Stock No: 2065

# Sheh Fung Screws Co., Ltd.

# 2025

# Annual report

Website: http://mops.twse.com.tw
http://www.shehfung.com

Publication Date: April 30, 2026

**I. The Company's Spokesperson:**

Spokesperson: Chen Hsiu-Chu
Title: Deputy General Manager
Tel: 07-6116116
Acting Spokesperson: Chen Tzu-Yin
Title: Assistant Vice President
Tel: 07-6116116
Email: investor@shehfung.com

**II. Company and factory addresses and telephone numbers:**

| | |
|---|---|
| Headquarters | Address: No. 810, Fuxing West Road, Qiaotou District, Kaohsiung City<br>Tel: 07-6116116 |
| Mituo Plant | Address: No. 180, East Section of Wen’an Road, Mituo District, Kaohsiung City<br>Tel: 07-6196342 |

**III. Name, address, website and telephone number of the share transfer agent:**

Name: Fubon Securities Co., Ltd., Stock Transfer Agency Department
Address: 11F, No. 17, Xuchang St., Taipei City
Website: http://www.fbs.com.tw Tel: (02) 2361-1300

**IV. Names of CPAs who certified the latest annual financial report, name of accounting firm, address, website and telephone number:**

Names of CPAs: Su Yen-Ta, CPA, and Hsu Chen-Lung, CPA
Name of accounting firm: KPMG in Taiwan
Address: 68th Floor, No. 7, Section 5, Xinyi Road, Taipei City
Website: http://www.kpmg.com.tw Tel: (02) 8101-6666

**V. Name of the overseas exchange for listing and trading of overseas securities, and method of inquiry for information on such overseas securities: None.**

**VI. Company website**: http://www.shehfung.com

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## One. Letter to Shareholders

Dear Shareholders:

First of all, welcome and thank you for taking time out of your busy schedules to attend the Company's 2026 Annual General Meeting. On behalf of the Company, the Company would like to express its highest gratitude for the support and encouragement of all shareholders. The Company's 2025 business performance and future outlook are as follows:

I. 2025 Business Report

1. 2025 Business Plan Implementation Results

In 2025, the global economy experienced moderate growth but with slowing momentum, influenced by a high-interest-rate environment and geopolitical uncertainties. Major economies have maintained a prudent monetary policy stance, and while global inflation has fallen from its previous highs, the business operating environment still faces significant uncertainties due to ongoing geopolitical conflicts, changes in trade policies, and increasingly severe extreme weather events.

In 2025, the Company faced the dual challenges of high tariffs in the US and the appreciation of the New Taiwan Dollar, and its operating performance also faced the predicament of decline. However, profitability was affected by factors such as the initial operating costs and personnel training at the Vietnam plant. The Company's consolidated net operating revenue for 2025 was NT$2,072,496 thousand, a decrease of 10.76% from 2024, and consolidated net operating profit for 2025 was NT$99,350 thousand, a decrease of 56.64% from 2024.

2. Budget Performance

The Company did not publicly release financial forecasts for 2025, and therefore there is no budget achievement status.

3. Analysis of Financial Income and Expenditure and Profitability

(1) Financial income and expenditure (consolidated)

Unit: NT$ thousand

| Item | 2025 | 2024 | Increase (decrease) amount | Increase (decrease) ratio % |
|---|---|---|---|---|
| Cash flow from operating activities | 185,528 | 327,680 | (142,152) | (43.38%) |
| Cash flow from investing activities | (698,680) | (101,239) | (597,441) | (590.13%) |
| Cash flow from financing activities | 362,165 | (252,312) | 614,477 | (243.54%) |

(2) Profitability (consolidated)

| Item | | 2025 | 2024 |
|---|---|---|---|
| Return on assets (%) | | 2.92 | 6.75 |
| Return on equity (%) | | 3.84 | 11.44 |
| As a percentage of paid-in capital | Operating profit | 15.64 | 38.55 |
| | Net income before tax | 16.58 | 47.17 |
| Net profit (loss) margin (%) | | 3.41 | 8.85 |
| Earnings Per Share (NT$) | Before adjustment | 1.12 | 3.56 |
| | After adjustment | 1.11 | 3.26 |

4. Research and development status

Continued development of new related derivative functions and manufacturing process technologies for existing products in 2025:

(1) Ductwork sheet metal self-tapping pointed-tip screws.
(2) Stainless steel self-drilling screws for aluminum sheets.
(3) Easy-drive wood screws for European hardwood.
(4) Australian twin-wing screws for composite boards.

II. Summary of the 2026 Business Plan

1. Business policy

(1) Strengthen the global operational footprint and resource allocation capabilities, and improve cross-regional production scheduling and order-taking flexibility to respond to market and supply chain changes.
(2) Deepen collaboration between R&D and manufacturing, shorten the timeline for new product introduction and mass production, and improve the efficiency of commercializing R&D results.
(3) Invest in smart manufacturing technologies (such as automated inspection and AI parameter adjustment) to improve production efficiency.
(4) Enhance the timeliness and accuracy of production, quality, and delivery-related data to serve as an important basis for management decision-making and continuous improvement.
(5) Continue to adjust the product and customer mix on the premise of stabilizing the scale of revenue, and gradually increase the proportion of high value-added products to improve the gross margin structure.
(6) Continue to review and reduce waste and quality defect costs in the manufacturing process to improve resource utilization efficiency and overall production efficiency.
(7) Enhance standardized management of the production process, clearly define each process operation and key quality control points, and reduce the impact of differences in personnel experience on product quality stability.
(8) Improve the timeliness of quality anomaly notification and feedback to shorten issue analysis and improvement timelines, and reduce the impact of quality anomalies on delivery and customer satisfaction.
(9) Continue to strengthen autonomous production capability at overseas production sites and improve the maturity of process execution and quality management to increase overall supply flexibility and stability.
(10) Strengthen the management and technical development of local overseas personnel to ensure effective transfer of core processes and management expertise, supporting the long-term stable operation of overseas sites.
(11) Establish consistent production and quality standards across sites, and improve the comparability and consistency of process performance and quality levels at each production site.
(12) Reduce operational dependence on key personnel through institutionalization and multi-skilled worker training, and enhance organizational stability and resilience
(13) Integrate smart manufacturing and smart logistics to improve operational and production efficiency, and use data analytics and smart manufacturing technology to enhance production efficiency.

2. Expected Sales Volume and Basis Thereof

(1) The Company estimates its sales volume for 2025

The Company's shipment target for 2026 is 28,525 metric tons.

(2) Basis for expected sales volume in 2026

A. The inventory adjustment of end customers over the past two years has largely concluded, but ongoing global economic instability and tariff policies implemented by U.S. President Trump have added further complexity to the market. Therefore, end customers have adopted a relatively conservative purchasing strategy, and order momentum in 2025 is also relatively stable, making explosive growth unlikely.
B. The official commencement of production at the Vietnam subsidiary has positively supported market development. In addition to reducing customers' insecurity arising from geopolitical risks, it also provides customers with another option in the face of tariff and trade wars and offers diversified solutions in terms of cost and taxation.
C. German-made production equipment has been installed and put into operation, helping improve production efficiency and quality stability and assisting the sales team in developing the higher-value long-length screw market.
D. Promote products that have obtained ETA certification to develop the high-end market.
E. Distributor agreements and brand promotion are continuing.
F. Development and promotion of new products.

3. Important Production and Sales Policies

(1) Sales strategy

A. Continue to strengthen collaborative development with customers and enhance the manufacturer's expertise and flexibility.
B. Continue to promote the strategic position and advantages of the Vietnam plant to mitigate the risk of supply chain disruption caused by geopolitical factors and natural or man-made disasters.
C. Secure orders by adopting appropriate pricing strategies, quality assurance, and accurate delivery times.
D. Continue product certification to enhance product value.
E. Provide value-added services in addition to products to enhance customer satisfaction and loyalty.
F. Regularly hold video conferences and conduct customer visits to continue deepening customer relationship management.
G. Enhance the convenience of one-stop procurement.
H. Participate in major well-known exhibitions to increase market visibility.

(2) Production Strategy

A. Digital boxes have been added to production lines to provide real-time visibility into machine production status.
B. Increase multi-stroke forming machines to support automotive fastener production.
C. Add large-size thread rolling machines to meet large-size order requirements.
D. Digitalization of pre-process self-inspection enhances quality requirements.
E. Automated powder nozzle equipment.
F. Continue energy conservation planning and implementation.

(3) Quality strategy

A. Establish a prevention-oriented approach and upgrade pre-process and in-process controls using FMEA, SPC, and process audit tools to identify and mitigate quality risks early, ensure product quality, and reduce rework and scrap costs.
B. Strengthen supply chain management and collaborate with key suppliers on quality improvement programs to build a stable supply chain system.
C. Develop a total quality culture for all employees and implement a continuous improvement mechanism. Enhance the quality awareness of all employees through education, training, and cross-departmental quality improvement activities, ensuring quality becomes a core competitive strength of the Company, rather than remaining solely the responsibility of the quality assurance department.
D. Implement quality audits and internal control systems, improve quality management transparency and compliance, and ensure operational compliance and stability.

E. Promote talent development and professional capability enhancement by continuing to plan quality professional training and competency development mechanisms. This focuses on developing talent with expertise in processes, systems, and problem-solving, thereby strengthening the quality organization's capabilities.

III. Future Development Strategies of the Company

1. Continue to optimize product and customer mix, increasing the share of high-value-added and stable orders and reducing the long-term impact of price competition on operational performance.
2. Deepen manufacturing capabilities and the quality management system, and establish a replicable and scalable process foundation to support the Company's long-term, stable growth.
3. Strengthen the global operational footprint and cross-location collaboration capability to improve supply flexibility and service consistency, addressing customers' global needs.
4. Continue to invest in research and development and technology accumulation to establish differentiated products and core technological advantages, and enhance market entry barriers and brand value.
5. Promote the digitalization of operations and management to improve decision-making efficiency and foresight, and enhance the visibility and control of overall operations and management.
6. Strengthen organizational systems and talent development to build a management team with succession capability and flexibility, reducing the impact of key personnel on operations.
7. Improve operational resilience and risk management capability, diversify market, production capacity, and organizational risks, and ensure the Company's long-term stable operations.
8. Promote sustainable development under the principles of prudent management, balancing economic benefits, organizational growth, and long-term responsibilities to create long-term corporate value.

IV. Impacts from External Competition, the Regulatory Environment, and the Macroeconomic Environment

The overall operating environment in 2025 still faces multiple external challenges. In terms of industry competition, the global screw market continued to face fierce competition, with significant price pressure. Low-price competition has not eased, and product gross margins continue to be squeezed. Meanwhile, customers have become more cautious in their purchasing behavior, and demands for price, quality, and delivery have increased simultaneously. The order structure is also more dispersed than before, which has had a certain impact on operational stability.

In terms of the regulatory environment, labor, environmental protection, and occupational safety regulations in various countries have become more stringent. The Company has had to invest more resources to meet compliance requirements, and related management and operating costs have increased accordingly. Overseas locations must comply with both local regulations and the Group's internal management and internal control systems. This has increased the complexity of overall operations and management compared with the past, posing challenges to organizational coordination and management efficiency.

In terms of the overall business environment, global economic growth has slowed. High interest rates and geopolitical factors have increased market uncertainty, leading customers to adopt more conservative investment and inventory strategies. This has resulted in longer order decision cycles and relatively reduced order visibility. The above factors require the Company to be more cautious in production capacity planning, resource allocation, and operational decisions to address market volatility risks.

Despite the impact of external competition, regulatory requirements, and changes in the overall business environment, the Company adhered to the principles of prudent management in 2025. It continued to adjust its product and customer structure, strengthen internal management and production efficiency, and enhance operational flexibility and risk control capabilities to reduce the impact of changes in the external environment on overall operations and maintain the Company's long-term stable development.

In the future, the Company will continue to promote an operational strategy with a clear division of labor and complementarity according to the positioning of different locations. The Taiwan plant will continue to focus on deepening core processes, quality management, R&D technology, and management systems, strengthening the development capabilities for high-value-added products, customized products, and new processes. It will also serve as the Group's center for manufacturing technology, quality standards, and management systems, supporting overall operations and the development of overseas locations.

Through the division of labor, cooperation, and coordinated development between the Taiwan plant and the Vietnam plant, the Company will continue to enhance its overall operational resilience and market competitiveness, and gradually build an operational foundation to support medium- and long-term growth under the principles of prudent management to cope with changes and challenges in the future market environment.

We wish all shareholders, ladies and gentlemen

good health and every success

Chairman: Du Tai-Yuan

Managerial Officer: Chen Chun-Yen

Accounting Supervisor: Chen Hsiu-Chu

# Two. Corporate Governance Report

I. Information on Directors, Supervisors, General Manager, Deputy General Managers, Associate General Managers, and Heads of Various Departments and Branch Units:

1. Information on Directors and Supervisors

(1) Names, experience (education), shareholdings, and nature of shares held by Directors and Supervisors

February 28, 2026 Unit: shares; %

| Title | Nationality or place of registration | Name | Gender Age | Date of appointment | Term of office | Commencement date of first term | No. of shares held at time of election | | No. of shares currently held | | Shares currently held by spouse and minor children | | Shares held through nominees | | Main experience and academic background | Positions held concurrently in the company and/or in any other company | Other officer(s), director(s), or supervisor(s) with which the person has a relationship of spouse or relative within the second degree | | | Remark |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Number of shares | Percentage of Ownership | Number of shares | Percentage of Ownership | Number of shares | Percentage of Ownership | Number of shares | Percentage of Ownership | | | Title | Name | Relationship | |
| Chairman | Republic of China | Du Tai-Yuan | Male 51-60 | 2025.6.5 | 3 years | 2016.06.22 | 165,000 | 0.26 | 165,000 | 0.26 | – | – | – | – | • EMBA, National University of Kaohsiung<br>• Deputy General Manager of Sheh Fung Screws Co., Ltd. | Note 1 | None | None | None | – |
| Director | Republic of China | Sheh Fung Investment Co., Ltd. | – | 2025.6.5 | 3 years | 2013.06.26 | 4,615,788 | 7.27 | 4,615,788 | 7.27 | – | – | – | – | – | – | – | – | – | – |
| | Australia | Representative: Chen Chun-Yen | Male 41-50 | 2025.6.5 | 3 years | 2023.03.06 | 553,161 | 0.87 | 598,000 | 0.94 | – | – | – | – | • National Sun Yat-Sen University EMBA<br>• Department of Mechanical Engineering, Royal Melbourne Institute of Technology<br>• Deputy General Manager of Sales of Sheh Fung Screws Co., Ltd. | Note 2 | None | None | None | – |
| Director | Republic of China | Du Chin-Ling | Male 71-80 | 2025.6.5 | 3 years | 2010.06.26 | – | – | – | – | – | – | – | – | • Master of Science in Mechanical Engineering, University of Mississippi, USA<br>• Graduate Institute of Financial Management, New York University, USA<br>• Executive Vice President of China Steel Corporation<br>• Chairman of China Ecotek Corporation | Note 3 | None | None | None | – |
| Director | Republic of China | Wei-Sheng Investment Co., Ltd. | – | 2025.6.5 | 3 years | 2011.05.27 | 2,846,502 | 4.48 | 3,213,502 | 5.06 | – | – | – | – | – | – | – | – | – | – |
| | Republic of China | Representative: Du Po-Han | Male 21-30 | 2025.6.5 | 3 years | 2022.06.09 | – | – | 325,539 | 0.5 | – | – | – | – | • Master of Architecture, Tunghai University<br>• R&D Department, Sheh Fung Screws Co., Ltd.<br>• Gangshan Residential Long-Term Care Building Design Competition by Lin Fu-Yuan Architects & Associates<br>• Gangshan Hospital Interior Renovation Floor Plan by Lin Fu-Yuan Architects & Associates<br>• Checheng Residential Long-Term Care Center Design Competition by Lin Fu-Yuan Architects & Associates<br>• The Hsinchu City East District Guangwu Junior High School Design Competition by Yuan Chu Workshop | Representative of Institutional Director of Sheh Fung Screws Co., Ltd. | None | None | None | – |
| Independent Director | Republic of China | Fang Hui-Ling | Female 71-80 | 2025.6.5 | 3 years | 2019.06.18 | – | – | – | – | – | – | – | – | • Department of Accounting, National Cheng Kung University<br>• Adjunct Professional Assistant Professor, Department of Accounting Information, Southern Taiwan University of Science and Technology | Note 4 | None | None | None | – |

| Title | Nationality or place of registration | Name | Gender Age | Date of appointment | Term of office | Commencement date of first term | No. of shares held at time of election | | No. of shares currently held | | Shares currently held by spouse and minor children | | Shares held through nominees | | Main experience and academic background | Positions held concurrently in the company and/or in any other company | Other officer(s), director(s), or supervisor(s) with which the person has a relationship of spouse or relative within the second degree | | | Remark |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Number of shares | Percentage of Ownership | Number of shares | Percentage of Ownership | Number of shares | Percentage of Ownership | Number of shares | Percentage of Ownership | | | Title | Name | Relationship | |
| | | | | | | | | | | | | | | | • Practicing CPA, Audit Department, KPMG | | | | | |
| Independent Director | Republic of China | Hung Chun-Yung | Male 41-50 | 2025.6.5 | 3 years | 2022.06.09 | – | – | – | – | – | – | – | – | • National Sun Yat-sen University, Graduate Institute of Environmental Engineering, Master's Program<br>• National Chung Cheng University, Graduate Institute of Financial and Economic Law, Tax Law Division, Master's Degree<br>• Taiwan Bar Association, Deputy Secretary-General<br>• Taiwan Bar Association, 1st and 2nd Term Member Representative<br>• Taiwan Bar Association, Deputy Chairperson of the Mediation and ADR Committee for the 1st and 2nd Terms<br>• Taiwan Bar Association, 2nd Term Deputy Chairperson of the Environmental Law Committee<br>• Kaohsiung Bar Association, Secretary-General<br>• Kaohsiung Bar Association, Convener of the Continuing Professional Development Committee<br>• National Chung Cheng University College of Law Alumni Association, Director | Note 5 | None | None | None | – |
| Independent Director | Republic of China | Dai Chiu-Hua | Female 51-60 | 2025.6.5 | 3 years | 2022.06.09 | – | – | – | – | – | – | – | – | • University of Manchester M.S in Finance and Accounting<br>• General Manager of Win-Iink Venture Capital Corp.<br>• General Manager of Hwa Sheng Development Technology Co., Ltd. | Note 6 | None | None | None | – |

Note 1: Concurrently serves as Chairman of Sheh Kai Precision Co., Ltd., Director and General Manager of Sheh Kai Trading (Shanghai) Co., Ltd., Chairman of BYMIT CORPORATION, Chairman of Guanyi Investment Co., Ltd., Chairman of Longyuan Investment Co., Ltd., Chairman of Litai Co., Ltd., Chairman of Hye Technology Co.,Ltd., and Chairman of BI-METAL Ltd.

Note 2: Concurrently serves as General Manager of Sheh Fung Screws Co., Ltd., Chairman of Sheh Fung Investment Co., Ltd., Director of Sheh Kai Precision Co., Ltd., and Director of Guanyi Investment Co., Ltd.

Note 3: Concurrently serves as the corporate director representative of Green River Holding Co., Ltd.

Note 4: Concurrently serves as an Independent Director of Jung Shing Wire Co., Ltd. and Sentien Printing Factory Co., Ltd.

Note 5: Concurrently serves as the managing attorney at Hung & Yeh Attorneys-at-Law, a Director of the Taiwan Bar Association, a Director of the Kaohsiung Bar Association, the Convener of the Member Rights Committ of the Kaohsiung Bar Association, an Independent Director of Honor Seiki Co., Ltd., and a representative of Panyang Sustainability Consulting Co., Ltd.

Note 6: Also serves as an Independent Director of Wanda Optoelectronic Technology Co., Ltd.

(2) Disclosure of directors' professional qualifications and the independence of independent directors

| Name | Professional qualifications and experience | Independence analysis | No. of other public companies at which the person concurrently serves as an independent director |
|---|---|---|---|
| Du Tai-Yuan | With many years of experience at the Company, including serving as a Deputy General Manager, such person has dedicated over 30 years to the screw industry. Such person possesses more than five years of experience in business, finance, and company operations, and demonstrates professional capabilities in leadership, marketing, operational management, and strategic planning. | Such person is the Chairman of a corporate shareholder among the top ten shareholders of the Company and also the Chairman of Sheh Kai Precision, a company with existing business relationships with the Company.<br>Meets the following independence assessment criteria:<br>(1) Not a professional, or the owner, partner, director (or equivalent), supervisor (or equivalent), managerial officers, or spouse of such person, of a sole proprietorship, partnership, company, or institution, that provides auditing services to the Company or its affiliates or commercial, legal, financial, accounting, or related services for which cumulative remuneration received in the most recent two years has not exceeded NT$500,000.<br>(2) None of the circumstances specified in Article 30 of the Company Act apply.<br>(3) Not elected as a government agency, juristic person, or representative thereof pursuant to Article 27 of the Company Act. | - |
| Sheh Fung Investment Co., Ltd Representative: Chen Chun-Yen | Such person is currently the General Manager of the Company and Sheh Kai Precision, a TPEx-listed company. Having started in an entry-level position with the Company, such person progressed through the procurement and sales departments. After more than ten years of experience, such person was appointed General Manager by the Board of Directors and has served the Company for over twenty years. During such person's tenure, such person led the Company's transformation from a traditional screw manufacturing model to digital transformation, introducing advanced information systems and smart manufacturing. Chen Chun-Yen has served as General Manager of Sheh Fung Screws for over 10 years and has more than 5 years of work experience in business, finance, and company operations. In addition to extensive professional knowledge of the screw industry, such person has also brought practical experience in new- | Such person is the Chairman of a corporate shareholder among the top ten shareholders of the Company and concurrently serves as the Company's General Manager. Such person is also the General Manager of Sheh Kai Precision, a company with existing business relationships with the Company.<br>Meets the following independence assessment criteria:<br>(1) Not a director, supervisor, or employee of another company of which more than half of the board seats or voting shares are controlled by the same person as those of the Company.<br>(2) Not a professional, or the owner, partner, director (or equivalent), supervisor (or equivalent), managerial officers, or spouse of such person, of a sole proprietorship, partnership, company, or institution, that provides auditing services to the Company or its affiliates or commercial, legal, financial, accounting, or related services for which cumulative remuneration received in the most recent two years has not exceeded NT$500,000.<br>(3) Does not have a spousal relationship or kinship within the 2nd degree with other directors.<br>(4) None of the circumstances specified in Article 30 of the Company Act apply. | - |

| Name | Professional qualifications and experience | Independence analysis | No. of other public companies at which the person concurrently serves as an independent director |
|---|---|---|---|
| | generation business management to the Board of Directors. | (5) Not elected as a government agency, juristic person, or representative thereof pursuant to Article 27 of the Company Act. | |
| Du Chin-Ling | Such person served as Executive Vice President of China Steel Corporation and as a director of several steel companies, including Feng Hsin Steel Co., Ltd., Ta Chen Stainless Pipe Co., Ltd., and Walsin Lihwa Corporation, has dedicated over 30 years to the steel industry, possesses more than five years of experience in business, finance, and company operations, and is skilled in professional leadership, marketing, operational management, and strategic planning. | (1) Not an employee of the Company or its affiliates.<br>(2) Not a director or supervisor of the Company or its affiliates.<br>(3) Not a natural person shareholder who, together with such person's spouse, minor children, or shares held in the name of others, holds 1% or more of the total issued shares of the Company or is among the top ten shareholders.<br>(4) Not the spouse, relatives within the 2nd degree of kinship, or lineal blood relatives within the 3rd degree of kinship of the managerial officers referred to in (1) or the persons referred to in (2) and (3).<br>(5) Not a director, supervisor, or employee of a juristic person shareholder that directly holds 5% or more of the total issued shares of the Company, is among the top five shareholders, or appoints a representative to serve as a director or supervisor of the Company pursuant to Article 27, paragraph 1 or paragraph 2 of the Company Act.<br>(6) Not a director, supervisor, or employee of another company where more than half of its board seats or voting shares are controlled by the same person who controls more than half of the Company's board seats or voting shares.<br>(7) Not a director (or equivalent), supervisor (or equivalent), or employee of another company or institution whose chairperson, General Manager, or equivalent position holder is the same person as, or the spouse of, the Company's Chairperson, General Manager, or equivalent position holder.<br>(8) Not directors (or equivalent), supervisors (or equivalent), managerial officers, or shareholders holding 5% or more of the shares of a specific company or institution that has financial or business dealings with the Company.<br>(9) Not a professional, or the owner, partner, director (or equivalent), supervisor (or equivalent), managerial officers, or spouse of such person, of a sole proprietorship, partnership, company, or institution, that provides auditing services to the Company or its affiliates or commercial, legal, financial, accounting, or related services for which cumulative remuneration received in the | 1 |

| Name | Professional qualifications and experience | Independence analysis | No. of other public companies at which the person concurrently serves as an independent director |
|---|---|---|---|
| | | most recent two years has not exceeded NT$500,000.<br>(10) Does not have a spousal relationship or kinship within the 2nd degree of relationship with other directors.<br>(11) None of the circumstances specified in Article 30 of the Company Act apply.<br>(12) Not elected as a government agency, juristic person, or representative thereof pursuant to Article 27 of the Company Act. | |
| Wei-Sheng Investment Co., Ltd. Representative: Du Po-Han | Such person previously worked in the Company's R&D department and holds a degree in architecture, giving such person a strong understanding of the application needs of the Company's products, and has over five years of experience in business and company operations, and demonstrates professional capabilities in leadership, marketing, operational management, and strategic planning. | Such person is a 2nd-degree relative of the Chairman of the Company and is the representative of a juristic person shareholder among the top ten shareholders of the Company.<br>Meets the following independence assessment criteria:<br>(1) Not an employee of the Company or its affiliates.<br>(2) Not a director or supervisor of the Company or its affiliates.<br>(3) Not a director, supervisor, or employee of another company where more than half of its board seats or voting shares are controlled by the same person who controls more than half of the Company's board seats or voting shares.<br>(4) Not a director (or equivalent), supervisor (or equivalent), or employee of another company or institution whose chairperson, general manager, or equivalent position holder is the same person as, or the spouse of, the Company's Chairperson, General Manager, or equivalent position holder.<br>(5) Not directors (or equivalent), supervisors (or equivalent), managerial officers, or shareholders holding 5% or more of the shares of a specific company or institution that has financial or business dealings with the Company.<br>(6) Not a professional, or the owner, partner, director (or equivalent), supervisor (or equivalent), managerial officers, or spouse of such person, of a sole proprietorship, partnership, company, or institution, that provides auditing services to the Company or its affiliates or commercial, legal, financial, accounting, or related services for which cumulative remuneration received in the most recent two years has not exceeded NT$500,000.<br>(7) None of the circumstances specified in Article 30 of the Company Act apply.<br>(8) Not elected as a government agency, juristic person, or representative thereof pursuant to Article 27 of the Company | - |

| Name | Professional qualifications and experience | Independence analysis | No. of other public companies at which the person concurrently serves as an independent director |
|---|---|---|---|
| | | Act. | |
| Fang Hui-Ling | Served as a practicing CPA in the Audit Department of KPMG and was also an adjunct Assistant Professor of Professional Practice in the Department of Accounting Information, Southern Taiwan University of Science and Technology. Currently, such person serves as an independent director of several companies including Jung Shing Wire, Sentien Printing, and Lung Feng Technology (formerly Chih Pao Optoelectronics). Such person is a professional and technical personnel, such as a judge, prosecutor, lawyer, accountant, or other professional holding certificates from passing national examinations required for company business, and has more than five years of experience in business, finance, and company operations. Such person possesses expertise in professional leadership, marketing, operational management, and strategic planning. | (1) Not an employee of the Company or its affiliates.<br>(2) Not a director or supervisor of the Company or its affiliates.<br>(3) Not a natural person shareholder who, together with such person's spouse and minor children or in the name of others, holds 1% or more of the total issued shares of the Company or is among the top ten shareholders.<br>(4) Not the spouse, relatives within the 2nd degree of kinship, or lineal relatives within the 3rd degree of kinship of the managerial officers referred to in (1) or the persons referred to in (2) and (3).<br>(5) Not a director, supervisor, or employee of a juristic person shareholder that directly holds 5% or more of the Company's total issued shares, is among the top five shareholders, or appoints a representative to serve as a director or supervisor of the Company pursuant to Article 27, paragraph 1 or paragraph 2 of the Company Act.<br>(6) Not a director, supervisor, or employee of another company where more than half of its board seats or voting shares are controlled by the same person who controls more than half of the Company's board seats or voting shares.<br>(7) Not a director (or equivalent), supervisor (or equivalent), or employee of another company or institution whose chairperson, general manager, or equivalent position holder is the same person as, or the spouse of, the Company's Chairperson, General Manager, or equivalent position holder.<br>(8) Not directors (or equivalent), supervisors (or equivalent), managerial officers, or shareholders holding 5% or more of the shares of a specific company or institution that has financial or business dealings with the Company.<br>(9) Not a professional, or the owner, partner, director (or equivalent), supervisor (or equivalent), managerial officers, or spouse of such person, of a sole proprietorship, partnership, company, or institution, that provides auditing services to the Company or its affiliates or commercial, legal, financial, accounting, or related services for which cumulative remuneration received in the most recent two years has not exceeded NT$500,000.<br>(10) Does not have a spousal relationship or kinship within the 2nd degree of | 3 |
| Hung Chun-Yung | Currently serves as the managing attorney of Hung & Yeh Attorneys-at-Law, specializing in criminal litigation, civil litigation, administrative litigation, environmental dispute cases, food safety incidents, and corporate control cases, and has accumulated more than five years of experience as a practicing attorney. Also serves as an independent director of Honor Seiki and the representative of Panyang Sustainable Development Consulting Co., Ltd. In exercising the powers of an independent director and the Audit Committee, such person's legal expertise may be relied upon to enhance the quality of corporate governance management of the Board of Directors and the supervisory function of the Audit Committee. | | 1 |
| Dai Chiu-Hua | Served as General Manager of Yonglin Venture Capital and as supervisor of OTC-listed | | 1 |

| Name | Professional qualifications and experience | Independence analysis | No. of other public companies at which the person concurrently serves as an independent director |
|---|---|---|---|
| | companies such as Lee Zhou and Wanda Opto-Electronics, and has more than five years of work experience required for business, finance, and company operations, with capabilities in professional leadership, marketing, operations management, and strategic planning. | relationship with other directors.<br>(11) None of the circumstances specified in Article 30 of the Company Act apply.<br>(12) Not elected as a government agency, juristic person, or representative thereof pursuant to Article 27 of the Company Act. | |

(3) Board Diversity and Independence

①Board diversity: In accordance with Article 20 of the Company's "Corporate Governance Best Practice Principles" and Articles 2 and 4 of the "Rules for Election of Directors": the election of directors shall take into consideration the overall composition of the Board of Directors. The composition of the Board of Directors shall take diversity into consideration, and appropriate diversity policies shall be formulated based on its own operations, business model, and development needs. Directors shall possess the following capabilities:

A. Operational judgment.
B. Accounting and financial analysis.
C. Business management.
D. Crisis management.
E. Industry knowledge.
F. International market perspective.
G. Leadership.
H. Decision-making.

The Company's diversity policy for the composition of current members of the Board of Directors and its implementation status are as follows:

| Name | Nationality | Gender | Employee status | Age | Professional background | Industry experience | Length of tenure as an independent director | | Operational judgment | Accounting and financial analysis | Operation management | Crisis management | Industry knowledge | International market perspective | Leadership | Decision-making |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Under 3 years | 3 - 9 year(s) | | | | | | | | |
| Du Tai-Yuan | Republic of China | Male | - | 51 - 60 years old | Business operations | Steel industry | - | - | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Chen Chun-Yen | Australia | Male | V | 41 - 50 years old | Business operations | Steel industry | - | - | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Du Po-Han | Republic of China | Male | - | 21 - 30 years old | Business operations | Steel industry | - | - | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Du Chin-Ling | Republic of China | Male | - | 71 - 80 years old | Business operations | Steel industry | - | - | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Fang Hui-Ling | Republic of China | Female | - | 71 - 80 years old | Finance and accounting | CPA | - | V | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Hung Chun-Yung | Republic of China | Male | - | 41 - 50 years old | Legal affairs | Lawyer | - | V | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Dai Chiu-Hua | Republic of China | Female | - | 51 - 60 years old | Business operations | Finance and investment | - | V | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |

There are 3 directors who do not have employee status with the Company, and among the directors (excluding those who have been discharged), 5 are under the age of 60 and 2 are aged 71-80. In addition to having extensive experience and expertise in financial accounting, commerce, operations management, the steel industry, other industries, and law, the members can provide different cultural perspectives to the operation of the Board of Directors, and the Company prioritizes gender equality in the composition of the Board of Directors; currently, the Company has 7 directors (including 3 independent directors), including 2 female directors, representing 29%. Among the current directors, 2 have financial accounting expertise and 4 have practical experience in steel industry management, which fully implements the diversity objectives of the Board of Directors and will greatly benefit the Company's future development goals in talent succession, product R&D, promotion of energy saving and carbon reduction, construction of smart production and sales, and commitment to corporate sustainability. The Board of Directors has formulated a diversity policy for its composition in the Company's Corporate Governance Best Practice Principles, and such policy is disclosed on the Company's website and the Market Observation Post System.

The specific management objectives of the diversity policy of the Board of Directors and the status of achievement are as follows:

| Management Objectives | Status of Implementation |
|---|---|
| Directors who concurrently serve as managerial officers of the Company shall not exceed one-third of the total number of director seats | Achieved |
| The Board of Directors must include at least one female director | Achieved |
| Independent directors shall not serve more than three consecutive terms | Achieved |
| Directors of either gender shall account for at least one-third of the seats on the Board of Directors | Not achieved (Note) |

Note:

I. Reasons why female directors account for less than one-third

1. Difficulty in finding talent: Traditional manufacturing industries have high professional and technical barriers to entry, making it challenging to quickly locate qualified female professionals.
2. Compliance with Existing Board Operations: The Board of Directors is currently operating under the existing Articles of Incorporation and has not yet allocated one-third of the seats to female directors.
3. Meeting the minimum requirement but falling short of the target: Although the regulatory baseline of "at least one female director" has been met, there is still a gap from the target of one-third.

II. Planned improvement measures

1. Talent recommendation and appointment: Seek recommendations from professionals in the industry or academia upon the next re-election of the Board of Directors at the expiration of its term, and expand the list of candidates to include more women.
2. Target for Increasing the Ratio of Female Directors: Set corporate governance objectives and increase the gender equality ratio of the Board of Directors year by year, and enhance diversity by recruiting female independent directors with financial, legal, and industry-related backgrounds.

②Board independence:

The current Board of Directors of the Company consists of 7 members, including 4 directors and 3 independent directors. Independent directors represent 42.86% of the Board, and all 3 independent directors have served for more than 6 years.

The Company's independent directors comply with the "Regulations Governing the Appointment of Independent Directors and Compliance Matters for Public Companies." There are no circumstances as stipulated in Paragraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act between directors and independent directors. The Company's Board of Directors is independent. Please refer to pages 7-9 for the professional qualifications and experience of directors and the independence of independent directors.

