

Stock Code : 9944



SHINIH ENTERPRISE CO., LTD.

2024 Annual Report

Notice to readers

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

Printed on April 15, 2025

Link to Annual Report : <http://mops.twse.com.tw>

Company Website: <http://www.shinih.com.tw>

I. Spokesperson

Name : Chiu-Chiu Chien Title : Special Assistant

Tel : (03)365-9903 E-mail : IR@shinih.com

SHINIH Deputy-Spokesperson

Name : Martin Shih Title : Vice President

Tel : (03)365-9903 E-mail : IR@shinih.com

II. Addresses and telephone numbers of the head office, and factories

Head Office : No. 41, Lianhua St., Bade Dist., Taoyuan City Tel: (886-3) 365-9903

Bade Plant : No. 41, Lianhua St., Bade Dist., Taoyuan City Tel: (886-3) 365-9903

Tainan Plant : 2-23, Tuku, Shui Hsiu Sub., Yenshui Dist., Tainan City Tel: (886-6) 652-9543

Puzi Plant : No.1, Heng 1st St., Puzi Industrial Park, Puzi City, Chiayi County Tel: (886-5) 369-1082

Guantian Plant : No.1, Nanbu, Guantian Dist., Tainan City Tel: (886-6) 579-2992

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

Name: Transfer Agency Department, CTBC Bank Co., Ltd.

Address: 5F., No.83, Sec. 1, Chongcing S. Rd., Jhongjheng Dist., Taipei City

Website: www.ctbcbank.com.tw Tel: (02) 6636-5566

IV. Names of certified accountants, address, website, and telephone number of the accounting firm auditing the Company's latest financial report

CPA : Huang Qian Zhe 、 Chen-yu, Yang

Firm Name: Crowe (TW)

Address: 15F., No.285, Sec. 2, Taiwan Blvd., West Dist., Taichung City Tel: (04)3600-5588

Website: www.crowe.com/tw

V. Name of the exchange house where overseas eligible securities are traded and the method of inquiry on the mentioned securities : None.

VI. Company Website: <http://www.shinih.com.tw>

Table of Contents

One. Letter to Shareholders	1
Two. Corporate Governance Report	5
I. Information of Directors, President, Vice Presidents, Associate Vice Presidents, Managers of Departments and Branches	5
II. Remunerations paid to directors, presidents and vice presidents in the most recent fiscal year	12
III. State of corporate governance operations	16
IV. Information on CPA professional fees	37
V. Information on replacement of CPAs.	37
VI. The company's chairman, presidents, or any managers in charge of finance or accounting matters that have in the most recent year held a position at the accounting firm of its CPAs or at an affiliated enterprise of such accounting firm.....	37
VII. Transfer or pledge of shares owned by directors, managers, shareholders with a stake of more than 10 percent during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report	38
VIII. The information on the relationship among the top ten shareholders, if among themselves any one is a related party or a spouse or relative within the second degree of kinship of another, shall be disclosed	38
IX. Number of shares held by the Company, the Company's directors, managerial officers and the number of shares invested in a single company which are held by the entities directly or indirectly controlled by the Company, and calculating the consolidated shareholding percentage of the above categories	40
Three. Fundraising activities.....	42
I. Capital and shares	42
II. Issuance of corporate bonds.....	45
III. Preferred shares: None.....	45
IV. Global depository receipts	45
V. Employee stock warrants	45
VI. Issuance of new restricted employee shares	45
VII. Issuance of new shares in connection with mergers or acquisitions or with acquisitions of shares of other companies.....	45
VIII. Capital plans and implementation status.	45
Four. Overview of operations	46
I. Scope of business.....	46
II. Market profile and production and sales.....	49
III. Number of employees, average years of service, average age and education background of employees in the most recent two years and up to the date of publication of the annual report.....	52

IV.	Information on environmental protection expenditure	53
V.	Labor-management relations	53
VI.	Cybersecurity management	54
VII.	Important contracts:	55
Five.	Review and analysis of financial status and financial performance and risk assessment	57
I.	Financial status	57
II.	Financial performance	58
III.	Cash flow	58
IV.	Impact of significant capital expenditures in the most recent year on the financial and operating conditions of the company	60
V.	Investment policy for the last main causes of profits or losses, improvement plans and investment plans for the coming year	60
VI.	Analysis and assessment on risk matters for the most recent year and up to the printing date of annual report	60
VII.	Other important matters.	62
Six.	Special disclosures	63
I.	Information on affiliates	63
II.	Information on private placement of securities for the most recent year and up to the printing date of the annual report.	63
III.	Additional information required to be disclosed	63

One. Letter to Shareholders

Dear Shareholders:

The Company's 2024 business results are as follows: The consolidated operating revenue of the parent company and subsidiaries was NTD 2,313,098 thousand, an increase of 9.37% from NTD 2,114,906 thousand in 2023; the net operating revenue of the parent company was NTD 415,773 thousand, an increase of 39.97% from NTD 297,040 thousand in 2023.

The consolidated net income was NTD 28,679 thousand, a decrease of 83.75% from NTD 176,466 thousand in 2023. The decrease was mainly due to a decline in gross profit resulting from the impact of inflation and the increase in raw material, transportation, electricity, and labor costs, affecting the profitability of the industry.

I. 2024 Business results

(I) Business plan implementation results

Unit: NTD thousand

Account/Year	2024	2023	Amount of increase (decrease)	Variation ratio
Operating revenue, net	2,313,098	2,114,906	198,192	9.37%
Operating cost	1,622,778	1,645,778	(23,000)	(1.40%)
Gross profit	690,320	469,128	221,192	47.15%
Operating expense	585,027	553,244	31,783	5.74%
Net operating profit (loss)	105,293	(84,116)	189,409	225.18%
Non-operating income and expenses	(984)	455,793	(456,777)	(100.22%)
Net income before tax	104,309	371,677	(267,368)	(71.94%)
Net income after tax	28,679	176,466	(147,787)	(83.75%)

(II) Budget execution: Not applicable, as the Company did not disclose the financial forecast for 2024.

(III) Financial Revenue/Expenditure and Profitability Analysis

Unit: NTD thousand

Item/Year		2024	2023	Percentage of increase (decrease)
Financial revenue/expenditure	Operating revenue	2,313,098	2,114,906	9.37%
	Gross profit	690,320	469,128	47.15%
	Net income after tax	28,679	176,466	(83.75%)
Profitability analysis	Return on asset (%)	1.03	3.29	(68.69%)
	Return on equity (%)	0.8	5.04	(84.13%)
	Net income before tax as a percentage of paid-in capital (%)	9.56	34.07	(71.94%)
	Net profit margin (%)	1.24	8.34	(85.13%)
	Earnings per share (NTD)	0.05	1.49	(96.64%)

(IV) Research and Development Status

The Company integrates existing diverse nonwoven fabric manufacturing technologies, implements advanced processes and new function materials, and cooperates with customers' development demands, in order to head toward the development direction of high added value product application of differentiation, diversity, functional and sustainable environment. In addition, the Company also continues to attract and cultivate research and development talents with Taiwan as the R&D center. With the consideration of the business model, customer value and sustainable development, the Company continues to enhance customer trust, strengthen the core value of the Company, in order to establish sustainable competitive advantages and to achieve greater value for shareholders.

II. 2025 Business Plan Overview

(I) Management Approach

1. Global economic status:

Since 2024, central banks of various countries have reduced their inflationary policies. Although they did not lead to economic recession, the global economy is still facing the risk of monetary policy curbing economic growth, intensifying debt pressure in emerging and developing economies, rising prices of food and energy. These have been brought about by climate change and geopolitical risks such as the US-China trade war, Russo-Ukrainian War, and the situation in the Middle East, increasing uncertainty of global economy. IMF estimates that global economic growth will remain at 3.2% in 2024, and the global economic growth forecast will revise downward to 3.2%.

2. Non-woven industry overview: Annual growth rate of 5-7% compound annual growth rate (CAGR), of which Asia has the highest share. The process of spunbond technology at 48% is the highest.

(1) Global nonwoven fabric:

The industry is expected to grow stably and is estimated to be approximately US\$45.1 billion in 2024, with a CAGR of 6.1% and the global scale reaching US\$70.7 billion in 2034.

(2) Nonwoven process technology:

As for the distribution of the nonwoven process, SPUNMEL still accounts for the highest proportion of 48%. Needle-punched non-woven fabric came in second with a 22% share, up 1% from the previous year, followed by hydroentangled nonwoven fabric with a 17% share, down 1% from the previous year. The development of Shinih is to focus on the PET fiber base, with the all-round structure of resin, needle rolling, hydro-rolling, and hot melting, to develop toward the direction of small but beautiful, multi-composite and comprehensive technology.

3. Operational policy:

In response to the challenges of the local political situation, protectionism, extreme weather, sustainable environmental protection, the US-China conflict, and restructuring of the supply chain, our strategies are as follows:

(1) Existing core: Improve overall process technology

Based on the existing core foundation, improve and integrate nonwoven fabric technology integrate the processes laterally, and develop materials longitudinally, in order to integrate the technology development and product development, thereby further improving the technology strategy with greater competitiveness, differentiation, high value, low cost and high efficiency, such that the Company's products become the priority choices of customers.

(2) High-end process: Develop customized high-value products

As bicomponent high-end product is released consecutively, the existing process capabilities are integrated to head toward the development of differentiation, sub-micron and diverse composition. As for the raw materials, fibers, web formation, post-processing, the development heads toward the direction of diverse, combinational design, expanding the scope of product applications.

(3) Supply chain integration: Adjust the supply chain in accordance with trends

We will continue to deepen the customer market-oriented supply chain service and adjust accordingly in response to the trend of supply chain restructuring. At the same time, we will develop the European and American markets, conduct R&D innovation in Taiwan, manufacture in ASEAN countries, and obtain material and equipment support from China. Additionally, our existing multinational layout will be leveraged for cross-chain resource integration to mitigate impacts and maximize advantages.

(4) Sustainable development: Energy saving, carbon reduction, sustainable environmental protection

The Company develops green circular manufacturing, establishes a water recycling system, recycles waste from production processes, and provide sustainable products for recycling and regeneration alongside customers' supply chain's sustainability strategies

(5) Utilize regional advantages and expand international strategic cooperation.

The Group's global deployment is used to actively expand the joint collaboration with international giant business operators in Europe, U.S, China and Japan, etc., in various advantageous aspects (raw materials, equipment, products, markets and talent, etc.)

(II) Sales Volume Forecast and Basis

In 2025, the sales market is expected to grow in Taiwan and the ASEAN region compared to the previous year. The China region is expected to grow steadily due to the impact of the US-China trade war and supply chain shift, while the U.S. region is expected to show a slight decline in economic growth due to the downturn in the economy. In terms of product application, the growth of insulation materials will be steadier than that of the previous year due to the stabilization of market demand and the introduction of new products; the growth of industrial materials will be due to the mass production of production lines and the deepening of strategic partnerships with customers; and the consumer material field will be challenged by the downturn of the U.S. economy. It is expected that the overall revenue of the Company will show a growth trend in 2025.

(III) Important Production and Sales Policies

The principle of coordination of the global resources of the Group is to meet the needs of the market and customers.

- (1) Work with customers to develop functional niche products, expand the market share of high value-added product, and utilize advantages in cross-regional trade along with the restructuring of supply chain, in order to increase the overall sales and profit.
- (2) Increase efficiency, improve quality, reduce cost and enhance long-term competitiveness via digital, automated and smart production management.
- (3) Through the strategy of horizontal and vertical integration of the global supply chain, stabilize the cost of raw materials, delivery time and quality, and improve the resilience and value of the industry chain.
- (4) Promote sustainable circular manufacturing, cooperate with the strategies of customers and the government to develop a circular and renewable product ecological system, and move towards the goal of sustainability and environmental protection.

III. Company's Future Development Strategy

1. Integrate all business locations of the group, activate real estate actively, and increase overall return on assets.
2. Continue to develop multi-functional products, expand diverse and broad customer groups and markets.
3. Implement system automation with fast information flow, and control time and cost effectively.

IV. Impacts of External Competitive Environment, Legal Environment and Overall Operating Environment

(I) External Competitive Environment

1. Information link

Under the improvement of mobile devices and cloud technologies, the business model and delivery service process have been changed with greater convenience, and production automation and internal operation digitization have also been promoted. With the continuous development of Big Data, the optimization of enterprise and replacement have also been implemented progressively. Transparency of network information accelerates the upstream and downstream information and structural integration of enterprises. The enterprise optimization process also promotes the internal of the Company to focus on re-gaining the advantages over the improvement of competitors in the market.

2. Resources integration

Cross-border trading promotes fast integration of differences among demographic dividend, culture, languages, climate and local natural resources, and all of these resources are also integrated into products, in order to reduce time cost and to transform into benefits.

(II) Regulatory Environment

1. Tax laws

The Chinese government has announced the "Regulations Governing Enterprise Information and Networking Inspection System" and the "Golden Tax Project Phase IV" system purchase cross-database integration to include non-tax information exchange. It is expected that the Golden Tax Project Phase IV will allow the taxation institution to audit cross-company declaration information in order to understand the status of materials, cash flows or any tax evasion.

2. Trade Agreement

The population of the member states of the "Comprehensive and Progressive Agreement for Trans-Pacific Partnership" (CPTPP) reaches nearly 500 million people (accounting for 7% of the global population), and the total GDP exceeds US\$11 trillion/ accounting for 13.1% of the global GDP, and it is the one of the three global major trade agreements. The Company has established business location in Vietnam, one of the member states of CPTPP.

