		400,079	449,772	49,693	12.42
Profit Attributable to Owners of the Parent		400,079	449,772	49,693	12.42
Total Comprehensive Income Attributable to Owners of the Parent		400,079	449,772	49,693	12.42
<p>1. Change Analysis: (Where the change in amount reaches NT\$10 million and the increase or decrease rate exceeds 20%) The change in increase or decrease rate does not reach 20%, so no analysis is required.</p> <p>2. Expected sales volume and its basis, the potential impact on the Company's future finances and business, and response plans: The sales volume is determined based on market demand conditions and development trends, the operating profile of clients, and the current order status of the Company itself, while also taking into account the Company's production capacity. Additionally, considering the significant changes in the external political and economic situation in 2026, the sales volume target is set at 10,000,000 kilograms.</p>					

III. Cash Flow Analysis

(I) Liquidity Analysis for the Past Two Years:

Item \ Year	2024	2025	Increase (Decrease) %
Cash Flow Ratio	165.14%	152.43%	(7.70%)
Cash Flow Adequacy Ratio	91.21%	97.83%	7.26%
Cash Reinvestment Ratio	2.63%	4.62%	75.67%
Change Analysis Explanation: Cash Reinvestment Ratio: The increase was mainly due to higher net cash inflows from operating activities in 2025, resulting in an increase in the cash reinvestment ratio compared to 2024.			

(II) Cash liquidity analysis for the next year

Unit: NT\$thousand

Opening cash balance	Estimated annual net cash flow from operating activities	Estimated annual net cash flow due to investing and financing activities	Estimated annual cash surplus (shortage)	Remedial measures for estimated annual cash surplus (shortage)	
				Investment plan	Wealth management plan
546,149	610,000	(600,000)	556,149	-	-
1. Analysis of changes in cash flows this year: <ol style="list-style-type: none"> (1) Operating activities: Mainly due to the net cash income expected to be generated in future years under the proper control of revenue and raw materials. (2) Investing activities: The payment for the purchase of additional machinery and equipment and the construction of factory buildings resulted in a net cash outflow from investment activities. (3) Financing activities: Mainly due to the expected distribution of cash dividends, resulting in a net cash outflow from financing activities. 2. Remedial measures and liquidity analysis of estimated cash shortage: There is no cash shortage.					

IV. Impact of Major Capital Expenditure in the Last Year on Finance and Business

The Company continued to invest in capital expenditures to support new product development and enhance production equipment capabilities in 2025. These investments included the acquisition of new equipment as well as the replacement and upgrading of existing machinery. During the year, total payments for equipment purchases and related engineering amounted to NT\$27,596 thousand, all of which were fully funded by internal resources.

This round of equipment investment is expected to effectively expand the Company's product portfolio, improve production efficiency and product quality, and thereby strengthen its market competitiveness. In summary, such investments are considered beneficial to the Company's long-term financial structure and operational development."

V. Reinvestment Policy in the Last Year, Main Reasons for Profit or Loss, Improvement Plan and Investment Plan for the Next Year:

- (I) Reinvestment policy in the last year and main reasons for its profit or loss: None.
- (II) Production lines will be installed in phases at the completed thermoplastic composite manufacturing facility in accordance with product development progress and order intake. In addition, the Company will undertake the replacement and upgrading of existing equipment to sustain growth momentum and support long-term sustainable development.

VI. Risks:

- (I) Risk factors: The impact of changes in interest rates and exchange rates and inflation on the Company's profit and loss and future countermeasures:
 - (1) Impact of Interest Rate Changes and Future Countermeasures:

The Company's interest rate risk mainly arises from long-term borrowings issued at floating interest rates, which expose the Company to cash flow interest rate risk. In 2025, the Company's floating-rate borrowings were primarily denominated in New Taiwan dollars.
 - (2) According to the current domestic economic and interest rate trends, the low-interest-rate environment has not changed significantly. The impact of interest rate fluctuations on the Company is not expected to be material. (2) Impact of changes in interest rates and exchange rates on the Company's profit and loss and future countermeasures:

Unit: NT\$1,000

Year Item	2025	
	Amount	Ratio (%)
Domestic sales	167,600	10.50
Exports	1,428,878	89.50
Total	1,596,478	100.00

The Company's export sales accounted for 89.50% of the total in 2025, with a net exchange gain of NTD 26,823 thousand. This was mainly due to the interest rate increase of the US dollar and depreciation of the NTD in 2024. The Company sells goods mostly in US dollars, euros and Japanese yen, which are beneficial for exports. Therefore, the exchange rate change generated a net profit throughout the year.