(4) **If a director or supervisor is a corporate shareholder, the major shareholder of such corporate shareholder**

①Major shareholders of the corporate shareholder:

April 7, 2026

| Name of corporate shareholder | Major shareholders of the corporate shareholder |
|---|---|
| Sheh Fung Investment Co., Ltd. | Chen Chun-Yen (35.05%), Chen Ching-Ya (8.99%) |
| Wei-Sheng Investment Co., Ltd. | Chang Yi-Chen (81.48%) |

②Major shareholders of major corporate shareholders:

April 7, 2026

| Name of corporate/juristic person | Major shareholders of the corporate/juristic person |
|---|---|
| None | |

2. Information on the General Manager, Deputy General Manager, associate general manager, and heads of various departments and branch offices

March 31, 2026

| Title | Nationality | Name | Gender | Date elected (appointed) | Shares held | | Shares held by spouse and minor children | | Shares held through nominees | | Main experience and academic background | Positions concurrently held in other companies at present | Other managerial officer(s) with which the person has a relationship of spouse or relative within the second degree | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Number of shares | Percentage of Ownership | Number of shares | Percentage of Ownership | Number of shares | Percentage of Ownership | | | Title | Name | Relationship |
| General Manager | Australia | Chen Chun-Yen | Male | 2011.09.14 | 598,000 | 0.94% | 9,000 | 0.01% | - | - | ● National Sun Yat-Sen University EMBA<br>● Department of Mechanical Engineering, Royal Melbourne Institute of Technology<br>● Deputy General Manager of Sales of Sheh Fung Screws Co., Ltd. | ● General Manager of Sheh Fung Screws Co., Ltd.<br>● Representative of the corporate director of Sheh Fung Screws Co., Ltd.<br>● Chairman of Sheh Fung Investment Co., Ltd.<br>● Director of Sheh Kai Precision Co., Ltd.<br>● Director of Guanyi Investment Co., Ltd. | None | None | None |
| Deputy General Manager and Accounting Supervisor and Corporate Governance Officer | Republic of China | Chen Hsiu-Chu | Female | 2022.01.01 | 208,000 | 0.33% | - | - | - | - | ● Master's Degree in Electrical Engineering, Industry-Academia Program, National University of Kaohsiung<br>● Department of Accounting, National Kaohsiung University of Applied Sciences<br>● Finance Manager, Sheh Fung Screws Co., Ltd.<br>● Assistant Vice President, Sheh Fung Screws Co., Ltd. | None | None | None | None |

| | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Assistant Vice President and Information Security Officer | Republic of China | Chen Tzu-Yin | Female | 2022.01.01 | 19,762 | 0.03% | - | - | - | - | ● Master's Degree, Department of Finance, Economics and Business Decision-Making, National Kaohsiung University of Applied Sciences<br>● Chief Accountant, Taiwan International Ports Corporation, Ltd.<br>● Chief Accountant, Yen Lung Resource Technology Co., Ltd.<br>● Chief Accountant, Shin Foong Specialty and Applied Material Co., Ltd.<br>● Finance Manager, Sheh Fung Screws Co., Ltd. | None | None | None | None |
| Assistant Vice President | Republic of China | Su Yi-Fan | Female | 2022.01.01 | - | - | - | - | - | - | ● Department of Business Administration, Ming Chuan University<br>● Master's Degree, Department of Asia-Pacific Industrial and Business Management, National University of Kaohsiung<br>● Sales Manager, Sheh Fung Screws Co., Ltd. | None | None | None | None |
| Assistant Vice President | Republic of China | Su Yung-Chia | Male | 2022.01.01 | 10,000 | 0.02% | - | - | - | - | ● Master of Business Administration, National Kaohsiung First University of Science and Technology<br>● Manager, Technical Research and Development Department, Taiwan Shan Yin International Ltd.<br>● Assistant Vice President of Manufacturing, OFCO Industrial Corporation | None | None | None | None |

3. Remuneration paid to directors, supervisors, General Manager and Deputy General Managers in the most recent year

(1) Remuneration of directors (including independent directors)

Unit: NT$ thousand

<table>
<tr><th rowspan="4">Title</th><th rowspan="4">Name</th><th colspan="8">Director remuneration</th><th colspan="2" rowspan="2">Total amount of A, B, C and D and percentage of net profit after tax (Note 10)</th><th colspan="8">Remuneration received by directors for concurrent service as an employee</th><th colspan="2" rowspan="2">Sum of A+B+C+D+E+F+G and ratio to net income (Note 10)</th><th rowspan="4">Whether remuneration was received from investee enterprises other than subsidiaries (Note 11)</th></tr>
<tr><th colspan="2">Remuneration (A) (Note 2)</th><th colspan="2">Retirement pay and pension (B)</th><th colspan="2">Director profit-sharing compensation (C) (Note 3)</th><th colspan="2">Expenses for the execution of duties (D) (Note 4)</th><th colspan="2">Salary, rewards, and special disbursements (E) (Note 5)</th><th colspan="2">Retirement pay and pension (F)</th><th colspan="4">Employee compensation (G) (Note 6)</th></tr>
<tr><th rowspan="2">The Company</th><th rowspan="2">All companies included in the financial report (Note 7)</th><th rowspan="2">The Company</th><th rowspan="2">All companies included in the financial report (Note 7)</th><th rowspan="2">The Company</th><th rowspan="2">All companies included in the financial report (Note 7)</th><th rowspan="2">The Company</th><th rowspan="2">All companies included in the financial report (Note 7)</th><th rowspan="2">The Company</th><th rowspan="2">All companies included in the financial report (Note 7)</th><th rowspan="2">The Company</th><th rowspan="2">All companies included in the financial report (Note 7)</th><th rowspan="2">The Company</th><th rowspan="2">All companies included in the financial report (Note 7)</th><th colspan="2">The Company</th><th colspan="2">All companies included in the financial report (Note 7)</th><th rowspan="2">The Company</th><th rowspan="2">All companies included in the financial report (Note 7)</th></tr>
<tr><th>Cash bonus amount</th><th>Stock bonus amount</th><th>Cash bonus amount</th><th>Stock bonus amount</th></tr>
<tr><td>Director/ Chairman</td><td>Du Tai-Yuan</td><td rowspan="7">8,158</td><td rowspan="7">8,158</td><td rowspan="7">0</td><td rowspan="7">0</td><td rowspan="7">2,880</td><td rowspan="7">2,880</td><td rowspan="7">186</td><td rowspan="7">186</td><td rowspan="7">11,224<br>15.88%</td><td rowspan="7">11,224<br>15.88%</td><td rowspan="7">6,150</td><td rowspan="7">6,150</td><td rowspan="7">0</td><td rowspan="7">0</td><td rowspan="7">1,600</td><td rowspan="7">0</td><td rowspan="7">1,600</td><td rowspan="7">0</td><td rowspan="7">18,974<br>26.85%</td><td rowspan="7">18,974<br>26.85%</td><td rowspan="7">None</td></tr>
<tr><td>Director</td><td>Sheh Fung Investment Co., Ltd.<br>Representative: Chen Chun-Yen</td></tr>
<tr><td>Director</td><td>Wei-Sheng Investment Co., Ltd.<br>Representative: Du Po-Han</td></tr>
<tr><td>Director</td><td>Du Chin-Ling</td></tr>
<tr><td>Independent Director</td><td>Fang Hui-Ling</td></tr>
<tr><td>Independent Director</td><td>Hung Chun-Yung</td></tr>
<tr><td>Independent Director</td><td>Dai Chiu-Hua</td></tr>
<tr><td colspan="23">*In addition to the above disclosure, remuneration received by the Company's directors for services provided to all companies included in the financial statements in the most recent year (such as serving as non-employee consultants): None.</td></tr>
</table>

## Remuneration Range Table

| Ranges of remuneration paid to each of the Company's directors | Names of Directors | | | |
|---|---|---|---|---|
| | Sum of A+B+C+D | | Sum of A+B+C+D+E+F+G | |
| | The Company (Note 8) | All companies included in the financial report (Note 9) | The Company (Note 8) | All companies included in the financial statements (Note 9) I |
| Less than NT$1,000,000 | Fang Hui-Ling, Hung Chun-Yung, and Dai Chiu-Hua | Fang Hui-Ling, Hung Chun-Yung, and Dai Chiu-Hua | Fang Hui-Ling, Hung Chun-Yung, and Dai Chiu-Hua | Fang Hui-Ling, Hung Chun-Yung, and Dai Chiu-Hua |
| NT$1,000,000 (inclusive) - NT$2,000,000 (exclusive) | Du Chin-Ling, Du Po-Han, Chen Chun-Yen | Du Chin-Ling, Du Po-Han, Chen Chun-Yen | Du Chin-Ling, Du Po-Han | Du Chin-Ling, Du Po-Han |
| NT$2,000,000 (inclusive) - NT$3,500,000 (exclusive) | None | None | None | None |
| NT$3,500,000 (inclusive) - NT$5,000,000 (exclusive) | None | None | None | None |
| NT$5,000,000 (inclusive) - NT$10,000,000 (exclusive) | Du Tai-Yuan | Du Tai-Yuan | Du Tai-Yuan, Chen Chun-Yen | Du Tai-Yuan, Chen Chun-Yen |
| NT$10,000,000 (inclusive) - NT$15,000,000 (exclusive) | None | None | None | None |
| NT$15,000,000 (inclusive) - NT$30,000,000 (exclusive) | None | None | None | None |
| NT$30,000,000 (inclusive) - NT$50,000,000 (exclusive) | None | None | None | None |
| NT$50,000,000 (inclusive) - NT$100,000,000 (exclusive) | None | None | None | None |
| NT$100,000,000 or above | None | None | None | None |
| Total Amount | 7 people | 7 people | 7 people | 7 people |

Note 1: The directors' names shall be listed separately (corporate shareholders shall list the corporate shareholder name and representative separately), and the amount of each payment shall be disclosed on an aggregate basis. If a director also serves as General Manager or Deputy General Manager, this form and Table (3-1) or (3-2) below shall also be completed.

Note 2: This refers to director base compensation in the most recent fiscal year (including director salary, duty allowances, severance pay, and various rewards and incentives, etc.).

Note 3: Please fill in the amount of director profit-sharing compensation approved by the board of directors for distribution for the most recent fiscal year.

Note 4: This refers to directors' related business execution expenses for the most recent fiscal year (including transportation allowances, special allowances, various allowances, dormitories, company cars and other items provided in kind, etc.). Where houses, vehicles, and other means of transportation or exclusive personal expenditures are provided, the nature and cost of the assets provided, as well as the actual or imputed rental based on fair market value, fuel expenses, and other payments shall be disclosed. In addition, where a driver is provided, please provide a note explaining the relevant remuneration paid by the Company to such driver; however, such remuneration shall not be included in the remuneration.

Note 5: This refers to the amounts received by directors concurrently serving as employees in the most recent fiscal year (including concurrently serving as General Manager, Deputy General Manager, other managerial officers and employees), including salary, position allowances, severance pay, various bonuses, incentive payments, transportation allowances, special allowances, various allowances, dormitories, company cars and other items provided in kind, etc. Where houses, vehicles, and other means of transportation or exclusive personal expenditures are provided, the nature and cost of the assets provided, as well as the actual or imputed rental based on fair market value, fuel expenses, and other payments shall be disclosed. In addition, where a driver is provided, please provide a note explaining the relevant remuneration paid by the Company to such driver; however, such remuneration shall not be included in the remuneration. In addition, salary expenses recognized in accordance with IFRS 2 "Share-based Payment", including acquisition of employee stock options, restricted shares for employees, and participation in cash capital increases for share subscription, shall also be included in remuneration.

Note 6: Where directors concurrently serving as employees (including concurrently serving as General Manager, Deputy General Manager, other managerial officers and employees) received employee remuneration (including stock dividends and cash dividends) in the most recent fiscal year, the amount of employee remuneration Approved by the Board of Directors for distribution in the most recent fiscal year shall be disclosed. If it cannot be estimated, the proposed distribution amount for the current year shall be calculated based on the ratio of the actual distribution amount in the previous year, and Appendix 1-3 shall also be completed.

Note 7: Disclose the total amount of remuneration in each category paid to the directors of the Company by all companies in the consolidated financial report (including the Company).

Note 8: The Company shall disclose the name of each director in the applicable compensation bracket based on the total amount of various remuneration paid to each director.

Note 9: The total amount of various remuneration paid to each director of the Company by all companies in the Consolidated Financial Statements (including the Company) shall be disclosed, and the names of the directors shall be disclosed in the applicable compensation bracket.

Note 10: Net income after tax refers to the net income after tax for the most recent fiscal year; where International Financial Reporting Standards have been adopted, net income after tax refers to the net income after tax in the Parent Company Only Financial Statements or separate financial reports for the most recent fiscal year.

Note 11: a. This column shall clearly state the amount of remuneration received by the Company's directors from investee enterprises other than subsidiaries.

b. If a director of the Company receives remuneration from investee enterprises other than subsidiaries, the remuneration received by the director of the Company from investee enterprises other than subsidiaries shall be included in Column J of the remuneration bracket table, and the column heading shall be changed to "All investee enterprises".

c. Remuneration refers to relevant remuneration, compensation, employee remuneration and business execution expenses received by directors of the Company serving as directors, supervisors or managerial officers of investee enterprises other than subsidiaries.

(2) Remuneration of supervisors: The Company has established the Audit Committee in place of supervisors; therefore, this item is not applicable.

Unit: NT$ thousand

| Title | Name | Supervisor remuneration | | | | | | Total amount of A, B and C and the percentage of net income after tax (Note 8) | | Whether remuneration was received from investee enterprises other than subsidiaries (Note 9) |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Remuneration (A) (Note 2) | | Compensation (B) (Note 3) | | Business execution expenses (C) (Note 4) | | | | |
| | | The Company | All companies included in the financial report (Note 5) | The Company | All companies included in the financial report (Note 5) | The Company | All companies included in the financial report (Note 5) | The Company | All companies included in the financial report (Note 5) | |
| None | | | | | | | | | | |

Remuneration Range Table

| Ranges of remuneration paid to each of the Company's supervisors | Names of Supervisors | |
|---|---|---|
| | Sum of A+B+C | |
| | The Company (Note 6) | All companies included in the financial statements (Note 7) D |
| Less than NT$1,000,000 | None | None |
| NT$1,000,000 (inclusive) - NT$2,000,000 (exclusive) | None | None |
| NT$2,000,000 (inclusive) - NT$3,500,000 (exclusive)) | None | None |
| NT$3,500,000 (inclusive) - NT$5,000,000 (exclusive) | None | None |
| NT$5,000,000 (inclusive) - NT$10,000,000 (exclusive)) | None | None |
| NT$10,000,000 (inclusive) - NT$15,000,000 (exclusive) | None | None |
| NT$15,000,000 (inclusive) - NT$30,000,000 (exclusive) | None | None |
| NT$30,000,000 (inclusive) - NT$50,000,000 (exclusive) | None | None |
| NT$50,000,000 (inclusive) - NT$100,000,000 (exclusive) | None | None |
| NT$100,000,000 or above | None | None |
| Total Amount | 0 people | 0 people |

Note 1: The names of supervisors shall be listed separately (corporate shareholders shall list the corporate shareholder name and representative separately), and the amount of each payment shall be disclosed on an aggregate basis.

Note 2: This refers to supervisors' remuneration for the most recent fiscal year (including supervisors' salary, position allowances, severance pay, various bonuses and incentive payments, etc.).

Note 3: This refers to the amount of supervisors' compensation Approved by the Board of Directors for distribution in the most recent fiscal year.

Note 4: This refers to supervisors' related business execution expenses for the most recent fiscal year (including transportation allowances, special allowances, various allowances, dormitories, company cars and other items provided in kind, etc.). Where houses, vehicles, and other means of transportation or exclusive personal expenditures are provided, the nature and cost of the assets provided, as well as the actual or imputed rental based on fair market value, fuel expenses, and other payments shall be disclosed. In addition, where a driver is provided, please provide a note explaining the relevant remuneration paid by the Company to such driver; however, such remuneration shall not be included in the remuneration.

Note 5: The total amount of various remuneration paid to the Company's supervisors by all companies in the Consolidated Financial Statements (including the Company) shall be disclosed.

Note 6: The Company shall disclose the name of each supervisor in the applicable compensation bracket based on the total amount of various remuneration paid to each supervisor.

Note 7: The total amount of various remuneration paid to each supervisor of the Company by all companies in the Consolidated Financial Statements (including the Company) shall be disclosed, and the names of the supervisors shall be disclosed in the applicable compensation bracket.

Note 8: Net income after tax refers to the net income after tax for the most recent fiscal year; where International Financial Reporting Standards have been adopted, net income after tax refers to the net income after tax in the Parent Company Only Financial Statements or separate financial reports for the most recent fiscal year.

Note 9: a. This column shall clearly state the amount of remuneration received by the Company's supervisors from investee enterprises other than subsidiaries.

b. If a supervisor of the Company receives remuneration from investee enterprises other than subsidiaries, the remuneration received by the supervisor of the Company from investee enterprises other than subsidiaries shall be included in Column D of the remuneration bracket table, and the column heading shall be changed to "All investee enterprises".

c. Remuneration refers to relevant remuneration, compensation, employee remuneration and business execution expenses received by supervisors of the Company serving as directors, supervisors or managerial officers of investee enterprises other than subsidiaries.

## Remuneration to General Manager and Deputy General Manager

Unit: NT$ thousand

| Title | Name | Salary (A) (Note 2) | | Retirement pay and pension (B) | | Bonuses and special allowances, etc. (C) (Note 3) | | Amount of employee bonuses from earnings distribution (D) (Note 4) | | | | The total amount of item A, B, C and D that accounts for the percentage of net profit after tax(%) (Note 8) | | Whether remuneration was received from investee enterprises other than subsidiaries (Note 9) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | The Company | All companies included in the financial report (Note 7) | The Company | All companies included in the financial report (Note 7) | The Company | All companies included in the financial report (Note 7) | The Company | | All companies included in the financial report (Note 5) | | The Company | All companies included in the financial report (Note 5) | |
| | | | | | | | | Cash bonus amount | Stock bonus amount | Cash bonus amount | Stock bonus amount | | | |
| General Manager | Chen Chun-Yen | 6,280 | 6,280 | 108 | 108 | 2,560 | 2,560 | 2,160 | 0 | 2,160 | 0 | 11,108 15.72% | 11,108 15.72% | None |
| Deputy General Manager | Chen Hsiu-Chu | | | | | | | | | | | | | |

## Remuneration Range Table

| Ranges of remuneration paid to each of the Company's General Manager(s) and Deputy General Manager(s) | Names of General Manager and Deputy General Managers | |
|---|---|---|
| | The Company (Note 6) | All companies included in the financial report (Note 7) |
| Less than NT$1,000,000 | None | None |
| NT$1,000,000 (inclusive) - NT$2,000,000 (exclusive) | None | None |
| NT$2,000,000 (inclusive) - NT$3,500,000 (exclusive)) | Chen Hsiu-Chu | Chen Hsiu-Chu |
| NT$3,500,000 (inclusive) - NT$5,000,000 (exclusive) | None | None |
| NT$5,000,000 (inclusive)~ - NT$10,000,000 (exclusive)) | Chen Chun-Yen | Chen Chun-Yen |
| NT$10,000,000 (inclusive) - NT$15,000,000 (exclusive) | None | None |
| NT$15,000,000 (inclusive) - NT$30,000,000 (exclusive) | None | None |
| NT$30,000,000 (inclusive) - NT$50,000,000 (exclusive) | None | None |
| NT$50,000,000 (inclusive) - NT$100,000,000 (exclusive) | None | None |
| NT$100,000,000 or above | None | None |
| Total Amount | 2 people | 2 people |

Note 1: The names of the General Manager and Deputy General Managers shall be listed separately, and the amount of each payment item shall be disclosed on an aggregate basis. If a director also serves as General Manager or Deputy General Manager, this form and Table (1-1) or (1-2) above shall also be completed.

Note 2: Fill in the salary, position allowance, and severance pay of the General Manager and Deputy General Managers for the most recent year.

Note 3: Refers to the amounts of various bonuses, incentive payments, transportation allowances, special expense allowances, various allowances, dormitories, company cars and other benefits in kind, and other remuneration of the General Manager and Deputy General Managers for the most recent fiscal year. Where houses, vehicles, and other means of transportation or exclusive personal expenditures are provided, the nature and cost of the assets provided, as well as the actual or imputed rental based on fair market value, fuel expenses, and other payments shall be disclosed. In addition, where a driver is provided, please provide a note explaining the relevant remuneration paid by the Company to such driver; however, such remuneration shall not be included in the remuneration. In addition, salary expenses recognized in accordance with IFRS 2 "Share-based Payment", including acquisition of employee stock options, restricted shares for employees, and participation in cash capital increases for share subscription, shall also be included in remuneration.

Note 4: Refers to the amount of employee compensation (including shares and cash) distributed to the General Manager and Deputy General Managers for the most recent fiscal year as Approved by the Board of Directors. If such amount cannot be estimated, the proposed distribution amount for the current year shall be calculated based on the ratio of the actual distributed amount for the previous year, and Attachment 1-3 shall also be completed. Net income after tax refers to the net income after tax for the most recent fiscal year; where International Financial Reporting Standards have been adopted, net income after tax refers to the net income after tax in the Parent Company Only Financial Statements or separate financial statements for the most recent fiscal year.

Note 5: The total amount of remuneration paid by all companies in the Consolidated Financial Statements (including the Company) to the Company's General Manager and Deputy General Managers shall be disclosed.

Note 6: The names of the General Manager and Deputy General Managers shall be disclosed in the applicable remuneration bracket for the total remuneration paid by the Company to each General Manager and Deputy General Manager.

Note 7: The total amount of remuneration paid by all companies in the Consolidated Financial Statements (including the Company) to each of the Company's General Manager and Deputy General Managers shall be disclosed, and the names of the General Manager and Deputy General Managers shall be disclosed in the applicable remuneration bracket.

Note 8: Net income after tax refers to the net income after tax for the most recent fiscal year; where International Financial Reporting Standards have been adopted, net income after tax refers to the net income after tax in the Parent Company Only Financial Statements or separate financial reports for the most recent fiscal year.

Note 9: a. This column shall clearly state the amount of remuneration received by the Company's General Manager and Deputy General Managers from investee enterprises other than subsidiaries.

b. If the Company's General Manager or Deputy General Managers receive remuneration from investee enterprises other than subsidiaries, the remuneration received by the Company's General Manager or Deputy General Managers from investee enterprises other than subsidiaries shall be included in Column E of the remuneration bracket table, and the column heading shall be changed to "All investee enterprises".

c. Remuneration refers to the relevant remuneration received by the Company's General Manager and Deputy General Managers in their capacities as directors, supervisors, or managerial officers of investee enterprises other than subsidiaries, including remuneration, compensation (including employee, director, and supervisor compensation), and business execution expenses.

## Names and Distributions of Employee Profit-Sharing Compensation to Managerial Officers

March 31, 2026

| | Title (Note 1) | Name (Note 1) | Amount in stock | Amount in cash | Total Amount | As a % of net profit |
|---|---|---|---|---|---|---|
| Managerial officers | General Manager | Chen Chun-Yen | 0 | 3,360 | 3,360 | 4.75% |
| | Deputy General Manager, Accounting Supervisor and Corporate Governance Officer | Chen Hsiu-Chu | | | | |
| | Assistant Vice President and Information Security Officer | Chen Tzu-Yin | | | | |
| | Assistant Vice President | Su Yung-Chia | | | | |
| | Assistant Vice President | Su Yi-Fan | | | | |

Note 1: Names and job titles should be disclosed individually, but profit distributions received may be disclosed in aggregate.

Note 2: This refers to the amount of employee compensation for managerial officers (including shares and cash) Approved for distribution by the Board of Directors for the most recent fiscal year. If such amount cannot be estimated, the proposed amount for the current year shall be calculated based on the ratio of the actual amount distributed in the previous year. Net income after tax refers to the net income after tax for the most recent fiscal year; where International Financial Reporting Standards have been adopted, net income after tax refers to the net income after tax in the individual or separate financial statements for the most recent fiscal year.

Note 3: The scope of application of managerial officers shall be as follows pursuant to the provisions of Letter Tai-Tsai-Zheng-San No. 0920001301 issued by this Commission on March 27, 2003:

(1) General Manager and persons of equivalent rank

(2) Deputy General Manager and persons of equivalent rank

(3) Assistant General Manager and persons of equivalent rank

(4) Head of the finance department

(5) Head of the accounting department

(6) Other persons authorized to manage the Company's affairs and sign on its behalf

Note 4: If directors, the General Manager, and Deputy General Managers have received employee compensation (including shares and cash), in addition to completing Attachment 1-2, this table shall also be completed.

(4) Separately compare and explain the analysis of the ratio of the total remuneration paid by the Company and all companies in the Consolidated Financial Statements to the Company's directors, supervisors, General Manager, and Deputy General Managers in the most recent two fiscal years to net profit after tax, and explain the policies, standards, and composition of remuneration, the procedures for determining remuneration, and the relationship with operating performance.

①Analysis of the ratio of the total remuneration paid by the Company and all companies included in the Consolidated Financial Statements to the Company's directors, supervisors, General Manager, and Deputy General Managers to net profit after tax in the most recent two years.

Unit: %

| Item | Total remuneration as a percentage of net profit after tax in 2025 | | Total remuneration as a percentage of net profit after tax in 2024 | | Description |
|---|---|---|---|---|---|
| | The Company | All companies included in the financial statements | The Company | All companies included in the financial report | |
| Director | 15.88% | 15.88% | 6.62% | 6.62% | In 2025, the Company was affected by U.S. reciprocal tariffs, exchange rates and higher initial operating costs of its Vietnam subsidiary, resulting in a decrease in net profit after tax of NT$134,797 thousand compared with 2024 and a 65.6% decrease in net profit margin. Accordingly, the bonuses of the General Manager and Deputy General Managers also decreased, while the remuneration of directors, the General Manager and Deputy General Managers as a percentage of net profit after tax increased. |
| Supervisor | Not applicable | Not applicable | Not applicable | Not applicable | |
| General Manager and Deputy General Managers | 15.72% | 15.72% | 7.08% | 7.08% | |

②Policies, standards, and composition of remuneration, procedures for determining remuneration, and correlation with operating performance and future risks

The policies of the Company for paying remuneration to directors, the General Manager and Deputy General Manager are mainly handled in accordance with the Company's Articles of Incorporation and relevant internal regulations, while the procedures for determining remuneration follow the procedures prescribed by relevant laws and regulations, and may only be implemented after review by the Remuneration Committee and approval/sign-off in accordance with the authority resolved by the Board of Directors. In addition, the payment of remuneration to directors, supervisors, the General Manager and Deputy General Manager by the Company's relevant responsible units is necessarily closely related to the results of operating performance for the current year and the contribution made to the Company's operating performance for the current year.

A. Directors' remuneration

The Company pays directors' remuneration in accordance with the Company's Articles of Incorporation, Regulations Governing Directors' and Supervisors' Remuneration, and the Board of Directors' resolutions on independent directors' remuneration, and directors' remuneration accounts for 1.00% of net income before tax (excluding directors' and employees' remuneration), which complies with the Company's Articles of Incorporation, under which if the Company has profit according to the final accounts for the year, it shall allocate not less than 1% as employees' remuneration and not more than 6% as directors' remuneration.

The Company's independent directors receive only fixed remuneration and do not participate in the distribution of directors' remuneration. In addition, remuneration for concurrently serving as employees is paid based on each director's contribution to the Company and importance to operating performance, and directors' total remuneration accounted for approximately 15.88% of net income after tax for 2025, higher than 6.62% for 2024, because net income after tax decreased by NT$134,797 thousand compared with 2024, the net profit margin decreased by 65.6%, and the amount of directors' remuneration did not change significantly, resulting in a higher percentage of net income after tax; therefore, the remuneration for 2025 is reasonable.

B. Supervisors

The Company has established the Audit Committee to replace supervisors; therefore, this item is not applicable.

C. General Manager and Deputy General Manager

The remuneration paid by the Company to the General Manager and Deputy General Managers is based on the Managerial Officers' Remuneration Management Regulations and contribution to the Company, and in terms of the Company's operating performance in 2025, due to the impact of the United States reciprocal tariffs, the rapid appreciation of the NT dollar exchange rate, and higher initial operating costs of the Vietnam subsidiary, net income after tax decreased by NT$134,797 thousand compared with 2024, the net profit margin decreased by 65.6%, and the bonuses of the General Manager and Deputy General Managers also decreased accordingly, with performance bonuses reviewed by the 3rd meeting of the 6th Term Remuneration Committee on 2025.12.19 and resolved for payment by the 9th meeting of the Board of Directors in 2025 as encouragement, and for employees' remuneration, after review by the 4th meeting of the 6th Term Remuneration Committee on 2026.03.06 and Approved by the 1st meeting of the Board of Directors in 2026, 27% of the total employees' remuneration was allocated for distribution, and the actual payment amount decreased compared with 2024; however, as net income after tax in 2025 recorded negative growth of 65.6% compared with 2024, the ratio of remuneration of the General Manager and Deputy General Managers to net income after tax increased from 7.08% in 2024 to 15.72% in 2025; therefore, the remuneration paid in 2025 is reasonable.

③Correlation between the remuneration of the Company's directors, General Manager and Assistant General Manager and future risks:

To reduce operating risks, the Company established the Remuneration Committee in 2012, and, based on the operating conditions of the current year and after considering future operating risks and relevant laws and regulations, regularly reviews each year the annual performance of directors and managerial officers and the policies, systems, standards and structure of remuneration, so as to achieve a balance between the Company's sustainable operations and risk control. In summary, the remuneration of the Company's directors and managerial officers is correlated with operating performance.

## II. Corporate Governance Status

### 1. Operation of the Board of Directors

### Board of Director Operation and Status

The Board of Directors held 9 meetings in the most recent year, and the attendance of directors and supervisors is as follows:

| Title | Name (Note 1) | No. of meetings required to be attended (A) | No. of meetings attended in person (B) | No. of meetings attended by proxy | Actual attendance rate (%) 【B/A】 (Note 2) | Remark |
|---|---|---|---|---|---|---|
| Chairman | Du Tai-Yuan | 9 | 9 | | 100.00% | |
| Director | Sheh Fung Investment Representative: Chen Chun-Yen | 9 | 9 | | 100.00% | |
| Director | Du Chin-Ling | 9 | 9 | | 100.00% | |
| Director | Wei-Sheng Investment Representative: Du Po-Han | 9 | 9 | | 100.00% | |
| Independent Director | Fang Hui-Ling | 9 | 9 | | 100.00% | |
| Independent Director | Hung Chun-Yung | 9 | 9 | | 100.00% | |
| Independent Director | Dai Chiu-Hua | 9 | 9 | | 100.00% | |

Other information required to be disclosed:

I. If any of the following circumstances occur in the operation of the Board of Directors, the date of the Board meeting, session number, content of the motions, opinions of all independent directors, and the Company's handling of the independent directors' opinions shall be disclosed:

(I) Matters listed in Article 14-3 of the Securities and Exchange Act: The Company has established the Audit Committee, and the independent directors express opinions on resolutions under Article 14-5 of the Securities and Exchange Act; therefore, Article 14-3 of the Securities and Exchange Act is not applicable. For other matters required to be disclosed, please refer to the operation of the Audit Committee on pages 19-20 of this annual report.

(II) Other than the above, any Board resolutions to which independent directors have expressed dissenting or qualified opinions and which are recorded in meeting minutes or written statements: None.

II. The implementation of directors' recusal from motions involving conflicts of interest shall specify the director's name, the content of the motion, the reason for recusal due to conflict of interest, and participation in voting:

In accordance with the provisions of Article 16 of the Company's Rules of Procedure for Board of Directors Meetings regarding the system for recusal of directors due to conflicts of interest:

Where a director has an interest with respect to a matter at a meeting, whether involving such director or the juristic person represented by such director, the director shall explain the material content of such interest at the current Board of Directors meeting. Where there is a risk of harm to the interests of the Company, the director shall not participate in discussion or voting, shall recuse during discussion and voting, and shall not act as proxy for other directors in exercising voting rights.

Where the spouse of a director, a blood relative within the second degree of kinship, or a company having a controlling or subordinate relationship with a director has an interest in any matter referred to in the preceding paragraph, such director shall be deemed to have an interest in the matter himself/herself.

For resolutions of the Board of Directors, directors who may not exercise voting rights pursuant to the preceding two paragraphs shall be handled in accordance with Article 206, Paragraph 2 of the Company Act, which applies Article 180, Paragraph 2 mutatis mutandis.

(1) The 8th meeting of the Board of Directors in 2025:

Name of director: Chen Chun-Yen.

Motion content: Proposal to review the remuneration of the representative on behalf of the Vietnam subsidiary, submitted for resolution.

Reason for recusal due to conflict of interest: The above motion was related to the interests of the General Manager; therefore, such person recused from and did not participate in discussion and voting in accordance with law.

(2) The 9th meeting of the Board of Directors in 2025:

Names of directors: Du Tai-Yuan and Chen Chun-Yen.

Motion content: 1. Discuss the distribution of the 2025 year-end bonuses for managerial officers, submitted for resolution,
2. Review the proposed remuneration items for managerial officers to be implemented in 2026, submitted for resolution.
3. Review the 2026 remuneration of the representative on behalf of the Vietnam subsidiary, submitted for resolution

Reason for recusal due to conflict of interest: The 1st and 2nd motions were related to the interests of the Chairman and the General Manager; therefore, the aforementioned two persons recused themselves from and did not participate in discussion and voting in accordance with law; the 3rd motion was related to the interests of the General Manager; therefore, such person recused from and did not participate in discussion and voting in accordance with law.