The GDP of "Regional Comprehensive Economic Partnership" (RCEP) reaches US\$27 trillion, covering approximately half of the total population of the world and 30% of the total global trade amount. The Company has established business locations in China, Indonesia, Cambodia, Thailand and Vietnam.

In comparison to CPTPP, the barrier of liberalization adopted by RCEP is lower and more flexible.

3. Increase of environmental protection awareness

As the global consumers place greater emphasis on the green supply chain, manufacturers must comply with relevant inspection standards and relevant laws and regulations of RoHS, REACH, HF, energy saving and carbon reduction for the environmental protection requirements demanded by the upstream and downstream of the supply chain. Accordingly, to increase the advantages of channel deployment, companies must also increase the marketing, sales and production cost at the same time. As the Company has actively promoted the green supply chain, the Company has also obtained the eco-friendly marks of GRS and Blue Sign.

The Chinese government has implemented the “Environmental Protection Tax Law” since 2018. In addition to the increase of the factory establishment cost of enterprises in China, the law also increases the risk of possible policy relocation of existing production site at nearby urban areas. Accordingly, its impact on industries and enterprises of high energy consumption, high pollution and low effect is significant.

(III) Overall Operation Environment

According to the World Economic Outlook (IMF), the global economic growth is expected to be 3.1% in 2025 and 3.3% in 2026. Under the impact of high inflation and significant increase of interest rate along with the tension due to geopolitics, disturbance to the economic environment is caused and the slowing down of global growth will become a common situation.

The U.S. economic growth is to drop from 2.8% in 2024 to 2.7% in 2025 and 2.1% in 2026, while China's economic growth is expected to be 4.8% in 2024 and 4.6% in 2025.

Major factors affecting the economic outlook:

1. Continuous expansion of price pressures: energy costs and inflation are rising, alongside the current supply chain crisis, port congestion and booming demand for commodities.
2. Currency environment tightening: Due to the increase of interest rate, tightening of financing environment, depreciation of exchange rate, increase of inflation, the economy will face difficult trade-offs.

“World Economic Outlook” forecast summary information source: IMF Unit: %/Year

Region	2024	2025	2026
World output	3.2	3.3	3.3
U.S.A.	2.8	2.7	2.1
China	4.8	4.6	4.5

To all of you
Good health and all the best

Chairman: Jui-Jui Chien

Two. Corporate Governance Report

I. Information of Directors, President, Vice Presidents, Associate Vice Presidents, Managers of Departments and Branches

(I) 1. Director information

April 15, 2025

Title	Nationality or place of registration	Name	Gender/age	Date of Job Assumption	Term of Office	Date of initial appointment	Shareholding at the time of appointment		Current shareholding		Current shareholding of spouse and underage children		Shareholding by nominee arrangement		Principal work experience and academic qualifications	Current adjunct positions at the Company and other companies	Other managers, directors with relationship of spouse or within second degree of kinship			Remarks
							No. of Shares	Shareholding percentage	No. of Shares	Shareholding percentage	No. of Shares	Shareholding percentage	No. of Shares	Shareholding percentage			Title	Name	Relationship	
Chairman/Chief Sustainability Officer	Republic of China	Li Bang Investment Co., Ltd.	Not applicable	2022.06.17	3 years	2010.06.18	24,075,234	22.07%	24,075,234	22.73%	0	0	0	0	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	None
		Representative: Jui-Jui Chien	Female 71~80	2022.06.17	3 years	2010.06.18	1,221,957	1.12%	1,249,677	1.18%	90,729	0.09%	0	0	Shilin High School of Commerce	Chairman, PT Shinih Nonwovens Indonesia President, Sunnex Philippines Industrial Corporation	Director	Jung-Tsai Chien	Brother and sister	None
Director	Republic of China	Li Bang Investment Co., Ltd.	Not applicable	2022.06.17	3 years	2010.06.18	24,075,234	22.07%	24,075,234	22.73%	0	0	0	0	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	None
		Representative: Chia-Chin Chien	Female 41~50	2022.06.17	3 years	2019.06.21	240,646	0.22%	260,446	0.25%	0	0	0	0	Department of Information Management, University of California	Director, Kureha (Thailand) Co., Ltd. Chairman, Taiwan Kureha Co., Ltd. Chairman, SUNFIBER (VIETNAM) CO., LTD. Chairman, SUNTEX TEXTILE VN CO., LTD. Vice President, Shinih Enterprise Co., Ltd. 16th Chairperson, Taiwan Nonwoven Fabrics Industry Association	None	None	None	None
Director	Republic of China	Xing Bo International Development Co., Ltd.	Not applicable	2022.06.17	3 years	2019.06.21	584,655	0.54%	600,000	0.55%	0	0	0	0	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	None
		Representative: Chiu-Chiu Chien	Female 41~50	2022.06.17	3 years	2013.06.28	0	0	26,400	0.02%	0	0	0	0	UCLA SLSC	Special Assistant, Shinih Enterprise Co., Ltd. Chairman,	None	None	None	None

Title	Nationality or place of registration	Name	Gender/age	Date of Job Assumption	Term of Office	Date of initial appointment	Shareholding at the time of appointment		Current shareholding		Current shareholding of spouse and underage children		Shareholding by nominee arrangement		Principal work experience and academic qualifications	Current adjunct positions at the Company and other companies	Other managers, directors with relationship of spouse or within second degree of kinship			Remarks
							No. of Shares	Shareholding percentage	No. of Shares	Shareholding percentage	No. of Shares	Shareholding percentage	No. of Shares	Shareholding percentage			Title	Name	Relationship	
																Interbond Co., Ltd.				
Director	Republic of China	Ying Hung International Co., Ltd.	Not applicable	2022.06.17	3 years	2019.06.21	4,442,311	4.07%	4,442,311	4.19%	0	0	0	0	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	None
		Representative: Sheng-Hung Chien (Note 1)	Male 41~50	2022.06.17	Note 1	2013.06.28	499,513	0.46%	499,513	0.47%	0	0	0	0	Temple University Japan Campus Department of International Business Administration	Project Manager, Central Island Construction Co. Ltd. Project Manager, Project Manager of Kai Sen Construction Co., Ltd. Chairman, Shinih (Cambodia) CO., LTD. Chairman Director, Shinih Holding Co., Ltd. Director, Sunburst International Ltd. Director, Shinih Vietnam. Ltd.	None	None	None	None
		Representative: Jung-Tsai Chien (Note 2)	Male 81~90	2024.10.18	Note 2	2004.06.15	0	0	0	0	496,545	0.47%	0	0	Department of International Trade, Tamkang University	None	Chairman	Jui-Jui Chien	Brother and sister	None
Independent Director	Republic of China	Shu-Fen Wang	Female 71~80	2022.06.17	3 years	2019.06.21	0	0	0	0	0	0	0	0	Ph.D. in Finance, University of Houston	Independent Director, Original BioMedicals Co. Ltd.	None	None	None	None
Independent Director	Republic of China	Kuang-Wu Lu	Male 71~80	2022.06.17	3 years	2019.06.21	0	0	0	0	0	0	0	0	Bachelor of Laws, College of Law, National Taiwan University	Attorney and consultant of Tungli Attorneys-At-Law	None	None	None	None
Independent Director	Republic of China	Dong-Yao Wu	Male 61~70	2022.06.17	3 years	2022.06.17	0	0	0	0	0	0	0	0	Department of Industrial Engineering, Feng Chia University	None	None	None	None	None

Note 1: Re-appointed as corporate director representative from 2024.10.18.

Note 2: Director of the Company, from 2024.10.18 to 2025.06.16.

2. Major shareholder of corporate shareholder

April 15, 2025

Name of corporate shareholder	Major shareholder of corporate shareholder
Li Bang Investment Co., Ltd.	Shenghong Investment Co., Ltd. (7.07%), Jung-Tsai Chien (7.04%), Yonway International Co., Ltd. (7.02%), Ying Hung International Co., Ltd. (5.62%), Youzhong Enterprise Co., Ltd. (4.09%), Fengming International Co., Ltd. (4.05%), Shicheng Development Co., Ltd. (3.97%), Jinhao International Co., Ltd. (3.97%), Jui-Yun Chen (3.18%), Chi-Chieh Chien (2.96%)
Ying Hung International Co., Ltd.	Chia-Lin Chien (22.22%), Chia-Lin Chuan (22.22%), Ying-Ping Chien (22.22%), Chia-Ching Chien (22.22%), Ruei-Yun Chen (11.11%)
Xing Bo International Development Co., Ltd.	Chi-Chieh Chien (12.50%), Yi-Shou Chien (12.50%), Yi-Te Chien (12.50%), Yin-Hsi Hsueh (12.50%), Yin-Hsia Hsueh (12.50%), Shou-Yen Li (12.50%), Tung-Yin Li (6.25%), Tung-Yuan Li (6.25%), Jung-Fu Chien (5.45%), Hsun-Hsiang Tseng (5.45%)

3. Major shareholders of corporate shareholders that are major shareholders of a legal entity

April 15, 2025

Name of corporate shareholder	Major shareholder of corporate shareholder
Sheng Hong Investment Co., Ltd.	Hsiu-Hsia Chien (33.93%), Sheng-Hung Chien (32.14%), Sheng-Ping Chien (31.08%), Jung-Tsai Chien (1.43%), Chih-Hsing Chien (0.71%), Hsiu-Yu Chien (0.71%)
Qi Wei Joint Investment Co., Ltd.	Chia-Hui Chien (9.82%), Hsiang-Lu Yu (8.21%), Chi-Wen Chien (9.82%), Kai-Yu Chien (9.97%), Kai-En Chien (7.83%), Chih-Cheng Chien (7.17%), Yen-Ru Lin (7.16%), Chih-Wei Chien (5.07%), Fu-Mei Chien-Chen (4.89%), Poyang Development Co., Ltd. (4.55%)
You Zhong Enterprise Co., Ltd.	Chun-Wen Chiu (50%), Yu-Shan Chiu 35%), Mei-Yu Chien (15%)
Feng Ming International Co., Ltd.	Hui-Ya Wu (18%), Li-Yi Wu (18%), Kai-Ting Wu (13%), Hui-Na Wu (13%), Hao-Tien Su (11%), Chia-Hua Kung (8%), Chia-En Kung (8%), He-Ting Liu (8%), Jui-Jui Chien (3%)
Shi Cheng Development Co., Ltd.	Hung-Rung Chang (38%), Rui-Hui Chang (26%), Ya-Hui Chang (26%), Mei-Chu Chien(10%)
Jin Hao International Co., Ltd.	Shang-Tzu Hsieh (49.5%), Ya-Nan Hsieh (25%), Kuang-Yu Chen (8%), Yu-Wen Chen (6%), Yu-Pei Chen (6%), Kuo-Chen Chen (5%), Yu-Hsia Chien (0.5%)

Director information -2

I. Information disclosure on the professional qualifications and independence of directors:

April 15, 2025

Requirement Name	Professional qualification and experience	Independence	Number of companies for adjunct independent directors of other public offering companies
Li Bang Investment Co., Ltd. Representative: Jui-Jui Chien	Equipped with work experience of more than five years in the area of commerce, law, finance, or accounting, or otherwise necessary for the business of the company; Previously acted as the Chairman of the Company, and also currently act as the Chairman of the Company. Not subject to any conditions described in Article 30 of the Company Act.	Not applicable	0
Li Bang Investment Co., Ltd. Representative: Chia-Ching Chien	Equipped with work experience of more than five years in the area of commerce, law, finance, or accounting, or otherwise necessary for the business of the company. Not subject to any conditions described in Article 30 of the Company Act.	Not applicable	0
Xing Bo International Development Co., Ltd. Representative: Chiu-Chiu Chien	Equipped with work experience of more than five years in the area of commerce, law, finance, or accounting, or otherwise necessary for the business of the company; previously acted as the President of the Company. Not subject to any conditions described in Article 30 of the Company Act.	Not applicable	0
Ying Hung International Co., Ltd. Representative: Jung-Tsai Chien	Equipped with work experience of more than five years in the area of commerce, law, finance, or accounting, or otherwise necessary for the business of the company; Not subject to any conditions described in Article 30 of the Company Act.	Not applicable	0
Independent Director: Shu-Fen Wang	Previously acted as the Department Head of Department of Information and Finance Management, Chiao Tung University; Previously served as Supervisor of Microelectronics Technology Inc.; Committee Member of Hsinchu City Cable TV Review Board; Director of Chinese Association of Valuation; Independent Director of three companies of Phison Electronics Corp., Bothhand Enterprise Inc., and Zhouwei Electronics; External Committee Member of Remuneration Committee of D-Link Corporation; Member of Public Debt Commission of Hsinchu County Current Independent Director of Original BioMedicals Co. Ltd. Not subject to any conditions described in Article 30 of the Company Act.	Independent director meeting independence criteria: 1. Not a director, supervisor, or employee of the Company or its affiliates, including but not limited to the Company, his/her spouse, or any relative within the second degree of kinship; 2. The independent director himself/herself, his/her spouse, or any relative within the second degree of kinship do not own more than 1% of the total issued shares of the Company; 3. The independent director himself/herself does not serve as a director, supervisor, or employee of a company with which the Company has a specific relationship; 4. Did not receive remuneration for business, legal, financial, and accounting services provided to the Company or its affiliates in the last two years; and 5. The independent director did not as an independent director of the Company for more than three terms.	1
Independent Director: Kuang-Wu Lu	Equipped with the Attorney license. Previously acted as the Managing Partner and Attorney of Yong Zheng Attorneys-At-Law, Attorney of Far East Law Office, Manager of Feinien International Co., Ltd. Current attorney and consultant of Tungli Attorneys-At-Law. Not subject to any conditions described in Article 30 of the Company Act.		0
Independent Director: Dong-Yao Wu	Equipped with work experience of more than five years in the area of commerce, law, finance, or accounting, or otherwise necessary for the business of the company; Former President of Yue Sheng International Co., Ltd. Not subject to any conditions described in Article 30 of the Company Act.		0

II. Diversification and independence of the Board of Directors

(I) Diversity of Board of Directors

1. Diversity policy for Board members

Based on the Company's policy of diversity and strengthening of corporate governance and promotion of board formation and sound structure development, the nomination of director candidates of the Company adopts the candidate nomination system according to the provisions of the Articles of Incorporation, and the profile(experience) qualification and professional background of each candidate is assessed, and after the approval and resolution of the board of directors, it is then submitted to the shareholders' meeting for election. Regarding the composition of the board of directors, it is advisable that directors concurrently serving as company officers not exceed one-third of the total number of the board members, and that an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs be formulated and include, without being limited to, the following two general standards:

- (1) Basic requirements and values: Gender, age, nationality, and culture, and the ratio of female directors shall reach one-third of the total number of directors.
- (2) Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience.