Exchange gains and losses in the last year are as follows:

Year	Item	2024	2025
	Net exchange gain (loss)	13,977	26,823
	Net operating income	1,466,396	1,596,478
	Net operating profit	444,086	497,794
	Net exchange gain (loss) / net operating income (%)	0.95%	1.68%
	Net exchange gain (loss) / net operating profit (%)	3.15%	5.39%

In order to effectively respond to exchange rate fluctuation, in addition to actively collecting exchange rate change information to understand the exchange rates, the Company has taken the following specific measures to reduce the impact of exchange rate changes:

- A. Collecting exchange rate change information provided by banks with business dealings, keeping abreast of exchange rate trends, and adjusting the position of the Company's net assets or liabilities in foreign currency with hedging instruments such as foreign exchange forward contracts to reduce the risk of exchange rate changes.
- B. Providing exchange rate information for the reference of the marketing unit, in order to consider the price adjustments caused by exchange rate changes when quoting to customers, so as to ensure the Company's profit.

(3) Impact of inflation and future countermeasures:

Faced with the uncertainty of the global economic outlook, the Company is unable to predict whether there will be any significant changes in inflation or deflation in the future. Our products are consumables and their application fields are distributed in the mining, coal, electricity, cement, gravel, shipping, logistics, animal husbandry, construction, and consumer product industries. They are moderately to highly correlated with raw material prices, market demand, and inflation or deflation. Therefore, inflation will have a certain impact on our sales results, but will not have a significant adverse impact on overall operations.

- (II) The policy for engaging in high-risk and high-leverage investments, capital lending to others, endorsements and guarantees, and derivative trading, the main reasons for profit or loss, and future countermeasures:

The Company did not engage in high-risk or high-leverage investments in 2025. The following is a description of the policy, profit and loss situation and future countermeasures of capital lending to others, endorsements and guarantees, and foreign exchange hedging:

(1) Capital lending to others:

As of December 31, 2025, the Company has not lent funds to others.

(2) Endorsements and guarantees:

As of December 31, 2025, the Company has not provided endorsements and guarantees to others.

(3) Derivative financial products:

As of December 31, 2025, the Company has not engaged in derivative financial product trading.

(III) Future R&D plans and expected R&D costs:

In addition to continuing in-depth research on the raw materials, structures and manufacturing processes of products, the Company's recent R&D direction for rubber products has mainly been to cooperate with customers to jointly develop special rubber products, create products with higher added value, and meet customers' requirements for the convenience of one-time purchases. The Company is also active in developing composite material products applied to the electronics, automobile, 3C and other industries related to the people's livelihood, and uses thermoplastic plates that can be reprocessed, and environment-friendly and recyclable materials that meet the lightweight/high-strength/special physical property requirements and are bright and novel/high-quality, and simplifies production and integrates the processing of application products with a long life cycle. Therefore, the Company will continue investing R&D costs every year in the future, and estimates to invest about NT\$20 million in R&D in 2026.

(IV) The impact of major changes in domestic and foreign policies and laws on the Company's finance and business and countermeasures:

The management of the Company pays attention to changes in important policies and laws at home and abroad at any time, and puts forward corresponding measures accordingly.

(V) The impact of technological changes (including cybersecurity risks) and industrial changes on the Company's finance and business and countermeasures:

The Company is in the rubber manufacturing industry, mainly producing rubber conveyor belts and rubber plates. The industry is stable, and the industrial boom cycle is not obvious. Therefore, technological changes and industrial changes have no significant impact on the Company's financial business.