III. TWSE/TPEx-listed companies shall disclose information such as the evaluation cycle and period, evaluation scope, method, and evaluation content of the self-evaluation (or peer evaluation) of the Board of Directors, and complete the implementation status of the Board of Directors evaluation:

The Company established a performance evaluation system for the Board of Directors in 2021, and the Regulations Governing Board Performance Evaluation were implemented after being discussed and approved by the Board of Directors. In order to measure the Board of Directors’ operations in leading the Company’s strategic direction and supervising the Company’s operational management, with a view to increasing shareholder value over the long term, the relevant evaluation results are regularly compiled each year by the unit handling Board of Directors meeting affairs. The following evaluation results have been submitted to the 4th meeting of the 6th Term of the Remuneration Committee and the 1st meeting of the Board of Directors in 2026 on 2026.03.06, and plans to enhance the effectiveness of the Board of Directors have been formulated accordingly.

| Evaluation cycle | Evaluation period | Scope of evaluation | Method of evaluation | Evaluation content | Implementation status |
|---|---|---|---|---|---|
| Annually | 2025.01.01 - 2025.12.31 | 1. Board of Directors<br>2. Individual Directors<br>3. Functional committees | Internal self-assessment<br>Self-evaluation of members | (I) Board of Directors performance evaluation:<br>1. Degree of participation in the Company’s operations.<br>2. Improve the quality of decision-making by the Board of Directors.<br>3. Composition and structure of the Board of Directors.<br>4. Election of directors | 1. The Board of Directors’ internal self-assessment scores all ranged from 4 to 5.<br>2. The average self-evaluation scores of individual directors ranged from 4.29 to 5.00.<br>3. The average self-evaluation scores of functional committee members ranged from 4.67 to 5.00. |

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| | | | | | and continuing education<br>5. Internal control.<br>(II) Performance evaluation of directors:<br>1. Understanding of the Company’s objectives and missions.<br>2. Awareness of directors’ responsibilities.<br>3. Degree of participation in the Company’s operations.<br>4. Internal relationship management and communication.<br>5. Directors’ professionalism and continuing education<br>6. Internal control.<br>(III) Audit Committee performance evaluation:<br>1. Degree of participation in the Company’s operations.<br>2. Awareness of the functions of functional committees.<br>3. Enhancement of the quality of committee decision-making.<br>4. Composition of functional committees and election of members.<br>5. Internal control.<br>(IV) Remuneration Committee performance evaluation:<br>1. Degree of participation in the Company’s operations.<br>2. Awareness of the committee’s responsibilities.<br>3. Enhancement of the quality of committee decision-making.<br>4. Composition of functional committees and election of members.<br>5. Internal control. | In December 2025, the Company completed the 2025 evaluations of the Board of Directors, directors, the Audit Committee, and the Remuneration Committee. The evaluation results indicated that overall operations were excellent, and the results were submitted to the Remuneration Committee and the Board of Directors on March 6, 2026.<br><br>Note: Assessment levels:<br>Score 1: Very Poor (Strongly Disagree);<br>Score 2: Poor (Disagree);<br>Score 3: Fair (Ordinary);<br>Score 4: Good (Agree);<br>Score 5: Excellent (Strongly Agree). |

IV. Evaluation of the objectives for strengthening the functions of the Board of Directors in the current year and the most recent year (for example, establishment of the Audit Committee and enhancement of information transparency) and implementation status:

(I) Implementation of corporate governance: The Company’s Board of Directors operates in accordance with the Rules of Procedure for Board of Directors Meetings. The Board of Directors has appointed several independent directors with financial backgrounds or legal expertise and established the Audit Committee and the Remuneration Committee to assist the Board of Directors in fulfilling its supervisory duties. Members have also participated in corporate governance-related courses in accordance with the Directions for the

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| | Implementation of Continuing Education for Directors and Supervisors.<br>(II) Deepening the performance evaluation of the Board of Directors: To implement corporate governance and improve the operational efficiency of the Board of Directors, the Company has established the "Board of Directors Performance Evaluation Management Regulations". At the end of the year, the Board of Directors' executive unit (the Finance Department) records the implementation of evaluation indicators and distributes self-evaluation questionnaires to directors. Scores are then calculated based on weighted averages according to the scoring weights, and the evaluation results are submitted to the Board of Directors for report. Currently, the Company has completed the 2025 Board of Directors performance evaluation and submitted it to the Remuneration Committee and the Board of Directors. According to the evaluation results, the Company's 2025 Board of Directors operational performance was good, and there were no matters requiring review or improvement.<br>(III) Enhancing information transparency: A designated person is responsible for disclosing and updating information on the Market Observation Post System or the Company's website.<br>(IV) Strengthening risk control: The status of corporate governance operations, fulfillment of social responsibilities, and the Company's implementation of ethical corporate management are all carried out in accordance with the relevant codes. The status of each implementation is reported to the Board of Directors, and directors' liability insurance has been purchased. |

3. Information on the operation of the Audit Committee

(1) Professional qualifications and experience of the Audit Committee members

| Title | Name | Professional qualifications and experience |
|---|---|---|
| Independent Director | Fang Hui-Ling | Specialty: Accounting/financial management; experience with boards of directors at listed and OTC companies.<br>Education: Department of Accounting, National Cheng Kung University |
| Independent Director | Hung Chun-Yung | Specialty: Legal and corporate governance.<br>Education: National Chung Cheng University, Graduate Institute of Financial and Economic Law, Tax Law Division, Master's Degree; National Sun Yat-sen University, Graduate Institute of Environmental Engineering, Master's Program. |
| Independent Director | Dai Chiu-Hua | Specialty: Accounting/financial management; experience with boards of directors at listed and OTC companies.<br>Education: M.S. in Finance and Accounting, University of Manchester |
| For information on the experience of independent directors and their other current positions, please refer to the directors' information on pages 5–6 of the annual report. | | |

(2) The Audit Committee held 7 meetings (A) in the most recent year, and the attendance of independent directors is as follows:

| Title | Name | Number of required attendances (A) | Frequency of actual attendance (B) | No. of meetings attended by proxy | Actual attendance rate (%) (B/A) (Note) | Remark |
|---|---|---|---|---|---|---|
| Independent Director | Fang Hui-Ling | 7 | 7 | 0 | 100.00% | - |
| Independent Director | Hung Chun-Yung | 7 | 7 | 0 | 100.00% | - |
| Independent Director | Dai Chiu-Hua | 7 | 7 | 0 | 100.00% | - |

Other information required to be disclosed:

I. If any of the following circumstances occur in the operation of the Audit Committee, the date and session number of the Board of Directors meeting, the content of the motions, the resolution results of the Audit Committee, and the Company's handling of the Audit Committee's opinions shall be specified.

(I) Matters set forth in Article 14-5 of the Securities and Exchange Act: as shown in the attached table.

| Matters listed in Article 14-5 of the Securities and Exchange Act | Content of Proposals | Resolutions of the Audit Committee | Resolution of the Board of Directors |
|---|---|---|---|
| Establishment or amendment of the internal control system in accordance with Article 14-1 of the Securities and Exchange Act | 1. On February 26, 2025 (the 2nd meeting of 2025), discussion was made on the proposed amendments to certain provisions of the "Internal Control System" for approval.<br>2. On December 19, 2025 (the 7th meeting of 2025), discussion was made on the proposed amendments to certain provisions of the internal control system's "Payroll Cycle - Performance Appraisal Operations" for approval. | Reviewed and Approved with unanimous consent by all members in attendance. | All attending directors unanimously Approved as proposed. |
| Evaluation of the effectiveness of the internal control system | On February 26, 2025 (the 2nd meeting of 2025), discussion was made on the 2024 "Statement of Internal Control System" for approval. | Reviewed and Approved with unanimous consent by all members in attendance. | All attending directors unanimously Approved as proposed. |
| Establishment or amendment, in accordance with Article 36-1 of the Securities and Exchange Act, of procedures for handling major financial and business activities such as acquisition or disposal of assets, engagement in derivatives trading, lending of funds to others, and endorsement or | On November 7, 2025 (the 6th meeting of 2025), the proposed amendments to certain provisions of the "Procedures for Acquisition or Disposal of Assets" were submitted for approval. | Reviewed and Approved with unanimous consent by all members in attendance. | All attending directors unanimously Approved as proposed. |

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| provision of guarantees for others | | | | |
| Matters involving the personal interests of directors or supervisors | 1. On December 19, 2025 (the 7th meeting of 2025), the proposal for the 2025 year-end bonus distribution for managerial officers was discussed and submitted for resolution.<br>2. On December 19, 2025 (the 7th meeting of 2025), the proposed various salary and remuneration items for managerial officers to be implemented in 2026 were reviewed and submitted for resolution.<br>3. On December 19, 2025 (the 7th meeting of 2025) Proposal for the remuneration of the representatives reviewing the Vietnam subsidiary for 2026, please approve. | Not applicable (this proposal was approved after review by all Remuneration Committee members present). | Acting Chairperson Du Jin-Ling consulted all attending directors, who unanimously Approved the proposal. | |
| Material asset or derivative transactions | 1. On February 7, 2025 (the 1st meeting of 2025) Proposal for a tender offer for the common shares of Sanitar Co., Ltd., please approve.<br>2. On November 7, 2025 (the 6th meeting of 2025) Proposal for investment in the Turing Quantitative Private Equity Fund, please approve. | Approved after review by all members present. | All attending directors unanimously Approved as proposed. | |
| Material lending of funds, endorsements, or provision of guarantees | 1. On April 11, 2025 (the 3rd meeting of 2025) Proposal to submit for endorsement/guarantee on behalf of the Vietnam subsidiary SHEH FUNG SCREWS VIETNAM COMPANY LIMITED, please approve.<br>2. On August 12, 2025 (the 5th meeting of 2025) Discussion on the proposed lending of USD 3.5 million to the Vietnam subsidiary in August 2025 and USD 1.5 million to the Vietnam subsidiary in September 2025, please approve.<br>3. On November 7, 2025 (the 6th meeting of 2025) Discussion on the proposed lending of USD 3 million to the Vietnam subsidiary | Approved after review by all members present. | All attending directors unanimously Approved as proposed. | |

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| | in November 2025, please approve.<br>4. On December 19, 2025 (the 7th meeting of 2025) Discussion on the proposed lending of USD 3 million to the Vietnam subsidiary in December 2025, and USD 3.5 million to the Vietnam subsidiary in January 2026, please approve. | | |
| Offering, issuance, or private placement of equity securities | No such proposal. | | |
| Appointment, dismissal, or remuneration of attesting certified public accountants | On February 26, 2025 (the 2nd meeting of 2025) Proposal for the appointment of certified public accountants for the 2025 financial reports, please approve. | Approved after review by all members present. | All attending directors unanimously Approved as proposed. |
| Appointment or dismissal of heads of finance, accounting, or internal audit | No such proposal. | | |
| Annual financial reports and semiannual financial reports | 1. On February 26, 2025 (the 2nd meeting of 2025) Review of the 2024 financial statements.<br>2. On August 12, 2025 (the 5th meeting of 2025) Review of the Q2 2025 financial statements, please approve. | Reviewed and Approved with unanimous consent by all members in attendance. | All attending directors unanimously Approved as proposed. |
| Other material matters as required by other companies or the competent authority | 1. On February 26, 2025 (the 2nd meeting of 2025) Discussion on the evaluation of the independence of the attesting certified public accountants for 2024, please approve.<br>2. On February 26, 2025 (the 2nd meeting of 2025) Motion: Discussion of a proposed capital increase for the 100%-owned Vietnamese subsidiary for resolution. | Reviewed and Approved with unanimous consent by all members in attendance. | All attending directors unanimously Approved as proposed. |

(II) Except for the foregoing, there were no resolutions passed by more than two-thirds of all directors without approval from the Audit Committee.

II. The implementation of recusal by independent directors in relation to motions involving conflicts of interest shall specify the names of the independent directors, the content of the motions, the reasons for recusal due to interests, and the circumstances of participation in voting: None.

III. Communication between Independent Directors, the head of internal audit, and CPAs (e.g., items, methods, and results of communication regarding the Company’s financial and business status): The Company’s head of internal audit submits a monthly report on audit results to the Audit Committee for review. Communication between the Audit Committee and the head of internal audit has been as follows:

(I) Communication between independent directors and the head of internal audit:

Upon completion of audit items in accordance with the audit plan, the head of internal audit delivers the audit report and follow-up report to the independent directors for review, and communicates and discusses the status of internal audit implementation and internal control operations with the independent directors via email, telephone, or meetings, and reports on the audit implementation.

Communication matters between independent directors and the head of internal audit for 2025 and up to the annual report publication date:

| Date | Nature of Meeting | Communication Matters | Communication outcomes and implementation status |
|---|---|---|---|
| 2025.02.07 | Audit committee | Attendance at the open tender offer for common shares of SANITAR CO., LTD. | Attended the meeting |
| 2025.02.26 | Audit committee | 1. Internal audit operations report for Q4 2024.<br>2. Report on the 2024 Self-Assessment Statement on Internal Control<br>3. Revision of certain provisions of the internal control system for the payroll cycle. | 1. No objections<br>2. Approved<br>3. Approved |
| 2025.04.11 | Audit committee | Endorsement/guarantee for the Vietnamese subsidiary | Attended the meeting |
| 2025.05.09 | Audit committee | Internal Audit Operations Report for Q1 2025 | No objections |
| 2025.08.12 | Audit committee | Internal audit operations report for Q2 2025 | No objections |
| 2025.11.07 | Audit committee | Internal audit operations report for Q3 2025 | No objections |
| 2025.12.19 | Audit committee | 1. 2026 Audit Work Plan<br>2. Revision of the internal control system for the payroll cycle - performance appraisal operations | 1. No objections<br>2. Approved |
| 2026.03.06 | Audit committee | 1. Internal audit operations report for Q4 2025<br>2. Report on the 2025 Self-assessed Internal Control Statement | 1. No objections<br>2. Approved |

(II) Communication between independent directors and CPAs:

The Company's CPAs regularly attend meetings of the Audit Committee to report to the Audit Committee on the results of audits of the financial statements and other communication matters required by relevant laws and regulations; in the event of special circumstances, they also report to the Audit Committee immediately. As of the publication date of the annual report, no such special circumstances had arisen. A summary of topics discussed in communications between the Audit Committee and the CPAs is as follows:

| Date | Nature of Meeting | Communication Matters | Communication outcomes and implementation status |
|---|---|---|---|
| 2025.02.26 | Audit committee | 1. 2024 Group audit planning and audit results for key audit matters (KAM).<br>2. A brief introduction to the revisions to the 2025 (12th Term) corporate governance evaluation indicators.<br>3. Updates on key legislation. | The CPAs have reported on the audit planning and audit results for internal control and financial reporting, and no irregularities were found. |
| 2025.08.12 | Audit committee | 1. The CPAs communicated with the independent directors regarding the review results of the Q2 2025 Consolidated Financial Statements.<br>2. Updates on key legislation. | The CPAs provided the Company with relevant legal regulations for reference. |

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|---|---|---|---|
| 2026.03.06 | Audit committee | 1. The CPAs communicated with the independent directors regarding the 2025 Group audit planning and audit results for key audit matters (KAM).<br>2. The CPAs communicated with the independent directors regarding reminders on material internal control deficiencies of the Company.<br>3. Updates on key legislation.<br>4. The CPAs communicated with the independent directors regarding a brief introduction to the 2026 (1st Term) ESG evaluation indicators. | The CPAs have reported on the audit planning and audit results for internal control and financial reporting, and no irregularities were found. |

(III) Key work priorities of the Audit Committee for the year:

A. The Audit Committee aims to assist the Board of Directors in fulfilling its oversight responsibilities regarding the quality and integrity of the Company's accounting, auditing, financial reporting processes, and financial controls.

B. Matters reviewed by the Audit Committee mainly include:

- Establishing or amending internal control systems.
- Evaluation of the effectiveness of the internal control system.
- Establishing or amending procedures for handling major financial or business activities such as the acquisition or disposal of assets, engaging in derivatives trading, lending funds to others, and making endorsements or providing guarantees for others.
- Matters involving directors' own interests.
- Material asset or derivative transactions.
- Material lending of funds, endorsements, or provision of guarantees.
- Offering, issuance, or private placement of equity securities.
- Appointment, dismissal, or remuneration of attesting certified public accountants.
- Appointment or dismissal of heads of finance, accounting, or internal audit.
- Financial reports, business reports, and earnings distribution proposals.
- Other material matters as required by the competent authority.

Note:

* If an independent director leaves office before the end of the year, the departure date shall be noted in the remarks column, and the actual attendance rate (%) shall be calculated based on the number of meetings of the Audit Committee held during such person's tenure and the number of meetings actually attended.

* If there is a re-election of independent directors before the end of the year, both the former and newly elected independent directors shall be listed, and it shall be indicated in the remarks column whether such independent director is a former, newly elected, or re-elected independent director, along with the date of re-election. The actual attendance rate (%) shall be calculated based on the number of meetings of the Audit Committee held during such person's tenure and the number of meetings actually attended.

3. Status of corporate governance operations and deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor:

| Evaluation item | Status of operation (Note) | | | Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons |
|---|---|---|---|---|
| | Yes | No | Summary description | |
| I. Does the Company establish and disclose the Company's "Corporate Governance Best Practice Principles" in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies?" | ✓ | | On April 27, 2020, the Board of Directors Approved the "Corporate Governance Best Practice Principles," which were amended on February 23, 2022, and are also disclosed on the Company's website. | In compliance with the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies." |
| II. Shareholder structure and shareholders' rights<br>(I) Has the Company established internal operating procedures for handling shareholders' suggestions, inquiries, disputes, and litigation matters, and implemented such procedures accordingly?<br>(II) Does the Company maintain a list of major shareholders who actually control the Company and the ultimate controllers of such major shareholders?<br>(III) Has the Company established and implemented risk control and firewall mechanisms with its affiliated enterprises?<br>(IV) Has the Company established internal rules prohibiting insiders from trading securities using undisclosed information? | ✓<br>✓<br>✓<br>✓ | | The Company's shareholder services department or spokesperson handles shareholder suggestions, disputes, and other related matters.<br>The Company's shareholder services department ensures accurate tracking of changes in the shareholdings of major shareholders.<br>The Company has no affiliated enterprises, but has nevertheless established operating procedures for transactions among group enterprises, specific companies, and related parties.<br>The Company has established "Management of Prevention of Insider Trading" as the basis for the Company's material information processing and disclosure mechanism. | In compliance with the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies." |
| III. Composition and Responsibilities of the Board of Directors | | | | In compliance with the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed |

<table>
<tr><th rowspan="2">Evaluation item</th><th colspan="3">Status of operation (Note)</th><th rowspan="2">Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr>
<td>(I) Has the Board of Directors established diversity policies, specific management goals, and implemented them?<br>(II) Besides establishing the Remuneration Committee and the Audit Committee pursuant to law, has the Company voluntarily established other functional committees?<br>(III) Has the Company established regulations for the evaluation of the performance of the Board of Directors and its evaluation methods, conducted such evaluation regularly every year, submitted the results of the performance evaluations to the Board of Directors, and applied them as a reference for the remuneration and renomination of individual directors?<br>(IV) Has the Company evaluated the independence of the attesting certified public accountants on a regular basis?</td>
<td>✓<br><br>✓<br><br>✓</td>
<td><br>✓</td>
<td>(I) Board diversity: In accordance with Article 20 of the Company’s “Corporate Governance Best Practice Principles” and Articles 2 and 4 of the “Rules for Election of Directors”: the election of directors shall take into consideration the overall composition of the Board of Directors. The composition of the Board of Directors shall take diversity into consideration, and appropriate diversity policies shall be formulated based on its own operations, business model, and development needs. The Company’s board members possess expertise in different fields, strengthening the structure of the Board of Directors.
<table>
<tr><th>Name</th><th>Gender</th><th>Operational judgment</th><th>Accounting and financial analysis</th><th>Operation management</th><th>Crisis management</th><th>Industry knowledge</th><th>International market perspective</th><th>Leadership</th><th>Name</th></tr>
<tr><td>Du Tai-Yuan</td><td>Male</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td></tr>
<tr><td>Chen Chun-Yen</td><td>Male</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td></tr>
<tr><td>Du Po-Han</td><td>Male</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td></tr>
<tr><td>Du Chin-Ling</td><td>Male</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td></tr>
<tr><td>Fang Hui-Ling</td><td>Female</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td></tr>
<tr><td>Hung Chun-Yung</td><td>Male</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td></tr>
<tr><td>Dai Chiu-Hua</td><td>Female</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td></tr>
</table>
(II) In addition to establishing the Remuneration Committee and the Audit Committee in accordance with laws and regulations, the remaining corporate governance operations of the Company are handled by each department according to its respective</td>
<td>Companies.”</td>
</tr>
</table>

| Evaluation item | Status of operation (Note) | | | Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons |
| --- | --- | --- | --- | --- |
| | Yes | No | Summary description | |
| | | | responsibilities. Other functional committees will be established in the future subject to the Company's scale.<br>(III) The Company has established the "Regulations for Board of Directors Performance Evaluation" to regularly evaluate the performance of the Board of Directors, which can strengthen the Board of Directors. The Board of Directors' performance for 2025 was evaluated before 2025.12.31. The evaluation results indicated good operational performance of the Board of Directors in 2025, with no recommendations for improvement. These results were reported to the 1st Board of Directors meeting in 2026. The most recent (2025) Board of Directors performance evaluation results were all satisfactory and were submitted to the Board of Directors as a reference basis for future selection or nomination of directors.<br>(IV) Pursuant to Article 29 of the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies", the Company regularly evaluates the independence of its certifying CPAs through reviews conducted by the Company's finance department, including checking whether they serve as directors or shareholders of the Company or receive remuneration from the Company, and confirming whether they are interested parties. The evaluation results are then submitted to the Audit Committee and the Board of Directors. In addition, KPMG has also issued a statement on the roles, responsibilities, and independence of the certifying accountants. The audit quality indicators report provided by the accounting | |

| Evaluation item | Status of operation (Note) | | | Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons |
|---|---|---|---|---|
| | Yes | No | Summary description | |
| | | | firm is also used as a reference basis for appointing accountants. The indicators report is prepared based on the FSC's "Guidelines for Accounting Firms Preparing Audit Quality Indicators," and covers such dimensions as professional indicators, audit experience, training hours, turnover rate, professional support, quality control indicators, accountants' workload, audit input, engagement quality control review, review status, quality control support capability, independence, non-audit services, client familiarity, supervision, deficiencies and sanctions identified in external inspections, improvement letters issued by the competent authority, and innovation capability. After review by the 4th meeting of the 5th Audit Committee and the 1st Board of Directors meeting in 2025, it was concluded that both Su Yen-Ta and Hsu Chen-Lung meet the independence requirements. | |
| IV. Has the listed company assigned the properly competent and amount of corporate governance unit or personnel to be responsible for related matters to corporate governance (including but not limited to providing directors and supervisors the data required to execute the work, assisting directors and supervisors to comply with laws and regulations and organize Board of Directors and Shareholders meetings related matters, produced meeting minutes for Board of Directors and Shareholders meetings)? | ✓ | | The Company's Board of Directors Approved the establishment of a "Corporate Governance Officer" on April 26, 2023, and various matters have been carried out in accordance with the Company's "Corporate Governance Best Practice Principles." Currently, personnel from the administrative department and the shareholder services unit concurrently perform the relevant duties.<br>The implementation status for the current year is as follows:<br>1. Compile the agenda content proposed by each proposing unit for the meetings of the Board of Directors, provide sufficient meeting materials and send them together with the meeting notice, and notify relevant personnel to attend the meeting and provide explanations depending | In compliance with the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies." |

<table>
<tr><th rowspan="2">Evaluation item</th><th colspan="3">Status of operation (Note)</th><th rowspan="2">Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td></td><td></td><td></td><td>on the content of the motions. (9 meetings were convened in 2025)<br>2. Invite the accountants to report on audit matters or accounting-related issues to the Audit Committee and the Board of Directors every half fiscal year.<br>3. Handle the advance registration of the AGM date, prepare the meeting notice, meeting handbook, and minutes, and disclose the relevant information before the prescribed deadline. (1 meetings were convened in 2025)<br>4. Assist directors with registration for relevant training courses based on the Company’s industry characteristics and their individual needs. (45 hours in total in 2025)<br>5. The annual self-assessment of directors is conducted in December in accordance with the “Regulations Governing Directors’ Remuneration and Board Performance Evaluation.”<br><br>Continuing education for the Corporate Governance Officer:<br><table><tr><th>Course date</th><th>Organizer</th><th>Course title</th><th>Hours</th></tr><tr><td>2025.07.22<br>2025.07.22</td><td>The Institute of Internal Auditors – Republic of China</td><td>Practical Aspects of Auditing in the “Manufacturing Materials System”</td><td>6</td></tr><tr><td>2025.08.19<br>2025.08.19</td><td>The Institute of Internal Auditors – Republic of China</td><td>Practical Seminar on Enterprise Contracts from the Perspective of the Operating Cycle</td><td>6</td></tr></table></td><td></td></tr>
</table>

| Evaluation item | Status of operation (Note) | | | Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons |
|---|---|---|---|---|
| | Yes | No | Summary description | |
| V. Has the Company established a means of communicating with its Stakeholders (including but not limited to shareholders, employees, customers, suppliers, and so on) and created a Stakeholders Section on its Company website? Does the Company respond to stakeholders' questions on corporate responsibilities? | ✓ | | The Company values stakeholder opinions. Therefore, in order to effectively listen to stakeholders' suggestions, internally, the Company has established an anonymous physical employee suggestion box, a QR code, and an email address to provide employees with grievance mechanisms and channels and to ensure that issues can be handled as soon as possible. Externally, the Company's official website provides a contact email address, telephone number, fax number, etc.<br>In addition to the "Contact Us" channel on the Company's website, the Company has also established a spokesperson and acting spokesperson system. In addition, the Company has established an internal anonymous employee mailbox, and the administrative department handles stakeholder suggestions, disputes, and other issues. | In compliance with the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies." |
| VI. Has the Company appointed a professional registrar for its Shareholders' meetings? | ✓ | | The Company has appointed the Stock Transfer Agency Department of Fubon Securities Co., Ltd. as the Company's stock affairs agent to handle AGM affairs. | In compliance with the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies." |
| VII. Information disclosure<br>(I) Has the Company established a website to disclose financial, business, and corporate governance information? | ✓ | | (I) The Company's stock, with code 2065, has information regarding its financial performance and corporate governance available through the Market Observation Post System. Relevant information can also be found on the Company's website at www.shehfung.com. | In compliance with the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies." |
| (II) Does the Company adopt other means of information disclosure (such as establishing an English website, designating dedicated personnel responsible for the collection and | ✓ | | (II) The Company currently discloses relevant information on the "Market Observation Post System" website and as mentioned above, and has established a spokesperson system as required. | In compliance with the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed |

| Evaluation item | Status of operation (Note) | | | Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons |
|---|---|---|---|---|
| | Yes | No | Summary description | |
| disclosure of Company information, implementing the spokesperson system, and posting the proceedings of institutional investor conferences on the Company's website)? | | | | Companies." |
| (III) Does the Company announce and file the annual financial reports within two months after the end of the fiscal year, and announce and file the Q1, Q2, and Q3 financial reports and monthly operating status before the prescribed deadline? | ✓ | | (III) The Company did not announce and file its annual financial report within two months after the end of fiscal year 2025, but announced it early before the prescribed deadline. Furthermore, the Q1, Q2, and Q3 financial reports, as well as monthly operating status, were also filed before the prescribed deadlines. | The Company's announcement and filing of its annual financial report shall be made in coordination with the announcement schedule of its investee companies. Aside from the aforementioned matter, all other aspects comply with the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies". |
| VIII. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors)? | ✓ | | (I) The Company has established comprehensive employee welfare measures and a retirement pension system, reflecting its commitment to employee well-being and the social environment.<br>(II) To secure a stable source of supply, the Company has consistently maintained good relationships with suppliers, and all payments for goods are made on time to protect suppliers' rights.<br>(III) The continuing education undertaken by the directors of the Company complies with the Regulations Governing the Implementation of Continuing Education for Directors and Supervisors of TWSE/TPEx Listed Companies, and such information has also been disclosed on the Market Observation Post System. Details are set out on the | In compliance with the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies." |

| Evaluation item | Status of operation (Note) | | | Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons |
|---|---|---|---|---|
| | Yes | No | Summary description | |
| | | | following page.<br>(IV) The directors of the Company carefully reviewed each proposal listed at meetings of the Board of Directors and duly assessed the potential operational risks that may be caused to the Company.<br>(V) The Company has established strong cooperative relationships with customers and aims to maximize the interests of customers and the Company's shareholders and employees.<br>(VI) Since 2019, the Company has maintained "Directors, Supervisors and Key Employees Liability Insurance" on an annual basis, with insured coverage of USD 5 million. Details of the insurance, including the insured amount, coverage and premium rate, are submitted to the Board of Directors prior to annual renewal, and the most recent annual renewal was reported to the Board of Directors on 2025.12.19. | |

IX. Improvement status based on the most recent Corporate Governance Evaluation results published by the Corporate Governance Center of the Taiwan Stock Exchange (Not required for companies not included in the evaluation)

1. The Company's 2024 evaluation result was ranked in the 36%~50% tier among TPEx-listed companies.
2. As of the annual report publication date, the competent authority had not yet released the 2025 corporate governance evaluation results.
3. Improvements made: (1) Formulated greenhouse gas reduction, water reduction, or other waste management policies, including reduction targets, implementation measures, and results achieved; (2) Established an information security risk management framework and formulated information security policies and specific management plans.
4. The Company's future priorities: (1) prepare an English version of the financial report; (2) prepare an ESG sustainability report and obtain 3rd-party certification; (3) establish a sustainable development committee; (4) formulate an intellectual property management plan linked to operating targets.

Note: Whether "Yes" or "No" is checked, a description shall be provided in the "Summary Description" field.

Details of directors' training for the most recent year:

| Title | Name | Course date | Organizer | Course | Hours |
|---|---|---|---|---|---|
| Chairman | Du Tai-Yuan | 2025.08.07 | Taiwan Corporate Governance Association | Analysis of International IFRS Sustainability Disclosure Standards and Corporate Response Strategies | 3 |
| | | 2025.08.07 | Taiwan Corporate Governance Association | Legal Risk Analysis - Prevention of Insider Trading and Labor Disputes | 3 |
| Director | Chen Chun-Yen | 2025.08.07 | Taiwan Corporate Governance Association | Analysis of International IFRS Sustainability Disclosure Standards and Corporate Response Strategies | 3 |
| | | 2025.08.07 | Taiwan Corporate Governance Association | Legal Risk Analysis - Prevention of Insider Trading and Labor Disputes | 3 |
| Director | Du Chin-Ling | 2025.08.07 | Taiwan Corporate Governance Association | Analysis of International IFRS Sustainability Disclosure Standards and Corporate Response Strategies | 3 |
| | | 2025.08.07 | Taiwan Corporate Governance Association | Legal Risk Analysis - Prevention of Insider Trading and Labor Disputes | 3 |
| Director | Du Po-Han | 2025.09.24 | The Institute of Internal Auditors, Republic of China | Practical Seminar on Enterprise Contracts from the Perspective of the Operating Cycle | 6 |
| | | 2025.04.18 | Taiwan Investor Relations Institute | Corporate Governance Upgrade: Building a New Talent Competitiveness Paradigm and Response Strategies for International Industry Talent Trends | 3 |
| Independent Director | Fang Hui-Ling | 2025.12.09 | Taiwan Directors Association | Performance measurement transparency! IFRS 18 – The future statement of profit or loss is coming soon. | 3 |
| | | 2025.08.29 | Taiwan Corporate Governance Association | Sustainable Development Promotion Seminar – Kaohsiung | 3 |
| Independent Director | Hung Chun-Yung | 2025.08.13 | Accounting Research and Development Foundation, Republic of China | Comprehensive Analysis of Internal Control Practices for "Sustainability Information Management" | 6 |
| Independent Director | Dai Chiu-Hua | 2025.12.24 | Taiwan Project Management Association | Continuing Education Course for Directors of Listed and OTC Companies – Applications of Generative AI and ChatGPT | 3 |
| | | 2025.11.25 | Taiwan Corporate Governance Association | Business Operations and Crisis | 3 |

4. If the Company has established a Remuneration Committee, it shall disclose its organization, duties, and operation:

(1) Information on members of the Remuneration Committee

| Identity | Name \ Conditions | Professional qualifications and experience | Independence analysis | Number of Other Public Companies in Which the Member Concurrently Serves as a Remuneration Committee Member |
|---|---|---|---|---|
| Independent Director | Fang Hui-Ling | Served as a practicing CPA in the Audit Department of KPMG and was also an adjunct Assistant Professor of Professional Practice in the Department of Accounting Information, Southern Taiwan University of Science and Technology. Currently, such person serves as an independent director of several companies including Jung Shing Wire and Sentien Printing. Such person is a professional and technical personnel, such as a judge, prosecutor, lawyer, accountant, or other professional holding certificates from passing national examinations required for company business, and has more than five years of experience in business, finance, and company operations. Such person possesses expertise in professional leadership, marketing, operational management, and strategic planning. | Please refer to the independence status of independent directors on pages 7-9 | 2 |
| Independent Director | Hung Chun-Yung | Currently serves as the managing attorney of Hung & Yeh Attorneys-at-Law, specializing in criminal litigation, civil litigation, administrative litigation, environmental disputes, food safety incidents, and corporate control cases, and has accumulated more than five years of experience as a practicing attorney. Also serves as an independent director of Honor Seiki. In exercising the powers of an independent director and the Audit Committee, such person’s legal expertise may be relied upon to enhance the quality of corporate governance management of the Board of Directors and the supervisory function of the Audit Committee. | Please refer to the independence status of independent directors on pages 7-9 | 1 |
| Independent Director | Dai Chiu-Hua | Served as General Manager of Yonglin Venture Capital and as supervisor of OTC-listed companies such as Leezhou Precision and Wanda Opto-Electronics, and has more than five years of work experience required for business, finance, and company operations, with capabilities in professional leadership, marketing, operations management, and strategic planning, and concurrently serves as an independent director of Wanda Opto-Electronics. | Please refer to the independence status of independent directors on pages 7-9 | 1 |

| Identity (Note 1) | Conditions / Name | More than five years of work experience and the following professional qualifications | | | Meets independence criteria (Note 2) | | | | | | | | | | Number of Other Public Companies in Which the Member Concurrently Serves as a Remuneration Committee Member | Remark |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Lecturer or above at public or private colleges and universities in commerce, law, finance, accounting, or other related disciplines required by the Company's business | Judges, prosecutors, lawyers, certified public accountants, or other professional and technical personnel who have passed national examinations required for the Company's business and hold valid certificates | With work experience in commerce, legal affairs, finance, accounting, or other fields required by the Company's business | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | | |
| Independent Director | Fang Hui-Ling | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 2 | |
| Independent Director | Hung Chun-Yung | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 1 | |
| Independent Director | Dai Chiu-Hua | | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 1 | |

Note 1: Please indicate the capacity as Director, Independent Director, or other.

Note 2: For each member who met the following conditions in the two years before election and during the term of office, please mark a check mark "✓" in the space below each condition code.

(1) Not an employee of the Company or its affiliates.

(2) Not a director or supervisor of the Company or its affiliates (except where an independent director, established pursuant to this Act or the local laws and regulations, concurrently serves as an independent director of the Company and its parent company, subsidiary, or a subsidiary of the same parent company).

(3) Not a natural person shareholder who, together with such person's spouse, minor children, or shares held in the name of others, holds 1% or more of the total issued shares of the Company or is among the top ten shareholders.

(4) Not the spouse, relatives within the 2nd degree of kinship, or lineal relatives within the 3rd degree of kinship of the managerial officers referred to in (1) or the persons referred to in (2) and (3).

(5) Not a director, supervisor, or employee of a juristic person shareholder that directly holds 5% or more of the total issued shares of the Company, is among the top five shareholders, or appoints a representative to serve as a director or supervisor of the Company pursuant to Article 27, Paragraph 1 or Paragraph 2 of the Company Act (except where an independent director, established pursuant to this Act or the local laws and regulations, concurrently serves as an independent director of the Company and its parent company, subsidiary, or a subsidiary of the same parent company).

(6) Not a director, supervisor, or employee of another company of which more than half of the director seats or voting shares are controlled by the same person as those of the Company (except where an independent director, established pursuant to this Act or the local laws and regulations, concurrently serves as an independent director of the Company or its parent company, subsidiary, or a subsidiary of the same parent company).

(7) Not a director, supervisor, or employee of another company or institution whose chairperson, General Manager, or person holding an equivalent position is the same person as, or the spouse of, the Company's Chairperson, General Manager, or person holding an equivalent position

(8) Not a director, supervisor, managerial officer, or shareholder holding more than 5% of the shares of a specified company or institution that has financial or business dealings with the Company (except where the specified company or institution holds more than 20%, but not more than 50%, of the total number of the Company's issued shares, and an independent director is concurrently serving as such at the Company and its parent company, subsidiary, or a subsidiary of the same parent company in accordance with this Act or the laws and regulations of the local jurisdiction).

(9) Not a professional, or the owner, partner, director (or equivalent), supervisor (or equivalent), managerial officers, or spouse of such person, of a sole proprietorship, partnership, company, or institution, that provides auditing services to the Company or its affiliates or commercial, legal, financial, accounting, or related services for which cumulative remuneration received in the most recent two years has not exceeded NT$500,000. However, members of the Remuneration Committee, public tender offer review committee, or merger special committee who perform their duties in accordance with the Securities and Exchange Act or the applicable laws and regulations of the Business Mergers and Acquisitions Act shall not be subject to this restriction.

(10) None of the circumstances specified in Article 30 of the Company Act apply.