All members of the board shall have the knowledge, skills, and experience necessary to perform their duties. To achieve the ideal goal of corporate governance, the board of directors shall possess the following abilities: Operational judgment ability, accounting and financial analysis ability, business management ability, crisis handling ability, industry knowledge, international market perspective, leadership, and decision-making ability.

2. Specific management objectives for Board member diversity:

The Company's board of directors should guide the company's strategies, supervise the management, and be accountable to the company and shareholders. The operations and arrangements of its corporate governance system should ensure that the board of directors exercises its powers in accordance with laws and regulations, the company's Articles of Incorporation, or the resolutions of shareholders' meetings. Specific management objectives are as follows:

- (1) It is advisable that directors who also serve as the Company's managers not account for more than one-third of the total number of directors.
- (2) It is advisable that the ratio of female directors should be 1/3 of the number of directors.
- (3) Independent directors may not be re-elected for more than three terms to maintain their independence.
- (4) Adequate diversified professional knowledge and skills

3. Achievement of diversity of Board members:

Management goals	Achievement
It is advisable that directors who also serve as the Company's managers not account for more than one-third of the total number of directors.	Achieved
It is advisable that the ratio of female directors should be 1/3 of the number of directors.	Achieved
Independent directors with term of office not exceeding three terms	Achieved
Adequate diversified professional knowledge and skills	Achieved

Name of director	Nationality	Gender	Whether the independent director also serves as the Company's manager	Director age			Term of office of independent directors	Core items							
				Less than 60 years old	60-70 years old	Over 70 years old		Operational judgment ability	Accounting and financial analysis ability	Business management ability	Crisis handling ability	Industry knowledge	International market perspective	Leadership	Decision-making ability
Jui-Jui Chien	Republic of China	Female	No			✓	-	✓	✓	✓	✓	✓	✓	✓	✓
Chia-Chin Chien	Republic of China	Female	Yes	✓			-	✓		✓	✓	✓	✓	✓	✓
Chiu-Chiu Chien	Republic of China	Female	Yes	✓			-	✓	✓	✓	✓	✓	✓	✓	✓
Jung-Tsai Chien	Republic of China	Male	No			✓	-	✓		✓	✓	✓	✓	✓	✓
Shu-Fen Wang	Republic of China	Female	No			✓	2nd term	✓	✓		✓		✓		✓
Kuang-Wu Lu	Republic of China	Male	No			✓	2nd term	✓			✓		✓		✓
Dong-Yao Wu	Republic of China	Male	No		✓		1st term	✓		✓	✓	✓	✓		✓

(II) Independence of the Board of Directors

1. According to the Company's "Articles of Incorporation", the election of directors and independent directors shall be based on the candidate nomination system. Shareholders holding more than a certain number of shares may propose a list of candidates. The qualifications of the candidates and whether they have violated the conditions of Article 30 of the Company Act shall be reviewed. The relevant acceptance operations shall be conducted and announced in accordance with the law, to protect the rights and interests of shareholders, to prevent the nomination rights from being monopolized, and to maintain independence.
2. The Board of Directors is currently composed of 7 members, including three (42.86%) independent directors. The Audit Committee assists the Board of Directors in supervising the effective implementation of internal control, the selection (relief) of CPAs, and the preparation of financial statements, as well as preparing the financial statements and the independence of CPAs.
3. The Company's directors do not have a spousal relationship or a relationship within the second degree of kinship with each other, meeting the requirements of subparagraph 3 of Article 26-3 of the Securities and Exchange Act.
4. None of the three current independent directors has served for more than three terms in order to maintain their independence.

(III) Information of President, Vice Presidents, Associate Vice Presidents, Managers of Departments and Branches

April 15, 2025

Title	Nationality	Name	Gender	Date of election (appointment)	Shareholding		Shareholding of spouse and underage children		Shareholding by nominee arrangement		Principal work experience and academic qualifications	Positions currently held in other companies	Managerial officers with relationship of spouse or within second degree of kinship			Remarks
					No. of Shares	Shareholding percentage	No. of Shares	Shareholding percentage	No. of Shares	Shareholding percentage			Title	Name	Relationship	
President	Republic of China	Jung-Fu Chien	Male	2019.08.01	27,720	0.02%	0	0.00%	0	0.00%	Master, University of Leicester, UK Master, Department of Business Administration, National Taiwan University M.B.A., Fudan University	None	None	None	None	None
Vice President	Republic of China	Ping-Shu Yeh	Male	2017.08.10	7,260	0.00%	0	0.00%	0	0.00%	Institute of Civil Engineering, National Pingtung University of Science and Technology	None	None	None	None	None
Vice President	Republic of China	Chuan-Yuan Tai (Note)	Male	2018.08.10	41,081	0.04%	2,000	0.00%	0	0.00%	Institute of Textile, Feng Chia University	None	None	None	None	None
Vice President	Republic of China	Chia-Chin Chien	Female	2022.12.15	260,446	0.23%	0	0.00%	0	0.00%	Department of Information Management, University of California	Director, Kureha (Thailand) Co., Ltd. Chairman, Taiwan Kureha Co., Ltd. Chairman, SUNFIBER (VIETNAM) CO., LTD. Chairman, SUNTEX TEXTILE VN CO., LTD.	None	None	None	None
President, Business Group	Republic of China	Hung-Jung Chang	Male	2022.12.15	359,678	0.34%	0	0.00%	0	0.00%	M.B.A., University of California	Chairman, Shinih USA Inc. Director, American Outdoor Living Inc. Director, American Furniture Alliance Inc. Chairman, VFT Inc. Chairman, American Nonwoven Inc. Chairman, s International Inc.	None	None	None	None
Vice President/Chief Financial Officer/Chief Governance Officer	Republic of China	Chung-Nan Shih	Male	2017.08.10	7,260	0.00%	0	0.00%	0	0.00%	Department of Economics, Tunghai University	Director, Taiwan Kureha Co., Ltd. Director, Interbond Co., Ltd.	None	None	None	None
Vice President, R&D Center	Republic of China	Chung-Shan Peng	Male	2024.05.08	7,260	0.00%	0	0.00%	0	0.00%	Master of Industrial Engineering, Chiao Tung University	Director, Interbond Co., Ltd.	None	None	None	None
Chief Accounting Officer	Republic of China	Hui-Ju Huang	Female	2019.01.01	8,260	0.00%	0	0.00%	0	0.00%	Hsing Wu University of Technology, Two-year Junior College	Supervisor, Taiwan Kureha Co., Ltd. Supervisor, Interbond Co., Ltd.	None	None	None	None
Audit Officer	Republic of China	Chia-Pei Wu	Female	2020.11.10	1,980	0.00%	0	0.00%	0	0.00%	Department of Accounting, Shih Chien University	None	None	None	None	None

Note: Retired on 2024/09/30

II. Remunerations paid to directors, presidents and vice presidents in the most recent fiscal year

(I) Remuneration to directors (including independent directors)

December 31, 2024 Unit: NTD 1,000

Title	Name	Remuneration to directors								Total sum of A, B, C and D and their proportion to net income (%)		Remuneration received as company part-time employee								Total sum of A, B, C, D, E, F and G, and their proportion to net income (%)		Remuneration received from investors other than subsidiaries or parent company
		Remuneration (A)		Pension (B)		Remuneration to Directors (C) (Note 1)		Expenses for Services Rendered (D)				Salaries, Bonuses and Special Allowances (E)		Pension (F)		Remuneration to Employees (G) (Note 1)						
		The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company		All companies included in the financial report		The Company	All companies included in the financial report			
Director	Li Bang Investment Co., Ltd. Representative: Jui-Jui Chien	0	0	0	0	110	110	22	22	132 2.51%	132 0.46%	2,428	2,428	0	0	0	0	0	0	2,560 48.69%	2,560 8.93%	0
	Li Bang Investment Co., Ltd. Representative: Chia-Ching Chien	0	0	0	0	70	70	22	22	92 1.75%	92 0.32%	1,552	1,552	108	108	100	0	100	0	1,852 35.22%	1,852 6.46%	0
	Xing Bo International Development Co., Ltd. Representative: Chiu-Chiu Chien	0	0	0	0	70	70	20	20	90 1.71%	90 0.31%	1,252	1,252	76	76	100	0	100	0	1,518 28.87%	1,518 5.29%	0
	Ying Hung International Co., Ltd. Representative: Sheng-Hung Chien (Note 1)	0	0	0	0	26	26	13	13	39 0.74%	39 0.14%	0	991	0	0	0	0	0	0	39 0.74%	1,030 3.59%	0
	Ying Hung International Co., Ltd. Representative: Jung-Tsai Chien (Note 2)	0	0	0	0	9	9	9	9	18 0.34%	18 0.06%	0	318	0	0	0	0	0	0	18 0.34%	336 1.17%	0
Independent Director	Shu-Fen Wang	360	360	0	0	0	0	62	62	422 8.03%	422 1.47%	0	0	0	0	0	0	0	0	422 8.03%	422 1.47%	0
	Kuang-Wu Lu	360	360	0	0	0	0	62	62	422 8.03%	422 1.47%	0	0	0	0	0	0	0	0	422 8.03%	422 1.47%	0
	Dong-Yao Wu	360	360	0	0	0	0	62	62	422 8.03%	422 1.47%	0	0	0	0	0	0	0	0	422 8.03%	422 1.47%	0

Note 1: Amount appropriated.

Note 2: For the information on the remuneration to directors and employees approved by the Board of Directors in the current year, please refer to page 44 of the Meeting Handbook.

Note 3: According to the "Labor Pension Act", the Company contributes 6% of the employee's monthly wages to their pension fund.

(1) Please provide in detail the policy, system, standards and structure of remuneration to independent directors, and describe the relevance to the amount of remuneration according to the responsibilities, risks, time invested and other factors:

The remuneration to directors is determined in the Articles of Incorporation with reference to the standard in the same industry. 2024 remuneration to directors: The salary of the chairman and the professional fees of the directors for performing duties - attendance fee and transportation allowance of the members of the Board of Directors.

(2) In addition to the disclosure in the table above, in the most recent fiscal year, remuneration received by directors (e.g., serving as a non-employee consultant of the parent company/companies in the financial statements/investment businesses): None.

Note 1: Re-appointed as corporate director representative from 2024.10.18.

Note 2: Director of the Company, from October 18, from 2024.10.18 to 2025.06.16.

(II) Remunerations to directors, presidents and vice presidents

December 31, 2024 / Unit: NTD 1,000

Title	Name	Salary (A)		Pension (B)		Salaries, bonuses and special allowances (C) (Note 1)		Remuneration to employees (D) (Note 1)				Total sum of A, B, C and D and their proportion to net income (%)		Remuneration received from investees other than subsidiaries or parent company
		The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company		All companies included in the financial report		The Company	All companies included in the financial report	
								Cash amount	Stock amount	Cash amount	Stock amount			
President	Jung-Fu Chien	9,960	14,995	3,571	3,755	0	0	405	0	405	0	13,936 265%	19,155 66.79%	0
Business Group President	Hung-Jung Chang													
Vice President	Chuan-Yuan Tai													
Vice President	Ping-Shu Yeh													
Vice President	Chia-Chin Chien													
Vice President/Chief Financial Officer/Chief Governance Officer	Chung-Nan Shih													
Vice President, R&D Center	Chung-Shan Peng													

Note 1: Amount appropriated.

(III) Remuneration for executives with top five highest remuneration

December 31, 2024 / Unit: NTD 1,000

Title	Name	Salary (A)		Pension (B)		Salaries, bonuses and special allowances (C) (Note 1)		Remuneration to employees (D) (Note 1)				Total sum of A, B, C and D and their proportion to net income (%)		Remuneration received from investees other than subsidiaries or parent company
		The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company		All companies included in the financial report		The Company	All companies included in the financial report	
								Cash amount	Stock amount	Cash amount	Stock amount			
President, Business Group	Hung-Jung Chang	0	4,590	0	184	0	0	70	0	70	0	700%	4,84416.89%	0
President	Jung-Fu Chien	2,428	2,428	108	108	0	0	100	0	100	0	2,63650.13%	2,6369.19%	0
Vice President/Chief Financial Officer/Chief Governance Officer	Chung-Nan Shih	2,012	2,012	108	108	0	0	65	0	65	0	2,18541.56%	2,1857.62%	0
Vice President	Ping-Shu Yeh	1,887	1,887	108	108	0	0	60	0	60	0	2,05539.08%	2,0557.17%	0
Vice President	Chia-Chin Chien	1,552	1,552	108	108	0	0	60	0	60	0	1,72032.71%	1,7206%	0

Note 1: Amount appropriated.