The Company formulates its cybersecurity policy with the spirit of the information security management system, lists the implementation of various cybersecurity measures and strengthens the audit management. Strengthen information

security management, ensure the availability, integrity and confidentiality of the information system, and avoid being threatened by internal and external intentional or accidental threats.

- (VI) The impact of corporate image changes on corporate crisis management and countermeasures:

The Company's long-term business philosophy is based on ethics and the Company has a deep foundation of mutual trust for both upstream suppliers and downstream customers. Therefore, the Company has not had changes in its corporate image so far and in the foreseeable future which cause a crisis for the enterprise.

- (VII) Expected benefits of mergers and acquisitions, potential risks, and countermeasures:

The Company has not undertaken any merger or acquisition plans in the most recent year and up to the publication date of this annual report; therefore, this section is not applicable.

- (VIII) The expected benefits and possible risks of plant expansion and countermeasures:

In 2020, the Company started rebuilding the original one-story building of the fourth factory into a six-story steel structure building as a thermoplastic composite production base. The construction was completed in 2024, and production lines were to be built one after another according to the progress of product development and order receipt. It can look forward to bringing revenue growth to the Company and achieving greater success in the future.

- (IX) Risks faced by purchase or sales concentration and countermeasures:

From the data of customer sales accounting for more than 10% of the total sales volume and the data of supplier purchases accounting for more than 10% of the total purchase volume in the past two years, it can be found that there is no main sales and purchase objects accounting for more than 50%, and there is no risk of purchase or sales concentration.

- (X) The impact and risks of transfers or replacements of a substantial volume of shares by directors, supervisors or major shareholders holding more than 10% of the shares of the Company and countermeasures: None.

- (XI) The impact and risks of changes of management right on the Company and countermeasures: No such situation.

- (XII) For litigation or non-litigation events, list major litigation, non-litigation or administrative disputes that have been determined by judgment or are still under investigation for the Company and its directors, supervisors, president, substantive responsible person, major shareholders with a shareholding ratio of more than 10% and affiliated companies, and the results of which may have a

significant impact on shareholders' equity or securities prices: No such situation.
(XIII) Other important risks and countermeasures: None.

VII. Other important matters: None.

Six. Special Notes

I. Affiliated Enterprises

(I). Consolidated business report of affiliated enterprises

1. Organization chart of affiliated enterprises:

(1) Organization chart of affiliated enterprises:

Hsin Yung Chien Co.,Ltd

(2) Companies that are presumed to have a controlling and subordinate relationship in accordance with Article 369-3 of the Company Act, and controlling subsidiary companies in accordance with Article 369-2 of the Company Act: None.

(3) Subordinate companies of which the Company directly or indirectly controls the personnel, finance or business operations in accordance with paragraph 2 of Article 369-2 of the Company Act: None.

2. Basic information of affiliated enterprises: None.

3. The industries covered by the businesses of all affiliated enterprises

The businesses of the Company and its affiliated enterprises cover manufacturing, processing and trading of various rubber products such as rubber conveyor belts, rubber plates, and oil-resistant, fire-resistant and heat-resistant rubber products, etc., as well as various investment businesses and the wholesale and import businesses of tire belts.

4. Data of the same shareholders presumed to have control and subordination relationship: None.

5. Data of directors, supervisors and presidents of all affiliated enterprises: None.

6. Operation profile of affiliated enterprises: None.

(II). Consolidated financial statements of affiliated enterprises: Not applicable.

(III). Relationship report: Not applicable.

II. Private placement of securities in the last year and up to the date of printing of the annual report: No such situation.

III. Other necessary supplementary explanations: None.

Seven. In the last year and up to the date of printing of the annual report, if there are any of the events specified in Article 36, paragraph 2, subparagraph 2 of the Act that have a significant impact on shareholders' equity or securities prices, state them one by one: None.

Hsin Yung Chien Co., Ltd.

Chairman: Chang, Hui-Kuan