(2) Operations of the Remuneration Committee

I. The Company's Remuneration Committee consists of three members.
II. Term of the current committee: 2025/06/05 to 2028/06/04, the Remuneration Committee held 4 meetings in the most recent year (A), and the qualifications and attendance of the members are as follows:

| Title | Name | Number of attendances required (A) | Number of meetings actually attended (B) | No. of meetings attended by proxy | Actual attendance rate (%) (B/A) (Note) | Remark |
|---|---|---|---|---|---|---|
| Independent Director (Convener) | Fang Hui-Ling | 4 | 4 | - | 100% | - |
| Independent Director | Hung Chun-Yung | 4 | 4 | - | 100% | - |
| Independent Director | Dai Chiu-Hua | 4 | 4 | - | 100% | - |
| Other information required to be disclosed:<br>I. If the Board of Directors does not adopt or amend the recommendations of the Remuneration Committee, it shall state the date of the Board of Directors meeting, session, content of the motion, results of the resolution of the Board of Directors, and the Company's handling of the opinions of the Remuneration Committee (if the remuneration Approved by the Board of Directors is more favorable than the recommendations of the Remuneration Committee, the differences and reasons therefor shall be stated): None.<br>II. For resolutions of the Remuneration Committee, if any member has dissenting opinions or reservations and there is a record or written statement thereof, the date of the Remuneration Committee meeting, session, content of the motion, opinions of all members, and the handling of members' opinions shall be stated: None. | | | | | | |

(3) Review of the Remuneration Committee in 2025

| The Remuneration Committee | Content of proposals and follow-up actions | Resolution results | The Company's handling of the Remuneration Committee's opinions |
|---|---|---|---|
| 7th meeting of the 5th Term 2025.02.26 | 1. Results of the 2024 performance evaluation of the Board of Directors, submitted for resolution.<br>2. Distribution of 2024 remuneration to directors and employees, submitted for resolution.<br>Follow-up actions:<br>1~2. Approved by the Board of Directors and commenced for implementation. | Approved after review by all members present. | The resolutions of the Board of Directors on February 26, 2025 are as follows:<br>1. Approved by all directors in attendance.<br>2. Approved by all directors in attendance. |
| 1st meeting of the 6th Term 2025.08.12 | 1. Review of the remuneration proposal for the directors and independent directors of the Company, submitted for resolution.<br>2. Review of the remuneration proposal for the corporate director representative of Sanitar Co., Ltd, an investee company, submitted for resolution.<br>Follow-up actions: | Approved after review by all members present. | The resolutions of the Board of Directors on August 12, 2025 are as follows:<br>1. Approved by all directors in attendance.<br>2. Approved by all directors in attendance. |

| The Remuneration Committee | Content of proposals and follow-up actions | Resolution results | The Company’s handling of the Remuneration Committee’s opinions |
|---|---|---|---|
| | 1 - 2. Approved by the Board of Directors and commenced for implementation. | | |
| 2nd meeting of the 6th Term<br>2025.11.07 | 1. Review, on behalf of the Vietnam subsidiary, of the remuneration proposal for its representative, submitted for resolution. | Approved after review by all members present. | The resolutions of the Board of Directors on November 7, 2025are as follows:<br>1. As General Manager Chen had an interest in the matter, such person recused from the discussion and voting in accordance with the law. Upon consultation by the chairperson, all directors in attendance unanimously resolved to approve the proposal as submitted. |
| 3rd meeting of the 6th Term<br>2025.12.19 | 1. Discussion of the proposal for distribution of the 2025 year-end bonuses for the Company’s managerial officers, submitted for resolution.<br>2. Review of the proposal for the various remuneration items to be implemented for the Company’s managerial officers in 2026, submitted for resolution.<br>3. Review, on behalf of the Vietnam subsidiary, of the 2026 remuneration proposal for its representative, submitted for resolution.<br>Follow-up actions:<br>1 - 3. Approved by the Board of Directors and commenced for implementation. | Approved after review by all members present. | The resolutions of the Board of Directors on December 19, 2025 are as follows:<br>1. As Chairman Du and General Manager Chen had an interest in the matter, such persons recused from the discussion and voting in accordance with the law. Upon consultation by Acting Chairman Director Du Chin-Ling, all directors in attendance unanimously resolved to approve the proposal as submitted.<br>2. As Chairman Du and General Manager Chen had an interest in the matter, such persons further recused from the discussion and voting in accordance with the law. Upon consultation by Acting Chairman Director Du Chin-Ling, all directors in attendance unanimously resolved to approve the proposal as submitted.<br>3. As General Manager Chen had an interest in the matter, such person recused from the discussion and voting in accordance with the law. Upon consultation by the chairperson, all directors in attendance unanimously resolved to approve the proposal as submitted. |

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

| Promoted Item | Implementation Status (1) | | | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons |
|---|---|---|---|---|
| | Yes | No | Summary description | |
| I. Has the Company established a governance structure for promoting sustainable development, set up a dedicated (or concurrent) unit to promote sustainable development, authorized senior management by the Board of Directors to handle such matters, and does the Board of Directors supervise the implementation thereof?<br>(Listed companies and OTC-listed companies shall report the implementation status; this is not a matter of compliance or explanation.) | ✓ | | 1. Describe the Company's governance structure for promoting sustainable development. | No material differences and in compliance with the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies". And |


| Sheh Fung Sustainable Operation Task Force Organization Chart | | | | | |
|---|---|---|---|---|---|
| Convener: Chen Chun-Yen | | | | | |
| Governance | | Environment | | Social | |
| Corporate governance | External communication | Green manufacturing | Energy management | Talent development | Social welfare |
| Legal compliance | Customer relations | Green production | Energy-saving technologies | Healthy workplace | Process promotion |
| Supply chain management | Sustainability report | Green operation data | Smart energy management | Employee development | Friendly community |
| Data platform management | | | | Welfare system | |
| Su I-Fan | Chen Hsiu-Chu | Su Yung-Chia | Su Yung-Chia | Chen Hsiu-Chu | Chen Hsiu-Chu |
| Liu Yen-Tzu | Chen Tzu-Yin | | | Liu Yen-Tzu | Liu Yen-Tzu |
| | Liu Yen-Tzu | | | | |

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| | | | 2. Describe the implementation status of each of the Company's organizations, including but not limited to:<br>(1) Name of the dedicated (or concurrent) unit for promoting sustainable development, time of establishment, and authorization by the Board of Directors.<br>On 2020.04.27, the Board of Directors of the Company approved the "Corporate Social Responsibility Best Practice Principles," which were amended to the "Sustainable Development Best Practice Principles" on 2022.02.23, with the Administration Department serving as the concurrent unit.<br>(2) Composition, operation, and implementation status of the promotion unit during the current year (e.g., work plans and responsibilities).<br>The concurrent unit responsible for promoting sustainable development in the Company is the Administration Department, and a task force has been established to plan and execute matters relating to compliance with relevant labor laws and regulations to safeguard employees' legal rights and interests, public welfare feedback, and social participation, as well as to conduct planning, supervision, and management, so as to effectively promote the Company's work related to environmental protection, occupational safety and health, energy conservation, water conservation, and greenhouse gas management, thereby enhancing the Company's sustainable management plan.<br>(3) Frequency of reporting by the promotion unit to the Board of Directors (at least once per year) or the date of reporting to the Board of Directors during the current year.<br>The implementation status for 2025 is expected to be reported to the 1st meeting of the Board of Directors in 2026 on 2026.03.06.<br>3. Describe the supervisory status of the Board of Directors over sustainable development, including but not limited to management policies, formulation of strategies and objectives, and review measures.<br>To continuously promote corporate governance and enhance corporate sustainable development, a Sustainable Operation Task Force was established, with General Manager Chen Chun-Yen serving as convener. Since 2021, the Company has prepared its own ESG Sustainability Report annually, and through internal control and, starting from 2026, a third-party verification mechanism, ensures the accuracy of the information in the report. | |

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| | | | The Company's Board of Directors reviews relevant issues and provides opinions when necessary, offering suggestions for improvement to the management team for implementation. | |
| II. Does the Company conduct the risk evaluation of the environmental, social and governance issues pertinent to the Company's operation based on the principle of materiality, and establishes the related risk management policies or strategies? (Note 2) (Listed companies and OTC-listed companies shall report the implementation status; this is not a matter of compliance or explanation.) | ✓ | | 1. State the boundary of the risk assessment (the scope of subsidiaries covered). In addition, the boundary of this risk assessment shall be the same as the boundaries of the environmental and social issues set out later in this table. If there is any difference, the boundary shall be stated under each such issue.<br>On April 26, 2022, the Company's Board of Directors Approved the "Risk Management Measures" and defined risks into six major categories: market risk, investment risk, credit risk, operational risk, legal risk, and other risks.<br>2. Risk assessment standards, process, results, and risk management policies or strategies for identifying material environmental, social, and governance issues.<br>The Company has prepared a Corporate Social Responsibility Report since 2012, which was renamed the ESG Sustainability Report in 2022. This report discloses the Company's non-financial information, is published on the Company's website upon completion each year, and an English version has also been prepared and disclosed on the Company's website since 2023. | No material differences and in compliance with the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies". |
| III. Environmental Issues<br>(I) Does the Company establish a suitable environmental management system based on the characteristics of the industry where it is? | ✓ | | 1. State how an effective environmental management system is implemented and the regulations on which it is based.<br>The Company has established the "Safety and Health Work Rules" and complies with them, and has comprehensive monitoring and management systems for wastewater and waste gas generated in the production process.<br>2. State the relevant international certification standards obtained by the Company (which should remain valid as of the annual report publication date) and the scope covered thereby.<br>The Company has obtained ISO 14001 environmental certification and is committed to implementing relevant requirements to achieve energy conservation and carbon reduction. | No material differences and in compliance with the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies". |
| (II) Does the Company strive to improve energy use efficiency and use renewable materials with low environmental impact? | ✓ | | State the Company's policies for improving energy use efficiency and using renewable materials, including but not limited to: base year data, implementation measures, targets, and achievement status.<br>1. In 2025, green electricity was purchased (887.169 kWh), reducing carbon emissions by 420.5181 tons of $CO_2e$.<br>2. Two old heat treatment lines were removed, reducing carbon emissions. | No material differences and in compliance with the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies". |

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| (III) Has the Company assessed the current and potential future risks and opportunities of climate change and adopted corresponding response measures? | ✓ | | Describe how the Company assesses the current and future potential risks and opportunities posed by climate change to the enterprise, the assessment results, and the relevant response measures adopted.<br>The Company has obtained ISO 14001 environmental certification and is committed to implementing relevant requirements to achieve energy conservation and carbon reduction. It has also established a dedicated environmental engineering unit responsible for planning, supervising, and maintaining environmental matters. | No material differences and in compliance with the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies". |
| (IV) Has the Company compiled statistics on greenhouse gas emissions, water consumption, and total waste volume over the past two years, and established policies for greenhouse gas reduction, water conservation, or other waste management? | ✓ | | 1. State the statistical data, intensity (e.g. calculated based on each unit of product, service, or revenue), and data coverage (e.g. all plants and subsidiaries) of the following items for the most recent two years:<br>(1) Greenhouse gases: including carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride, nitrogen trifluoride, and others announced by the central competent authority, distinguished into direct emissions (Scope 1, i.e. directly from emission sources owned or controlled by the Company), energy indirect emissions (Scope 2, i.e. indirect greenhouse gas emissions resulting from imported electricity, heat, or steam), and other indirect emissions (Scope 3, i.e. emissions generated from the Company's activities, which are not energy indirect emissions but arise from emission sources owned or controlled by other companies); the total greenhouse gas emissions in 2025 were 10,577.7412 tons of $CO_2e$, a decrease of 307.5171 tons of $CO_2e$ from 2024.<br>(2) Water consumption;<br>The total water withdrawal in 2025 was 69,369 tons, a decrease of 1,010 tons from 2024; water withdrawal also decreased by 1.4% from 2024.<br>(3) Waste: distinguish the total weight of hazardous waste and non-hazardous waste. If the Company is not in the manufacturing industry, such distinction may be omitted, and only the total weight of waste needs to be disclosed, together with an explanation of the statistical method based on industry characteristics.<br>The principle of waste management is first to improve the production process to reduce the amount of waste generated, followed by waste recycling and reuse, and finally treatment by other methods such as incineration and sanitary landfill, in accordance with this management principle. | No material differences and in compliance with the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies". |

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| | | | 2. State the policies for greenhouse gas reduction, water conservation, or other waste management, including but not limited to: base year data, reduction targets, implementation measures, and achievement status<br>Unit: tons<br><table><tr><td>Item</td><td>2025</td><td>2024</td></tr><tr><td>Waste oil mixture (incineration)</td><td>20.5</td><td>26.92</td></tr><tr><td>Domestic waste (incineration)</td><td>40.5</td><td>88.5</td></tr><tr><td>Waste wood pallets (incineration)</td><td>8.61</td><td>22.39</td></tr><tr><td>Waste lubricating oil (reuse)</td><td>0</td><td>36.47</td></tr><tr><td>Waste lubricating oil (thermal treatment)</td><td>68.23</td><td>69.23</td></tr><tr><td>Other mixtures of the aforementioned chemicals or discarded containers</td><td>0.153</td><td>-</td></tr><tr><td>Waste wood pallets (reuse)</td><td>38.54</td><td>22.39</td></tr><tr><td>Waste paint and paint sludge (incineration)</td><td>14.88</td><td>12.04</td></tr><tr><td>Waste refractory materials (landfill)</td><td>4.12</td><td>-</td></tr><tr><td>Total</td><td>195.533</td><td>277.94</td></tr></table><br>3. State the verification status of each item of information (which should remain valid as of the annual report publication date) and the scope covered thereby.<br>Relevant statistical information is disclosed in the ESG Sustainability Report voluntarily prepared by the Company. | |
| IV. Social Issues<br>(I) Has the Company complied with relevant laws and regulations, and the International Bill of Human Rights, to establish the related management policies and procedures? | ✓ | | Describe the policies for safeguarding human rights and specific management programs (such as human rights assessments, human rights risk mitigation measures, and related education and training), as well as the relevant laws and regulations and international human rights conventions on which they are based.<br>The Company has formulated the Employee Work Rules in accordance with the Labor Standards Act and relevant laws and regulations, complies with relevant labor laws and regulations, safeguards the lawful rights and interests of employees, and follows internationally recognized labor human rights, such as caring for disadvantaged groups, prohibiting child labor, and eliminating discrimination in employment and occupation. In addition, in its human resources utilization policies, the Company does not differentiate treatment based on gender, race, socioeconomic class, age, marital status, or family status, so as to implement equality in employment, conditions of hire, remuneration, benefits, training, performance evaluation, and promotion | No material differences and in compliance with the “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies”. |

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| | | | opportunities, and provides employees with at least one training course each year for their understanding. | |
| (II) Has the Company established and implemented reasonable employee welfare measures (including remuneration, leave, and other benefits), and appropriately reflected operating performance or results in employee remuneration? | ✓ | | 1. The employee welfare measures to be described shall include, but are not limited to, employee remuneration, workplace diversity and equality (including, but not limited to, the proportion of female employees and senior managerial officers), leave, various allowances, cash gifts, and subsidies.<br>The Company regularly convenes labor-management meetings and the Employee Welfare Committee to provide a platform for employees to exchange opinions and engage in two-way communication; meanwhile, for major issues such as work rules, communication is also conducted through labor-management meetings. In addition, the Company has set up employee suggestion boxes and QR codes at designated locations to provide channels for employees to express opinions or file complaints. The Company has also established Measures for Prevention of Sexual Harassment to provide employees with channels for complaints.<br>At present, female supervisors at the section level and above account for 43% of supervisors at the same level, and there is no difference between male and female employees in the allowances for related benefits.<br>2. Describe the policy on how operating performance or results are reflected in employee remuneration and its implementation.<br>The Company appropriates employee remuneration in accordance with Article 235-1 of the Company Act and Article 19-1 of the Company's Articles of Incorporation, and submits the same to the Remuneration Committee and the Board of Directors for review.<br>In addition, operating performance is reviewed quarterly, and production bonuses are distributed in accordance with the Company's regulations. | No material differences and in compliance with the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies". |
| (III) Has the Company provided a safe and healthful work environments for their employees, and organize training on safety and health for their employees on a regular basis? | ✓ | | 1. Describe the measures for employees' safe and healthy working environment, the Company's education policy for employees, and its implementation.<br>The Company regularly arranges employee trips and health checkups each year and promotes activities for work-life balance (such as establishing a self-training classroom, organizing a cycling team for fixed monthly group rides, and bicycle tours around Taiwan) to promote employee health and other employee welfare matters, and regularly conducts disaster prevention drills and training courses such as AED and CPR to enhance employees' safety awareness. | No material differences and in compliance with the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies". |

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| | | | 2. Describe the status of relevant certifications obtained by the Company (which should remain valid as of the annual report publication date) and their coverage.<br>Since 2022, the Company has introduced SMETA (Sedex Members Ethical Trade Audit). The human rights issues included in the Company's human rights risk identification procedures are nine items: freely chosen employment, respect for freedom of association and the right to collective bargaining, workplace safety and health, prohibition of child labor, basic living wages, working hours, unlawful infringement behavior, and proper labor-management relations. Risk assessments are conducted, and risk mitigation measures are implemented based on the assessment results to fulfill corporate social responsibility and provide employees with a better working environment. In addition, the SMETA-4P external audit was completed on April 23, 2025, and the audit covered four aspects: labor standards, health and safety, environment, and business ethics.<br>3. Describe the number of occupational accidents, the number of persons involved, and the percentage of the total number of employees for the current year, as well as the relevant improvement measures.<br>In 2025, there was 1 occupational accident, accounting for 0.42% of the total number of employees. The Company completed appropriate handling at the earliest possible time and has regarded this as an opportunity to enhance its occupational safety culture. At present, the “Machinery Operation Safety Enhancement Project” has been fully launched, and through targeted education and training and high-frequency on-site inspections, operational risks are incorporated into the standardized management process. Through rolling revisions and strict supervision, the Company ensures that colleagues operate in the safest environment and fulfills its commitment to workplace safety.<br>4. Describe the number of fire incidents in the current year, the number of deaths and injuries, the percentage of deaths and injuries to the total number of employees, and the related improvement measures in response to fire incidents.<br>In 2025, the number of fire incidents was 0, and the Company will regularly implement fire drills. | |
| (IV) Has the Company created an environment conducive to the development of their employees' | ✓ | | Describe the aspects covered by the training programs (such as orientation training, professional continuing education, and managerial training), the scope (such as supervisors at all levels and colleagues), and the implementation status. | No material differences and in compliance with the “Sustainable Development |

careers and establish effective training programs to foster career skills?

| Title | Name | Course date | Organizer | Course title | Hours |
|---|---|---|---|---|---|
| General Manager | Chen Chun-Yen | 2025.08.07 | Taiwan Corporate Governance Association | Legal Risk Analysis - Prevention of Insider Trading and Labor Disputes | 3 |
| | | 2025.08.07 | Taiwan Corporate Governance Association | Analysis of International IFRS Sustainability Disclosure Standards and Corporate Response Strategies | 3 |
| Deputy General Manager | Chen Hsiu-Chu | 2025.05.15 - 2025.05.16 | Accounting Research and Development Foundation, Republic of China | Continuing Education Program for Accounting Supervisor of Issuers, Securities Firms, and Stock Exchanges | 12 |
| | | 2025.07.22 | The Institute of Internal Auditors – Republic of China | Practical Aspects of Auditing in the "Manufacturing Materials System" | 6 |
| | | 2025.08.19 | The Institute of Internal Auditors – Republic of China | Practical Seminar on Enterprise Contracts from the Perspective of the Operating Cycle | 6 |
| Assistant Vice President | Chen Tzu-Yin | 2025.05.15 - 2025.05.16 | Accounting Research and Development Foundation, Republic of China | Continuing Education Program for Accounting Supervisor of Issuers, Securities Firms, and Stock Exchanges | 12 |

(2) Implementation status of employee training courses:

| Course Categories | Number of Sessions | Number of Lecturers | Number of Attendees | | | Total Hours |
|---|---|---|---|---|---|---|
| | | | Total Amount | Section level and above | Colleagues | |
| Functional training | 118 | 28 | 224 | 28 | 196 | 1455 |

Best Practice Principles for TWSE/TPEx Listed Companies".

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| Environment, Safety and Health | 8 | 2 | 231 | 26 | 205 | 1283 |
| Management | 9 | 6 | 7 | 5 | 2 | 87 |
| Information | 2 | 1 | 53 | 8 | 45 | 78 |
| Total | 137 | 37 | 515 | 67 | 448 | 2903 |

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| (V) For the customer health and safety, clients' privacy, marketing and labeling of the products and services, has the Company complied with the related laws and regulations and the international standards, and established the policies and complaint procedures to protect consumers' interests? | ✓ | | Describe the laws and international standards governing each item, along with the name, content, and complaint procedures for policies protecting consumer or customer rights.<br>1. Product liability insurance is purchased to provide customers with compensation and protection when product failure risks occur.<br>2. Obtain product certifications to ensure product functions comply with local regulatory requirements, such as CE-14566, CE-14592, ETA, ICC, and BIS product certifications.<br>3. Sign non-disclosure agreements to ensure that customer-related information is not disclosed externally. Meanwhile, the Company strictly controls information security, for example, by preventing access to the system from domains outside the company's internal network.<br>4. Comply with the laws and regulations of various countries or states based on customer needs, such as REACH, PROP 65, and PFAS FREE, etc. | No material differences and in compliance with the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies". |
| (VI) Has the Company established supplier management policies requiring suppliers to comply with relevant regulations on environmental protection, occupational safety and health, or labor human rights, and what is the implementation status? | | | 1. Describe the supplier management policy and relevant compliance guidelines, and ensure its content actively and specifically requires suppliers to meet environmental protection, occupational safety and health, or labor rights standards (e.g., suppliers are required to pass relevant verification).<br>The Company's domestic transaction counterparties are all government-registered suppliers and are subject to relevant government laws and regulations, as well as the administration and inspections of the competent authorities such as the local labor bureau and environmental protection bureau. Under current government regulations, if a supplier engages in any conduct that affects the environment or society, such supplier will be subject to penalties or suspension of business; therefore, the Company has not separately established management policies. However, the contracts signed between the Company and its major suppliers all require suppliers to possess lawful documentation. In the future, the Company will also consider whether suppliers attach importance to labor rights, occupational safety and health, and pollution prevention, and add breach clauses.<br><br>2. Please describe the supplier management policy and the implementation status of relevant compliance regulations (for example, supplier self- | No material differences and in compliance with the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies". |

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| | | | assessments, guidance or education, performance evaluations, etc.).<br>The Company regularly conducts supplier evaluations and signs Supplier Social Responsibility Commitment Letters to promote attention to labor rights, occupational safety and health, pollution prevention, and other matters. | |
| V. Does the Company prepare reports disclosing non-financial information, such as sustainability reports, with reference to internationally recognized reporting standards or guidelines? Has the aforementioned report obtained assurance or assurance opinions from a third-party verification institution? | | | 1. Please specify the international preparation standards or guidelines referenced, and the reports prepared to disclose non-financial information.<br>The Corporate Social Responsibility Report voluntarily prepared by the Company was compiled in accordance with the Core option of the Sustainability Reporting Standards (GRI Standards) of the Global Reporting Initiative (GRI).<br><br>2. If assurance or certification has been obtained, the name of the assurance or certification institution, the verification items or scope, and the standards followed shall be specified.<br>The report will be verified by an external third party starting from 2026 to ensure the accuracy of all financial, environmental, and social information data in the report. | No material differences and in compliance with the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies". |

VI. If the Company has established its own sustainability development code in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies," please describe any differences between its operations and the established code:

(1) To strengthen the management of corporate social responsibility, the Company has designated the administration department as the dedicated (concurrent) unit for promoting corporate social responsibility, responsible for proposing and implementing sustainable development policies, systems or related management guidelines, and specific promotion plans.

(2) The Company has established a fair compensation policy to ensure its remuneration plan aligns with organizational strategic goals and stakeholder interests.

(3) The employee performance appraisal system has been integrated with the corporate social responsibility policy, and a clear and effective reward and disciplinary system has been established.

(4) In accordance with the "Practical Guidelines for Corporate Social Responsibility of TWSE/TPEx Listed Companies", the Company has formulated the "Code of Practice for Sustainable Development", and its implementation is consistent with the code.

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

(1) Since 2021, the Company has continued to prepare its ESG Sustainability Report (formerly the Corporate Social Responsibility Report) on its own every year. For details, please refer to the ESG Sustainability Report already prepared by the Company and published on the Company's website at https://www.shehfung.com/index.php?option=module&lang=cht&task=pageinfo&id=152&index=5

(2) Various system certifications and certificates obtained by the Company:

◎ISO 9001 Quality Management System

◎ISO 14001 Environmental Management System

◎IATF 16949 Global Automotive Industry Quality Management System Certificate

◎A2LA Accreditation

◎Corporate Social Responsibility SMETA-4P external audit (labor standards, health and safety, environment, and business ethics)

Note 1: If "Yes" is checked under implementation status, please specifically explain the key policies, strategies, measures adopted, and implementation status. If "No" is checked under implementation status, please explain the differences and reasons in the column "Difference from the Sustainable Development Best Practice Principles for TWSE/TPEx

Listed Companies and reasons therefor," and describe future plans for adopting relevant policies, strategies, and measures. However, for the promotion items 1 and 2, a public company shall describe the governance and supervisory structure for the sustainable development, including but not limited to management policy, strategy and objective establishment, review measures, etc. In addition, the Company shall describe its risk management policies or strategies with respect to environmental, social, and governance issues related to operations, and their evaluation status.

Note 2: The principle of materiality refers to ESG issues that significantly affect the investors and other stakeholders of the Company.

Note 3: For disclosure format, please refer to the best practice examples published on the website of the Corporate Governance Center of the Taiwan Stock Exchange.

6. Climate-Related Information of TWSE/TPEx Listed Companies:

<table>
<tr><th>Item</th><th>Implementation status</th></tr>
<tr>
<td>
1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.<br>
2. Describe how the identified climate risks and opportunities affect the business, strategy and finances of the company (short-term, medium-term, long-term).<br>
3. Describe the financial impact of extreme weather events and transformative actions.<br>
4. Describe how the processes for identifying, assessing, and managing climate risks are integrated into the overall risk management system.<br>
5. If scenario analysis is used to assess resilience in the face of climate change risks, the scenarios used, parameters, assumptions, analytical factors, and principal financial impacts shall be described.<br>
6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.<br>
7. If internal carbon pricing is used as a planning tool, disclose the basis for pricing.<br>
8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.
</td>
<td>
1. The Company’s risk management policy is established to identify and analyze the risks faced by the Company, set appropriate risk limits and controls, and monitor risks and compliance with risk limits. The Company's risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's operations. The Company has developed a disciplined and constructive control environment through training, management guidelines, and operating procedures to ensure that all employees understand their roles and obligations.<br>
2.
<table>
<tr><td>Governance body</td><td colspan="3">Promote climate action and target management, including a climate change adaptation strategy. In the meeting, the General Manager reported on ESG and climate change-related performance, impact assessments, and progress toward sustainability goals.</td></tr>
<tr><td rowspan="2">Risk Category</td><td>Short-term</td><td>Mid-term</td><td>Long-term</td></tr>
<tr><td>Transition Risks:<br>1. The imposition of domestic and foreign carbon taxes and fees has increased operating costs.<br>2. In response to domestic and foreign regulations and customer demands, the implementation of greenhouse gas inventories and assurance has also increased operating costs.<br>Physical Risks:<br>1. Changes in temperature and</td><td>Operational risk:<br>1. The novel coronavirus has greatly impacted the supply chain systems of various countries, causing global supply instability.<br>2. The stability of quality and delivery for outsourced manufacturing affected the Company’s ability to deliver final sales products on time and to the required quality standards.</td><td>Supervisory and legal risks:<br>To adapt to climate change, the government has established a series of regulatory instruments to facilitate more effective management of natural resources and reduce disaster risks.<br>Energy shortage and price increases:<br>Install solar power systems and plan for the future use of renewable energy.</td></tr>
</table>
</td>
</tr>
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| 9. Greenhouse gas inventories and assurance status, and reduction targets, strategies, and specific action plans (to be separately completed in 1-1 and 1-2). | | precipitation patterns have resulted in raw material shortages and price increases.<br>2. Uncertainties in water and energy supplies have increased.<br>3. Extreme weather has caused damage to plants and equipment, resulting in reduced productivity.<br>Energy shortage and price increases:<br>With the world's rapid economic development, countries have been competing to consume resources such as oil and coal. Energy conservation and carbon reduction have become a global trend. | 3. The screws industry has expanded into low-wage countries, intensifying market price competition. | |
| | **Opportunity Category** | **Short-term** | **Mid-term** | **Long-term** |
| | | Market opportunities:<br>Use low-emission energy, shift to distributed energy production, develop or expand low-carbon products and services, conduct research, development and innovation of new products and services, and obtain supportive policy incentives. | Market opportunities:<br>Move toward more efficient markets/countries, secure government incentives, and develop new market partnerships.<br>Renewable energy development:<br>Use green electricity to reduce Scope 2 emissions. | Market opportunities:<br>Use more efficient production models and distribution processes.<br>Innovative products and services:<br>Develop low-carbon products to meet customers' future needs. |

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| | Strategy | The Company's long-term commitment to sustainability has established a solid foundation, and the Company has maintained close and trusted relationships with customers for many years. By actively leveraging core technologies and investing in research and development based on market demand, the Company will have the opportunity to gain customers' preference on a priority basis as the sustainability trend rises, thereby increasing revenue |
| | Risk management | (see table below) |

| Short-term | Mid-term | Long-term |
|---|---|---|
| Transition Risks:<br>Strengthen training for employees to independently carry out greenhouse gas inventories, thereby reducing increases in operating costs.<br>Physical Risks:<br>1. Increase the local sourcing of raw materials and identify alternative suppliers.<br>2. Increase inventory levels for key auxiliary materials and accessories needed for production.<br>3. Production and staff units conduct disaster response measures on an irregular basis.<br>Energy shortage and price increases:<br>1. Conduct planning and supervision to effectively promote the Company's work related to environmental protection, | Operational risk:<br>1. Procurement strategies have been adjusted to diversify country risks, indirectly benefiting Taiwanese suppliers.<br>2. Strengthen basic research, develop key process technologies, enhance technology commercialization capabilities, and strengthen the connection and communication efficiency of the supply chain system.<br>3. An overseas investment plan has been Approved to manufacture screws at the Vietnam subsidiary in order to leverage local cost advantages and reduce operational risks. | Supervisory and legal risks:<br>1. Promote energy conservation and carbon reduction measures at each plant, and monitor energy use and greenhouse gas emissions.<br>2. Regularly review the Environmental Protection Administration's regulatory inquiry system, and after collecting and identifying relevance to each department of the Company, report response measures at internal meetings. |

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| | | occupational safety and health, energy saving, water conservation, and greenhouse gas management, so as to enhance the Company's sustainability management plan. | | |
| **Indicators and Targets** | ● In terms of climate change mitigation, the Company uses greenhouse gas emissions per unit of revenue as the primary key quantitative assessment indicator, and also sets indicators such as the proportion of renewable energy use, electricity consumption per unit of revenue, and water consumption per unit of revenue. Complete information is disclosed in the Company's ESG sustainability report.<br>● In respect of energy-saving and carbon reduction measures, Sheh Fung Screws has responded to the national energy-saving targets by continuously investing in various energy-saving measures and carbon reduction, pollution reduction and recycling equipment, optimizing the digital energy management system platform, implementing comprehensive energy inventories, and ensuring that every unit of energy consumption is put to the most appropriate use. | | | |
| **Basis for carbon pricing** | In the future, the carbon pricing basis will be determined by the raw material acquisition cost difference and any increased costs incurred by the Company in reducing direct emissions. | | | |

3. Referring to the TCFD (Task Force on Climate-related Financial Disclosures) framework, the Company has identified and clarified the positive and negative impacts that uncertainties (risks and opportunities) may have under climate change risk, beginning with the disclosure of relevant information within its own business field. By leveraging existing programs and policies, the Company formulates adaptation and mitigation measures, thereby shaping a climate strategy to capitalize on opportunities. Furthermore, it has developed the ability to modularize solutions based on various simulation scenarios, strengthening organizational resilience and fostering new business opportunities. The Company continues to move forward steadily with sustainability goals

of risk management and value creation, advancing toward sustainable management of natural resources.

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| Industry risk | 1. Fluctuations in raw material prices affect the Company's revenue and profitability.<br>2. The electroplating process is subject to stringent environmental regulations, and overall market capacity has been relatively limited, making outsourced processing schedules difficult to manage. |
| Operational risk | 1. Price competition among domestic and foreign industry peers is intense.<br>2. Risks relating to the stability of outsourced processing quality and delivery schedules. |
| Credit risks | Credit risk is the risk of financial loss to the Company arising from the failure of customers or counterparties to financial instruments to perform their contractual obligations. |
| Liquidity risks | Liquidity risk is the risk that the Company will be unable to settle its financial liabilities with cash or other financial assets, and therefore fail to meet its related obligations. |
| Market risk | Refers to the possible losses suffered by the Company from engaging in related transactions due to fair value risks arising from changes in exchange rates and interest rates. |

4. There is currently no specific plan, and the Company intends to proceed in accordance with the requirements of the competent authority in the future.
5. There is currently no specific plan, and the Company intends to proceed in accordance with the requirements of the competent authority in the future.
6. In the future, the carbon pricing basis will be calculated using the raw material acquisition cost difference plus the cost increase incurred by the Company for reducing direct emissions.
7. In terms of climate change mitigation, the Company uses greenhouse gas emissions per unit of revenue as the primary key quantitative assessment indicator, and also sets indicators such as the proportion of renewable energy use, electricity consumption per unit of revenue, and water

| | |
|---|---|
| | consumption per unit of revenue. Complete information is disclosed in the Company's ESG sustainability report.<br>Since 2021, we have continuously implemented ISO 14064-1 greenhouse gas inventory procedures, and obtained an external assurance statement for the 2025 greenhouse gas inventory in April 2026. Greenhouse gas emissions in 2025 (tonnes CO2e) were as follows: |

| Plant | Category 1 | Category 2 | Total |
|---|---|---|---|
| Taiwan Plant | 1,719.7286 | 5,783.0377 | 7,502.7663 |
| Vietnam Plant | 80.0315 | 2,994.9434 | 3,074.9749 |
| Total Amount | 1,799.7601 | 8,777.9811 | 10,577.7412 |

## 1-1 Greenhouse gas inventory and assurance of the Company for the most recent two years

### 1-1-1 Greenhouse gas inventory information

| Describe the greenhouse gas emissions (metric tons CO2e), intensity (metric tons CO2e per million NTD), and data coverage for the most recent two years. |
|---|
| ● In terms of climate change mitigation, the Company uses greenhouse gas emissions per unit of revenue as the primary key quantitative assessment indicator, and also sets indicators such as the proportion of renewable energy use, electricity consumption per unit of revenue, and water consumption per unit of revenue.<br>● The consolidated company has established a greenhouse gas inventory mechanism in accordance with the Greenhouse Gas Protocol issued by the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute (WRI) / the ISO 14064-1 greenhouse gas inventory standard issued by the International Organization for Standardization (ISO) (specify the applicable inventory standard). Since 2021, the Company has conducted regular annual inventories of its individual greenhouse gas emissions to gain a complete understanding of greenhouse gas consumption and emissions and to verify the effectiveness of reduction efforts. In 2025, subsidiaries included in consolidated financial statements were included in the inventory system, and the subsidiary greenhouse gas inventory procedures for 2024 were completed in October of last year. An external assurance statement for the 2025 greenhouse gas inventory is expected to be obtained in April 2026. The greenhouse gas inventory data for the most recent two years have been aggregated on the basis of the operational control approach and include the greenhouse gas emissions of the Company and all subsidiaries in the Consolidated Financial Statements, as described below: |

| | | | | |
|---|---|---|---|---|
| Scope 1 (Note 1) | 2024 | | 2025 | |
| | Total emissions (tonnes CO2e) | Intensity (tonnes CO2e/NT$ thousand) (Note 2) | Total emissions (tonnes CO2e) | Intensity (tonnes CO2e/NT$ thousand) (Note 2) |
| Parent company | 1,813.4363 | 0.000788 | 1,719.7286 | 0.000881 |
| Subsidiary | 71.3501 | 0.003234 | 80.0315 | 0.000667 |
| Total | 1,884.786 | 0.000812 | 1,799.7601 | 0.000868 |
| Scope 2 (Note 1) | Total emissions (tonnes CO2e) | Intensity (tonnes CO2e/NT$ thousand) (Note 2) | Total emissions (tonnes CO2e) | Intensity (tonnes CO2e/NT$ thousand) (Note 2) |
| Parent company | 7,308.1737 | 0.003177 | 5,783.0377 | 0.002962 |
| Subsidiary | 1,692.2982 | 0.076707 | 2,994.9434 | 0.024943 |
| Total | 9,000.4719 | 0.003875 | 8,777.9811 | 0.004235 |
| Total of Scope 1 and Scope 2 | 10,885.2583 | 0.004687 | 10,577.7412 | 0.005104 |
| Assurance institution | KPMG in Taiwan | | KPMG in Taiwan | |
| Description of assurance status (Note 3) | Reasonable assurance for the Taiwan plant only | | Limited assurance | |

Note 1: Direct emissions (Scope 1, i.e., direct emissions from sources owned or controlled by the Company), energy indirect emissions (Scope 2, i.e., indirect greenhouse gas emissions resulting from purchased electricity, heat, or steam), and other indirect emissions (Scope 3, i.e., emissions generated from the Company's activities that are not energy indirect emissions but originate from sources owned or controlled by other entities).