(IV) Name of the managers who received remuneration and the distribution of remuneration:

December 31, 2024 / Unit: NTD 1,000

	Title	Name	Stock amount	Cash amount (Note 1)	Total (Note 1)	Sum as a percentage of net income after tax (%)
Manager	President	Jung-Fu Chien	0	520	520	9.89%
	Vice President	Chuan-Yuan Tai (Note 2)				
	Vice President	Ping-Shu Yeh				
	Vice President	Chia-Ching Chien				
	Vice President	Chung-Shan Peng				
	Special Assistant	Chiu-Chiu Chien				
	President, Business Group	Hung-Jung Chang				
	Vice President/Chief Financial Officer/Chief Governance Officer	Chung-Nan Shih				
	Chief Accounting Officer	Hui-Ju Huang				

Note 1: Amount appropriated.

Note 2: Retired on 2024/09/30

(V) Analysis of the total remuneration paid to directors, supervisors, the general manager and assistant general managers of the Company in the most recent 2 fiscal years by the Company and all companies in the consolidated financial statements as a percentage of the net profit after tax of the parent company only financial statements or individual financial statements; and explanation of the policies, standards and combinations of remuneration paid, procedures for determining remuneration, and their correlation with business performance and future risks

- Total amount of remuneration paid by the Company and all companies included in the consolidated financial statements to the directors, presidents, and vice presidents as a percentage of net income stated in the parent company only financial statements:

Year Identity	2024		2023	
	The Company	All companies included in the financial report	The Company	All companies included in the financial report
Total amount of remuneration to the directors, presidents, and vice presidents as a percentage of net income stated in the parent company only financial statements:	402.99%	96.65%	15.12%	16.46%

- Policy, standard and combination for payment of remuneration, establishment of procedure of remuneration, and explanation on correlation between the business performance and future risk

(1) Remuneration to managers

- Remuneration to managers is based on the Company's overall market position, the results of salary surveys of related industries, while taking into account the manager's individual performance status, such as: the level of achievement of goals, contribution, and other relevant considerations.
- The remuneration to the managers includes fixed salary, supervisor bonus, fuel subsidy, work bonus (or sales bonus), various allowances, bonuses, year-end bonuses and employee remuneration.
- According to the performance evaluation results executed in accordance with the Company's "Measures for the Remuneration to Managers and Employees", the evaluation items are as follows

Evaluation items	Weighting
Assessment of the Company's policy implementation	60%
KPIs/Projects	20%
Department governance/Task execution	20%
Improvement proposals (other items)	Bonus points 10%

- The remuneration to the managers is determined in accordance with the relevant measures of the Company. The Remuneration Committee regularly evaluates the reasonableness of the remuneration.

- (2) Remuneration to directors: including compensation, remuneration and expenses for carrying out duties
- A. In accordance with Article 22 of the Company's Articles of Incorporation, 3% of the profit of the year shall be set aside as remuneration to directors, and shall be distributed based on the results of the performance evaluation of each director of the year.
- In accordance with Article 9 of the "Procedures for Performance Evaluation of the Board of Directors", the results of individual directors' performance evaluations are used as the reference for determining their individual remuneration.
- For the evaluation results of the Board performance carried out in 2024, the self-evaluation of each indicator by the directors falls between 5 points of "Strongly Agree" and 4 points of "Agree", which shows that the directors have a positive opinion on the efficiency and effectiveness of the operation of each indicator. The scores of each aspect are shown in the table below. The results of self-evaluation of each director are rated as "exceeding standard" and "better than standard":

Six major aspects of self-evaluation	Topic	Average score
A. Their grasp of the Company's goals and missions.	3	5.00
B. Their recognition of director's duties.	3	5.00
C. Degree of their participation in the Company's operations.	8	4.98
D. Their management of internal relationships and communication.	3	5.00
E. Their professionalism and continuing education.	3	4.95
F. Internal controls.	3	5.00
Total/average score	23	4.99

- B. Compensation of directors: It is appropriated according to the provision specified in the Articles of Incorporation of the Company, and compensation of employees is deducted, in order to appropriate an amount not higher than 3% of the net income before tax of the current period as the compensation of directors. In addition, it is distributed according to the Regulations for Performance Evaluation of Directors and Managerial Officer of the Company and the contribution performance of each individual director to the Company respectively.
- C. Execution fee: The transportation allowance for directors attending corporate governance related meetings is paid according to the actual attendance status.
- (3) Remuneration to independent directors:
- A. The independent directors receive fixed amount of remuneration on a monthly basis, and they do not participate in the distribution of earnings. The attendance fee is paid on a pro rata basis based on the actual number of meetings attended.
- B. The above-mentioned fixed amount of remuneration is based on the participation and contribution of each independent director in the Company's operations and the standards in the same industry and relevant industries. After discussion and recommendation, the remuneration proposed by the Remuneration Committee is submitted to the Board of Directors for resolution.
- C. If the person is a member of any functional committee of the Company, he/she may be paid a fixed amount of remuneration on a monthly basis, and the attendance fee will be paid according to the actual number of meetings attended.

III. State of corporate governance operations:

(I) 1. State of Board's operations

The Board of Directors held five meetings (A) in the most recent year, and the attendance of directors is as follows:

Title	Name	Number of attendance in person (B)	Number of attendance by proxy	Actual attendance rate (%) (B/A)	Remarks
Chairman	Li Bang Investment Co., Ltd. Representative: Jui-Jui Chien	5	0	100%	None
Director	Li Bang Investment Co., Ltd. Representative: Chia-Ching Chien	5	0	100%	None
Director	Representative of Xiang Bo International Development Co., Ltd.: Chiu-Chiu Chien	4	1	80%	None
Director	Representative of Ying Hung International Co., Ltd.: Sheng-Hung Chien	3	0	60%	Stepped down on 2024/10/18
	Representative of Ying Hung International Co., Ltd. Representative: Jung-Tsai Chien	2	0	40%	Newly appointed on 2024/10/18
Independent Director	Shu-Fen Wang	5	0	100%	None
Independent Director	Kuang-Wu Lu	5	0	100%	None
Independent Director	Dong-Yao Wu	5	0	100%	None

Other matters required to be recorded:

I. Where the operation of a board meeting is subject to one of the following, the board meeting date, session, proposal content, opinion of all independent directors and Company's handling for the opinions of independent directors shall be described:

- (I) Matters specified in Article 14-3 of Securities and Exchange Act: Not applicable, as the Company has established the Audit Committee.
- (II) Except for the above matters, other matters resolved by the Board of Directors with objection or reservation made by any independent directors, with records or a written statement: None.

II. For the execution status of refusal of directors due to conflicts of interest, the name of directors, proposal content, reasons of refusal and participation in voting shall be described:

Date and session	Proposal content	Reasons for refusal	Participation in voting
2024.05.08 13th meeting of the 20th term	Proposal for 2023 allocation of remuneration to directors and bonuses to managers	Chairman Jui-Jui Chien, Directors Chiu-Chiu Chien, Chia-Ching Chien, and Sheng-Hung Chien are parties concerned in the proposal.	Director Kuang-Wu Lu acted as the chair for the discussion and voting of the proposal. Except for the above-mentioned directors who refused themselves from the meeting, the remaining directors approved the proposal without objections.

III. For the evaluation cycle and period, scope, method and content of evaluation of the Board's self-evaluation (or peer-to-peer evaluation), please see 2. Evaluation of the Board of Directors.

IV. Goals for establishment of and execution status evaluation on the enhancement of functions of the board of directors for the current year and the most recent year:

- (I) The Company's important procedures and corporate governance-related measures have been disclosed on the Company's website or the MOPS in accordance with the regulations.
- (II) In accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies", the Company's "Procedures for Handling Material Inside Information" are amended to prohibit insiders from trading securities using unpublished market information, including the control measures for stock transactions from the date of receiving the Company's financial report or relevant performance information, including (but not limited to) that the directors may not, 30 days prior to the announcement of the financial statements and 15 days prior to the announcement of the quarterly financial statements, the trading of its shares is closed.
- (III) The Company has taken out "liability insurance for directors, supervisors and important personnel" to diversify the legal liability risk of directors, improve the corporate governance ability. The report of the insurance coverage was submitted to the 15th meeting of the 20th Board of Directors on 2024.11.06.

2. Evaluation of the Board of Directors

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
Once every three years	January 1 to December 31, 2024	Including the Board of Directors, individual directors, and functional committees (the Remuneration Committee, Audit Committee, and Sustainable Development Committee)	According to the Company's "Procedures for Performance Evaluation of the Board of Directors", the Board performance evaluation shall be performed by an external professional independent organization or external expert team at least once every three years. The external evaluation of the implementation unit was "Taiwan Investor Relations Institute" in 2024. The Institute and the experts had no business dealings with the Company and were independent. The aforementioned Institute conducted an open survey, and the Company has completed the self-evaluation. After the evaluation, the relevant documents provided by the Company were assessed, and the evaluation committee on January 7, 2025 appointed three members of the committee to conduct a video conference to interview the Company's chairman, the convener of the Board of Directors and functional committees, the corporate governance officer, and the audit officer.	The composition, the direction, the authorization, the supervision, and the communication of the Board of Directors, internal control and risk management, the self-discipline of the Board of Directors, and other eight major aspects such as the Board of Directors' meeting, support system, etc., are used to review the state of the Company's Board of Directors' operations. The results of the external evaluation of the performance of the Board of Directors were reported at the 9th meeting of the 5th Remuneration Committee on March 7, 2025 and submitted to the 17th meeting of the 20th Board of Directors on March 7, 2025, which has been disclosed on the Company's website at: www.shinih.com/zh-hant/investors/corporate-governance/board-of-directors/
Once a year	January 1 to December 31, 2024	Including the Board of Directors, individual directors, and functional committees (the Remuneration Committee, Audit Committee, and Sustainable Development Committee)	(I) The performance of individual board members was evaluated by the Board of Directors as a whole. (II) The performance of the functional committees was evaluated by the internal committee members. (III) The performance of the Board of Directors' was evaluated by all directors.	(I) The evaluation of the Board members covered six major aspects: Their grasp of the Company's goals and missions; their recognition of director's duties; degree of their participation in the Company's operations; their management of internal relationships and communication; their professionalism and continuing education; and internal controls. The evaluation consisted of 23 items. (II) The evaluation of each functional committee covered five major aspects: Degree of their participation in the Company's operations; duties and awareness of the functional committee; provision of functional committee's decision-making quality; composition of the functional committee and election of members; and internal controls. The evaluation consisted of 19-22 items. (III) The evaluation of the Board of Directors covered five major aspects: Degree of their participation in the Company's operations; provision of the Board of Directors' decision-making quality; composition and structure of the Board of Directors; election of the directors and continuing education; and internal controls. The evaluation consisted of 45 items. The results of the performance evaluation of the Board of Directors were reviewed by the 9th meeting of the 5th term of the Remuneration Committee on March 7, 2025, and submitted to the 17th meeting of the 20th term of the Board of Directors on March 7, 2025, as the basis for review and improvement. Evaluation content at the end of the year is disclosed under the Corporate Governance Section of the Company's website: http://www.shinih.com

(II) Status of Audit Committee's Operations

The Board of Directors held five meetings (A) in the most recent year, and the attendance of independent directors is as follows:

Title	Name	Actual number of meetings attended (B)	Number of attendance by proxy	Actual attendance rate (%) (B/A)	Remarks
Convener Independent Director	Shu-Fen Wang	5	0	100%	None
Independent Director	Kuang-Wu Lu	5	0	100%	None
Independent Director	Dong-Yao Wu	5	0	100%	None

Operation focus:

The responsibilities and authorities of the committee are as follows:

- I. Adoption or amendment of the internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
- II. Review on the effectiveness of the internal control system.
- III. Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others.
- IV. Matters bearing on the personal interest of a director.
- V. Material assets or derivatives transactions.
- VI. Material monetary loans, endorsements, or provision of guarantees.
- VII. Offering, issuance, or private placement of any equity-type securities.
- VIII. Appointment, discharge, or compensation of an attesting CPA.
- IX. Appointment or discharge of financial, accounting, or internal auditing officers.
- X. Annual and semi-annual financial reports.
- XI. Other material matters specified by the Company or competent authority.

Other matters required to be recorded:

- I. Where the operation of Audit Committee is subject to one of the following, the board meeting date, session, proposal content, dissenting opinion of independent directors, reserved opinions or major recommendation item content, resolution result of the Audit Committee meeting and the Company's handling with respect to the opinions of the Audit Committee shall be described.

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

Date and session	Proposal content	Resolution of the Audit Committee	The Company's handling of the opinions of the Audit Committee
2024.03.11 12th meeting of the 3rd term	1. Proposal for assessment on the independence and competency of CPAs retained by the Company	Approved by all attending members and submitted to the Board of Directors for resolution. No independent director had any objection.	The proposal was approved by the Board of Directors.
	2. 2023 Internal Control System Statement		
	3. Proposal for 2023 business report and financial statements		
	4. Proposal for endorsements and guarantees for the credit limit of subsidiaries		
2024.05.08 13th meeting of the 3rd term	1. Q1 2024 consolidated financial report	Approved by all attending members and submitted to the Board of Directors for resolution. No independent director had any objection.	The proposal was approved by the Board of Directors.
	2. Proposal for review of 2024 CPA professional fees		
	3. Proposal for endorsements and guarantees for the credit limit of subsidiaries		
	4. Proposal for the Company to apply for a short-term and mid-term credit line and export credit line at Changhwa Commercial Bank		
	5. Proposal for the Company to apply for a short-term comprehensive credit line at E.SUN Bank		
2024.08.07 14th meeting of the 3rd term	1. Q2 2024 consolidated financial report	Approved by all attending members and submitted to the Board of Directors for resolution. No independent director had any objection.	The proposal was approved by the Board of Directors.
	2. Proposal for endorsements and guarantees for the credit limit of subsidiaries		
	3. Proposal for the Company to apply for an extension of short-term credit line at Taipei Fubon Bank		
	4. Proposal for the Company to apply for an extension of short-term credit line at Cathay United Bank		
	5. Proposal for the Company's application of extension of existing short-term credit line at CTBC Bank		

Date and session	Proposal content	Resolution of the Audit Committee	The Company's handling of the opinions of the Audit Committee
2024.11.06 15th meeting of the 3rd term	1. Q3 2024 consolidated financial report	Approved by all attending members and submitted to the Board of Directors for resolution. No independent director had any objection.	The proposal was approved by the Board of Directors.
	2. Proposal for the Company's application of extension of existing short-term credit line at Land Bank		
	3. Proposal for the Company's application of extension of existing short-term credit line at Hua Nan Commercial Bank		
	4. Proposal for the Company's application of extension of existing short-term credit line at Bank Sinopac		
	5. Proposal for the Company's application of extension of existing short-term credit line at Shanghai Commercial and Savings Bank		
	6. Proposal for endorsements and guarantees for the credit limit of subsidiaries		
2024.12.18 16th meeting of the 3rd term	1. Proposal for endorsements and guarantees for the credit limit of subsidiaries	Approved by all attending members and submitted to the Board of Directors for resolution. No independent director had any objection.	The proposal was approved by the Board of Directors.
	2. Proposal for formulating the "Procedures for the Preparation and Assurance of the Sustainability Report"		
	3. Proposal for formulating the "Procedures for Reporting of Illegal and Unethical or Dishonest Conduct"		
	4. Approved the proposal for amendment to the "Internal Control System".		
	5. Approved the proposal for amendment to the "Enforcement Rules for Internal Audits".		

- (II) In addition to the aforementioned matters, other motions without approval by the Auditing Committee but passed by the board of the directors with the consents of more than two-thirds of the directors: None.
- II. For the execution status of recusal of independent directors due to conflicts of interest, the name of independent directors, proposal content, reasons of recusal and participation in voting shall be described: None.
- III. Status of communication of independent directors and internal audit officer and CPAs (e.g. material items, methods and results of communication on the Company's financial and business status):
- (I) Communication between independent directors and CPAs:
The CPAs communicated with the independent directors at the Audit Committee meetings on a quarterly basis on the results of their reviews or audits of the financial statements of the Company and its subsidiaries. The relevant matters are obtained consensus through sufficient communication, and the communication is good.
The CPAs explained and communicated with the independent directors about the updates of relevant laws and regulations and whether the amendments to the laws and regulations affected the way of accounting from time to time. Summary of previous communications in 2024:

Date	Communication content	Results
2024.03.11 Audit Committee	Communication and discussion on the audit results of the 2023 parent company only and consolidated financial statements.	No dissenting opinion.
2024.05.08 Audit Committee	Communication and discussion on the results of the review of the Q1 2024 consolidated financial statements.	No dissenting opinion.
2024.08.07 Audit Committee	Communication and discussion on the results of the review of the Q2 2024 consolidated financial statements.	No dissenting opinion.
2024.11.06 Audit Committee	Communication and discussion on the results of the review of the Q3 2024 consolidated financial statements.	No dissenting opinion.
2024.12.18 Separate communication seminar	Communication on 2024 audit plans.	Consensus was reached through sufficient communication and the communication was good.

- (II) Communication between independent directors and internal auditors:
The Company's internal audit officer sends the audit report and follow-up report to the independent directors for review every month. The independent directors provide guidance to the internal audit unit through this communication mechanism. The internal audit officer attended the Board of Directors and the Audit Committee meetings and reported on business.
Summary of previous communications in 2024:

Date	Communication content	Results
2024.03.11 Audit Committee	Audit execution report for November - December 2023	All independent directors had no dissenting opinion and submitted the report to the Board of Directors.
	Issuance of the 2023 "Internal Control System Statement".	All independent directors have no dissenting opinion and submitted to the Board of Directors for resolution.
2024.05.08 Audit Committee	Audit execution report for November - December 2023	All independent directors had no dissenting opinion and submitted the report to the Board of Directors.
2024.08.07 Audit Committee	Audit execution report for March - June 2023	All independent directors had no dissenting opinion and submitted the report to the Board of Directors.
2024.11.06 Audit Committee	Audit execution report for July - September 2023	All independent directors had no dissenting opinion and submitted the report to the Board of Directors.
2024.12.18 Audit Committee	Audit execution report for October 2023	All independent directors had no dissenting opinion and submitted the report to the Board of Directors.
2024.12.18 Separate communication seminar	The audit officer communicated with the independent directors on the formulation of the 2025 audit plan and related matters.	All independent directors have no dissenting opinion and submitted to the Board of Directors for resolution.

(III) Corporate Governance Operation Status and Discrepancies with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons

Assessment Item	Operation Status			Discrepancies from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
I. Has the Company followed the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" to establish and disclose its corporate governance practices?	✓		The Company has established the "Corporate Governance Best Practice Principles" and disclosed it on the Market Observation Post System and the Company's website. Please refer to the Company's website/Investor services/Corporate governance/Important Company regulations (https://www.shinih.com/corporate-governance).	No difference.
II. Company's shareholding structure and shareholders' equity (I) Has the Company established the internal procedures for handling shareholders' proposals, doubts, disputes, and litigation matters; in addition, have the procedures implemented accordingly? (II) Is the Company constantly informed of the identities of its major shareholders and the ultimate controller? (III) Has the company established and implemented risk management practices and firewalls for companies it is affiliated with? (IV) Has the company established internal policies that prevent insiders from trading securities against non-public information?	✓		(I) The Company has established the spokesperson system as the service contact for the shareholders' recommendations, concerns, disputes and litigations related issues, and the contact information is also disclosed on the Company's website. (II) The Company obtains the list of shareholders according to the shareholders' roster on the book closure date. In addition, change status of equity held by insiders is reported monthly according to Article 25 of the Securities and Exchange Act, and the list of major shareholders having substantial control of the Company is also understood at all times. (III) The Company complies with relevant regulatory requirements and has established the "Regulations for Supervision of Subsidiaries" and "Regulations for Handling Transactions with Related Parties, Specific Companies and Group Enterprises" as the compliance basis for business dealings with enterprises. (IV) Article 5 of the Company's "Procedures for Handling Material Inside Information" clearly stipulates that the stock exchange control measures for the Company's insiders from the date of learning of the Company's financial reports or related performance include (but are not limited to) directors may not 30 days prior to the announcement of the financial statements, and 15 days prior to the announcement of the quarterly financial statements, the trading of its shares is closed. The Company has disseminated information regarding insider trading via emails and alerted insiders before the aforementioned stock trading closure period.	No difference.
III. Composition and responsibility of board of directors (I) Has the board of directors established diversity policy, specific management goal and has executed properly?	✓		(I) Implementation of the Board's diversity policy, specific management goals, and implementation: 1. Diversity policy for Board members In accordance with Article 20 of the "Corporate Governance Best Practice Principle" formulated by the Company, regarding the strengthening of the functions of the Board of Directors - the composition of the Board of Directors shall be determined by taking diversity into account, and the Company shall formulate an appropriate policy on diversity based on its own operations, business model and development needs, including but not limited to the following two standards: (1) Basic requirements and values: Gender, age, nationality, and culture, and the ratio of female directors shall reach one-third of the total number of directors. (2) Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience. All members of the board shall have the knowledge, skills, and experience necessary to perform their duties. To achieve the ideal goal of corporate governance, the board of directors shall possess the following abilities: Operational judgment ability, accounting and financial analysis ability, business management ability, crisis handling ability, industry knowledge, international market perspective, leadership, and decision-making ability. 2. Specific management objectives for Board member diversity: The Company's board of directors should guide the company's strategies, supervise the management, and be accountable to the company and shareholders. The operations and arrangements of its corporate governance system should ensure that the board of directors exercises its powers in accordance with laws and regulations, the company's Articles of Incorporation, or the resolutions of shareholders' meetings. Specific management objectives are as follows: (1) It is advisable that directors who also serve as the Company's managers not account for more than one-third of the total number of directors. (2) It is advisable that the ratio of female directors should be one-third of the number of directors. (3) The term of office of the independent directors shall not exceed three years. (4) Adequate diversified professional knowledge and skills.	No difference.