Note 2: The data coverage for direct emissions and energy indirect emissions shall be handled in accordance with the schedule prescribed by the competent authority pursuant to Paragraph 2, Article 10 of these Regulations; information on other indirect emissions may be disclosed voluntarily.

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

Note 4: Greenhouse gas emission intensity may be calculated per unit of product/service or per unit of revenue; however, at a minimum, data calculated based on revenue (NT$ million) shall be disclosed.

1-1-2 Greenhouse gas assurance information

| Describe the assurance status for the most recent two years as of the annual report publication date, including the scope of assurance, assurance institution, assurance standards, and assurance opinion. |
|---|
| The Company completed its 1st greenhouse gas inventory in 2021/11 and completed internal verification, issuing the "2020 Greenhouse Gas Inventory Report". As of now, the 2024 greenhouse gas inventory assurance report has been completed. The assurance status for 2025 is explained below:<br>Assurance scope: Category 1: Direct greenhouse gas emissions and removals, and Category 2: Imported energy<br>Assurance institution: KPMG<br>Assurance opinion:<br>Category 1 and Category 2 – Limited assurance<br>In the practitioner's opinion, Category 1 and Category 2 in Sheh Fung Company's greenhouse gas statement for the period from 2025/01/01 to 2025/12/31 as indicated in the 1st paragraph are prepared, in all material respects, in accordance with ISO 14064-1. |

Note 1: This shall be handled in accordance with the timetable prescribed under the order issued pursuant to Article 10, Paragraph 2 of these Standards. If the Company has not obtained a complete greenhouse gas assurance opinion by the printing date of the annual report, it shall state that "complete assurance information will be disclosed in the sustainability report." If the Company does not prepare a sustainability report, it shall state that "complete assurance information will be disclosed on the Market Observation Post System," and complete assurance information shall be disclosed in the following year's annual report.

Note 2: The assurance institution shall comply with the relevant regulations on sustainability report assurance institutions prescribed by the Taiwan Stock Exchange Corporation and the Taipei Exchange.

Note 3: For disclosure content, please refer to the best practice reference examples on the website of the Taiwan Stock Exchange Corporate Governance Center.

## 1-2 Greenhouse gas reduction targets, strategies, and specific action plans

Describe the greenhouse gas reduction base year and its data, reduction targets, strategies, specific action plans, and the achievement status of reduction targets.

1. Greenhouse gas reduction base year and its data: Based on the results of the 2022 greenhouse gas inventory completed and externally assured, the total greenhouse gas emissions of Category 1 and Category 2 amounting to 10,398.822 metric tons are used as the reduction baseline.
2. Reduction targets: Reduce Scope 1 and Scope 2 carbon emissions by 25% in 2030 compared with 2022, and achieve carbon neutrality in 2050.
3. Strategies and specific action plans:

| Management items | Target | Implementation content |
|---|---|---|
| Process management | 1. Reduce waste pollution | 1. Add electrostatic treatment for waste gas to the paint baking furnace to reduce emissions.<br>2. Further optimize heat treatment water treatment.<br>3. Recover the oil carried out by screws in the pre-process during heat treatment and reuse it in the pre-process. |
| Resource management | 1. Reduce electricity consumption | 1. Modify the heating method of the heat treatment furnace to reduce electricity consumption.<br>2. Reinspect and repair the piping of the air compressor in the pre-process to avoid wasting air pressure. |
| | 2. Reduce gas fuel consumption | 1. Arrange fixed annual inspections of gas pipelines to avoid gas leakage.<br>2. Further optimize production scheduling to reduce the number of heating and cooling cycles. |
| Waste Management | 1. Reuse of recycled treatment | 1. Reduce the carry-out of electroplating chemicals during the process and recycle and reuse them.<br>2. Use recycled water to clean screws to reduce waste. |

Note 1: This shall be handled in accordance with the timetable prescribed under the order issued pursuant to Article 10, Paragraph 2 of these Standards.

Note 2: The base year shall be the year in which the inventory was completed based on the boundary of the Consolidated Financial Statements. For example, pursuant to the order under Article 10, Paragraph 2 of these Standards, a company with paid-in capital of NT$10 billion or more shall complete the inventory for the 2024 Consolidated Financial Statements in 2025; therefore, the base year is 2024. If a company has already completed the inventory for the Consolidated Financial Statements earlier, such earlier year may be used as the base year. In addition, the data for the base year may be calculated based on a single year or the average of multiple years.

Note 3: For disclosure content, please refer to the best practice reference examples on the website of the Taiwan Stock Exchange Corporate Governance Center.

7. Status of the Company's implementation of ethical corporate management and deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the reasons:

| Evaluation item | Status of operation (Note) | | | Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons |
|---|---|---|---|---|
| | Yes | No | Summary description | |
| I. Establishment of ethical corporate management policies and programs<br>(I) Has the Company established the policies and measures of the ethical corporate management in the charter or external documents, and the commitment of the Board of Directors and management to actively implement such policies? | ✓ | | (I) The Company has established the "Ethical Corporate Management Best Practice Principles", and will strengthen the review of implementation status in the future, revise relevant policies in response to changing environmental trends, and disclose the same on the Company's website. | In compliance with the requirements of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies". |
| (II) Has the Company established a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within their business scope which are at a higher risk of being involved in unethical conduct, and establishes prevention programs accordingly, at least include preventive measures against the behaviors specified in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies?" | ✓ | | (II) The Company has established effective accounting and internal control systems for its business activities, and has strengthened preventive measures in such systems against potential risks of dishonest conduct in its business activities. | |
| (III) Has the Company established the programs to forestall unethical conduct, including operational procedures, guidelines, penalties and complain filing in the program, and implemented the program, and review and amend the mentioned programs regularly? | ✓ | | (III) To prevent dishonest conduct arising from business activities, the Company has adopted the "Code of Ethical Conduct" to govern the ethical conduct of directors, managerial officers, and employees, as well as the disciplinary and grievance systems for violations, and has duly implemented the same. | |

| Evaluation item | Status of operation (Note) | | | Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons |
|---|---|---|---|---|
| | Yes | No | Summary description | |
| II. Implementation of Ethical Corporate Management<br>(I) Has the Company assessed the ethical conducts records of the business partners, and specified the ethical conduct clauses in the contracts entered with the counterparties?<br>(II) Has the Company established a dedicated unit of ethical management that is under the board of directors and report to the board of directors on a regular basis (at least once a year) of the ethical management policies, prevention measures against unethical behaviors and the status of oversight and implementation?<br>(III) Has the Company established policies to prevent conflict of interests, provide appropriate communication and complaint channels and implement such policies properly?<br>(IV) To implement the ethical management, has the Company has established effective accounting and internal control system, and prepare the related audit program by the internal audit unit based on the evaluation results of the unethical risk, as the basis to audit the compliance of the prevention measures against unethical behaviors, or delegate accountants to audit?<br>(V) Has the Company provided internal and external ethical conduct training programs on a regular basis? | ✓<br>✓<br>✓<br>✓<br>✓ | | (I) The Company shall, prior to engaging in transactions, assess whether the trading counterparty has any record of dishonest conduct, and avoid transactions with any party having a record of dishonest conduct.<br>(II) To ensure sound management of ethical corporate management, the Board of Directors of the Company has designated the Internal Audit Office as the responsible unit to review the implementation of ethical corporate management and related operations.<br>(III) The Company has already set out relevant provisions in the "Ethical Corporate Management Best Practice Principles".<br>The Company maintains open communication channels, encourages employees to participate in Company affairs, and to report opinions to supervisors at all levels. In addition, the "Rules of Procedure for Board of Directors Meetings" have established a conflict-of-interest recusal system for directors. Where a director has an interest relationship with such director or the juristic person represented by such director, which may be detrimental to the interests of the Company, such director shall not participate in the discussion or voting, shall recuse from the discussion and voting, | In compliance with the requirements of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies".<br>In compliance with the requirements of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies". |

| Evaluation item | Status of operation (Note) | | | Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons |
|---|---|---|---|---|
| | Yes | No | Summary description | |
| | | | and shall not act on behalf of another director to exercise such other director's voting rights, so as to uphold the spirit of the Company's ethical corporate management.<br>(IV) The Company has established sound accounting and internal control systems. To ensure that the design and implementation of such systems remain continuously effective, the Company's internal auditors have scheduled various audit plans, duly carried them out, and prepared audit reports for submission to the Board of Directors.<br>(V) The Company regularly or irregularly holds special education and training sessions, and also conducts promotion at various meetings (for example, management meetings and labor-management meetings) and through the intranet and email to strengthen colleagues' understanding of ethical corporate management and explain the principles and policies of ethical corporate management. | |
| III. Status of the Company's Whistleblower System<br>(I) Has the Company established any concrete whistle-blowing and incentive system, with a convenient whistle-blowing channel and assigned proper dedicated persons to the whistle blown objects?<br>(II) Has the Company established the investigation standards, the follow-up measure to be taken after the | ✓<br>✓ | | (I)<br>1. Internal: The Company has established the Employee Reporting Procedures and set up an internal employee opinion mailbox and QR code. Employees may file reports based on individual cases, which shall be properly handled by | In compliance with the requirements of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies". |

| Evaluation item | Status of operation (Note) | | | Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons |
|---|---|---|---|---|
| | Yes | No | Summary description | |
| investigation, and confidentiality mechanism for the whistle-blowing cases?<br>(III) Has the Company taken measures to prevent the whistle-blower from ill treatment due to the whistle-blowing? | ✓ | | personnel designated by senior management. If an employee's report is verified as true upon investigation, corresponding merit rewards shall be granted in accordance with the work rules.<br>2. External: An external reporting form for unlawful conduct has been established on the Company's website.<br>(II) Matters reported by employees are directly submitted by designated personnel to senior management, and designated personnel conduct project-based investigations. Throughout the process, the identity of the reporting employee is not disclosed, and the investigation is conducted solely based on the reported matter.<br>(III) The Company keeps confidential the identity of whistleblowers and the content of reports to ensure that whistleblowers do not suffer improper treatment due to reporting. | |
| IV. Enhancement of Information Disclosure<br>Does the Company disclose its guidelines on business ethics as well as information about implementation of such guidelines on its website and MOPS? | ✓ | | The Company has disclosed the relevant regulations on its website and conducts education and training promotion activities from time to time to strengthen ethical corporate management and ethical concepts. | In compliance with the requirements of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies". |
| V. If the Company has adopted its own ethical corporate management principles in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies," please describe any differences between the operation thereof and the adopted principles:<br>The Company acts in accordance with the "Ethical Corporate Management Best Practice Principles" and there are no material differences. | | | | |

| Evaluation item | Status of operation (Note) | | | Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons |
|---|---|---|---|---|
| | Yes | No | Summary description | |
| VI. Other important information helpful for understanding the operation of ethical corporate management of the Company: (e.g., the status of review and amendment of the Company's ethical corporate management code)<br>(I) The Company complies with the Company Act, Business Entity Accounting Act, Securities and Exchange Act, regulations related to listed and over-the-counter companies, and other laws and regulations related to commercial activities as the basis for implementing ethical corporate management.<br>(II) The Company's "Rules of Procedure for Board of Directors Meetings" set forth a director recusal system. Where any proposal submitted to the Board of Directors involves an interest of a director or the juristic person represented by such director, and such interest may be detrimental to the interests of the Company, such director shall explain the essential contents of such interest at the relevant meeting of the Board of Directors, and may not participate in discussion or voting, nor may such director exercise voting rights on behalf of another director. | | | | |

Note: Whether "Yes" or "No" is checked, a description shall be provided in the "Summary Description" field.

7. If the Company has adopted Corporate Governance Best Practice Principles and relevant regulations, the method for inquiry thereof shall be disclosed:

1. The Company has adopted the following in accordance with the “Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies” and the relevant regulations and rules prescribed by the securities authority:

(1) Procedures for Acquisition or Disposal of Assets
(2) Procedures for Loaning of Funds and Making of Endorsements/Guarantees
(3) Rules of Procedure for Annual General Meeting
(4) Rules of Procedure for Board of Directors Meetings
(5) Regulations Governing Board of Directors Performance Evaluation Management
(6) Organizational Rules of the Company’s Remuneration Committee
(7) Best Practice Principles for Sustainable Development
(8) Corporate Governance Best Practice Principles
(9) Ethical Corporate Management Best Practice Principles
(10) Code of Ethical Conduct
(11) Procedures for Handling Internal Material Information
(12) Operations for the Supervision and Management of Subsidiaries
(13) Risk Management Regulations
(14) Standard Operating Procedures for Handling Directors’ Requests
(15) Organizational Rules of the Audit Committee
(16) Procedures for Ethical Management and Guidelines for Conduct

Method of inquiry: The relevant regulations have been disclosed in the annual report and meeting handbook. Financial, business, and corporate governance information may be accessed on the Market Observation Post System at https://mops.twse.com.tw/mops/#/web/home or on the Company’s website at http://www.shehfung.com/index.php?temp=invest&lang=cht.

8. Other material information sufficient to enhance understanding of the Company’s corporate governance operations:

(1) The Company discloses material information on the Market Observation Post System in accordance with the regulations of the competent authority.
(2) Directors’ continuing education status: Please refer to the Market Observation Post System.
(3) The Company has established an internal control system, an audit system, and self-assessment procedures, and duly implements directors’ recusal from proposals involving interests.
(4) The Company discloses material information to investors in a timely manner and regularly holds institutional investor conferences to explain the Company’s operating status.

9. Implementation Status of the Internal Control System

(1) Statement of Internal Control

## Statement of Internal Control System of a Public Company Indicates that both design and implementation are effective

(This statement is applicable where all laws and regulations are declared with respect to compliance with laws and regulations)

Sheh Fung Screws Co., Ltd.

Statement of the Internal Control System

Date: 2026.03.06

For the Internal Control System of 2025, the Company states the following, on the basis of self-inspection:

I. The Company acknowledges that the establishment, implementation, and maintenance of an internal control system are the responsibilities of the Company's Board of Directors and management, and the Company has established such a system. Its purpose is to provide reasonable assurance regarding the achievement of objectives relating to the effectiveness and efficiency of operations (including profitability, performance, and safeguarding of assets), the reliability, timeliness, and transparency of reporting, and compliance with relevant regulations and applicable laws and regulations.

II. The internal control system has inherent limitations. Regardless of how well designed, an effective internal control system can only provide reasonable assurance regarding the achievement of the aforementioned three objectives; moreover, the effectiveness of the internal control system may change with changes in the environment and circumstances. However, the Company's internal control system includes a self-monitoring mechanism. Once a deficiency is identified, the Company will take corrective actions.

III. The Company evaluates whether the design and implementation of its internal control system are effective based on the criteria for assessing the effectiveness of internal control systems as prescribed in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Regulations"). The criteria for assessing internal control systems adopted in the "Regulations" are based on the process of management control and classify internal control systems into five components: 1. control environment, 2. risk assessment, 3. control activities, 4. information and communication, and 5. monitoring activities. Each component further includes several items. Please refer to the provisions of the "Regulations" for the aforementioned items.

IV. The Company has adopted the aforesaid internal control system judgment items to assess the effectiveness of the design and implementation of the internal control system.

V. Based on the assessment results referred to above, the Company believes that, as of 2025.12.31 (Note 2), the design and implementation of the Company's internal control system (including the supervision and management of subsidiaries) are effective in relation to the degree of achievement of operational effectiveness and efficiency objectives, the reliability, timeliness and transparency of reporting, and compliance with relevant regulations and applicable laws and regulations, and can reasonably assure the achievement of the aforementioned objectives.

VI. This statement shall form a major part of the Company's annual report and prospectus and will be publicly disclosed. If any of the above disclosed contents involve any falsehood, concealment, or other illegal matters, legal liabilities under Articles 20, 32, 171, and 174 of the Securities and Exchange Act shall be incurred.

VII. This Statement was approved by the Company's Board of Directors on March 6, 2026 of the 7 directors in attendance, 0 expressed dissenting opinions, and all remaining directors agreed to the content of this Statement. This is hereby declared.

Sheh Fung Screws Co., Ltd.

Chairman: Du Tai-Yuan

General Manager: Chen Chun-Yen

(2) If a CPA was engaged to conduct a special review of the internal control system, the CPA's review report shall be disclosed: Not applicable.

10. In the most recent year and up to the date of publication of the annual report, the Company and its internal personnel were punished in accordance with the law, the Company imposed penalties on its internal personnel for violations of internal control system regulations, and the major deficiencies and improvements thereof: None.

11. Important resolutions of the Annual General Meeting and the Board of Directors in the most recent year and up to the date of publication of the annual report:

(1) Annual General Meeting

| Date | Key Resolutions | Implementation status |
| --- | --- | --- |
| 2025 Annual General Meeting 2025.06.05 | 1. Ratification of the 2024 Business Report and Financial Statements.<br>2. Ratification of the 2024 earnings distribution.<br>3. Motion to amend certain provisions of the "Articles of Incorporation", submitted for resolution.<br>4. Full re-election of the Company's directors (including independent directors).<br>5. Motion to lift the non-competition restrictions on newly elected directors and their representatives. | 1. Approved and implemented in accordance with the resolution.<br>2. The Board of Directors resolved on February 26, 2025 that the ex-dividend record date would be April 11, 2025, and the Company completed the cash dividend distribution on May 9, 2025.<br>3. Completed the amendment to the Company's "Articles of Incorporation" and obtained the approval and registration from the Ministry of Economic Affairs on July 18, 2025.<br>4. Completed the re-election and obtained the approval and registration from the Ministry of Economic Affairs on July 18, 2025.<br>5. Approved and processed in accordance with the amended procedures. |

(2) Board of Directors

| Date | Key Resolutions |
| --- | --- |
| 2025 1st meeting 2025.02.07 | 1. The Company proposed to conduct a public tender offer for the common shares of Sanitar Co., Ltd., submitted for review. |
| 2025 2nd meeting 2025.02.26 | 1. 2024 "Statement of Internal Control System", submitted for resolution.<br>2. Report on the results of the 2024 performance evaluation of the Board of Directors, submitted for resolution.<br>3. Motion for the 2024 distribution of remuneration to directors and employees.<br>4. 2024 Parent Company Only Financial Statements and Consolidated Financial Statements, submitted for resolution.<br>5. 2024 Business Report, submitted for resolution.<br>6. 2024 Earnings distribution, submitted for resolution.<br>7. Proposed cash dividend distribution from capital surplus, submitted for resolution.<br>8. Related matters for the distribution of 2024 cash dividends, submitted for resolution. |

| Date | Key Resolutions |
|---|---|
| | 9. Suspension period for conversion of the 2nd domestic unsecured convertible bonds, submitted for resolution.<br>10. Issuance of new common shares for the conversion of the 2nd domestic unsecured convertible bonds in Q4 2024, submitted for resolution.<br>11. Proposed definition of the Company's entry-level employees, submitted for resolution.<br>12. Motion to amend certain provisions of the "Articles of Incorporation", submitted for resolution.<br>13. Proposed amendment to certain provisions of the "Internal Control System", submitted for resolution.<br>14. Full re-election of the Company's directors (including independent directors), submitted for resolution.<br>15. Proposed lifting of the non-competition restrictions on new directors, submitted for resolution.<br>16. Matters regarding the convening of the 2025 AGM, submitted for resolution.<br>17. Evaluation of the independence of the certifying CPAs for 2025, submitted for resolution.<br>18. Appointment of the certifying CPAs for the 2025 financial reports, submitted for resolution.<br>19. Proposed capital increase for the wholly owned Vietnam subsidiary, submitted for resolution.<br>20. Proposed application for credit facilities with financial institutions, submitted for resolution.<br>21. Authorization of personnel engaged in derivative financial product transactions, submitted for resolution. |
| 2025 3rd meeting 2025.04.11 | 1. Review of the list of candidates for the Company's directors (including independent directors), submitted for resolution.<br>2. Proposed endorsement/guarantee for the Vietnam subsidiary, SHEH FUNG SCREWS VIETNAM COMPANY LIMITED, submitted for resolution. |
| 2025 4th meeting 2025.05.09 | 1. Q1 2025 Financial Statements, submitted for resolution.<br>2. Q1 2025 earnings distribution, submitted for resolution.<br>3. Issuance of new common shares for the conversion of the 2nd domestic unsecured convertible bonds in Q1 2025, submitted for resolution.<br>4. Proposed application for credit facilities with financial institutions, submitted for resolution. |
| 2025 5th meeting 2025.06.05 | 1. Election of the Chairman, submitted for election. |
| 2025 6th meeting 2025.07.22 | 1. Proposed appointment of members of the Remuneration Committee, submitted for resolution. |
| 2025 7th meeting 2025.08.12 | 1. Q2 2025 Financial Statements, submitted for resolution.<br>2. Q2 2025 earnings distribution, submitted for resolution.<br>3. Proposed loans to the Vietnam subsidiary of USD 3,500 thousand in August 2025 and USD 1,500 thousand in September 2025, submitted for resolution.<br>4. Proposed authorization for borrowing from financial institutions, submitted for resolution.<br>5. Completion of the ESG sustainability report, submitted for resolution.<br>6. Review of the remuneration of the current directors and independent directors, submitted for resolution.<br>7. Review of the remuneration proposal for the representative of the institutional |

| Date | Key Resolutions |
| --- | --- |
| | director of the investee, SANITAR CO., LTD, submitted for resolution. |
| 2025 8th meeting 2025.11.07 | 1. Q3 2025 Financial Statements, submitted for resolution.<br>2. Q3 2025 earnings distribution, submitted for resolution.<br>3. Proposed amendment to certain provisions of the "Sustainable Development Best Practice Principles", submitted for resolution.<br>4. Proposed amendment to certain provisions of the "Procedures for Acquisition or Disposal of Assets", submitted for resolution.<br>5. Proposed loan to the Vietnam subsidiary of USD 3,000 thousand in November 2025, submitted for resolution.<br>6. Proposed application for credit facilities with financial institutions, submitted for resolution.<br>7. Proposed investment in the Turing Quantitative Private Equity Fund, submitted for resolution.<br>8. Review on behalf of the Vietnam subsidiary of the remuneration proposal for the representative, submitted for resolution. |
| 2025 9th meeting 2025.12.19 | 1. The Company's "2026 Annual Audit Plan", submitted for resolution.<br>2. 2026 operating targets, submitted for resolution.<br>3. Total amount of donations to related parties in 2026, submitted for resolution.<br>4. Proposed loans to the Vietnam subsidiary of USD 3,000 thousand in December 2025 and USD 3,500 thousand in January 2026, submitted for resolution.<br>5. Proposed amendment to certain provisions of the internal control system "Payroll Cycle - Performance Evaluation Operations", submitted for resolution.<br>6. Formulation of general principles for the policy on pre-approval of non-assurance services, submitted for resolution.<br>7. Distribution of 2025 year-end performance bonuses to employees, submitted for resolution.<br>8. Distribution of 2025 year-end performance bonuses to managerial officers, submitted for resolution.<br>9. Review of the remuneration items for the Company's managerial officers for 2026, submitted for resolution.<br>10. Review on behalf of the Vietnam subsidiary of the 2026 remuneration proposal for the representative, submitted for resolution.<br>11. Personnel promotion matters for the Company's associate manager, submitted for resolution. |
| 2026 1st meeting 2026.03.06 | 1. 2025 "Internal Control System Statement", submitted for approval.<br>2. Report on the results of the 2025 performance evaluation of the Board of Directors, submitted for resolution.<br>3. Distribution of remuneration to directors and employees for 2025, submitted for approval.<br>4. Review on behalf of the Vietnam subsidiary of the distribution of 2025 year-end bonuses for the representative, submitted for resolution.<br>5. 2025 Parent Company Only Financial Statements and Consolidated Financial Statements, submitted for resolution.<br>6. 2025 Business Report, submitted for resolution.<br>7. 2025 earnings distribution, submitted for resolution.<br>8. Proposed cash dividend distribution from capital surplus, submitted for resolution. |

| Date | Key Resolutions |
| --- | --- |
| | 9. Related matters for the distribution of 2025 cash dividends, submitted for resolution.<br>10. Proposed amendment of the Company's internal control system "Management Procedures for Prevention of Insider Trading" to "Procedures for Handling Material Inside Information and Prevention of Insider Trading", submitted for resolution.<br>11. Proposed establishment of the Company's "Regulations Governing Financial and Business Operations Between Related Parties", submitted for resolution.<br>12. Proposed capital increase for the wholly owned Vietnam subsidiary, submitted for resolution.<br>13. Matters regarding the convening of the 2026 AGM, submitted for resolution.<br>14. Evaluation of the independence of the certifying CPAs for 2026, submitted for resolution.<br>15. Appointment of the certifying CPAs for the 2026 financial reports, submitted for resolution.<br>16. Proposed application for credit facilities with financial institutions, submitted for resolution. |

12. Any director or supervisor who, during the most recent year and up to the date of printing of the annual report, had expressed dissenting opinions on important resolutions approved by the Board of Directors, and where there is a record or written statement thereof: None.

13. Summary of the resignation and dismissal of the Company's Chairman, General Manager, chief Accounting Supervisor, chief financial officer, chief internal audit officer, and chief R&D officer, etc. in the most recent year and up to the date of publication of the annual report: None.

14. Status of handling material information: The Company handles all material information through rigorous internal operating procedures and discloses such information externally in accordance with the Company's "Procedures for Handling Material Inside Information"; meanwhile, the Company also provides irregular advocacy to insiders and all employees under the Company's "Management Procedures for Prevention of Insider Trading" to avoid violations of relevant regulations.

III. Independent Auditor Fee Information:

1. The amounts of audit fees and non-audit fees paid to the certifying certified public accountants, the accounting firm to which they belong, and affiliated enterprises thereof, as well as the content of non-audit services, shall be disclosed.

Amount unit: NT$ Thousand

<table>
<tr><th rowspan="2">Name of accounting firm</th><th rowspan="2">Names of CPAs</th><th rowspan="2">Audit fees</th><th colspan="6">Non audit fees</th><th rowspan="2">Period covered by the CPA audit</th><th rowspan="2">Remark</th></tr>
<tr><th>Tax certification</th><th>System design</th><th>Business registration</th><th>Human resources</th><th>Advanced payments</th><th>Subtotal</th></tr>
<tr><td rowspan="2">KPMG in Taiwan</td><td>Su Yen-Ta</td><td rowspan="2">2,390</td><td rowspan="2">385</td><td rowspan="2">-</td><td rowspan="2">70</td><td rowspan="2">-</td><td rowspan="2">127</td><td rowspan="2">582</td><td rowspan="2">2025.01.01 - 2025.12.31</td><td rowspan="2"></td></tr>
<tr><td>Hsu Chen-Lung</td></tr>
</table>

2. Where the accounting firm has been changed and the audit fees paid in the year of change are lower than the audit fees paid in the preceding year, the amount, percentage and reasons for the decrease in audit fees shall be disclosed: The Company has not changed its accounting firm.

3. Where audit fees have decreased by 15 percent or more compared to the preceding year, the amount, percentage and reasons for the decrease in audit fees shall be disclosed: None.

IV. Information on change of CPAs:

(I) Information on the predecessor CPA

<table>
<tr><td>Date of replacement</td><td colspan="4">From Q1 2025</td></tr>
<tr><td>Reason for replacement and explanation</td><td colspan="4">In line with the internal rotation of KPMG in Taiwan.</td></tr>
<tr><td rowspan="3">Specify whether the appointment was terminated or not accepted by the appointing party or the CPA</td><td colspan="2">Involved Parties / Circumstances</td><td>CPA</td><td>Appointing party</td></tr>
<tr><td colspan="2">Voluntary termination of appointment</td><td>Not applicable</td><td>Not applicable</td></tr>
<tr><td colspan="2">No longer accepts (continued) appointment</td><td>Not applicable</td><td>Not applicable</td></tr>
<tr><td>Audit report opinions other than unqualified opinions issued in the most recent 2 years and the reasons therefor</td><td colspan="4">None</td></tr>
<tr><td rowspan="2"></td><td rowspan="2">Yes</td><td></td><td colspan="2">Accounting principles or practices</td></tr>
<tr><td></td><td colspan="2">Disclosure in the financial reports</td></tr>
</table>

<table>
<tr><td rowspan="4">Whether there were any disagreements with the issuer</td><td></td><td></td><td>Audit scope or procedures</td></tr>
<tr><td></td><td></td><td>Others</td></tr>
<tr><td>None</td><td colspan="2">v</td></tr>
<tr><td colspan="3">Description</td></tr>
<tr><td>Other Matters<br>(Matters required to be disclosed under Items 4 to 7, Subparagraph 6, Article 10 of these Regulations)</td><td colspan="3">None</td></tr>
</table>

(II) Information on the successor CPA

| | |
|---|---|
| Name of Accounting Firm | KPMG in Taiwan |
| Names of CPAs | Su Yen-Ta<br>Hsu Chen-Lung |
| Date of appointment | From Q1 2025 |
| Matters consulted and the results thereof before appointment regarding the accounting treatment methods or accounting principles for specific transactions and the opinion that may be issued on the financial reports | None |
| Written opinion of the successor CPA on matters of disagreement with the predecessor CPA | None |

(III) Reply from the predecessor CPA regarding the matters specified in Item 1 and Item 2-3, Subparagraph 6, Article 10 of these Regulations: None.

V. Where the Company's Chairman, General Manager, or any managerial officer in charge of finance or accounting matters has, within the most recent year, held a position at the accounting firm of its certifying CPAs or at an affiliated enterprise of such accounting firm, the name and title of such person, and the period during which such person held the position, shall be disclosed. The affiliated enterprises of the accounting firm to which the certifying CPAs belong referred to herein mean enterprises or institutions in which the CPAs of such accounting firm hold more than 50 percent of the shares or have obtained more than half of the seats on the board of directors, or companies or institutions listed as affiliated enterprises in information publicly released or printed by such accounting firm: Not applicable.

VI. Changes in share transfers and share pledges by directors, supervisors, managerial officers, and shareholders holding more than 10 percent of the shares during the most recent fiscal year and up to the date of printing of the annual report. If the counterparty to a share transfer or share pledge is a related party, the name of such counterparty, its relationship with the Company, directors, supervisors, and shareholders holding more than 10 percent of the shares, and the number of shares acquired or pledged shall be disclosed.

1. Changes in shareholdings of directors, supervisors, managerial officers and major shareholders

Unit: shares

| Title | Name | 2025 | | As of March 31, 2026 | |
|---|---|---|---|---|---|
| | | Increase (decrease) in shareholding | Increase (decrease) in pledged shares | Increase (decrease) in shareholding | Increase (decrease) in pledged shares |
| Chairman | Du Tai-Yuan | — | — | — | — |
| Director | Sheh Fung Investment Co., Ltd. | — | 1,000,000 | — | — |
| | Representative: Chen Chun-Yen | 39,000 | — | — | — |
| Director | Du Chin-Ling | — | — | — | — |
| Director | Wei-Sheng Investment Co., Ltd. | — | — | — | — |
| | Representative: Du Po-Han | 153,539 | | 172,000 | — |
| Independent Director | Fang Hui-Ling | — | — | — | — |
| Independent Director | Hung Chun-Yung | — | — | — | — |
| Independent Director | Dai Chiu-Hua | — | — | — | — |
| Major shareholder (10%) | Litai Co., Ltd. | — | — | — | — |
| General Manager | Chen Chun-Yen | 39,000 | — | — | — |
| Deputy General Manager and Accounting Supervisor and Corporate Governance Officer | Chen Hsiu-Chu | 23,000 | — | — | — |
| Assistant Vice President and Information Security Officer | Chen Tzu-Yin | — | — | — | — |
| Assistant Vice President | Su Yi-Fan | — | — | — | — |
| Assistant Vice President | Su Yung-Chia | — | — | — | — |

2. Where the counterparties to share transfers are related parties: None.

3. Where the counterparties to share pledges are related parties: None.

VII. Information on the top 10 shareholders by shareholding ratio, if they are related parties to each other or are spouses or relatives within the 2nd degree of kinship.

April 7, 2026; Unit: shares

| Name | Shares held by the shareholder | | Shares held by spouse and minor children | | Shares held in aggregate under others' names | | Names and relationships of the top 10 shareholders who are related parties to each other or are spouses or relatives within the 2nd degree of kinship | | Remark |
|---|---|---|---|---|---|---|---|---|---|
| | Number of shares | Percentage of ownership | Number of shares | Percentage of ownership | Number of shares | Percentage of ownership | Title (or name) | Relationship | |
| Litai Co., Ltd. | 7,600,000 | 11.97% | — | — | — | — | Chen Teh-Lin<br>Tu Shu-Ching<br>Tu Shu-Hui | 2nd degree of kinship | — |
| Representative: Du Tai-Yuan | 165,000 | 0.26% | | | | | Hsieh-Er-Li Investment | 2nd degree of kinship | — |
| Sheh Kai Precision Co., Ltd. | 5,041,000 | 7.94% | — | — | — | — | Chen Teh-Lin<br>Tu Shu-Ching<br>Tu Shu-Hui | 2nd degree of kinship | |
| Representative: Du Tai-Yuan | 165,000 | 0.26% | — | — | — | — | Hsieh-Er-Li Investment | 2nd degree of kinship | |
| Sheh Fung Investment Co., Ltd. | 4,615,788 | 7.27% | — | — | — | — | — | — | — |
| Representative: Chen Chun-Yen | 598,000 | 0.94% | — | — | — | — | | | |
| Wei-Sheng Investment Co., Ltd. | 3,213,502 | 5.06% | — | — | — | — | — | — | — |
| Representative: Chang Yi-Chen | 1,390,685 | 2.19% | — | — | — | — | — | — | — |
| Hsieh-Er-Li Investment Co., Ltd. | 1,600,703 | 2.52% | — | — | — | — | Li-Tai | 2nd degree of kinship | — |
| Representative: Tu Shu-Hui | 1,093,774 | 1.72% | — | — | — | — | Chen Teh-Lin<br>Tu Shu-Ching | 2nd degree of kinship | — |
| Chang Yi-Chen | 1,390,685 | 2.19% | — | — | — | — | — | — | — |
| J & K WEATH MANAGEMENT CO., LTD. | 1,312,934 | 2.07% | — | — | — | — | Tu Shu-Ching | 1st degree of kinship | — |
| Representative: Chen, Ren-Jia | 295,487 | 0.47% | — | — | — | — | — | — | — |
| Tu Shu-Hui | 1,093,774 | 1.72% | — | — | — | — | Li-Tai | 2nd degree of kinship | — |
| | | | — | — | — | — | Chen Teh-Lin<br>Tu Shu-Ching | 2nd degree of kinship | — |
| Tu Shu-Ching | 1,022,000 | 1.61% | — | — | — | — | Li-Tai<br>J & K WEATH MANAGEMENT | 2nd degree of kinship | — |
| | | | | | | | Chen Teh-Lin<br>Tu Shu-Hui | 2nd degree of kinship | — |
| Chia Yuan Investment Co., Ltd. | 1,000,000 | 1.57% | — | — | — | — | — | — | — |

Note 1: The top 10 shareholders shall all be listed. For corporate shareholders, the names of the corporate shareholders and the names of their representatives shall be presented separately.

Note 2: The shareholding percentage is calculated separately based on holdings registered under the shareholder's own name, the name of the shareholder's spouse, minor children, or another person's name.