Assessment Item	Operation Status		Discrepancies from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons																																																																																																																																																			
	Yes	No		Summary																																																																																																																																																		
			3. Achievement of diversity of Board members:																																																																																																																																																			
			<table><tr><th>Management goals</th><th>Achievement</th></tr><tr><td>It is advisable that directors who also serve as the Company's managers not account for more than one-third of the total number of directors</td><td>Achieved</td></tr><tr><td>It is advisable that the ratio of female directors should be one-third of the number of directors.</td><td>Achieved</td></tr><tr><td>Independent directors with term of office not exceeding three terms</td><td>Achieved</td></tr><tr><td>Adequate diversified professional knowledge and skills</td><td>Achieved</td></tr></table>	Management goals	Achievement	It is advisable that directors who also serve as the Company's managers not account for more than one-third of the total number of directors	Achieved	It is advisable that the ratio of female directors should be one-third of the number of directors.	Achieved	Independent directors with term of office not exceeding three terms	Achieved	Adequate diversified professional knowledge and skills	Achieved																																																																																																																																									
	Management goals	Achievement																																																																																																																																																				
	It is advisable that directors who also serve as the Company's managers not account for more than one-third of the total number of directors	Achieved																																																																																																																																																				
	It is advisable that the ratio of female directors should be one-third of the number of directors.	Achieved																																																																																																																																																				
	Independent directors with term of office not exceeding three terms	Achieved																																																																																																																																																				
	Adequate diversified professional knowledge and skills	Achieved																																																																																																																																																				
			<table><tr><th rowspan="2">Name of director</th><th rowspan="2">Nationality</th><th rowspan="2">Gender</th><th rowspan="2">Whether the independent director also serves as</th><th colspan="2">Director age</th><th rowspan="2">Term of office of independent directors</th><th colspan="10">Core items</th></tr><tr><th>Less than 60 years old</th><th>60-70 years old</th><th>Over 70 years old</th><th>Operational</th><th>Accounting and Finance</th><th>Business</th><th>Crisis handling</th><th>Industry knowledge</th><th>International market</th><th>Leadership</th><th>Decision-making</th></tr><tr><td>Jui-Jui Chen</td><td>Republic of China</td><td>Female</td><td></td><td></td><td></td><td>✓</td><td></td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td></tr><tr><td>Chia-Chin</td><td>Republic of China</td><td>Female</td><td>✓</td><td>✓</td><td></td><td></td><td></td><td>✓</td><td></td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td></tr><tr><td>Chiu-Chiu Chen</td><td>Republic of China</td><td>Female</td><td>✓</td><td>✓</td><td></td><td></td><td></td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td></tr><tr><td>Jung-Tsai Chen</td><td>Republic of China</td><td>Male</td><td></td><td></td><td></td><td>✓</td><td></td><td></td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td></tr><tr><td>Shu-Fen Wang</td><td>Republic of China</td><td>Female</td><td></td><td></td><td></td><td>✓</td><td>2nd term</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td></tr><tr><td>Kuang-Wu Lu</td><td>Republic of China</td><td>Male</td><td></td><td></td><td></td><td>✓</td><td>2nd term</td><td>✓</td><td></td><td></td><td></td><td>✓</td><td></td><td></td><td></td><td></td></tr><tr><td>Dong-Yao Wu</td><td>Republic of China</td><td>Male</td><td></td><td>✓</td><td></td><td></td><td>1st term</td><td>✓</td><td></td><td></td><td></td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td></tr></table>	Name of director	Nationality	Gender	Whether the independent director also serves as	Director age		Term of office of independent directors	Core items										Less than 60 years old	60-70 years old	Over 70 years old	Operational	Accounting and Finance	Business	Crisis handling	Industry knowledge	International market	Leadership	Decision-making	Jui-Jui Chen	Republic of China	Female				✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	Chia-Chin	Republic of China	Female	✓	✓				✓		✓	✓	✓	✓	✓	✓	✓	Chiu-Chiu Chen	Republic of China	Female	✓	✓				✓	✓	✓	✓	✓	✓	✓	✓	✓	Jung-Tsai Chen	Republic of China	Male				✓			✓	✓	✓	✓	✓	✓	✓	✓	Shu-Fen Wang	Republic of China	Female				✓	2nd term	✓	✓	✓	✓	✓	✓	✓	✓	✓	Kuang-Wu Lu	Republic of China	Male				✓	2nd term	✓				✓					Dong-Yao Wu	Republic of China	Male		✓			1st term	✓				✓	✓	✓	✓	✓
	Name of director	Nationality	Gender					Whether the independent director also serves as	Director age		Term of office of independent directors	Core items																																																																																																																																										
				Less than 60 years old	60-70 years old	Over 70 years old	Operational		Accounting and Finance	Business		Crisis handling	Industry knowledge	International market	Leadership	Decision-making																																																																																																																																						
Jui-Jui Chen	Republic of China	Female				✓		✓	✓	✓	✓	✓	✓	✓	✓	✓																																																																																																																																						
Chia-Chin	Republic of China	Female	✓	✓				✓		✓	✓	✓	✓	✓	✓	✓																																																																																																																																						
Chiu-Chiu Chen	Republic of China	Female	✓	✓				✓	✓	✓	✓	✓	✓	✓	✓	✓																																																																																																																																						
Jung-Tsai Chen	Republic of China	Male				✓			✓	✓	✓	✓	✓	✓	✓	✓																																																																																																																																						
Shu-Fen Wang	Republic of China	Female				✓	2nd term	✓	✓	✓	✓	✓	✓	✓	✓	✓																																																																																																																																						
Kuang-Wu Lu	Republic of China	Male				✓	2nd term	✓				✓																																																																																																																																										
Dong-Yao Wu	Republic of China	Male		✓			1st term	✓				✓	✓	✓	✓	✓																																																																																																																																						
(II) Apart from the Remuneration Committee and Audit Committee, has the Company assembled other functional committees at its own discretion?	✓		(II) In addition to establishing the Remuneration Committee and Audit Committee, there is also a Sustainable Development Committee.																																																																																																																																																			
(III) Has the Company established a set of policies and assessment tools to evaluate the board's performance? Is performance evaluated regularly at least on an annual basis? In addition, has the result of the performance assessment been submitted to the board of directors' meeting and used as reference for the remuneration and nomination or reelection of individual director?	✓		(III) The Company has formulated the Procedures for Performance Evaluation of the Board of Directors, which are reviewed and revised annually. A Board evaluation is performed on an annual basis. ● 2024 performance evaluation of the Board of Directors <table><tr><th>Evaluation target</th><th>Board member</th><th>Functional committees</th><th>Board of directors</th></tr><tr><td>Evaluation aspect</td><td><ul style="list-style-type: none">● Their grasp of the Company's goals● Their recognition of director's duties● Degree of their participation in the Company's operations<ul style="list-style-type: none">● Management of internal relationship and communication● Their professionalism and continuing education.● Internal controls.</td><td><ul style="list-style-type: none">● Degree of their participation in the Company's operations● Functional committees● Provision of functional committee's decision-making quality● Composition of the functional committee and election of members● Internal controls.</td><td><ul style="list-style-type: none">● Their grasp of the Company's goals● Their recognition of director's duties● Their degree of participation in the Company's operations● Their management of internal relationships and communication● Their professionalism and continuing education● Internal controls.</td></tr></table>	Evaluation target	Board member	Functional committees	Board of directors	Evaluation aspect	<ul style="list-style-type: none">● Their grasp of the Company's goals● Their recognition of director's duties● Degree of their participation in the Company's operations<ul style="list-style-type: none">● Management of internal relationship and communication● Their professionalism and continuing education.● Internal controls.	<ul style="list-style-type: none">● Degree of their participation in the Company's operations● Functional committees● Provision of functional committee's decision-making quality● Composition of the functional committee and election of members● Internal controls.	<ul style="list-style-type: none">● Their grasp of the Company's goals● Their recognition of director's duties● Their degree of participation in the Company's operations● Their management of internal relationships and communication● Their professionalism and continuing education● Internal controls.																																																																																																																																											
Evaluation target	Board member	Functional committees	Board of directors																																																																																																																																																			
Evaluation aspect	<ul style="list-style-type: none">● Their grasp of the Company's goals● Their recognition of director's duties● Degree of their participation in the Company's operations<ul style="list-style-type: none">● Management of internal relationship and communication● Their professionalism and continuing education.● Internal controls.	<ul style="list-style-type: none">● Degree of their participation in the Company's operations● Functional committees● Provision of functional committee's decision-making quality● Composition of the functional committee and election of members● Internal controls.	<ul style="list-style-type: none">● Their grasp of the Company's goals● Their recognition of director's duties● Their degree of participation in the Company's operations● Their management of internal relationships and communication● Their professionalism and continuing education● Internal controls.																																																																																																																																																			

Assessment Item	Operation Status				Discrepancies from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons		
	Yes	No	Summary				
			Measurement topics	23 topics	17-22 topics	45 topics	
			Average score	4.99	4.96	4.90	
			Evaluation results	Excellent	Excellent	Excellent	
(IV) Are external auditors' independence assessed on a regular basis?	✓		<p>The self-evaluation of each indicator by the directors falls between 5 points of "Strongly Agree" and 4 points of "Agree", which shows that the directors have a positive opinion on the efficiency and effectiveness of the operation of each indicator. The scores for each aspect are shown in the table below. The self-assessment results of each director are all "better than standard". In accordance with Article 9 of the "Procedures for Performance Evaluation of the Board of Directors," the results of individual directors' performance evaluations are used as the reference for determining their individual remuneration.</p> <p>The aforementioned Board performance evaluation results were submitted to the 9th meeting of the 5th term of the Remuneration Committee on March 7, 2025 for review and then reported by the Board of Directors on March 7, 2025 for re-appointment of directors; related evaluation contents, evaluation methods, the implementation and evaluation results have been disclosed on the Company's website (please visit Company website / Investor Services / Corporate Governance / Board of Directors (https://www.shinih.com/board-of-directors/) and Annual Reports (Board of Directors Evaluation and Implementation) Please refer to Annual Report-IV. Corporate Governance Implementation/(I) 2. Evaluation of the Board of Directors).</p> <p>(IV) According to the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies", the Company evaluates the independence and suitability of the appointed CPAs once a year:</p> <p>1. The evaluation items stipulated with reference to the Norm of Professional Ethics for Certified Public Accountants of the Republic of China No. 10, "Indirectness, Objectivity, and Independence" and Article 47 of the Certified Public Accountant Act:</p> <p>(1) The CPAs, their spouses and underage children do not have any investment or financial interest-sharing relationship with the Company.</p> <p>(2) The CPAs, their spouses, and underage children do not have any loans from the Company. However, if the principal is a financial institution and the transaction is normal, this restriction does not apply.</p> <p>(3) The CPA firm has not issued a service report to certify the effective operation of the financial information system designed or implemented.</p> <p>(4) The CPAs or members of the audit service team do not serve as directors, managers, or positions that have a significant impact on the audits of the Company currently or in the most recent two years.</p> <p>(5) The non-audit services provided to the Company have no important items that directly affect the audit cases.</p> <p>(6) The CPA or members of the audit service team do not promote or broker the shares or other securities issued by the Company.</p> <p>(7) The CPA or the members of the audit service team do not defend the Company in legal cases or other disputes on behalf of the Company and third parties, except for the services permitted by law.</p> <p>(8) CPAs or members of the audit service team are not spouses, direct relatives by blood, direct relatives by affinity, or collateral blood within two degrees to any directors, managers, or personnel with significant influence on the audits.</p> <p>(9) None of the co-practicing accountants who were discharged within one year did not serve as the Company's director, manager, or position that had a significant impact on the audit.</p> <p>(10) The CPA or members of the audit service team do not receive gifts or special offers of significant value from the Company or its directors, managers or major</p>				

Assessment Item	Operation Status			Discrepancies from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons																																
	Yes	No	Summary																																	
			<p>shareholders.</p> <p>(11) The CPAs do not hold recurring duties, receive fixed salaries, or serve as directors or supervisors for the appointment of principals or persons under investigation.</p> <p>(12) None of the CPAs has audited the Company for seven consecutive years.</p> <p>(13) Has the CPA been recused from performing the assigned task if there is a direct or material indirect interest in the agent that may affect their impartiality and independence?</p> <p>(14) When the accountant performs an audit, review, second review, or professional review of the financial statements and issues an opinion letter, in addition to maintaining sustainable independence, is the formality independence also maintained?</p> <p>(15) Do the audit service team members, other co-practice accountants or corporate accounting firm shareholders, accounting firm, affiliate of the firm and alliance firm also maintain their independence from the Company?</p> <p>(16) Does the accountant uphold an honest and rigorous attitude in executing his/her professional service?</p> <p>(17) During the execution of professional service, has the accountant maintained a fair and objective viewpoint and has prevented personal bias, conflict of interest, or personal benefit that may affect the professional judgment?</p> <p>(18) The CPAs do not have a lack or loss of independence that affects their integrity and impartiality.</p> <p>(19) There is no record of discipline by the CPA Disciplinary Committee in the last two years.</p> <p>(20) Does the CPA firm have sufficient scale, resources and regional coverage to provide corporate audit services?</p> <p>(21) Does the CPA firm have defined quality control procedures? Do the aspects covered include the levels and key points of the audit procedures, the handling of audit issues and judgments, independent quality control and review, and risk management?</p> <p>(22) Does the accounting firm timely inform the board of directors on risk management, corporate governance, financial accounting and related risk control?</p> <p>The Finance and Accounting Department has preliminarily evaluated the independence and suitability of the CPAs in 2024. The evaluation results are consistent with the independence, and they are fair in providing financial and tax consulting and certification to the Company.</p> <p>2. Evaluate the independence and suitability of the appointed CPAs with reference to the Audit Quality Indicators (AQIs). The board of directors of the Company should evaluate the independence and suitability of CPAs in 2024 with reference to the Audit Quality Indicators (AQIs).</p> <p>With reference to the 5 major dimensions and 12 audit quality indicators of the Audit Quality Disclosure Framework provided by Crowe Global, the audit quality assessment of the firm as a whole and the audit team is as follows:</p> <table><tr><th>Five major aspects</th><th>13 indicators</th><th>Evaluation results</th></tr><tr><td rowspan="4">Professionalism</td><td>1-1 Audit experience</td><td>■ Good □ Fair □ Poor</td></tr><tr><td>1-2 Training hours</td><td>□ Good ■ Fair □ Poor</td></tr><tr><td>1-3 Turnover rate</td><td>□ Good ■ Fair □ Poor</td></tr><tr><td>1-4 Professional support</td><td>■ Good □ Fair □ Poor</td></tr><tr><td rowspan="4">Quality control</td><td>2-1 Accountant's load</td><td>□ Good ■ Fair □ Poor</td></tr><tr><td>2-2 Audit involvement</td><td>□ Good ■ Fair □ Poor</td></tr><tr><td>2-3 Case quality control review</td><td>□ Good ■ Fair □ Poor</td></tr><tr><td>2-4 QA support ability</td><td>□ Good ■ Fair □ Poor</td></tr><tr><td>Independence</td><td>3-1 Non-audit services</td><td>□ Good ■ Fair □ Poor</td></tr><tr><td rowspan="2">Supervision</td><td>4-1 External inspection deficiencies and penalties</td><td>□ Good ■ Fair □ Poor</td></tr><tr><td>4-2 Letter of improvement from the competent authority</td><td>□ Good ■ Fair □ Poor</td></tr><tr><td>Innovation ability</td><td>5-1 Innovative planning initiatives</td><td>□ Good ■ Fair □ Poor</td></tr></table> <p>The evaluation report was submitted to the 17th meeting of the 3rd term of the Audit Committee for review and passed by the 17th meeting of the 20th term of the Board of Directors on March 7, 2025.</p>	Five major aspects	13 indicators	Evaluation results	Professionalism	1-1 Audit experience	■ Good □ Fair □ Poor	1-2 Training hours	□ Good ■ Fair □ Poor	1-3 Turnover rate	□ Good ■ Fair □ Poor	1-4 Professional support	■ Good □ Fair □ Poor	Quality control	2-1 Accountant's load	□ Good ■ Fair □ Poor	2-2 Audit involvement	□ Good ■ Fair □ Poor	2-3 Case quality control review	□ Good ■ Fair □ Poor	2-4 QA support ability	□ Good ■ Fair □ Poor	Independence	3-1 Non-audit services	□ Good ■ Fair □ Poor	Supervision	4-1 External inspection deficiencies and penalties	□ Good ■ Fair □ Poor	4-2 Letter of improvement from the competent authority	□ Good ■ Fair □ Poor	Innovation ability	5-1 Innovative planning initiatives	□ Good ■ Fair □ Poor	
Five major aspects	13 indicators	Evaluation results																																		
Professionalism	1-1 Audit experience	■ Good □ Fair □ Poor																																		
	1-2 Training hours	□ Good ■ Fair □ Poor																																		
	1-3 Turnover rate	□ Good ■ Fair □ Poor																																		
	1-4 Professional support	■ Good □ Fair □ Poor																																		
Quality control	2-1 Accountant's load	□ Good ■ Fair □ Poor																																		
	2-2 Audit involvement	□ Good ■ Fair □ Poor																																		
	2-3 Case quality control review	□ Good ■ Fair □ Poor																																		
	2-4 QA support ability	□ Good ■ Fair □ Poor																																		
Independence	3-1 Non-audit services	□ Good ■ Fair □ Poor																																		
Supervision	4-1 External inspection deficiencies and penalties	□ Good ■ Fair □ Poor																																		
	4-2 Letter of improvement from the competent authority	□ Good ■ Fair □ Poor																																		
Innovation ability	5-1 Innovative planning initiatives	□ Good ■ Fair □ Poor																																		
IV. Has the Company designated a department or personnel that specializes (or is involved) in corporate governance affairs (including but not limited to providing directors and Audit	✓		<p>The Company's stock affairs unit is responsible for corporate governance-related affairs, including convening meetings of the Board of Directors and functional committees, producing minutes of meetings, assisting directors in taking office and continuing their education, providing directors with information needed to perform their duties, assisting directors in complying</p>																																	