Note 3: The relationships among the above-listed shareholders, including corporate and natural-person shareholders, shall be disclosed in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

VIII. Number of shares held in the same investee company by the Company, its directors, supervisors, managerial officers, and enterprises directly or indirectly controlled by the Company, and the aggregated shareholding percentage:

Aggregated shareholding percentage

Unit: shares; %

| Reinvested business | The Company's investment | | Investments by directors, supervisors, managerial officers, and enterprises directly or indirectly controlled | | Comprehensive Investment | |
|---|---|---|---|---|---|---|
| | Number of shares | Shareholding percentage | Number of shares | Shareholding percentage | Number of shares | Shareholding percentage |
| SHEH FUNG SCREWS VIET NAM CO.,LTD | (Note 1) | 100% | 0 | 0 | (Note 1) | 100% |

Note 1: This is an equity-method investment of the Company, being a limited liability company 100% directly invested by the Company, and no number of shares is registered.

## Three. Status of Fundraising:

I. Capital and Shares

1. Source of share capital

Unit: thousand shares; NT$ thousand

| Year and month | Issue price (NT$) | Authorized capital | | Paid-up capital | | Remark | | |
|---|---|---|---|---|---|---|---|---|
| | | Number of shares | Amount | Number of shares | Amount | Source of Share Capital | Contribution of Share Capital by Non-Cash Assets | Others |
| 2007.06 | 10 | 30,000 | 300,000 | 23,000 | 230,000 | Capitalization of retained earnings of NT$40,000 thousand | None | Note 1 |
| 2008.10 | 33 | 30,000 | 300,000 | 30,000 | 300,000 | Cash capital increase of NT$70,000 thousand | None | Note 2 |
| 2017.03 | - | 60,000 | 600,000 | 29,693 | 296,932 | Capital reduction of NT$3,068 thousand | None | Note 3 |
| 2017.04 | 32.2 | 60,000 | 600,000 | 32,679 | 326,792 | Cash capital increase of NT$29,860 thousand | None | Note 4 |
| 2020.05 | 10 | 60,000 | 600,000 | 32,919 | 329,196 | Conversion of corporate bonds into common shares of NT$2,403 thousand | None | Note 5 |
| 2020.08 | 10 | 60,000 | 600,000 | 34,052 | 340,526 | Conversion of corporate bonds into common shares of NT$11,330 thousand | None | Note 6 |
| 2020.09 | 10 | 60,000 | 600,000 | 40,588 | 405,884 | Issuance of new shares through capitalization of capital surplus and retained earnings of NT$65,358 thousand | None | Note 7 |
| 2020.11 | 10 | 60,000 | 600,000 | 42,095 | 420,956 | Conversion of corporate bonds into common shares of NT$15,072 thousand | None | Note 8 |
| 2021.03 | 10 | 60,000 | 600,000 | 44,989 | 449,892 | Conversion of corporate bonds into common shares of NT$28,936 thousand | None | Note 9 |
| 2021.05 | 10 | 60,000 | 600,000 | 45,323 | 453,235 | Conversion of corporate bonds into common shares of NT$334 thousand | None | Note 10 |
| 2021.07 | - | 80,000 | 800,000 | 45,323 | 453,235 | Increase in total authorized capital | None | Note 11 |
| 2021.08 | 10 | 80,000 | 800,000 | 45,839 | 458,386 | Conversion of corporate bonds into common shares of NT$515 thousand | None | Note 12 |
| 2021.09 | 10 | 80,000 | 800,000 | 50,337 | 503,375 | Issuance of new shares through capitalization of capital surplus of NT$44,989 thousand | None | Note 13 |
| 2021.11 | 10 | 80,000 | 800,000 | 51,512 | 515,122 | Conversion of corporate bonds into common shares of NT$1,175 thousand | None | Note 14 |
| 2022.01 | 10 | 80,000 | 800,000 | 54,377 | 543,772 | Conversion of corporate bonds into common shares of NT$2,865 thousand | None | Note 15 |
| 2022.06 | - | 120,000 | 1,200,000 | 54,377 | 543,772 | Increase in total authorized capital | None | Note 16 |
| 2022.11 | - | 120,000 | 1,200,000 | 51,377 | 513,772 | Capital reduction of NT$30,000 thousand | None | Note 17 |
| 2023.05 | 10 | 120,000 | 1,200,000 | 51,046 | 514,046 | Conversion of corporate bonds into common shares of NT$274 thousand | None | Note 18 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 2023.08 | 10 | 120,000 | 1,200,000 | 52,354 | 523,538 | Conversion of corporate bonds into common shares of NT$9,492 thousand | None | Note 19 |
| 2023.11 | 10 | 120,000 | 1,200,000 | 52,434 | 524,339 | Conversion of corporate bonds into common shares of NT$800 thousand | None | Note 20 |
| 2024.03 | 10 | 120,000 | 1,200,000 | 53,400 | 533,998 | Conversion of corporate bonds into common shares of NT$9,659 thousand | None | Note 21 |
| 2024.05 | 10 | 120,000 | 1,200,000 | 56,884 | 568,838 | Conversion of corporate bonds into common shares of NT$3,484 thousand | None | Note 22 |
| 2024.09 | 10 | 120,000 | 1,200,000 | 58,342 | 583,420 | Conversion of corporate bonds into common shares of NT$1,458 thousand | None | Note 23 |
| 2024.12 | 10 | 120,000 | 1,200,000 | 58,955 | 589,550 | Conversion of corporate bonds into common shares of NT$613 thousand | None | Note 24 |
| 2025.03 | 10 | 120,000 | 1,200,000 | 59,432 | 594,322 | Conversion of corporate bonds into common shares of NT$477 thousand | None | Note 25 |
| 2025.05 | 10 | 120,000 | 1,200,000 | 63,517 | 635,167 | Conversion of corporate bonds into common shares of NT$4,085 thousand | None | Note 26 |

Note 1: Approved by letter Fu-Jian-Zi No. 09686708700 dated 2007.07.10
Note 2: Approved by letter Fu-Chan-Ye-Shang-Zi No. 09790717000 dated 2008.10.27
Note 3: Approved by letter Gao-Shi-Fu-Jing-Shang-Gong-Zi No. 10651068500 dated 2017.03.24
Note 4: Approved by letter Zheng-Gui-Shen-Zi No. 1060004506 dated 2017.03.09, and approved by letter Gao-Shi-Fu-Jing-Shang-Gong-Zi No. 10651677800 dated 2017.05.08
Note 5: Approved by Jin-Guan-Zheng-Fa-Zi No. 1080331404 dated 2019.09.27, and approved by letter Gao-Shi-Fu-Jing-Shang-Gong-Zi No. 10951715400 dated 2020.05.12
Note 6: Approved by Jin-Guan-Zheng-Fa-Zi No. 1080331404 dated 2019.09.27, and approved by letter Gao-Shi-Fu-Jing-Shang-Gong-Zi No. 10953023700 dated 2020.08.11
Note 7: Approved by letter Gao-Shi-Fu-Jing-Shang-Gong-Zi No. 10953743300 dated 2020.09.30
Note 8: Approved by Jin-Guan-Zheng-Fa-Zi No. 1080331404 dated 2019.09.27, and approved by letter Gao-Shi-Fu-Jing-Shang-Gong-Zi No. 10954338400 dated 2020.11.13
Note 9: Approved by Jin-Guan-Zheng-Fa-Zi No. 1080331404 dated 2019.09.27, and approved by letter Gao-Shi-Fu-Jing-Shang-Gong-Zi No. 11050904200 dated 2021.03.13
Note 10: Approved by Jin-Guan-Zheng-Fa-Zi No. 1080331404 dated 2019.09.27, and approved by letter Gao-Shi-Fu-Jing-Shang-Gong-Zi No. 110517588800 dated 2021.05.12
Note 11: Approved by letter Gao-Shi-Fu-Jing-Shang-Gong-Zi No. 11052679310 dated 2021.07.20.
Note 12: Approved by Jin-Guan-Zheng-Fa-Zi No. 1080331404 dated 2019.09.27, and approved by letter Gao-Shi-Fu-Jing-Shang-Gong-Zi No. 11053004200 dated 2021.08.06.
Note 13: Approved by letter Jing-Shou-Shang-Zi No. 11001164390 dated 2021.09.11.
Note 14: Approved by letter Jing-Shou-Shang-Zi No. 11001207130 dated 2021.11.09.
Note 15: Approved by letter Jing-Shou-Shang-Zi No. 11001242650 dated 2022.01.17.
Note 16: Approved by letter Jing-Shou-Shang-Zi No. 11101112430 dated 2022.06.23.
Note 17: Approved by letter Jing-Shou-Shang-Zi No. 11101215020 dated 2022.11.30.
Note 18: Approved by letter Jing-Shou-Shang-Zi No. 11230083130 dated 2023.05.18.
Note 19: Approved by letter Jing-Shou-Shang-Zi No. 11230157710 dated 2023.08.28.
Note 20: Approved by letter Jing-Shou-Shang-Zi No. 11230216110 dated 2023.11.27.
Note 21: Approved by letter Jing-Shou-Shang-Zi No. 11330035820 dated 2024.03.20.
Note 22: Approved by letter Jing-Shou-Shang-Zi No. 11330087980 dated 2024.05.29.
Note 23: Approved by letter Jing-Shou-Shang-Zi No. 11330154630 dated 2024.09.13.
Note 24: Approved by letter Jing-Shou-Shang-Zi No. 11330207600 dated 2024.12.04.
Note 25: Approved by letter Jing-Shou-Shang-Zi No. 11430034990 dated 2025.03.25.
Note 26: Approved by letter Jing-Shou-Shang-Zi No. 11430075080 dated 2025.06.09.

April 7, 2026; Unit: shares

| Type of share | Authorized capital | | | Remark |
|---|---|---|---|---|
| | Outstanding shares | Unissued shares | Total | |
| Registered common shares | 63,516,707 | 56,483,293 | 120,000,000 | None |

Note: Listed on the TPEx.

2. Shareholding Structure

April 7, 2026

| Shareholding Structure / Quantity | Government Agencies | Financial institution | Other legal entities | Individuals | Foreign institutions and foreign persons | Treasury stock | Total |
|---|---|---|---|---|---|---|---|
| Number of Employees | 0 | 0 | 238 | 50,062 | 44 | 0 | 50,344 |
| Number of shares held | 0 | 0 | 26,706,410 | 36,299,972 | 510,325 | 0 | 63,516,707 |
| Shareholding percentage | 0.00% | 0.00% | 42.05% | 57.15% | 0.80% | 0 | 100% |

3. Shareholding Distribution

(1) Common shares

April 7, 2026

| Shareholding bracket | No. of shareholders | Number of shares held | Shareholding percentage |
|---|---|---|---|
| 1～ 999 | 45,137 | 392,989 | 0.62% |
| 1,000～ 5,000 | 3,919 | 8,245,363 | 12.98% |
| 5,001～ 10,000 | 661 | 4,916,971 | 7.74% |
| 10,001～ 15,000 | 244 | 3,059,458 | 4.82% |
| 15,001～ 20,000 | 111 | 1,992,701 | 3.14% |
| 20,001～ 30,000 | 108 | 2,693,597 | 4.24% |
| 30,001～ 50,000 | 73 | 2,721,708 | 4.28% |
| 50,001～ 100,000 | 52 | 3,840,984 | 6.05% |
| 100,001～ 200,000 | 16 | 2,184,164 | 3.44% |
| 200,001～ 400,000 | 6 | 1,673,104 | 2.63% |
| 400,001～ 600,000 | 5 | 2,530,123 | 3.98% |
| 600,001～ 800,000 | 2 | 1,375,159 | 2.17% |
| 800,001～1,000,000 | 1 | 1,000,000 | 1.57% |
| 1,000,001 and above | 9 | 26,890,386 | 42.34% |
| Total | 50,344 | 63,516,707 | 100.00% |

(2) Shareholding Distribution of Preferred Shares: The Company has not issued any preferred shares.

4. List of Major Shareholders:

(1) List of Major Shareholders (major shareholders holding 5% or more of the shares or ranking among the top 10 in shareholding ratio)

April 7, 2026

| Shares of stock / Names of major shareholders | Number of shares held | Shareholding percentage |
|---|---|---|
| Litai Co., Ltd. | 7,600,000 | 11.97% |
| Sheh Kai Precision Co., Ltd. | 5,041,000 | 7.94% |
| Sheh Fung Investment Co., Ltd. | 4,615,788 | 7.27% |
| Wei-Sheng Investment Co., Ltd. | 3,213,502 | 5.06% |

(2) Major shareholders of corporate shareholders that are major shareholders

| Corporate shareholder | Major shareholder |
|---|---|
| Litai Co., Ltd. | Taipei Fubon Commercial Bank Co., Ltd. Trust Property Account |
| Sheh Fung Investment Co., Ltd. | Chen Chun-Yen, Chen Chun-Yi |
| Wei-Sheng Investment Co., Ltd. | Chang Yi-Chen |

5. Market price per share, net worth, earnings, dividends, and related information for the most recent two fiscal years

| Item / Year | | | 2024 | 2025 |
|---|---|---|---|---|
| Market price per share (Note 1) | Highest | | 67 | 55.9 |
| | Lowest | | 46.3 | 27.6 |
| | Average | | 60 | 38.3 |
| Book value per share (Note 2) | Before distribution | | 31.93 | 28.01 |
| | After distribution (Note 1) | | 28.57 | 25.47 |
| Earnings per share | Weighted average number of shares outstanding | | 57,700 | 62,964 |
| | Earnings per share (Note 3) | | 3.56 | 1.12 |
| Dividends per share | Cash dividends | | 3.03 | 1.50 |
| | Stock dividends | Stock dividends from earnings | 0.00 | 0.00 |
| | | Stock dividends from capital surplus | 0.00 | 0.00 |
| | Accumulated unpaid dividends (Note 4) | | 0.00 | 0.00 |
| Return on investment analysis | Price/earnings ratio (Note 5) | | 16.85 | 34.20 |
| | Price/dividend ratio (Note 6) | | 19.80 | 25.53 |
| | Cash dividend yield (Note 7) | | 5.05 | 3.92 |

* If there is any capitalization of earnings or capital surplus through stock dividends, the market price and cash dividend information retrospectively adjusted based on the number of shares distributed shall also be disclosed.

Note 1: The highest and lowest market prices of common shares for each year shall be presented, and the average market price for each year shall be calculated based on the trading value and trading volume for each year.

Note 2: Please fill in the information based on the number of shares issued at year-end and according to the distribution resolved by the AGM in the following year.

Note 3: If retrospective adjustment is required due to stock dividends or other circumstances, earnings per share before and after adjustment shall be presented.

Note 4: If the terms and conditions of issuance of equity securities provide that dividends not distributed in the current year may be accumulated and distributed in a profitable year, the accumulated unpaid dividends up to the current year shall be disclosed separately.

Note 5: Price/earnings ratio = average closing price per share for the year / earnings per share.

Note 6: Price/dividend ratio = average closing price per share for the year / cash dividend per share.

Note 7: Cash dividend yield = cash dividend per share / average closing price per share for the year.

Note 8: Book value per share and earnings per share shall be filled in with the data for the most recent quarter up to the annual report publication date that has been audited (reviewed) by the CPA; the remaining fields shall be filled in with the data for the current year up to the annual report publication date.

6. Dividend policy and implementation status of the Company

(1) Dividend policy:

The provisions on dividend policy under Paragraph 2, Article 21 of the Company's Articles of Incorporation are as follows:

As the Company is in the growth stage of its industry life cycle, taking into account the environment in which the Company operates and its growth stage, and in response to future funding needs and long-term financial planning, shareholder bonuses for the year shall be distributed at not less than 50% of the remaining distributable earnings, of which cash dividends shall not be less than 10% of the total dividends distributed for the year; provided, however, that if future earnings and funds are more abundant, the distribution ratio will be increased.

(2) Proposed dividend distribution at this Annual General Meeting:

Pursuant to the Company's Articles of Incorporation, the Company, in accordance with Article 240 of the Company Act, authorizes the Board of Directors, by a resolution adopted with the attendance of two-thirds or more of the directors and the approval of a majority of the directors present, to distribute all or part of the shareholder dividends to be distributed, or the legal reserve and capital surplus under Article 241 of the Company Act, in cash, and to report the same to the Annual General Meeting. If stock is to be distributed, the matter shall be submitted to the AGM for resolution. In 2025, only cash dividends were distributed, and the implementation status will be reported to the AGM; no stock dividends were distributed, so this is not applicable.

(3) Dividend distribution resolved by the Board of Directors for the current year:

On March 6, 2026 the Board of Directors Approved the motion for distribution of a portion of earnings for Q4 2025, distributing shareholder cash dividends of NT$50,813,366 from unappropriated earnings for 2025, equivalent to NT$0.8 per share, and shareholder cash dividends of NT$44,461,695 from capital surplus, equivalent to NT$0.7 per share, for total cash dividends of NT$95,275,061, equivalent to NT$1.5 per share. The cash dividends were distributed on May 8, 2026.

(4) If a material change in the expected dividend policy is anticipated, an explanation shall be provided: None.

7. Impact of the proposed stock dividends at this Annual General Meeting on the Company's operating performance and earnings per share:

In accordance with the Regulations Governing the Publication of Financial Forecast Information of Public Companies and the Taipei Exchange's "Criteria for Determining When TPEx-Listed Companies Are Required to Disclose Complete Financial Forecasts," the Company did not publish financial forecasts for 2025; therefore, forecast information such as operating revenue, profit or loss, and earnings per share cannot be disclosed, and accordingly this item is not applicable.

8. Remuneration to employees, directors, and supervisors

(1) Percentage or range of remuneration for employees, directors, and supervisors as stipulated in the Articles of Incorporation

If the Company has profits in its annual final accounts for the year, no less than 1% of profit before tax shall be appropriated as employee remuneration and no more than 6% as director remuneration; of the aforesaid employee remuneration, no less than 20% shall be appropriated as remuneration distributed to grassroots employees. However, if the Company still has accumulated losses, funds shall be set aside to cover them.

(2) Basis for estimation of remuneration for employees, directors, and supervisors for the current period, basis for calculation of shares for employee remuneration distributed in shares, and accounting treatment of differences between estimated and actual distribution amounts:

Remuneration to employees, directors, and supervisors is estimated in accordance with the Company's Articles of Incorporation and the regulations of the Accounting Research and Development Foundation, Republic of China, and is recognized as expenses and liabilities according to its nature. If there is any difference in the amount distributed as resolved by the Board of Directors thereafter, it shall be treated as a change in accounting estimate and recognized in profit or loss for the year in which the Board of Directors Approved the distribution.

(3) Distribution of remuneration Approved by the Board of Directors

The Company's employee and director remuneration for 2025 has been accrued as expenses in accordance with the letter issued by the Accounting Research and Development Foundation, Republic of China, and was distributed as follows pursuant to the resolution Approved by the Board of Directors on March 6, 2026:

(A) Cash remuneration to employees of NT$8,000,000 and director remuneration of NT$2,880,000.

(B) Amount of employee remuneration distributed in shares and the proportion thereof to the net income after tax of the current Parent Company Only Financial Statements or separate financial statements and the total amount of employee remuneration: No employee remuneration was distributed in shares.

(4) Actual distribution of remuneration for employees, directors, and supervisors for the previous year (including number of shares distributed, amount, and share price), and where there is any difference from the recognized amount, the amount of difference, reasons, and treatment thereof shall be disclosed:

On February 26, 2025 the Board of Directors of the Company proposed to distribute 2024 employee bonuses and director remuneration in cash. The actual distribution and the originally proposed distribution Approved by the Board of Directors are explained as follows:

Unit: NT$ thousand

| Item | Actual distribution | Originally proposed distribution Approved by the Board of Directors | Difference | Reason |
|---|---|---|---|---|
| Employee cash bonuses | 12,000 | 12,000 | 0 | None |
| Remuneration to directors and supervisors | 4,800 | 4,800 | 0 | None |

9. Status of the Company repurchasing its own shares: None.

II. Status of corporate bond issuance:

(I) Status of corporate bond issuance:

| Type of corporate bonds (Note 2) | First domestic unsecured convertible corporate bonds<br>Sheh Fung I (20651) | 2nd domestic unsecured convertible corporate bonds<br>Sheh Fung II (20652) |
|---|---|---|
| Date of issuance (processing) | November 18, 2019 | March 22, 2022 |
| Par value | NT$100 thousand | NT$100 thousand |
| Place of issuance and trading (Note 3) | Taiwan | Taiwan |
| Issue price | 100.5% of par value | 107.64% of par value |
| Total amount | NT$400,000 thousand | NT$600,000 thousand |
| Interest rate | 0% | 0% |
| Term | 3-year term - maturity date: November 18, 2022<br>The Company exercised the call right, and the date of termination of over-the-counter trading was December 7, 2021 | 3-year term - maturity date: March 22, 2025 |
| Guarantor | None | None |
| Trustee | Taipei Fubon Commercial Bank Co., Ltd. | Taipei Fubon Commercial Bank Co., Ltd. |
| Underwriter | Fubon Securities Co., Ltd. | Fubon Securities Co., Ltd. |
| Legal Counsel | Han Chen Law Offices, Attorney Chiu Ya-Wen | Han Chen Law Offices, Attorney Chiu Ya-Wen |
| Certified Public Accountant | KPMG in Taiwan<br>CPAs Kuan Chun-Hsiu and Chen Hui-Yuan | KPMG in Taiwan<br>CPAs Kuan Chun-Hsiu and Chen Hui-Yuan |
| Repayment Method | Unless any of the following circumstances occurs, these convertible corporate bonds shall be repaid in cash in a lump sum at par value upon maturity:<br>(1) Bondholders apply to convert the bonds into the Company's common shares (please refer to Article 10 of the Terms and Conditions for Issuance and Conversion of these convertible corporate bonds);<br>(2) Bondholders exercise the put option (please refer to Article 19 of the Terms and Conditions for Issuance and Conversion of these convertible corporate bonds);<br>(3) The Company exercises the redemption | Unless any of the following circumstances occurs, these convertible corporate bonds shall be repaid in cash in a lump sum at par value upon maturity:<br>(1) Bondholders apply to convert the bonds into the Company's common shares (please refer to Article 10 of the Terms and Conditions for Issuance and Conversion of these convertible corporate bonds);<br>(2) Bondholders exercise the put option (please refer to Article 19 of the Terms and Conditions for Issuance and Conversion of these convertible corporate bonds);<br>(3) The Company exercises the redemption right (please refer to Article 18 of the Terms and Conditions for Issuance and |

<table>
<tr><td colspan="2">Type of corporate bonds (Note 2)</td><td>First domestic unsecured convertible corporate bonds<br>Sheh Fung I (20651)</td><td>2nd domestic unsecured convertible corporate bonds<br>Sheh Fung II (20652)</td></tr>
<tr><td colspan="2"></td><td>right (please refer to Article 18 of the Terms and Conditions for Issuance and Conversion of these convertible corporate bonds);<br>(4) The Company repurchases and cancels the bonds through the business premises of a securities firm.</td><td>Conversion of these convertible corporate bonds);<br>(4) The Company repurchases and cancels the bonds through the business premises of a securities firm.</td></tr>
<tr><td colspan="2">Outstanding Principal</td><td>The Company exercised the call right, and as of the date of termination of over-the-counter trading on December 7, 2021, the par value of the remaining unconverted convertible corporate bonds was NT$900 thousand, all of which were redeemed in cash in December 2021.</td><td>The Company’s 2nd domestic unsecured convertible corporate bonds matured on March 22, 2025; as of the date of termination of over-the-counter trading on 2025.03.24, the par value of the remaining unconverted convertible corporate bonds was NT$7,600 thousand, and the maturity repayments were remitted or paid by checks mailed to each bondholder on April 8, 2025.</td></tr>
<tr><td colspan="2">Redemption or Early Repayment Terms</td><td>Please refer to the “Terms and Conditions for Issuance and Conversion of the First Domestic Unsecured Convertible Corporate Bonds.”</td><td>Please refer to the Terms and Conditions for Issuance and Conversion of the Company’s 2nd Domestic Unsecured Convertible Corporate Bonds</td></tr>
<tr><td colspan="2">Restrictive covenants (Note 4)</td><td>None</td><td>None</td></tr>
<tr><td colspan="2">Credit Rating Agency, Rating Date, and Result</td><td>None</td><td>None</td></tr>
<tr><td rowspan="2">Other rights attached</td><td>Amount of conversion (exchange or subscription) into common shares, overseas depositary receipts, or other securities as of the annual report publication date:</td><td>As of the date of termination of over-the-counter trading on December 7, 2021, 3,991 convertible corporate bonds had been converted, representing 10,663,209 converted shares.</td><td>As of the date of termination of over-the-counter trading on March 24, 2025, 5,924 convertible corporate bonds had been converted, representing 12,139,508 converted shares.</td></tr>
<tr><td>Issuance and Conversion (Exchange or Subscription) Terms</td><td>Please refer to the “Terms and Conditions for Issuance and Conversion of the First Domestic Unsecured Convertible Corporate Bonds.”</td><td>Please refer to the Terms and Conditions for Issuance and Conversion of the Company’s 2nd Domestic Unsecured Convertible Corporate Bonds</td></tr>
<tr><td colspan="2">Terms governing issuance, conversion, exchange or subscription, issuance conditions, potential equity dilution, and the impact on the rights and interests of existing shareholders</td><td>The issuance of these convertible corporate bonds will help reduce cash outflows and funding costs, and also reduce the dilution of existing shareholders’ equity and the dilution of earnings per share resulting from a substantial increase in share capital, and should best serve the interests of shareholders.</td><td>The issuance of these convertible corporate bonds will help reduce cash outflows and funding costs, and also reduce the dilution of existing shareholders’ equity and the dilution of earnings per share resulting from a substantial increase in share capital, and should best serve the interests of shareholders.</td></tr>
<tr><td colspan="2">Custodian Institution for Underlying Securities</td><td>None</td><td>None</td></tr>
</table>

Note 1: Status of corporate bonds includes both publicly offered and privately placed corporate bonds in process. Publicly offered corporate bonds in process refer to those that have become effective (approved) by the competent authority; privately placed corporate bonds in process refer to those approved by resolution of the Board of Directors.
Note 2: The number of fields shall be adjusted based on the actual number of instances handled.
Note 3: Applicable to overseas corporate bonds.
Note 4: Such as restrictions on cash dividend distributions, external investments, or requirements to maintain a certain asset ratio.
Note 5: Privately placed securities shall be clearly indicated.
Note 6: For convertible bonds, exchangeable bonds, shelf registration corporate bonds, or bonds with warrants, relevant information shall be disclosed separately in accordance with their respective formats.

## (II) Convertible Corporate Bond Information:

| Type of Corporate Bonds | | First domestic unsecured convertible corporate bonds | |
|---|---|---|---|
| Item / Year | | 2020 | 2021 |
| Market price of convertible bonds | Highest | 126.75 | 165.00 |
| | Lowest | 103.85 | 120.00 |
| | Average | 116.51 | 143.21 |
| Conversion price | | I. The conversion price was NT$46.6 from January 1, 2020 to September 26, 2020.<br>II. The conversion price was NT$37.3 from September 27, 2020 to December 11, 2020.<br>III. The conversion price was NT$36.5 from December 12, 2020 to December 31, 2020. | I. The conversion price was NT$36.5 from January 1, 2021 to August 30, 2021.<br>II. The conversion price was NT$32.6 from August 31, 2021 to December 6, 2021. |
| Issue date and initial conversion price | | Issued on November 18, 2019, with an initial conversion price of NT$46.6. | |
| Method of fulfillment of conversion obligation | | Issuance of new shares | |

| Type of Corporate Bonds | | 2nd domestic unsecured convertible corporate bonds | | | |
|---|---|---|---|---|---|
| Item / Year | | 2022 | 2023 | 2024 | 2025 |
| Market price of convertible bonds | Highest | 111.1 | 124.65 | 134.95 | 115.25 |
| | Lowest | 99.5 | 104.50 | 100.65 | 99.65 |
| | Average | 108.21 | 114.55 | 122.89 | 108.56 |
| Conversion price | | I. The conversion price was NT$61 from March 22, 2022 to April 14, 2022.<br>II. The conversion price was NT$56.3 from April 15, 2022 to December 25, 2022.<br>III. The conversion price was NT$54.7 from December 26, 2022 to December 31, 2022. | I. The conversion price was NT$54.7 from January 1, 2023 to April 12, 2023.<br>II. The conversion price was NT$51.2 from April 13, 2023 to December 26, 2023.<br>III. The conversion price was NT$50.0 from December 27, 2023 to March 29, 2024. | I. The conversion price was NT$47.8 from March 30, 2024 to December 29, 2024.<br>II. The conversion price was NT$47.3 from December 30, 2024 to December 31, 2024. | I. The conversion price was NT$47.3 from January 1, 2025 to the termination date of over-the-counter trading, March 24, 2025. |
| Issue date and initial conversion price | | Issued on March 22, 2022, with an initial conversion price of NT$61. | | | |
| Method of fulfillment of conversion obligation | | Issuance of new shares | | | |

Note 1: The number of fields shall be adjusted based on the actual number of instances handled.
Note 2: For overseas corporate bonds with multiple trading venues, information shall be disclosed separately by trading venue.
Note 3: Delivery of existing shares or issuance of new shares.
Note 4: Information shall be presented up to the date of publication of the annual report.

(III) Information on exchangeable corporate bonds: Not applicable.
(IV) Status of shelf registration for issuance of corporate bonds: Not applicable.
(V) Information on corporate bonds with warrants: Not applicable.

III. Status of preferred shares: None.

IV. Status of overseas depositary receipts: None.

V. Status of employee stock option certificates: None.

VI. Status of restricted new shares issued to employees: None

VII. Status of issuance of new shares in connection with mergers and acquisitions or acquisition of shares of another company: None.

VIII. Status of implementation of capital utilization plans: As of the end of the quarter immediately preceding the date of publication of the annual report, all previous plans for each issuance or private placement of securities had been completed, and the benefits of each such plan had been realized.

# Four. Operation overview

I. Business Scope

1. Business Scope

(1) Main business activities of the Company:

①CA02030 Manufacturing of screws, nuts, screw nails, rivets and similar products
②CB01010 Machinery and Equipment Manufacturing
③F401010 International Trade Business
④ZZ99999 All business activities that are not prohibited or restricted by law, except those requiring special approval

(2) Current sales mix of the Company's major products:

Unit: NT$ thousand

| Main products | 2024 | | 2025 | |
|---|---|---|---|---|
| | Net operating revenue | Percentage% | Net operating revenue | Percentage% |
| Screws | 2,304,094 | 99.21 | 2,058,584 | 99.33 |
| Others (Note) | 18,381 | 0.79 | 13,912 | 0.67 |
| Total | 2,322,475 | 100.00 | 2,072,496 | 100.00 |

Note: Others mainly include OEM, trading goods, and sales of wire and needles.

(3) Current Product Items of the Company

The Company is a professional screw manufacturer, and its screw products are mainly used in construction projects and outdoor repair applications.

(4) New Products Planned for Development:

The Company's future research and development will move toward products with higher technical barriers, with a view to obtaining higher profits through the development of new products. The future research and development directions are described as follows:

①Short-term Targets

A. Development and mass production of machine-thread self-drilling sheet metal screws for air ducts

B. Triangular thread self-tapping screws.

C. Development and mass production of high-stability drilling-speed screws for PVC boards.

D. Related design and mass production of roofing screws for the domestic market in Vietnam.

E. PFAS-free painted screws.

F. Powder spray heads for stainless steel screws.

G. UV-resistant spray head screws.

H. Development and mass production of double-Lima self-drilling screws.

②Mid-term Targets

A. Continue to develop automotive fastener products and optimize the stability of production quality.

B. Continue certification and the development and mass production of high-strength screws for U.S. CBI.

C. Multi-stroke, multi-station products, high-corrosion-resistance triangular thread screws for high-strength steel structures.

D. Development, design, and mass production of new Composite Deck Screws.

E. Develop the next generation of Structural Lag Screws and submit them for ICC certification.

F. Environmentally friendly KAITEX branded painted screws to replace U.S. M-brand painted screws.

③Long-term Targets

A. Design and mass production of screws for Multi-Material composite material applications (Wood/Masonry/Metal/Drywall).

B. Low-carbon-emission, high-performance screws.

2. Industry overview

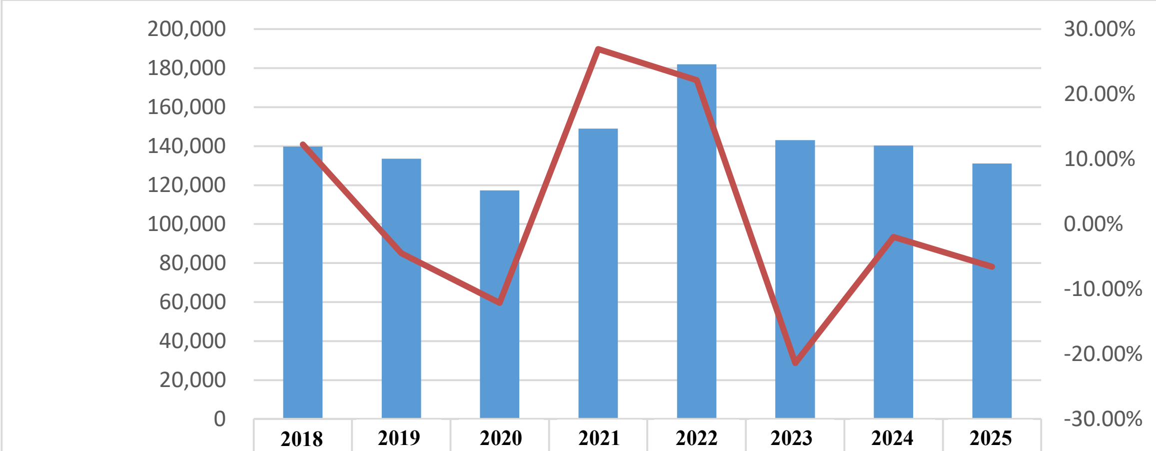
(1) Current Status and Development of the Industry

The Company is mainly engaged in the manufacture and sale of screws, and its screw products are mainly used in construction projects and outdoor repair applications. Screw and nut products are collectively referred to as fasteners, with carbon steel wire rods as the main material. Screws and nuts can be divided into two major categories: one is threaded fasteners, including screws, bolts, studs, and nuts; the other is non-threaded fasteners, including rivets, washers, pins, and retaining rings. Screws and nuts can be divided into two major categories: one is threaded fasteners, including screws, bolts, studs, and nuts; the other is non-threaded fasteners, including rivets, washers, pins, and retaining rings. A screw refers to a threaded product with a smaller diameter, such as machine screws, wood screws, and self-tapping screws; a bolt refers to a threaded product with a larger diameter, such as hex bolts, square bolts, foundation bolts, and T-bolts; a nut generally has internal threads and is mainly used together with screws or bolts to fasten or tighten them. The strength of a nut must match the screw or bolt used with it, and high-tensile screws or bolts are generally used together with hard nuts.

In the fastener manufacturing process, only a very small number of large manufacturers possess complete process capabilities, while small and medium-sized manufacturers outsource more processes, which has also driven the development of the related domestic industrial chain. The development of Taiwan's screw, nut, and rivet manufacturing industry began approximately after World War II. After more than 80 years of growth and development, Taiwan currently has more than 1,800 fastener manufacturers and employs approximately 40,000 people. As a major global exporter of fasteners, Taiwan's export value reached NT$131.0 billion in 2025, with the United States and Europe as the main export markets. Taiwan's fastener industry has the characteristics of a local supply chain and industrial clustering. Most fastener manufacturers are small and medium-sized enterprises concentrated in the area from northern Kaohsiung to Tainan in southern Taiwan, with some located in Taichung, Changhua, Wugu, or Shulin.

Although 2018 was affected by pricing competition pressure from China's exports, domestic economic growth remained steady, and the government's promotion of forward-looking programs drove a moderate increase in domestic manufacturing and construction fastener demand. In addition, international steel quotations and quotations for nickel and zinc maintained an upward trend, which was favorable to product pricing. Moreover, the major export markets in Europe and the United States expanded steadily and demand remained strong. Coupled with order-shifting effects caused by the U.S.-China trade war, exporters' overseas orders increased, resulting in a significant 12.26% increase in the export value of the screw and nut manufacturing industry in 2018 as compared with 2017. Although 2019 continued to benefit from order-shifting effects brought by the U.S.-China trade war and prices of screw and nut products still rose moderately, domestic manufacturing demand and global OEM orders for automotive fasteners slowed down. In addition, the strengthening of the New Taiwan dollar and intensified pricing competition pressure from China's fastener exports resulted in a 4.50% decrease in export value in 2019 as compared with 2018. In H1 2020, demand for fasteners in domestic public works and private construction remained strong, and the industry benefited from increasing electric vehicle orders and order-shifting effects from the U.S.-China trade war. However, the COVID-19 pandemic weakened demand in the European and U.S. markets, and declining upstream raw material prices caused downward revisions in the prices of screw and nut products. In H2 2020, as countries gradually relaxed pandemic control measures and factories resumed operations, OEM orders for fasteners from major international automobile manufacturers recovered, while prices of upstream wire rods and nickel and zinc rebounded, helping to raise the prices of screw and nut products. Overall, due to the impact of the COVID-19 pandemic, export value in 2020 decreased by 12.10% as compared with 2019. From January to July 2021, benefiting from rising vaccination rates, global economic activities gradually recovered. Together with sharp increases in steel prices, this boosted Taiwan's screw and nut production momentum. In addition, domestic screw products actively moved toward higher value-added development, ending two consecutive years of negative growth. Export value in 2021 increased significantly by 26.94% as compared with 2020. In 2022, as global markets gradually reopened, consumption patterns shifted from products to services, such as dining and travel, weakening end-customer demand for DIY products. Although demand in the end DIY market cooled, investment in infrastructure projects and large-scale building renovation projects supported overall demand momentum for screws and nuts. However, in H2, as supply and demand problems in ocean shipping eased, a large volume of goods flowed into customers' warehouses, resulting in excessive inventory. Customers adjusted the pace of orders and shipments to relieve inventory pressure. Export value in 2022 increased by 22.17% as compared with 2021, but the growth momentum was not as strong as in 2021. In 2023, the bullwhip effect of COVID-19 caused imbalances in the global supply chain, and customers' inventory levels were too high and required time to digest, resulting in poor visibility for new orders. Secondly, factors such as inflation and interest rate hikes led to higher costs. Finally, geopolitical factors, including the Russia-Ukraine war, exacerbated energy issues, and increases in both electricity prices and commodity prices affected demand. In 2024, the post-pandemic era continued to be marked by high inflation and continuously accumulated benchmark interest rates, which restricted capital expenditures and business expansion, squeezed corporate profits, and further weakened household consumption capacity. In addition, manufacturing activities in the world's major economies also declined significantly, and global PMI indices remained in contraction territory. Due to the continuing energy impact and inflation problems following the Russia-Ukraine war, demand in the European market remained in decline throughout the year. In the United States, demand for certain industrial components was supported by infrastructure investment and employment legislation, and its degree of decline was relatively smaller than that of other European countries. In 2025, the most critical variable is the tariff policy of the U.S. government, which has a significant impact on global trade flows and corporate decision-making, making enterprises more conservative in their investment and procurement strategies while also accelerating supply chain restructuring and de-risking. The market performance of the screw and fastener industry is characterized by "stable volume but price pressure." Demand has not recovered significantly, customers have become more stringent in inventory management, and order releases have become more scattered and short-term.

Statistics on Taiwan's exports of screws and nuts




| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|---|---|---|
| NT$ million | 139,814 | 133,527 | 117,366 | 148,979 | 182,007 | 143,056 | 140,266 | 131,044 |
| Annual growth rate | 12.26% | -4.50% | -12.10% | 26.94% | 22.17% | -21.40% | -1.95% | -6.57% |

Source: Customs Port Trade Single Window, Customs Import and Export Statistics (HS Code 7318)

(2) Industrial Upstream, Midstream and Downstream Relations

Screws are fastening components for industrial products. The industry chain mainly includes upstream wire rods, which screw manufacturers purchase and send to professional wire drawing mills for wire drawing processing, after which the screw manufacturers carry out front-end screw manufacturing processes such as heading, forming, and thread rolling, followed by back-end processes such as heat treatment to produce high-hardness screws or electroplating to enhance rust-proof and corrosion-resistant functions, and then surface coating processes such as baking paint or spray painting; therefore, the relevant upstream industry is the steel wire products industry, the related industries include screw forming machine manufacturing, heat treatment, and electroplating processing, and the scope of downstream application industries is quite broad, including industrial machinery, metal products, aerospace, transportation, and construction industries. Therefore, as the economy develops and the degree of industrialization increases, demand for the products and their upstream industries also increases. The correlation chart of the upstream, midstream, and downstream industries of this industry is as follows:

| **Upstream (Raw Materials)** | **Product** | **Downstream (Application Industries)** |
|---|---|---|
| Steel Wire Products Industry | Screws<br>Bolts<br>Nuts<br>Washers<br>Rivets and Pins | Industrial Machinery Industry<br>Metal Products Industry<br>Electrical and Electronic Machinery Equipment Industry<br>Aerospace Industry<br>Instrument (Musical Instrument) Related Industries<br>Transportation Equipment Industry<br>Basic Metal Industry<br>Construction Engineering Industry |

Source: Metal Industries Research & Development Centre ITIS Project

(3) Product development trends

The screw industry is a manufacturing industry with mature production technology. In the face of intense competition from domestic peers and low-priced manufacturers in other countries, domestic manufacturers have gradually developed their products in the following directions:

①Product Innovation

With the rise of environmental awareness and the rapid advancement of construction methods, customers' requirements for screws have become increasingly stringent. Manufacturers must have keen insight and work together with customers on product innovation to achieve better and superior product performance. Through timely patent protection, they preserve core technologies and continue promotion to maintain growth momentum.

②Enhancing Added Value

As products mature, countries have developed fastener product safety specifications suitable for local use. Through certification, manufacturers can obtain a ticket to enter the market, enhance customers' confidence in and loyalty to the products, and also increase product added value.

③Product Certification

As products mature, countries have developed fastener product safety specifications suitable for local use. Through certification, manufacturers can obtain a ticket to enter the market, enhance customers' confidence in and loyalty to the products, and also increase product added value.

④In-depth Focus on Carbon Reduction Issues and Implementation of Carbon Reduction

Carbon reduction has become the most important global issue. With the Carbon Border Adjustment Mechanism (CBAM) launched on a trial basis in October 2023, Taiwanese screw manufacturers must fully understand issues related to carbon emissions and formulate and implement relevant countermeasures in order to maintain competitive advantages and contribute to environmental and resource sustainability. In addition to carbon emission issues, discussions on plastic reduction and other related policies for user or environmental protection have also been increasing in intensity.

⑤Globalized Operations

In consideration of comparative advantages and tariff factors, the Company establishes overseas production bases, optimizes the production and sales mix of products, market segmentation, and production costs, and diversifies operating risks and enhances operating performance.

(4) Product competition

The Company's screw products are primarily for export, with the DIY market, construction engineering, and outdoor repair and maintenance accounting for the largest share. In recent years, with the rise of competing peers in Mainland China and Southeast Asian countries, the price-cutting competition model for general standard parts has become increasingly apparent. Therefore, the Company has gradually adjusted its product market positioning and enhanced product added value through quality control and production automation. In recent years, the Company has successively obtained ISO9001, ISO14001, CE-14566, CE-14592, ETA certification, and A2LA laboratory accreditation, and has also focused on research and development of screw surface treatment and strengthened customized service capabilities. Therefore, the Company's products will be able to enhance product added value and establish the Company's advantageous position in the development of mid- to high-end products.

In 2022, the Company further obtained IATF16949 certification for automotive fasteners and plans to enter the automotive fastener market. In addition to traditional gasoline-fueled vehicles, the Company is also simultaneously focusing on development in the electric vehicle sector.

3. Overview of technology and R&D
   (1) Research and development expenses invested in the most recent year and up to the publication date of the annual report

Unit: NT$ thousand

| Year / Item | 2025 | March 31, 2026 |
|---|---|---|
| R&D expense | 11,705 | 3,108 |

   (2) Successfully developed technologies or products

| Year | R&D achievements | Functions and effectiveness |
|---|---|---|
| 2011 | Successful development of an environmentally friendly electroplating process | Complies with RoHS environmental requirements and serves as a threshold for entering the European market |
| 2012 | Self-drilling screws for mechanical galvanizing | Improved self-drilling screws for mechanical galvanizing, combining drilling performance and corrosion resistance to increase market share in Australia |
| 2013 | I401368 Screw | To provide good fastening force, its high-cutting design helps improve drilling and fastening force |
| 2014 | 1. Improved drywall screws<br>2. M472125 composite pin screws | 1. Improved drywall screw design to open up distribution channels in the U.S. market<br>2. Screws applicable to various pin types, making the screws easier to use and more versatile |
| 2015 | High-corrosion-resistant baking paint process | Enhances the anti-corrosion function of screws to meet AC257 requirements and expand the U.S. market |
| 2016 | 1. M516106 waterproof screws<br>2. High-performance gypsum board screws | 1. Improves the waterproof performance of roofing screws, thereby enhancing corrosion resistance and durability, which is very helpful for markets in high-latitude regions with frequent snowfall<br>2. Designs high-performance gypsum board screws to differentiate products with a unique appearance and strengthen U.S. distribution channels |
| 2017 | Development of composite board screws | Improves the fastening force and flatness of screws used in composite materials |
| 2018 | Development of decking screws | Improves the fastening force and flatness of screws in both softwood and hardwood |
| 2019 | Development of multifunctional screws | Improves the fastening force of screws used in composite materials |
| 2020 | Development of high-strength structural wood screws | Improves the application of screws in structural wood screws to comply with ETA certification and market demand |

| Year | R&D achievements | Functions and effectiveness |
|---|---|---|
| 2021 | Development of new products through multi-directional design | 1. Design and development of oval-thread applications for hardwood.<br>2. Design and development of screws for composite boards in the U.S. market.<br>3. Design and development of composite screw pins.<br>4. Design and development of special drill points.<br>5. Head structure of flat head screws.<br>6. Wing structure of self-drilling screws. |
| 2022 | R1 self-drilling screw M626081 | 1. The special drill point can quickly drill through steel plates with a thickness of 20M<br>2. More stable and faster than competitors |
| | Anti-strip wood screw M630005 | 1. Developed wood screws with a special thread design to enhance biting capacity<br>2. Increases pull-out force and safety testing |
| 2023 | U.S. Patent US11,821,453 B2 | Screw wobble improvement and forming method |
| | China Patent CN113251050 B | Fastener with improved wobble control, fastening system including the fastener, and method for forming the fastener |
| 2024 | R.O.C. M658786 Screw | The screw head is provided with several chip collection spaces respectively connected to each of the chip pockets. This enhances fastening stability |
| 2025 | Development and mass production of dual-wing self-drilling screws | The two sets of wings must be designed to be sufficiently strong so as not to break when drilling through dense wood and fiber cement boards, and to finally drill through steel plates. |
| 2025 | Development and mass production of machine-thread bullet-point sheet metal screws | Mass production of high-speed thread-forming screws specially for air ducts. |
| 2025 | Development of high-speed thread-forming screws for PVC boards | Mass production of highly stable high-speed thread-forming screws for PVC boards. |
| 2025 | Reciprocating self-drilling point design | Thick-body self-drilling point design for domestic sales in Vietnam. |

4. Long-term and short-term business development plans

(1) Short-term business development plan

Marketing strategy:

A. Strengthen services for existing customers and act as a long-term strategic partner.

B. Develop new markets and customers, and establish marketing channels and partnerships with new customers.

C. Increase market share and profitability.

D. Provide flexible one-stop shopping services to simplify customers' workflows and reduce their burden.

E. Strengthen online exposure and print advertising.

F. Participate in international exhibitions and customer visits, and increase the frequency of face-to-face communication with customers to maintain good customer relationships.

Production strategy

A. Add digital box feedback to machines to enhance on-site visual board management.

B. Add multiple multi-stroke forming machines in response to the production of automotive fasteners.

C. Automate sorting machines to reduce manual material arrangement.

D. Digitalized management of self-inspection.

E. Reduce carbon emissions from heat treatment furnaces.

F. Automate powder-coated screw spray nozzles.

G. Produce environmentally friendly baking paint products compliant with Free-PFAS regulations.

H. Continue planning and implementation of electricity-saving projects.

Product strategy

A. Maintain cooperative development of customized products with customers and propose solutions that are ahead of peers and competitive.

B. Assist in enhancing the value and innovation of customized products.

C. Reduce the operational risks of products and enhance the balanced development principle of the product line.

D. Gain insight into updates in construction methods and materials to maintain the functional competitiveness of products.

Operating strategies:

A. Strengthen global operational footprint and resource allocation capabilities, improve cross-regional production scheduling and order-taking flexibility to respond to market and supply chain changes.

B. Deepen collaborative cooperation between R&D and manufacturing, shorten the timeline for new product introduction and mass production, and improve the efficiency of commercialization of R&D results.

C. Invest in smart manufacturing technology (such as automated inspection and AI parameter adjustment) to improve production efficiency.

D. Enhance the timeliness and accuracy of production, quality, and delivery data to serve as a key foundation for management decisions and continuous improvement.

E. Continue to adjust the product and customer structure while stabilizing revenue scale, and gradually increase the proportion of high value-added products to improve gross profit structure.

F. Continue to review and reduce waste and quality defect costs in the manufacturing process to improve resource utilization efficiency and overall production efficiency.

G. Enhance standardized management of production processes, clearly define each process operation and key quality control points, and reduce the impact of differences in personnel experience on product quality stability.

H. Improve the timeliness of quality anomaly notification and feedback to shorten issue analysis and improvement timelines, and minimize the impact of quality anomalies on delivery and customer satisfaction.
I. Continue to strengthen autonomous production capability at overseas sites and improve the maturity of process execution and quality management to increase overall supply flexibility and stability.
J. Strengthen the management and technical development of local overseas managerial personnel to ensure effective transfer of core processes and management expertise, supporting the long-term stable operation of overseas sites.
K. Establish consistent production and quality standards across sites, and improve the comparability and consistency of process performance and quality levels at each production site.
L. Reduce operational dependence on key personnel through institutionalization and multi-skilled worker training, and enhance organizational stability and resilience
M. Integrate smart manufacturing and smart logistics to improve operational and production efficiency, and use data analytics and smart manufacturing technology to enhance production efficiency.

⑤Operations management and financial coordination:

A. To meet the needs of future operational development, the Company will allocate corporate resources in an integrated manner through sound financial planning and operations management, with a view to maximizing the overall benefits of the Company's resources.
B. Maintain good relationships with correspondent financial institutions, keep abreast of financial market trends, flexibly allocate funds, improve financial performance, and reduce interest expenses.

(2) Long-term business development plans

①Marketing Strategy

A. Strengthen competitiveness in international markets and enhance strategic cooperation with international customers.
B. Innovate in response to market demand and strengthen communication and cooperation with strategic partners.
C. Strengthen market analysis capabilities to gain early insight into opportunities, provide customers with better services, and establish long-term and loyal partnership relationships.
D. Enhance technical capabilities to become the customer's troubleshooter and jointly develop niche markets.
E. Strengthen information flow linkages with customers and, through a real-time and transparent database, reduce operational delays caused by national borders and time differences.
F. Collect customer and transaction information and identify target customers through data analysis.
G. Expand into new businesses and new application fields and pursue diversified operations.

②Production Strategy:

A. High-value-added AI smart production lines introduce automation equipment and robotic technology to realize intelligent production processes, thereby improving production efficiency and reducing labor costs.
B. Environmentally friendly fluorine-free surface treatment (PFAS) screws continue to replace Teflon coating.
C. Continue to improve energy saving and carbon reduction, intelligent power saving, and water conservation.

D. Expand equipment for multi-stroke high-speed header production lines.
③Product Strategy:
A. Enhance technological leadership and strengthen the research and development of key product technologies.
B. Integrate related technologies, expand product line breadth, and deepen technological capabilities.
C. Focus on customers' core products and provide value-added services.
④Operating strategies:
A. Continue to optimize product and customer mix, increasing the share of high-value-added and stable orders and reducing the long-term impact of price competition on operational performance.
B. Deepen manufacturing capabilities and the quality management system, and establish a replicable and scalable process foundation to support the Company's long-term, stable growth.
C. Strengthen the global operational footprint and cross-location collaboration capability to improve supply flexibility and service consistency, addressing customers' global needs.
D. Continue to invest in research and development and technology accumulation to establish differentiated products and core technological advantages, and enhance market entry barriers and brand value.
E. Promote the digitalization of operations and management to improve decision-making efficiency and foresight, and enhance the visibility and control of overall operations and management.
F. Strengthen organizational systems and talent development to build a management team with succession capability and flexibility, reducing the impact of key personnel on operations.
G. Improve operational resilience and risk management capability, diversify market, production capacity, and organizational risks, and ensure the Company's long-term stable operations.
H. Promote sustainable development under the principles of prudent management, balancing economic benefits, organizational growth, and long-term responsibilities to create long-term corporate value.
⑤Operations Management and Financial Planning:
A. Establish sound management systems, implement the Company's management philosophy, shape an outstanding corporate culture, and realize the vision of sustainable corporate development.
B. Strengthen the financial structure and corporate constitution through diversified financing channels in the capital market, consolidate long-term development capabilities, and, in line with the growth of the Company's operating scale, strengthen the management team and enhance the Company's visibility and image.

## II. Market and Sales Overview

### 1. Market analysis

(1) Major sales (supply) regions of the Company's principal products

Unit: NT$ thousand

| Sales region \ Year | | 2025 Sales Amount | 2025 Percentage (%) |
|---|---|---|---|
| Domestic Sales | | 173,227 | 8.36 |
| Export | The Americas | 1,126,158 | 54.34 |
| | Oceania | 142,415 | 6.87 |
| | Europe | 426,606 | 20.58 |
| | Others | 204,090 | 9.85 |
| | Subtotal | 1,899,269 | 91,64 |
| Total | | 2,072,496 | 100.00 |

(2) Market share of products

According to the export statistics of the Customs Administration, Ministry of Finance, the export value of fastener products in Taiwan in 2025 was approximately NT$131.0 billion (tariff code 7318), of which the total value of related product items manufactured by the Company was approximately NT$94.5 billion (tariff codes 731812, 731814 and 731815). The Company's net operating revenue for 2025 was approximately NT$1.95 billion. Compared with the market share of 2.20% in 2024, it declined to 2.07% in 2025.

(3) Supply and demand conditions and growth potential of the future market

In the World Economic Outlook report released by the International Monetary Fund (IMF) in January 2026, global economic growth in 2026 is projected at 3.3%, roughly in line with the estimated realized growth rate of 3.3% for 2025. This stable performance reflects a balance among divergent forces: shifts in trade policy have had adverse effects; on the other hand, surging investment related to technology, including AI, together with fiscal and monetary support and generally accommodative financial conditions, has had favorable effects. The effects of the above two aspects offset each other. Global headline inflation is projected to decline from an estimated 4.1% in 2025 to 3.8% in 2026 and 3.4% in 2027. The above inflation forecasts are broadly unchanged from last October; compared with other major economies, inflation in the United States will return to target more slowly.

If the market reassesses expectations regarding AI-driven productivity growth, it may lead to a decline in investment and trigger a sharp adjustment in financial markets, and such effects may spill over from AI-related enterprises to other parts of the market. Trade tensions may escalate, which would prolong uncertainty and weigh more heavily on economic activity. Geopolitical tensions may intensify suddenly, creating new uncertainty and disrupting the global economy through effects on financial markets, supply chains, and commodity prices. On the upside, if faster adoption of AI technology leads to strong productivity growth and enhanced business dynamism, AI-related investment may further boost economic activity and ultimately translate into sustainable economic growth. Continued easing of trade tensions may also support economic activity. In implementing policies to promote stable and sustainable improvement in the medium-term growth outlook, priority should be given to rebuilding fiscal buffers, maintaining price and financial stability, reducing uncertainty, and implementing structural reforms without delay.

World Economic Outlook growth forecasts

| (Real GDP, annual percent change) | Estimates 2025 | Forecasts 2026 | Forecasts 2027 |
|---|---|---|---|
| World output | 3.3 | 3.3 | 3.2 |
| Advanced economies | 1.7 | 1.8 | 1.7 |
| United States | 2.1 | 2.4 | 2.0 |
| Euro Zone | 1.4 | 1.3 | 1.4 |
| Germany | 0.2 | 1.1 | 1.5 |
| France | 0.8 | 1.0 | 1.2 |
| Italy | 0.5 | 0.7 | 0.7 |
| Spain | 2.9 | 2.3 | 1.9 |
| Japan | 1.1 | 0.7 | 0.6 |
| United Kingdom | 1.4 | 1.3 | 1.5 |
| Canada | 1.6 | 1.6 | 1.9 |
| Other advanced economies | 1.8 | 2.0 | 2.1 |
| Emerging market and developing economies | 4.4 | 4.2 | 4.1 |
| Emerging market and developing economies in Asia | 5.4 | 5.0 | 4.8 |
| China | 5.0 | 4.5 | 4.0 |
| India | 7.3 | 6.4 | 6.4 |
| Emerging market and developing economies in Europe | 2.0 | 2.3 | 2.4 |
| Russia | 0.6 | 0.8 | 1.0 |
| Latin America and the Caribbean | 2.4 | 2.2 | 2.7 |
| Brazil | 2.5 | 1.6 | 2.3 |
| Mexico | 0.6 | 1.5 | 2.1 |
| Middle East and Central Asia | 3.7 | 3.9 | 4.0 |
| Saudi Arabia | 4.3 | 4.5 | 3.6 |
| Sub-Saharan Africa | 4.4 | 4.6 | 4.6 |
| Nigeria | 4.2 | 4.4 | 4.1 |
| South Africa | 1.3 | 1.4 | 1.5 |
| Memorandum items | | | |
| Emerging market and middle-income economies | 4.3 | 4.1 | 4.1 |
| Low-income developing countries | 4.6 | 5.1 | 5.1 |

Source: IMF, World Economic Outlook Update, January 2026.
Note: For India, data and forecasts are presented on a fiscal-year basis, with FY2025/26 (beginning in April 2025) shown in the 2025 column. On a calendar-year basis, India's economic growth is forecast at 6.3% in 2026 and 6.5% in 2027.

Global and economy-specific economic growth forecasts for 2026
Source: International Monetary Fund (IMF) https://www.imf.org/zh/publications/weo/issues/2026/01/19/world-economic-outlook-update-january-2026

(4) Competitive niche

In the face of intense competition from domestic and foreign industry peers, the Company possesses the following competitive niches:

①Manufacturer with full-process production capabilities

As screw manufacturing requires front-end processing procedures such as heading, forming, and thread rolling; followed by back-end procedures such as heat treatment to enhance and adjust screw hardness and toughness, electroplating to enhance rust and corrosion resistance, and surface coating procedures such as baking paint or spray painting, the Company has in recent years continued to expand production capacity, optimize equipment, and establish real-time information systems, thereby enabling more effective control over quality and delivery schedules, providing one-stop services, and positioning itself as a manufacturer with full-process production capabilities.

②Professional management team

The Company’s management team has many years of experience in the screw industry, demonstrates a high degree of sensitivity in controlling product manufacturing processes and in market strategy and positioning, and is able to cooperate effectively with upstream and downstream partner manufacturers, continuously optimizing production and sales management capabilities to meet customer needs.

③Marketing capability for business expansion

The Company leverages its product quality, delivery lead time, and professional customer service as advantages to expand its business. At present, its customers are widely distributed across the Americas, Oceania, Europe, and Asia, and it has successfully entered a number of well-known traders and distributors. In addition to continuing to cultivate existing customers, the Company enhances its visibility and develops new customers and markets through marketing methods such as placing advertisements on the internet and in screw industry magazines and participating in domestic and overseas international screw-related exhibitions.

④Solid R&D capabilities

The Company has an outstanding R&D team, and its R&D in product functionality and practicality has gained customer recognition. In addition to focusing on the development of screw functionality, the Company also uses customer feedback on actual product operating results and effectiveness as the basis for the R&D department’s product revisions and improvements, while also promptly resolving customer issues in product use, thereby enhancing customer satisfaction.

⑤Capability to maintain supply chain stability

In the past, due to the impact of the COVID-19 pandemic and concerns over Taiwan’s geographic location and geopolitical risks, supply chain stability has become one of the most important issues in international trade. The Company’s Vietnam plant was officially inaugurated in December 2024, providing more diverse production capacity momentum. In addition, the operation of overseas plants will reassure customers and reduce their concerns over Taiwan’s geographic location and geopolitical risks.

(5) Advantageous and disadvantageous factors for future development and corresponding countermeasures

①Positive Factors:

A. Professional manufacturer with full-process production capabilities

As the screw manufacturing process involves multiple processes, including front-end processes, back-end processes, surface coating processes, and packaging, the Company is committed to production across all processes and possesses the production technology capabilities for key processes, enabling the Company to exercise timely control over quality and delivery schedules and provide one-stop services as a professional manufacturer with full-process production capabilities.

B. Committed to quality improvement and production intelligence

The Company aims to produce high-quality products and has successively obtained multiple certifications, including ISO9001, ISO14001, CE-14566, CE-14592, ETA product certification, and A2LA laboratory certification, while continuously optimizing product quality. The Company is also committed to enhancing its internal management systems. Following the full implementation of the SAP system in 2012, it has had a positive impact on inventory management, overall employee work performance, and production management. In addition, in order to enhance the operating efficiency of the information system, the system was upgraded and optimized in 2017. Through the rapid analysis of operating data, management is provided with timely and accurate operational decision-making information to respond promptly to customer needs and strengthen service and business relationships with customers.

C. Increased in-house production rate

In addition to maintaining a high in-house production rate, the Company is also committed to improving the operating efficiency of the entire production, sales, and supply chain so as to better control quality and meet customer delivery schedules, thereby enhancing customer satisfaction and order stability, while effectively controlling production costs and increasing market competitiveness.

D. Continuous business expansion

The Company mainly focuses on exports. In addition to continuing to cultivate existing customers, it also pays attention to emerging markets and actively expands into new sales models and channels to broaden product extension.

E. Establishment of overseas production bases

The Company has two production bases in Taiwan and Vietnam, giving it greater flexibility than other competitors in handling production, manufacturing, and emergency situations, thereby enhancing customer confidence and trust.

②Negative Factors:

A. Intense price competition from domestic and foreign industry peers

(A) Impact: The screw industry is a manufacturing industry with mature production technology and relatively low capital and technical barriers. In addition to numerous domestic competitors, it also faces low-price competition from manufacturers in China and Southeast Asia, resulting in product prices and gross margins being easily affected by market competition.

(B) Countermeasures: Develop high-end products that are difficult to imitate and apply for patent protection, while deeply cultivating target customer groups focused on premium screws and concentrating on customers' core competitive products. Through the operation of the Vietnam plant, the Company can also adjust product manufacturing locations based on differences in production advantages to make optimal arrangements and enhance the market competitiveness of standard products and price-sensitive products.

B. Risks relating to the stability of quality and delivery schedules for outsourced processing

(A) Impact: Screw manufacturing requires multiple processes, including front-end processes, back-end processes, and surface coating processes. Based on production capacity allocation, customer requirements, or the needs of special products, the Company outsources certain processing. The stability of quality and delivery schedules of outsourced processing will affect whether the Company's final products can be delivered on schedule and with the required quality.

(B) Countermeasures: Strengthen basic research, develop key process technologies, enhance technology commercialization capabilities, and strengthen the linkage and communication efficiency of the supply chain system.

C. Strong tariff policy of the United States

(A) Impact: Citing Section 232 as the basis, the United States has imposed a high tariff of 50% on global steel, aluminum, and their derivative products, resulting in higher import costs for customers and affecting the stability of order momentum.

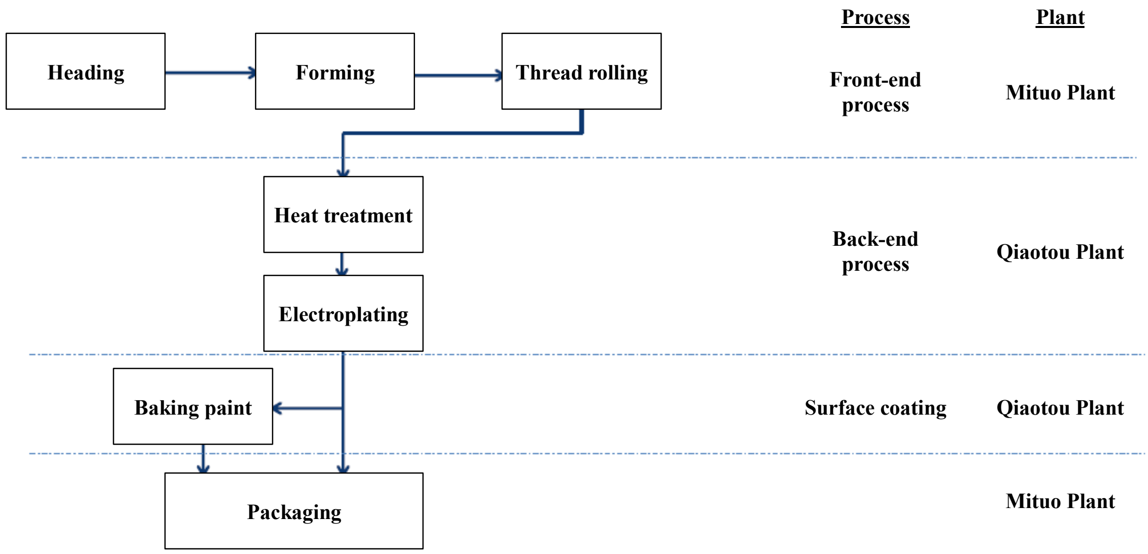
(B) Countermeasures: Break down the cost structure, distinguish the proportions of steel and non-steel content, and assist customers in reducing import duties. This matter still depends on negotiations and rivalry between the governments of the two countries to seek preferential tax rates for Taiwan's steel fastener industry and help manufacturers resolve this predicament.

2. Important Uses and Production Processes of Major Products

(1) Important uses of principal products

The principal uses of the products are construction projects, outdoor and household DIY repairs, etc.

(2) Production process:



3. Supply status of principal raw materials

| Name of principal raw materials | Principal suppliers | Supply status |
|---|---|---|
| Wire rod | China Steel Corporation | Quality and supply sources are stable, with long-term cooperation and favorable supply conditions. |

4. Names of customers that accounted for more than 10% of the net purchase (sales) amount in either of the most recent 2 fiscal years and the reasons for increases or decreases:

(1) Major suppliers in the most recent 2 fiscal years

Unit: NT$ thousand

| Item | 2024 | | | | 2025 | | | |
|---|---|---|---|---|---|---|---|---|
| | Name of Suppliers | Amount | Proportion of Annual Net Purchase Amount (%) | Relationship with the issuer | Name of Suppliers | Amount | Proportion of Annual Net Purchase Amount (%) | Relationship with the issuer |
| 1 | A | 125,280 | 14.95 | None | A | 54,520 | 7.48 | None |
| 2 | B | 277,260 | 33.10 | None | B | 215,223 | 29.53 | None |
| | Others | 435,208 | 51.95 | | Others | 459,059 | 62.99 | |
| | Net purchase | 837,748 | 100.00 | | Net purchase | 728,802 | 100.00 | |

Reasons for increases and decreases:

The Company's principal raw material is wire rods. The principal supplier in 2024 and 2025 was Company A, mainly because Company A is the major domestic supplier of wire rods; therefore, it is inevitable for the industry in which the Company operates that such company accounted for more than 10% of the Company's annual purchases.

(2) Major customers in the last two years

Unit: NT$ thousand

| Item | 2024 | | | | 2025 | | | |
|---|---|---|---|---|---|---|---|---|
| | Name of Customer | Amount | As a percentage of net annual sales (%) | Relationship with the issuer | Name of Customer | Amount | As a percentage of net annual sales (%) | Relationship with the issuer |
| 1 | A | 641,107 | 27.60 | None | A | 449,326 | 21.68 | None |
| 2 | C | 206,678 | 8.90 | None | C | 173,591 | 8.38 | None |
| 3 | Others | 1,474,690 | 63.50 | | Others | 1,449,579 | 69.94 | |
| 4 | Revenue | 2,322,475 | 100.00 | | Revenue | 2,072,496 | 100.00 | |

Reasons for increases and decreases:

The major customers for sales in the most recent two years were brand owners and channel distributors, and the Company has maintained good cooperative relationships with its customers. Changes in sales customers were mainly affected by factors such as the Company's marketing strategies, changes in industrial conditions in sales regions, and market competition.

III. Information on employees for the most recent two years and as of the annual report's publication date

Unit: persons

| Year | | End of 2024 | End of 2025 | As of March 31, 2026 |
|---|---|---|---|---|
| Number of employees | Managerial officers | 5 | 5 | 5 |
| | Production personnel | 161 | 161 | 159 |
| | General staff | 126 | 124 | 122 |
| | Total | 292 | 290 | 286 |
| Average age | | 40.43 | 41.04 | 41.38 |
| Average Years of Service (years) | | 7.86 | 8.59 | 9.12 |
| Educational Attainment Distribution (%) | Master's | 7.19 | 7.59 | 6.64 |
| | College/University | 37.33 | 38.62 | 39.61 |
| | Senior High School | 43.49 | 43.79 | 44.06 |
| | Below Senior High School | 11.99 | 10.00 | 10.14 |

IV. Environmental Expenditure Information

1. Where applicable, a description of the status of obtaining permits for pollution control facility installation or pollutant discharge, payment of pollution prevention fees, or establishment of an environmental protection unit and assignment of dedicated personnel in accordance with applicable laws and regulations

The status of the Company's air pollution, wastewater pollution, and waste treatment facilities is as follows:

(1) Air pollution: Three operating permits have been obtained for stationary pollution sources, namely other metal heat treatment processes, metal electroplating processes, and metal surface coating processes, and 1 dedicated personnel has been assigned.

(2) Wastewater pollution: A water pollution discharge permit has been obtained, and 1 dedicated personnel has been assigned.

(3) Waste treatment: An industrial waste disposal plan has been prepared, and waste is recycled and disposed of by professionally qualified waste treatment companies certified by government authorities through outsourcing, and 1 dedicated personnel has been assigned.

(4) Toxic chemical substances: Toxic chemical substance approval documents have been obtained.

2. The Company's investment in major environmental pollution prevention equipment, and its purposes and potential benefits

December 31, 2025; Unit: NT$ thousand

| Equipment name | Quantity | Date of acquisition | Investment cost | Net book value | Purpose and expected benefits |
|---|---|---|---|---|---|
| Wastewater treatment equipment project | 1 set | 2014/11 - 2016/12 | 31,962 | 2,862 | Compliance with wastewater discharge standards |
| Air pollution treatment equipment | 1 set | 1998/11 - 2022/12 | 32,790 | 16,072 | Compliance with air pollution control standards |
| Air pollution treatment equipment | 1 set | 2023/04 - 2023/08 | 161 | 87 | Compliance with air pollution control standards |

Losses incurred and total penalties imposed due to environmental pollution in the most recent year and up to the date of printing of the annual report (including compensation), with an explanation of future response policies (including improvement measures) and possible expenditures (including estimated amounts of losses, penalties, and compensation that may arise if no response measures are taken; if a reasonable estimate cannot be made, the fact that no reasonable estimate can be made shall be stated):

When the Environmental Protection Bureau inspected the Company's Qiaotou Plant on October 27, 2025, the test results of the water sample collected from the effluent outlet showed that the chemical oxygen demand was 179 mg/L, exceeding the effluent standard and violating Article 7, Paragraph 1 of the Water Pollution Control Act and Article 2, Paragraph 1 of the Effluent Standards. Pursuant to the letter Kao City Environmental Bureau Soil Self No. 1143961700 issued by the Kaohsiung City Government Environmental Protection Bureau on December 26, 2025, a total fine of NT$84,000 was imposed. The Company has paid the fine in full and strengthened control over the existing manufacturing process (such as enhanced cleaning of waste oil from T01 heat treatment, replacing electroplating degreasing agents with environmentally friendly degreasers and improving water use, and adding sodium hypochlorite oxidation treatment before wastewater discharge). Improvements have been completed and the relevant requirements have been met.