Assessment Item	Operation Status			Discrepancies from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons																				
	Yes	No	Summary																					
Committee with the information needed to perform their duties, convention of board meetings and shareholders' meetings, company registration and changes, preparation of board meeting and shareholders' meeting minutes etc.)?			<p>with laws and regulations, Matters with regard to the Company's change of registration, convening of shareholders' meetings, making of minutes for shareholders' meetings, and other matters stipulated in the company's Articles of Incorporation or contracts.</p> <p>The 6th Meeting of the 20th Board of Directors, held on March 24, 2023, approved the appointment of Shih, Chung-Nan who has more than three years of experience in the Company's finance and corporate governance-related affairs as supervisors, as the Corporate Governance Officer.</p> <p>(I) Corporate governance-related affairs shall include at least the following:</p> <ol style="list-style-type: none">1. Handle matters related to the Board of Directors and Shareholders' Meetings in accordance with the law.2. Preparation of minutes of board meetings and shareholders' meetings.3. Assisting in the inauguration and continuing education of the directors.4. Provide the information required by the directors to carry out their duties.5. Assist directors in complying with laws and regulations.6. Other matters stipulated in the Company's Articles of Incorporation or contracts. <p>(II) Status of implementation in 2024:</p> <ol style="list-style-type: none">1. Arrange continuing education and training for directors.2. Assisting in the review and reporting of the performance evaluation of the Board of Directors.3. Actively promote corporate governance to improve the functions of the Board of Directors and strengthen the management mechanism.4. Completed the renewal of director and key personnel liability insurance, and reported it to the board meeting on 2025.03.07. <p>(III) Continuing education of the corporate governance officer:</p> <p>In 2023 and 2024, the Company's directors received 24 hours of training, meeting the requirement of Paragraph 2, Article 24 of the "Key Points of the Board of Directors Establishment" that the corporate governance officer should receive at least 18 hours of training after assuming position, and at least 12 hours of training (continued) per year.</p> <table><tr><th>Date of continuing education</th><th>Organizer</th><th>Course name</th><th>Hours</th></tr><tr><td>2023.06.16</td><td>Taiwan Corporate Governance Association</td><td>Enterprise risk management practices and business performance</td><td>3</td></tr><tr><td>2023.06.27~28</td><td>Securities and Futures Institute</td><td>Workshop for the Practice of Directors, Supervisors (including Independent Directors) and Corporate Governance Officers</td><td>12</td></tr><tr><td>2024.03.22</td><td>Accounting Research and Development Foundation</td><td>Promoting Sustainability through Risk Management</td><td>6</td></tr><tr><td>2024.06.14</td><td>Taiwan Corporate Governance Association</td><td>Interpretation of the Commercial Case Adjudication Act</td><td>3</td></tr></table> <p>The annual execution key points of corporate governance-related operations and the training of corporate governance officers are disclosed on the Company's website. Please visit the Company's website / Investor Services / Corporate Governance / Corporate Governance Officer (https://www.shinih.com/corporate-governance)</p>	Date of continuing education	Organizer	Course name	Hours	2023.06.16	Taiwan Corporate Governance Association	Enterprise risk management practices and business performance	3	2023.06.27~28	Securities and Futures Institute	Workshop for the Practice of Directors, Supervisors (including Independent Directors) and Corporate Governance Officers	12	2024.03.22	Accounting Research and Development Foundation	Promoting Sustainability through Risk Management	6	2024.06.14	Taiwan Corporate Governance Association	Interpretation of the Commercial Case Adjudication Act	3	
Date of continuing education	Organizer	Course name	Hours																					
2023.06.16	Taiwan Corporate Governance Association	Enterprise risk management practices and business performance	3																					
2023.06.27~28	Securities and Futures Institute	Workshop for the Practice of Directors, Supervisors (including Independent Directors) and Corporate Governance Officers	12																					
2024.03.22	Accounting Research and Development Foundation	Promoting Sustainability through Risk Management	6																					
2024.06.14	Taiwan Corporate Governance Association	Interpretation of the Commercial Case Adjudication Act	3																					

Assessment Item	Operation Status			Discrepancies from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
V. Has the Company provided proper communication channels and created dedicated sections on its website to address corporate social responsibility issues that are of significant concern to stakeholders (including but not limited to shareholders, employees, customers and suppliers)?	✓		<p>The Company values the interests and opinions of stakeholders and has open and direct communication channels with stakeholders.</p> <p>(I) Shareholders' communication channel:</p> <ol style="list-style-type: none"> Shareholders' meetings are held in the second quarter of each year. Motions are voted one by one. Shareholders can exercise their voting rights electronically and fully participate in the voting process of motions. Publish the annual report of the shareholders' meeting for the reference of investors. The institutional investor conference is convened from time to time. In 2024, the institutional investor conference was held once. The Company's website has set up a shareholders-meeting section (https://www.shinih.com/shareholders-meeting) for the purpose of disclosing relevant information on shareholder meetings, announcing revenues, and announcements of the company's spokesperson, acting spokesperson, stock agency, and stock transfer agency. Shareholders can communicate with the Company by phone or email. <p>(II) Community: The Company participates in local activities from time to time to listen to the opinions of the residents. A dedicated person is assigned to handle the suggestions or responses of the residents, to ensure sufficient communication, and to establish a good relationship with good neighbors.</p> <p>(III) Customers: Sales personnel visit customers from time to time to gain an in-depth understanding of their needs and obtain customer feedback.</p> <p>(IV) Employees: They may lodge a complaint and report to the unit manager or the management unit of each plant in writing, email, orally or by phone.</p> <p>(V) The Company has set up a stakeholder section on the Company's website (Company Website/Investor Services/Stakeholder, https://www.shinih.com/stakeholder) to provide contact windows and complaint mailboxes for all stakeholders.</p>	No difference.
VI. Has the Company commissioned a professional stock agency institution to handle shareholders' meeting affairs?	✓		<p>The Company's shareholders' meeting affairs are handled by the stock affairs agency department of CTBC Bank.</p> <p>Address: 5F, No. 83, Sec. 1, Chongqing S. Rd.</p> <p>Tel: (02) 6636-5566</p> <p>Website: https://www.ctcbank.com</p>	No difference.
<p>VII. Information Disclosure</p> <p>(I) Has the Company established a website that discloses financial, business, and corporate governance-related information?</p> <p>(II) Has the Company adopted other means to disclose information (e.g. English website, assignment of specific personnel to collect and disclose corporate information, implementation of a spokesperson system, broadcasting of investor conferences via the company website)?</p> <p>(III) Has the Company made public announce and report the annual financial statements within a period of two months after the end of each fiscal year, and has the Company also made announcement and provided report of the first, second and third quarter financial statements as well as the monthly business operation status?</p>	✓		<p>(I) Relevant disclosure information is as follows: The Company has established a website to disclose important regulations and information related to finance, business, and corporate governance, as well as the implementation status.</p> <p>(II) Other information disclosure method is as follows:</p> <ol style="list-style-type: none"> Set up Chinese and English websites, and have dedicated personnel responsible for information collection and disclosure. Appointment of spokesperson and acting spokesperson. Disclose the Company's financial information to the investing public through the Company's website and the Market Observation Post System. The information and briefing materials of the institutional investor conference are announced on the Company's website for investors' reference. <p>(III) The financial statements for the first, second, and third quarters and the operating conditions for each month are announced and reported within the deadline.</p>	No difference.
VIII. Does the Company have other important information (including but not limited to employees' benefits and rights, employee care, investor relationship, supplier relationship, rights of stakeholders, educational training status of directors, implementation of risk management policy and risk measurement standards, customer policy implementation status, purchase of liability insurance for directors of the Company etc.) helpful to the understanding of the corporate governance operation status of the Company?	✓		<p>(I) Employees' rights and interests: and employee care:</p> <ol style="list-style-type: none"> The Company has established various employee welfare measures, continuing education, training, retirement system and numerous employee service regulations, in order to protect the rights and interests of employees. The Company's domestic and overseas business locations have set up employee cafeteria and provides employee accommodation for employees on business trips. To reduce accidents and injuries at work, the Company also applies for employee occupational disaster or accident insurances according to the nature of the job. <p>(II) Investor relations: To implement shareholder activism, we provide shareholders with electronic means to exercise voting rights during the shareholders' meeting, and strive to avoid extraordinary motions during shareholder meetings, in order to protect the rights of shareholders using electronic communication to vote.</p> <p>(III) Supplier relations: The Company has established the materials unit, and suppliers of great reputation are selected via fair and transparent method for</p>	No difference.

Assessment Item	Operation Status			Discrepancies from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
			<p>collaboration, in order to protect the rights and interests of both parties.</p> <p>(IV) Rights of stakeholders: The Company's website has established the stakeholder interaction section, and various stakeholder contact window personnel are provided for interaction.</p> <p>(V) Continuing education status of directors: The Company arranges for directors to participate in various training courses on a regular basis every year. A total of 15 directors participated in continuing education in 2024 for a total of 45 hours, with an average of 5.625 hours of continuing education per person. 87.5% of the continuing education hours of all directors complied with the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies." For more information on continuing education, please visit the Company's website/Corporate Governance/Board of Directors/Continuing education. (https://www.shinih.com/board-of-directors/)</p> <p>(VI) Implementation status of risk management policy and risk measurement criteria: Various internal regulations are established according to the law, and the Audit Committee performs risk management supervision according to the audit report on a quarterly basis.</p> <p>(VII) Implementation status of customer policy: The Company has established customer credit extension regulations to serve as the compliance standard for business dealings and management of relevant customers.</p> <p>(VIII) The Company takes out liability insurance for directors to reduce and diversify the risk of major damages caused to the Company and shareholders by directors due to illegal acts; after the renewal of the insurance in 2024, and reported to the 17th meeting of the 20th Board of Directors on March 7, 2025.</p>	
<p>IX. Please provide explanation on the improvement status of the corporate governance evaluation announced by Taiwan Stock Exchange (TWSE) in the most recent year, and provide priority enhancement and measures for matters yet to be improved.</p> <p>The evaluation indicators for which the Company had not yet scored in the 11th corporate governance evaluation but has made improvement are as follows:</p> <p>(I) Indicator 2.23: Have the Procedures for Performance Evaluation of the Board of Directors been approved by the Board of Directors, and clearly set forth that an external evaluation shall be conducted at least once every three years, and that the evaluations should be conducted within the deadlines stipulated in the measures, and that the status and the results of the evaluations shall be disclosed on the company's website or in the annual report?</p> <p>Improvement measure: Yes, the Company has commissioned the Taiwan Investor Relations Institute to conduct an external evaluation and report to the Board of Directors.</p>				

(IV) If the Company has established a Remuneration Committee, the composition and operation of the committee shall be disclosed

1. Information of the Remuneration Committee members

Identity	Requirement	Professional qualification and experience	Independence	Number of serving members of the Remuneration Committees of other public companies
	Name			
Convenor Independent Director	Kuang-Wu Lu	Please refer to Table 1 on page 11 for Director information (I)	Please refer to Table 1 on page 11 for Director information	0
Independent Director	Shu-Fen Wang			1
Independent Director	Dong-Yao Wu			0

2. Responsibilities:

The “Remuneration Committee Charter” established by the Company has explicitly specify the responsibilities of the Remuneration Committee. However, to facilitate the implementation of duties and to provide compliance guidance, the board of directors has further approved the amendment of the “Rules for the Responsibility Scope of Remuneration Committee” on December 18, 2020, and its authorities and responsibilities are summarized in the following:

Remuneration Committee shall act as a prudent administrator with due care to perform the following duties faithfully, and shall submit the recommendations proposed to the board of directors for discussion:

- A. Regularly review the "Remuneration Committee Charter" and propose suggestions for amendments.
- B. Establish and periodically review the performance evaluation of the annual and long-term performance goals of the directors and managerial officers of the Company as well as the policy, system, standard and structure for the remuneration.
- C. Periodically evaluate the performance goal achievement status of the directors and managerial officers of the Company, review and assess the individual remuneration content and amount based on the evaluation result obtained according to the performance evaluation standard.

3. Status of Remuneration Committee's Operations

- (1) The Company's Remuneration Committee consists of three members:
- (2) Term of the current committee members: From June 17, 2022, until the completion of the 20th Board of Directors' term. The Remuneration Committee had two meetings (A) in the most recent year. The qualifications and attendance of members are as follows:

Title	Name	Ac number of of meetings attended (B)	Number of attendance by proxy	Actual attendance rate (%) (B/A)	Remarks
Convenor	Kuang-Wu Lu	2	0	100%	None
Committee member	Shu-Fen Wang	2	0	100%	None
Committee member	Dong-Yao Wu	2	0	100%	None

Other matters required to be recorded:

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

Date and session	Proposal content	Resolution of the Remuneration Committee	The Company's handling of the Remuneration Committee's opinions
2024.03.11 7th meeting of the 5th term	1. Proposal for 2023 performance evaluation of the members of the board of directors, managers, and the Remuneration Committee	Approved by all attending members and submitted to the Board of Directors for resolution.	The proposal was approved by the Board of Directors.
	2. Proposal for distribution of 2023 remuneration to employees and directors.		
2024.05.08 8th meeting of the 5th term	1. Proposal for 2024 promotion of managers	Approved by all attending members and submitted to the Board of Directors for resolution.	The proposal was approved by the Board of Directors.
	2. Proposal for 2023 allocation of remuneration to directors and bonuses to managers		

- II. In case where any member object or express qualified opinions to the resolution made by the Remuneration Committee, whether on-record or in writing, please describe the date and session of the meeting, details of the agenda, the entire members' opinions, and how their opinions were addressed: None.