V. Labor Relations

1. Employee welfare measures:

(1) The Company provides:

A. Employee bonuses.

B. National Health Insurance and Labor Insurance.

C. Welfare funds are appropriated based on revenue and capital amount for employee welfare purposes.

D. Year-end bonuses are distributed at the end of each year based on the Company's profitability.

E. Scholarships for employees and their children.

F. Employee stock ownership trust (with a 100% matching contribution).

G. Subsidies for departmental gatherings each quarter.

H. Production bonuses are distributed when quarterly revenue targets are achieved.

I. Annual health examinations.

J. Planning of employee work-life balance and wellness programs (such as physical fitness and aerobic dance courses, establishment of a cycling team with fixed monthly group rides, cycling around Taiwan, and organizing hiking activities combined with public welfare beach-cleaning events)

(2) Planned by the Employee Welfare Committee:

The Company has legally established an Employee Welfare Committee, which is elected by all employees. The committee holds regular meetings and re-elects its members periodically. Activities arranged every year include travel, Family Day events, holiday gifts in cash, birthday gifts in cash, subsidies for employees' weddings, funerals, and celebrations, year-end party, and subsidies for bicycle purchases.

2. Employee continuing education and training

Based on the Company's development and individual training needs, the Company integrates internal and external training resources to plan diversified training courses and encourages employees to pursue self-learning. In 2025, total training expenses amounted to NT$383.424 thousand. The Company's training courses and the status of implementation of each course are listed as follows:

A. Continuing education and training of managerial officers related to corporate governance in 2024

| Title | Name | Course date | Organizer | Course title | Hours |
|---|---|---|---|---|---|
| General Manager | Chen Chun-Yen | 2025.08.07 | Taiwan Corporate Governance Association | Legal Risk Analysis - Prevention of Insider Trading and Labor Disputes | 3 hours |
| | | 2025.08.07 | Taiwan Corporate Governance Association | Analysis of International IFRS Sustainability Disclosure Standards and Corporate Response Strategies | 3 hours |
| Deputy General Manager | Chen Hsiu-Chu | 2025.05.15 - 2025.05.16 | Accounting Research and Development Foundation, Republic of China | Continuing Education Program for Accounting Supervisor of Issuers, Securities Firms, and Stock Exchanges | 12 hours |
| | | 2025.07.22 | The Institute of Internal Auditors – Republic of China | Practical Aspects of Auditing in the "Manufacturing Materials System" | 6 hours |
| | | 2025.08.19 | The Institute of Internal Auditors – Republic of China | Practical Seminar on Enterprise Contracts from the Perspective of the Operating Cycle | 6 hours |
| Assistant Vice President | Chen Tzu-Yin | 2025.05.15 - 2025.05.16 | Accounting Research and Development Foundation, Republic of China | Continuing Education Program for Accounting Supervisor of Issuers, Securities Firms, and Stock Exchanges | 12 hours |

B. Employee training courses are classified into five major categories. The course categories and implementation status are as follows:

| Course Categories | Number of Sessions | Number of Lecturers | Number of Attendees | | | Total Hours |
|---|---|---|---|---|---|---|
| | | | Total Amount | Section-level and above supervisors | Colleagues | |
| Functional training | 118 | 28 | 224 | 28 | 196 | 1,455 |
| Environment, Safety and Health | 8 | 2 | 231 | 26 | 205 | 1,283 |
| Management | 9 | 6 | 7 | 5 | 2 | 87 |
| Information | 2 | 2 | 53 | 8 | 45 | 78 |
| Total | 137 | 38 | 515 | 67 | 448 | 2,903 |

The Company's finance personnel have obtained the relevant licenses designated by the competent authority as follows:

(1) The Company's chief financial officer and acting officer have both passed the "Professional Certification for Financial and Accounting Supervisors of Public Companies" held by the Accounting Research and Development Foundation, Republic of China, and have also completed the continuing education requirements.

3. Retirement systems and their implementation

The Company has expressly stipulated the employee retirement system in the "Retirement Management Regulations" in accordance with the Labor Standards Act and, in addition to making monthly pension contributions and depositing them in a dedicated account with the Central Trust of China, since July 1, 2005, following the implementation of the Labor Pension Act, for employees eligible for the new pension contribution system, the Company has contributed pension on a monthly basis at no less than 6% of wages to the employees' individual labor pension accounts.

According to the provisions of the Company's personnel management system, an employee meeting any of the following conditions shall retire immediately:

(1) Having reached 65 years of age.

(2) Being mentally incapacitated or physically disabled and unable to perform work.

4. Employee communication:

The Company values labor-management relations and the exchange of internal opinions.

(1) Labor-management meetings: One meeting is convened every three months regarding labor rights and interests.

(2) Employee Welfare Committee: Regarding employee welfare matters.

(3) Occupational Safety and Health Committee: Regarding safety, health, environmental protection and other matters.

(4) Labor Pension Reserve Supervisory Committee: Regarding matters such as the deposit, utilization, and management of pension reserves.

(5) Complaint system/complaint hotline: To provide employees with a complaint channel when their lawful rights and interests within the Company are infringed, when they are subject to improper treatment, when they encounter difficulties in performing duties, or when they face workplace sexual harassment or bullying, so as to protect employees' working environment.

5. Status of various measures for safeguarding employee rights and interests:

To provide better protection for employees' post-retirement lives, the Company implemented an employee stock ownership trust from April 2021. In accordance with the regulations of the Company's employee stock ownership association, participants entrust a financial institution to purchase the Company's shares in the name of a dedicated account with the amounts deposited monthly by participants and to manage and utilize such shares on their behalf. The Company also contributes an amount equal to 100% of each participant's monthly deposit. Upon resignation or retirement, participants receive the trust shares, providing employees with an additional level of livelihood protection at retirement.

6. Protective measures for the work environment and employees' personal safety:

In order to ensure employees' safety in the workplace, the Company takes zero disaster as the starting point of its disaster management objectives, as an indicator for enhancing various safety activities in the plant areas, and supports zero-disaster-related activities through rewards to commend units with outstanding performance. The Company provides employees with all necessary safety protective equipment, including uniforms, safety helmets, safety shoes, earplugs, and masks, and requires employees to wear and use them in accordance with regulations to avoid injury; in addition, the Company routinely conducts safety and health education and training for new and existing employees to enhance safety awareness, and regularly holds disaster prevention drills in the hope of establishing preventive measures and emergency response procedures in the event of accidents. Since September 2018, contracted physicians for labor health services and nursing personnel for labor health services have been arranged to provide on-site services to assist with health guidance and consultations in order to promote employees' physical and mental health; the Company has implemented the following specific measures:

| Item | Content |
|---|---|
| Employee health management | • Annual special health checkups for employees engaged in special operations.<br>• Regular follow-up management and health guidance are provided by contracted occupational physicians and occupational health nurses based on employees' health examination results.<br>• Professional nursing personnel are employed to provide on-site services six times per month, offering employees healthcare services and health consultations.<br>• Professional occupational safety and health physicians are employed to provide on-site services once every two months, offering employees professional consultation and assisting in assessing workplace hazard risks. |
| Work environment monitoring | • Implemented once every six months: workplace noise testing and concentration testing of sulfuric acid, chromic acid, and methanol. |
| Environmental disaster training | • Disaster prevention drills are held regularly so that employees have clear response procedures when accidents occur.<br>• AEDs are installed in each plant area, and AED education and training is conducted during disaster prevention drills. |
| Access control security | • A 24-hour security maintenance contract has been signed with a security company.<br>• Comprehensive surveillance systems are installed in each plant area and the administrative office building to safeguard employee safety. |

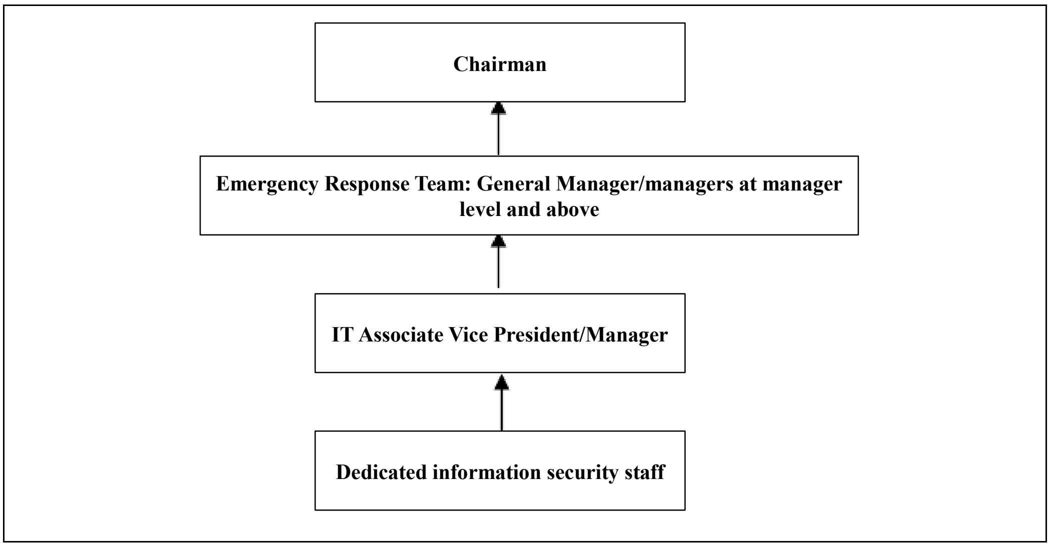
7. Losses incurred by the Company as a result of labor disputes in the most recent year and up to the date of printing of the annual report, and the estimated amounts currently and potentially to be incurred in the future and responsive measures:

(1) The Company has consistently prioritized employee benefits and further emphasizes communication with employees, resulting in harmonious labor-management relations; therefore, no major labor disputes or associated losses occurred in the most recent year and up to the date of printing of the annual report. Under the principle of mutual benefit between labor and management upheld by the Company, the possibility of losses arising from labor disputes in the future is extremely low.

(2) Estimated amounts currently and potentially to be incurred in the future and response measures: None.

VI. Information Security Management

1. Information and Communication Security Risk Management Framework




To strengthen the Company's information security management, ensure the security of data, systems, and networks, and maintain the accuracy of personnel operations, the Information Department is responsible for coordinating and implementing the Company's information security policies and management procedures, promoting information security messages, and enhancing employees' information security awareness and understanding in order to reduce information security risks to the Company's operations.

To improve the effectiveness of information and communication security management and implementation, our department conducts an annual information and communication security self-inspection with the following items, and audit personnel conduct one audit of the internal implementation status of information security in the middle of each year and one self-assessment at the end of each year.

Information and Communication Security Self-Check Items:

(1) Organizational and responsibility operations

(2) System development control procedures

(3) System application document processing operations

(4) System use management operations

(5) Data input and output management operations

(6) Data processing operations

(7) Security operations for files and equipment

(8) Procurement, use, and maintenance operations for software and hardware equipment

(9) System recovery plan operations

(10) Information and communication security management operations

(11) Online public information filing operations

2. Information and communication security policy and specific management plans

(1) Network security management:

A. Configuring internal and external network firewalls to block or monitor harmful network content or attacks.

B. Integrate with the firewall's web behavior management system to control network access, block access to harmful or policy-disallowed URLs and content, strengthen network security, and prevent inappropriate bandwidth consumption.

C. The internal firewall and NAC visualization platform provide real-time monitoring of malicious network packets or files, effectively blocking lateral movement and providing isolation and alert measures.

(2) System access control:

A. To use the Company's various application systems, requests must be submitted through the relevant form application procedures. After approval by the responsible manager, the Information Department will create accounts or roles and grant permissions according to the requested functions before use is permitted.

B. Account passwords must meet the specified strength requirements, including complexity, and must be changed periodically.

C. After employees complete the resignation or transfer process, system accounts will be added, deleted, modified, or deactivated according to job adjustments.

D. Control permissions for peripheral devices to prevent improper access to internal Company data by portable BYOD devices or unauthorized storage devices.

(3) Implement information security training:

A. Basic information security education has been included in new employee training and previous training courses. In addition, information security training for all employees is conducted once in each H1 and H2 to continuously enhance personnel's information security awareness.

B. The latest information security protection messages or major information security incident alerts are announced from time to time on the EIP platform, including actual internal and external cases such as ransomware, phishing emails, and fraudulent website links.

(4) Virus protection and management:

A. Servers and general computer equipment are all installed with endpoint protection software including MDR, and virus definitions are automatically updated to ensure that the latest viruses and behavioral attacks can be blocked.

B. A spam filtering gateway platform is configured at the front end of the email server to prevent viruses or spam from entering the internal environment.

(5) Ensure system availability:

A. Establish a local backup and remote backup management system, and regularly back up daily data. One copy is retained in the headquarters data center, and the other is copied over the network to the storage equipment in the remote site (Mituo Plant data center), with completion reviewed through daily reports.

B. Disaster recovery drills are regularly implemented every year. After selecting a recovery time point according to the drill plan document, the verification environment is activated in the remote data center, primarily focusing on the remote recovery of VMs (AD or Notes, UOF, etc). The recovered system is then verified through data comparison.

C. Nearly 90% of servers have been virtualized with HA mechanisms, reducing the migration and recovery time following a single host failure.

(6) Information equipment security management:

A. The Company's application server hosts and core network equipment are all installed in a dedicated data center. Access to the data center is controlled with registered entry and exit, and there are IEN environmental controls, power monitoring, and abnormal alerts.

B. The IT data center has independent air conditioning and a UPS uninterruptible power system to maintain computer equipment operating at suitable temperature and humidity levels. When there is a mains power abnormality, the backup diesel generator ATS is activated to restore the power supply and avoid abnormal system shutdown.

C. The Company's core IT operational assets, such as servers, network equipment, and various IT platforms, are covered by annual maintenance contracts.

(7) Irregular internal information security meetings are held, and relevant issues and records are reported to management as a basis for information security optimization.

3. Resources continuously invested in information security management:

To address the challenges faced by information security, such as advanced persistent threats (APT), intrusion detection, vulnerability monitoring, DDoS attacks, ransomware (malware), and theft of personal data, the Company continues to monitor trends in changes in the global information environment and strengthen employees' awareness of information security crises and the response capabilities of information security personnel, with a view to preventing such crises in advance or, when an information security crisis occurs, effectively detecting it and preventing the expansion of harm.

The Company has the following planned evaluation and improvement items for information security management:

(1) The outsourced SIEM monitoring platform (CIO Cloud Intelligent Maintenance Platform) collects and analyzes deep-level threat factors, providing early warning and coordinated defense.

(2) Upgraded and enhanced modules for email gateway Business Email Compromise (BEC) fraud and SEP social engineering.

(3) MDR Enhanced Endpoint Protection System.

(4) A data loss prevention (DLP) system for monitoring sensitive data leaks has been deployed and is protected by GOP software.

(5) Conduct penetration testing on externally-facing application servers and implement remediation measures based on the severity of vulnerabilities discovered.

4. The losses incurred from material cybersecurity incidents and their potential impacts, along with the countermeasures taken, over the past year up to the annual report publication date. If the amount cannot be reasonably estimated, state the fact that a reasonable estimate is not possible:

The Company did not incur any losses due to material cybersecurity incidents this year.

VII. Material Contracts

1. Sheh Fung Screws Co., Ltd.

| Nature of contract | Involved Parties | Beginning and end dates of contract | Major content | Restrictive clauses |
|---|---|---|---|---|
| Long-term financing | Bank of Kaohsiung | 2023.08.18 - 2030.08.18 | The loan limit is NT$500,000 thousand, secured by real estate. | None |
| Long-term financing | Bank of Taiwan | 2025.09.23 - 2030.09.23 | The loan limit is NT$300,000 thousand, secured by real estate. | None |
| Long-term financing | Taipei Fubon Bank | 2024.06.20 - 2027.06.20 | The loan limit is NT$100,000 thousand. | None |
| Long-term financing | Export-Import Bank of the Republic of China | 2021.02.24 - 2027.02.24 | The loan limit is NT$224,000 thousand. | Restricted to overseas investment |
| Procurement contract | China Steel Corporation | Signed quarterly | Raw material procurement | None |

2. SHEH FUNG SCREWS VIET NAM CO.,LTD.

| Nature of contract | Involved Parties | Beginning and end dates of contract | Major content | Restrictive clauses |
|---|---|---|---|---|
| Land use rights | Ping Hsin Investment | 2019.06.18 - 2058.02.27 | Land lease | None |

## Five. Review, analysis and risk matters of financial condition and financial performance

I. Review and Analysis of Financial Condition for the Most Recent Two Years

Unit: NT$ thousand

| Item \ Year | End of 2024 | End of 2025 | Difference | |
|---|---|---|---|---|
| | | | Amount | % |
| Current assets | 1,495,628 | 1,290,116 | (205,512) | (13.74) |
| Property, plant and equipment | 1,210,648 | 1,182,411 | (28,237) | (2.33) |
| Other non-current assets | 526,805 | 918,711 | 391,906 | 74.39 |
| Total assets | 3,233,081 | 3,391,238 | 158,157 | 4.89 |
| Current liabilities | 963,467 | 885,788 | (77,679) | (8.06) |
| Non-current liabilities | 371,982 | 726,181 | 354,199 | 95.22 |
| Total liabilities | 1,335,449 | 1,611,969 | 276,520 | 20.71 |
| Share capital | 594,322 | 635,167 | 40,845 | 6.87 |
| Capital reserve | 709,729 | 823,006 | 113,277 | 15.96 |
| Retained earnings | 617,289 | 493,459 | (123,830) | (20.06) |
| Other equities | (23,708) | (172,363) | (148,655) | 627.02 |
| Total equity | 1,897,632 | 1,779,269 | (118,363) | (6.24) |

Note on Significant Changes: (Analysis and explanation of items with changes of 10% or more between periods and absolute changes of NT$10 million or more, including the primary reasons and impacts):

1. Current assets: The decrease from the previous year was primarily attributable to lower overall revenue and profitability resulting from USD trade tariffs, which led to reduced working capital and inventory levels.
2. Other non-current assets: The increase from the previous year was primarily attributable to a new long-term investment in Caesar Bathroom Co., Ltd.
3. Non-current liabilities: The increase from the previous year was primarily attributable to new long-term borrowings used to acquire a long-term investment in Caesar Bathroom Co., Ltd.
4. Total liabilities: The increase from the previous year was primarily due to new long-term borrowings used to acquire a long-term investment in Caesar Bathroom Co., Ltd.
5. Capital surplus: The increase from the previous year was primarily attributable to the conversion premium on corporate bonds
6. Retained earnings: The decrease compared with the previous year was mainly due to the distribution of cash dividends for 2024.
7. Other equity: Primarily, valuation losses resulted from a decrease in the year-end market price of "equity instrument investments measured at fair value through other comprehensive income - non-current" compared to the previous year's market price.

## II. Financial Performance

### 1. Financial Performance Comparison and Analysis for the Most Recent Two Years

Comparative Analysis of Financial Performance

Unit: NT$ thousand

| Item \ Year | 2024 | 2025 | Amount of increase/decrease | Change ratio (%) |
|---|---|---|---|---|
| Operating revenue | 2,322,475 | 2,072,496 | (249,979) | (10.76) |
| Gross profit | 435,993 | 302,535 | (133,458) | (30.61) |
| Operating income | 229,109 | 99,350 | (129,759) | (56.64) |
| Non-operating income and expenses | 51,254 | 5,992 | (45,262) | (88.31) |
| Net profits before tax | 280,363 | 105,342 | (175,021) | (62.43) |
| Net income for the period from continuing operations | 205,469 | 70,672 | (134,797) | (65.60) |
| Net profits for the period | 205,469 | 70,672 | (134,797) | (65.60) |
| Other comprehensive income | (102,692) | (223,849) | (121,157) | 117.98 |
| Total comprehensive income for the period | 102,777 | (153,177) | (255,954) | (249.04) |

Note on Significant Changes: (Items with a change of 10% or more in amount and an absolute change of NT$10 million or more), analysis is as follows:

1. Operating revenue, gross profit, and operating income (loss) declined compared with the previous year: This was primarily due to the impact of U.S. trade tariffs, which led customers to adopt a cautious approach to placing orders, while fixed costs and operating expenses continued to accrue monthly.
2. Non-operating income and expenses: The decrease from the previous year was primarily due to the significant appreciation of the New Taiwan dollar in 2025, driven by the impact of U.S. tariffs, which resulted in a net foreign exchange loss; in contrast, 2024 saw a net foreign exchange gain; this difference stems from exchange rate fluctuations between the two years.
3. Net income before tax and net income for the period: The decrease from the previous year was primarily attributable to the impact of U.S. trade tariffs on operating revenue, coupled with fixed costs and operating expenses, and a significant appreciation of the New Taiwan dollar, which resulted in a net exchange loss.
4. Other comprehensive income: Primarily attributable to a decline in the market value of equity investments, resulting in unrealized valuation losses, and exchange differences recognized from the translation of financial statements of the invested Vietnamese subsidiary.
5. Total comprehensive income for the period: This was primarily due to the combined effects of the impact of U.S. trade tariffs on operating revenue, coupled with fixed costs and operating expenses, a net exchange loss resulting from the significant appreciation of the New Taiwan dollar, unrealized valuation losses recognized due to a decline in the market value of equity investments compared to the previous year, and exchange differences arising from the translation of financial statements of the invested Vietnamese subsidiary.

### 2. Expected sales volume and basis thereof:

Based on its past operating performance and the gradual completion of expanded production equipment to ensure product quality and delivery schedules, the Company expects future revenue to remain at a certain level; depending on market demand, it will also increase the proportion of sales to customers and expand market share. Please also refer to Section Four, Operational Overview – Business Objectives (page 72) of this Annual Report.

III. Review and Analysis of Cash Flows for the Most Recent Fiscal Year

Cash flow analysis

Unit: NT$ thousand

| Item | 2024 | 2025 | Increase (decrease) |
|---|---|---|---|
| Net cash inflow (outflow) from operating activities | 327,680 | 185,528 | (142,152) |
| Net cash inflow (outflow) from investing activities | (101,239) | (698,680) | (597,441) |
| Net cash inflow (outflow) from financing activities | (252,312) | 362,165 | 614,477 |

Analysis of changes:

1. Decrease in net cash inflow from operating activities: This was due to reduced operating profit resulting from the impact of U.S. trade tariffs.
2. Increase in net cash outflow from investing activities: This was primarily due to a new long-term investment in Sanitar Co., Ltd. in 2025.
3. Increase in net cash inflow from financing activities: This was primarily due to increased borrowing for new long-term investments in 2025.

2. Improvement plan for insufficient liquidity: Not applicable.

3. Analysis of cash liquidity for the coming year (2026)

Unit: NT$ thousand

| Cash balance at the beginning of the year① | Estimated Net cash flow from operating activities for the full year② | Expected cash flow from investing and financing activities for the full year③ | Estimated amount of cash surplus (shortfall)①+②+③ | Possible Remedy Measure Taken for the Shortage | |
|---|---|---|---|---|---|
| | | | | Investment plan | Financial plan |
| 270,106 | 190,000 | (336,000) | 124,106 | Not applicable | Not applicable |

(1) Analysis of changes in cash flows in 2025:

Operating activities: Mainly attributable to the estimated contribution from operating profit for 2025.

Investing and financing activities: Primarily for repayment of bank borrowings, distribution of cash dividends, and acquisition of long-term investments, property, plant and equipment, etc., with estimated cash outflow from investing and financing activities of NT$336,000 thousand.

(2) Remedial measures for any expected cash shortfall: Not applicable.

IV. Impact of Major Capital Expenditure in the Past Year on the Financial Status

1. Review and analysis of major capital expenditures and their funding sources

(1) Utilization of major capital expenditures and sources of funds:

Since the Board of Directors approved the establishment of a subsidiary in Vietnam in 2020, as of December 31, 2025, the capital of the Vietnam subsidiary was USD 18,800 thousand (equivalent to NT$568,776 thousand), with a direct investment shareholding ratio of 100%, and plant construction commenced in December 2022, while trial production and sales began in December 2024.

| Project item | Total funds | Actual completion date |
|---|---|---|
| Plant building | NT$382,000 thousand | 2023.12 |
| Operating equipment | NT$327,000 thousand | 2024.03 - |

The funding sources are internal funds and bank financing, and therefore have not had a material impact on the Company's overall financial position.

(2) Expected benefits:

A. Estimated increase in production and sales volume, value, and gross profit:

The Vietnam subsidiary's plant has now been completed and officially commenced operations at the end of 2024, and will provide further momentum for market development through the advantages associated with an overseas production base.

B. Description of other benefits:

The establishment of a subsidiary in Vietnam is intended to diversify operating risks, and its benefits are as follows:

(A) To meet the needs of future operational growth.

(B) Helps diversify sales channels and reduce the operational risk arising from the proportion of sales in a single region.

(C) No impact from trade barriers – anti-dumping duties.

V. Reinvestment Policy in the Most Recent Fiscal Year, Main Reasons for Profit or Loss, Improvement Plans, and Investment Plans for the Coming Year:

(I) Reinvestment policy

The Company makes reinvestments based on operational needs and considerations for future development. It evaluates factors such as the location, organizational structure, shareholding percentage, and financial condition of potential reinvestment targets to inform management decision-making. The Company also continuously monitors the business and financial performance of its investments and analyzes investment results to facilitate management tracking and evaluation. In addition, the Company established the Regulations Governing the Supervision and Management of Subsidiaries to oversee their operations and build a mechanism for operational risk management, thereby maximizing operational efficiency.

(II) Main reasons for profits or losses from reinvestments in the most recent year and improvement plans

December 31, 2025; Unit: NT$ thousand

| Investee enterprise | Investment amount | Policy | Recognized investment profit or loss of the investee company for the most recent year | Main reasons for profit or loss | Improvement plan | Future other investment plans |
|---|---|---|---|---|---|---|
| Sheh Fung Screws Viet Nam Co.,Ltd | 568,776 (USD 18,800 thousand) | Manufacturing, processing, and sale of various screws and nuts | (96,244) | Caused by production not reaching economic scale in 2025. | Strengthen training to improve personnel's familiarity with the production process and accelerate production. | None |
| Sanitar Co., Ltd. | 516,610 | Sale of various sanitary ware and related products | 21,670 | Profit from core business | None | None |

VI. Risk Assessment

1. Impact of interest rate and exchange rate fluctuations and inflation on the Company's profit or loss during the most recent year and up to the annual report publication date, and future countermeasures:

(1) Impact of interest rate fluctuations:

The Company's interest income for 2023, 2024, and 2025 was NT$16,269 thousand, NT$11,107 thousand, and NT$12,170 thousand, respectively, representing 5.13%, 4.85%, and 12.25% of operating profit for each year, respectively. Interest expense was NT$15,260 thousand, NT$22,827 thousand, and NT$32,539 thousand, respectively, representing 4.81%, 9.96%, and 32.75% of operating profit for each year, respectively. In addition to closely monitoring economic conditions, the Company maintains close contact with its banks to stay informed of current interest rate fluctuations and adjusts its use of funds as needed based on the financial environment and interest rate fluctuations to reduce the impact of these fluctuations on profit or loss.

(2) Impact of exchange rate fluctuations:

The Company's export sales account for more than 95% of its total sales, and the majority of its quotations are in USD. The Company's Net exchange gains and losses for 2023, 2024, and 2025 were NT$(18,892) thousand, NT$49,188 thousand, and NT$(37,882) thousand, respectively. These amounts represented (0.81)%, 2.12%, and (1.83)%, respectively, of Net operating revenue, and (5.96)%, 21.47%, and (38.13)%, respectively, of operating profit. Therefore, fluctuations in the USD exchange rate affect the Company's profitability. However, the Company has maintained foreign exchange risk and exchange gains and losses within controllable levels.

Countermeasures:

① The finance personnel keep in contact with financial institutions and collect real-time exchange rate information based on developments in the international political and economic situation to fully grasp exchange rate movement trends. In addition to retaining funds for payment of USD payables, the Company adjusts its foreign currency positions at appropriate times to reduce the negative impact arising from exchange rate fluctuations.

② Based on the principle of hedging transactions, and in view of market fluctuations, the Company enters into forward exchange contracts or swap contracts with financial institutions to hedge exchange rate fluctuation risk. The finance unit conducts evaluations twice regularly each month, prepares reports, and submits them to the supervisor of the finance unit and senior managerial officers authorized by the Board of Directors, in order to forecast the risks and possible profits or losses of each transaction.

(3) Inflation:

The Company closely monitors market price fluctuations and maintains strong relationships with its suppliers and customers to mitigate the negative effects of inflation on profit or loss.

2. Policies on high-risk, highly leveraged investments, lending funds to others, endorsements and guarantees, and derivative financial instrument transactions during the most recent year and up to the annual report publication date; main reasons for profit or loss; and future countermeasures:

The Company's financial operations have consistently adhered to the principles of conservatism and prudence, and it has not engaged in high-risk, highly leveraged investments. To date, the Company's lending of funds to others has been limited to its 100%-owned subsidiary in Vietnam and has been announced in accordance with relevant regulations. The procedures are all in compliance with internal control regulations: the finance department prepares an evaluation report and submits it to the General Manager and the Chairman for review, then submits it to the Audit Committee for review, and then submits it to the Board of Directors for approval before disbursement. The Company's endorsements and guarantees have also been limited to its 100%-owned subsidiary in Vietnam and have been announced in accordance with relevant regulations. The procedures are all in compliance with internal control regulations: the finance department prepares an evaluation report and submits it to the General Manager and the Chairman for review, then submits it to the Audit Committee for review, and then submits it to the Board of Directors for approval before execution. The Company engages in derivative financial instrument transactions for hedging purposes, aiming to mitigate the risk of changes in the fair value of the assets and liabilities actually held by the Company. In addition, the Company has not engaged in any other high-risk derivative financial instrument transactions.

3. Future R&D plans and estimated R&D expenses during the most recent year and up to the annual report publication date:

The Company originally focused on the production of construction screws and adopted integrated production operations, possessing independent design capabilities and full manufacturing capabilities. Its research and development was based on the continuous design and development of construction screws, with a focus on continuously improving the functions of construction screws and applying for patents to protect them. In addition, the Company has also begun planning certification and product development for automotive screws and may have opportunities to jointly develop and design screws with customers during the development of new electric vehicles.

The R&D department is based on developing new products and optimizing products, and integrates feedback from the manufacturing department and the quality control department to enhance the production line's responsibility for quality and delivery schedules, establish the concept that brand means quality, and assist in product promotion by the sales department to expand the market.

(1) Research and development expenditures in the most recent fiscal year

Unit: NT$ thousand

| Year | Research and development expenses | As a percentage of revenue |
|---|---|---|
| 2024 | 11,343 | 0.49% |
| 2025 | 11,705 | 0.56% |

Note: NT$13,896 thousand is budgeted for investment in 2026.

In recent years, the Company's R&D expenses have represented approximately 0.66% of annual revenue, and the number of independently developed products has grown steadily. R&D spending is expected to remain at this level or increase slightly in coming years to support the Company's technology differentiation strategy and maintain its competitive advantage.

(2) Planned product items:

| | |
|---|---|
| Current development of new processes and technologies | 1. Continue developing automotive fastener products and optimize the stability of production quality. |
| | 2. ICC certification for Structural Lag Screws. |
| Mid-term development of new processes and technologies | 1. Development of trivalent yellow zinc electroplating coloring technology. |
| | 2. Development and design of new Composite Deck Screws. |
| Mid- and long-term development projects for the realization of new technologies | 1. Design and mass production of Multi-Material composite screws |
| | 2. Develop special anti-cracking screws for high-end European hardwood. |

4. Impact of significant domestic and international policy and legal changes on the Company's financial and business operations in the most recent year and as of the date of publication of the annual report and corresponding countermeasures: None.

5. Impact of technological changes (including information security risks) and industry changes on the Company's financial and business operations in the most recent year and as of the date of publication of the annual report and corresponding countermeasures:

To strengthen information security management, the Company internally assigns dedicated information security personnel to implement the Company's information security policies and management procedures and promote information security messages; externally, experts are engaged to provide employees with corporate anti-corruption and information security anti-terrorism awareness training to enhance employees' information security awareness and understanding, reduce information security risks related to corporate operations, and, as circumstances require, assign dedicated personnel or project teams to assess and study the impact on the Company's future development and financial and business operations and the corresponding countermeasures. In the most recent year, there were no significant technological changes or industry changes that had a material impact on the Company's financial and business operations.

6. Impact of changes in corporate image on corporate crisis management in the most recent year and as of the date of publication of the annual report and corresponding countermeasures: None.

7. Expected benefits, potential risks, and corresponding countermeasures of mergers and acquisitions in the most recent year and as of the date of publication of the annual report: None.

8. Expected benefits, potential risks, and corresponding countermeasures of plant expansion in the most recent year and as of the date of publication of the annual report: None.

9. Risks arising from concentration of purchases or sales in the most recent year and as of the date of publication of the annual report and corresponding countermeasures:

(1) Concentration of purchases

In the most recent year and up to the date of publication of the prospectus, the Company’s primary raw material has been wire rod. The main suppliers have been Companies A and B, principally because Companies A and B are the leading domestic suppliers of wire rod. Consequently, these two companies each accounted for over 10% of the Company’s annual purchases, which is an inevitable condition in the industry in which the Company operates.

(2) Concentration of sales

Customers accounting for more than 5% of the Company’s net operating revenue for 2025 represented 56.66% of revenue for the current period. Although this was higher than 51.29% in the same period last year, the number of customers each accounting for more than 5% increased by 2 compared with the same period last year, indicating that the customer structure and revenue mix were also optimized simultaneously. Products sold are distributed across different applications, sales channels, and countries, thereby dispersing the risk of sales concentration. The Company will continue to engage in product innovation and business expansion and, as the scale of revenue continues to grow, reduce the risks of sales concentration and economic downturns in individual regions.

10. Impact, risks, and corresponding countermeasures of significant transfers or changes in shareholdings by directors, supervisors, or major shareholders holding more than 10% of shares in the most recent year and as of the date of publication of the annual report: None.

11. Impact and risks of changes in control of the Company in the most recent year and as of the date of publication of the annual report: None.

12. Litigation or non-litigation events in the most recent year and up to the date of publication of the annual report; major litigation, non-litigation, or administrative dispute cases involving the Company, the Company’s directors, supervisors, General Manager, de facto responsible person, major shareholders holding more than 10% of shares, and subsidiaries, whether adjudicated with a final and binding judgment or still pending, the results of which may have a material impact on shareholders’ equity or securities prices, shall be disclosed with respect to the facts in dispute, the amount in controversy, the litigation commencement date, the main parties involved, and the handling status as of the date of publication of the annual report: None.

13. Other important risks and corresponding countermeasures in the most recent year and as of the date of publication of the annual report: None.

VII. Other important matters: None.

## Six. Special Notes

I. Information on Affiliated Enterprises:

For relevant information, please visit the MOPS website (https://mops.twse.com.tw/mops/#/web/home), select “Electronic Document Download” under “Single Company,” and click “Affiliate Companies’ Three Statements and Tables Section” to search.

II. Status of private placement of securities in the most recent fiscal year and up to the date of publication of the annual report: None.

III. Other Necessary Supplementary Disclosures: None.

## Seven. Matters that have had a material impact on shareholders’ equity or securities prices, as specified in Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act, during the most recent fiscal year and up to the date of publication of the annual report: None.

Sheh Fung Screws Co., Ltd. 


Chairman: Du Tai-Yuan