(V) Deviation of the Company(s) actual promotion of sustainable development execution status from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and cause thereof

Assessment Item	Operation Status			Discrepancies with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Reasons																																								
	Yes	No	Summary																																									
I. Has the Company established a governance structure for promoting the sustainable development, and set up a unit that specializes (or is involved) in the promotion of sustainable development, and does the chairman authorize the senior management for handling such matter, and the supervision status of the board of directors?	✓		<p>I. Governance structure to promote sustainable development</p> <p>In order to improve the functions of the Board of Directors and strengthen the management mechanism, the Company has established relevant functional committees in accordance with the Company's Articles of Incorporation. The Sustainable Development Committee is a nonstatutory functional committee. It consists of units such as environmental sustainability, corporate social responsibility, and corporate governance, being respectively responsible for:</p> <ol style="list-style-type: none"> (1) To establish, monitor, and review environmental sustainability (climate change management, water stewardship) systems and objectives. (2) To formulate, monitor, and review sustainable development policies, systems, or management policies related to Corporate Social Responsibility. (3) To establish, monitor and review relevant policies and management mechanisms related to corporate governance, integrity management, and risk management <p>II. Sustainable Development Unit Operation Status</p> <p>I. Professional Unit: The Company's Sustainable Development Committee is responsible for the promotion of sustainable development. It was established upon approval by the 12nd meeting of the 20th board of directors on March 11, 2024.</p> <p>II. Operations and annual execution of the current year: The Sustainable Development Committee holds at least two meetings a year, with a total of seven members and the Chairman of the board serving as the convener, and more than half of the members are directors with relevant professional capabilities.</p> <table border="1"> <thead> <tr> <th>Title</th><th>Name</th><th>Gender</th><th>Education</th><th>Professional Competence</th></tr> </thead> <tbody> <tr> <td>Convener Chairman</td><td>Jui-Jui Chien</td><td>Female</td><td>Shilin High School of Commerce</td><td>Business judgment capabilities, accounting and financial analysis, operational management, crisis management, industry knowledge, international market, leadership, decision-making.</td></tr> <tr> <td>Committee Member</td><td>Chiu-Chin Chien</td><td>Female</td><td>University of California Department of Information Management</td><td>Business judgment capabilities, operational management, crisis management, industry knowledge, international market, leadership, decision-making.</td></tr> <tr> <td>Committee Member</td><td>Chiu-Chiu Chien</td><td>Female</td><td>UCLA Stanford SLSC</td><td>Business judgment capabilities, accounting and financial analysis, operational management, crisis management, industry knowledge, international market, leadership, decision-making.</td></tr> <tr> <td>Committee Member</td><td>Jung-Tsai Chien</td><td>Male</td><td>Department of International Trade, Tamkang University</td><td>Business judgment capabilities, operational management, crisis management, industry knowledge, international market, leadership, decision-making.</td></tr> <tr> <td>Committee Member independent Director</td><td>Shu-Fen Wang</td><td>Female</td><td>PhD in Finance, University of Houston</td><td>Business judgment capabilities, accounting and financial analysis, crisis management, international market, decision-making.</td></tr> <tr> <td>Committee Member independent Director</td><td>Kuang-Wu Lu</td><td>Male</td><td>Bachelor of Law, College of Law, National Taiwan University</td><td>Business judgment capabilities, crisis management, international market, decision-making.</td></tr> <tr> <td>Committee Member independent Director</td><td>Tung-Yao Wu</td><td>Male</td><td>Feng Chia University Department of Industrial Engineering and Systems Management</td><td>Business judgment capabilities, operational management, crisis management, industry knowledge, international market, decision-making.</td></tr> </tbody> </table>	Title	Name	Gender	Education	Professional Competence	Convener Chairman	Jui-Jui Chien	Female	Shilin High School of Commerce	Business judgment capabilities, accounting and financial analysis, operational management, crisis management, industry knowledge, international market, leadership, decision-making.	Committee Member	Chiu-Chin Chien	Female	University of California Department of Information Management	Business judgment capabilities, operational management, crisis management, industry knowledge, international market, leadership, decision-making.	Committee Member	Chiu-Chiu Chien	Female	UCLA Stanford SLSC	Business judgment capabilities, accounting and financial analysis, operational management, crisis management, industry knowledge, international market, leadership, decision-making.	Committee Member	Jung-Tsai Chien	Male	Department of International Trade, Tamkang University	Business judgment capabilities, operational management, crisis management, industry knowledge, international market, leadership, decision-making.	Committee Member independent Director	Shu-Fen Wang	Female	PhD in Finance, University of Houston	Business judgment capabilities, accounting and financial analysis, crisis management, international market, decision-making.	Committee Member independent Director	Kuang-Wu Lu	Male	Bachelor of Law, College of Law, National Taiwan University	Business judgment capabilities, crisis management, international market, decision-making.	Committee Member independent Director	Tung-Yao Wu	Male	Feng Chia University Department of Industrial Engineering and Systems Management	Business judgment capabilities, operational management, crisis management, industry knowledge, international market, decision-making.	No difference
Title	Name	Gender	Education	Professional Competence																																								
Convener Chairman	Jui-Jui Chien	Female	Shilin High School of Commerce	Business judgment capabilities, accounting and financial analysis, operational management, crisis management, industry knowledge, international market, leadership, decision-making.																																								
Committee Member	Chiu-Chin Chien	Female	University of California Department of Information Management	Business judgment capabilities, operational management, crisis management, industry knowledge, international market, leadership, decision-making.																																								
Committee Member	Chiu-Chiu Chien	Female	UCLA Stanford SLSC	Business judgment capabilities, accounting and financial analysis, operational management, crisis management, industry knowledge, international market, leadership, decision-making.																																								
Committee Member	Jung-Tsai Chien	Male	Department of International Trade, Tamkang University	Business judgment capabilities, operational management, crisis management, industry knowledge, international market, leadership, decision-making.																																								
Committee Member independent Director	Shu-Fen Wang	Female	PhD in Finance, University of Houston	Business judgment capabilities, accounting and financial analysis, crisis management, international market, decision-making.																																								
Committee Member independent Director	Kuang-Wu Lu	Male	Bachelor of Law, College of Law, National Taiwan University	Business judgment capabilities, crisis management, international market, decision-making.																																								
Committee Member independent Director	Tung-Yao Wu	Male	Feng Chia University Department of Industrial Engineering and Systems Management	Business judgment capabilities, operational management, crisis management, industry knowledge, international market, decision-making.																																								

Assessment Item	Operation Status			Discrepancies with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Reasons																			
	Yes	No	Summary																				
			<div>(3) Responsibilities include:<ul style="list-style-type: none">• To establish, monitor, and review environmental sustainability (climate change management, water stewardship) systems and objectives.• To formulate, monitor, and review sustainable development policies, systems, or management policies related to Corporate Social Responsibility.• To establish, monitor and review relevant policies and management mechanisms related to corporate governance, integrity management, and risk management.• Other matters as directed by the Board of Directors.(4).The execution of the Sustainable Development Committee in the current year: The committee convenes meetings at least twice a year, with resolutions and decisions regularly reported to the Board of Directors. The Sustainable Development Committee held two meetings in 2024,with a member attendance rate (excluding proxy attendance) of 100%. Reports were submitted to the Board of Directors one times.</div> <table><tr><th>Date/Term</th><th>Summary</th><th>Date/Term of reporting to the Board of Directors</th></tr><tr><td>2024.05.08 1th meeting of the 1th term</td><td><ul style="list-style-type: none">• Elected as the convener and chairman of the Sustainable Development Committee</td><td>—</td></tr><tr><td>2024.12.18 2th meeting of the 1th term</td><td><ul style="list-style-type: none">• Revision of the Committee's organizational charter• The previous "Sustainable Development Headquarters" was removed• Perpetual long-term election• 113 Sustainability Report approved</td><td>2024.12.18 16th meeting of the 20th term</td></tr></table> <div>III. Supervision of sustainable development by the Board of Directors: In order to implement sustainable development and facilitate economic, environmental, and social progress, the specific promotion plans of policies, systems, or related management guidelines for sustainable development have been approved by the Board of Directors. The supervision in 2024 is as follows:</div> <table><tr><th>Date/Term</th><th>Summary</th></tr><tr><td>2024.05.08 13th meeting of the 20th term</td><td><ul style="list-style-type: none">• Group greenhouse gas inventory and verification implementation progress report• 112 Annual Sustainability Report Implementation Progress Report• Integrity management implementation report</td></tr><tr><td>2024.08.07 14th meeting of the 20th term</td><td><ul style="list-style-type: none">• Group greenhouse gas inventory and verification implementation progress report</td></tr><tr><td>2024.11.06 15th meeting of the 20th term</td><td><ul style="list-style-type: none">• Group greenhouse gas inventory and verification implementation progress report</td></tr><tr><td>2024.12.18 16th meeting of the 20th term</td><td><ul style="list-style-type: none">• Corporate Governance Promotion Report1. Risk Management Report• Approved the establishment of the "Sustainable Development Committee Organization Charter"• Through the establishment of the "Sustainable Development Headquarters" before the dismantling• Through perpetual long-term election• Approved the 112-year sustainability report</td></tr></table>	Date/Term	Summary	Date/Term of reporting to the Board of Directors	2024.05.08 1th meeting of the 1th term	<ul style="list-style-type: none">• Elected as the convener and chairman of the Sustainable Development Committee	—	2024.12.18 2th meeting of the 1th term	<ul style="list-style-type: none">• Revision of the Committee's organizational charter• The previous "Sustainable Development Headquarters" was removed• Perpetual long-term election• 113 Sustainability Report approved	2024.12.18 16th meeting of the 20th term	Date/Term	Summary	2024.05.08 13th meeting of the 20th term	<ul style="list-style-type: none">• Group greenhouse gas inventory and verification implementation progress report• 112 Annual Sustainability Report Implementation Progress Report• Integrity management implementation report	2024.08.07 14th meeting of the 20th term	<ul style="list-style-type: none">• Group greenhouse gas inventory and verification implementation progress report	2024.11.06 15th meeting of the 20th term	<ul style="list-style-type: none">• Group greenhouse gas inventory and verification implementation progress report	2024.12.18 16th meeting of the 20th term	<ul style="list-style-type: none">• Corporate Governance Promotion Report1. Risk Management Report• Approved the establishment of the "Sustainable Development Committee Organization Charter"• Through the establishment of the "Sustainable Development Headquarters" before the dismantling• Through perpetual long-term election• Approved the 112-year sustainability report	
Date/Term	Summary	Date/Term of reporting to the Board of Directors																					
2024.05.08 1th meeting of the 1th term	<ul style="list-style-type: none">• Elected as the convener and chairman of the Sustainable Development Committee	—																					
2024.12.18 2th meeting of the 1th term	<ul style="list-style-type: none">• Revision of the Committee's organizational charter• The previous "Sustainable Development Headquarters" was removed• Perpetual long-term election• 113 Sustainability Report approved	2024.12.18 16th meeting of the 20th term																					
Date/Term	Summary																						
2024.05.08 13th meeting of the 20th term	<ul style="list-style-type: none">• Group greenhouse gas inventory and verification implementation progress report• 112 Annual Sustainability Report Implementation Progress Report• Integrity management implementation report																						
2024.08.07 14th meeting of the 20th term	<ul style="list-style-type: none">• Group greenhouse gas inventory and verification implementation progress report																						
2024.11.06 15th meeting of the 20th term	<ul style="list-style-type: none">• Group greenhouse gas inventory and verification implementation progress report																						
2024.12.18 16th meeting of the 20th term	<ul style="list-style-type: none">• Corporate Governance Promotion Report1. Risk Management Report• Approved the establishment of the "Sustainable Development Committee Organization Charter"• Through the establishment of the "Sustainable Development Headquarters" before the dismantling• Through perpetual long-term election• Approved the 112-year sustainability report																						
II. Has the Company implemented the risk assessment of environmental, social, and corporate governance issues related to corporate operation, and has the Company established relevant risk management policies or strategies based on the principle of materiality?	✓		I. The Company's management irregularly assesses external factors according to the principle of materiality and whether the internal of the Company performs risk assessment on the issues of external environment, society and internal corporate governance. Accordingly, the Company has also established the "Sustainable Development Best Practice Principles" and relevant regulations. In the future, if there is management practical needs, the Company will establish relevant risk management policies or strategies.	No major difference																			
III. Environmental issues (I) Has the Company established environmental management system suitable for the Company's industrial characteristics?	✓		(I) The Company has always implemented the management industrial environment in the daily operation, including the processes from collection and evaluation of raw material characteristics to the property analysis and review during the manufacturing process. In addition, the Company has established appropriate environmental management system and has obtained the international environmental protection BLUESIGN certification mark.	No major difference																			
(II) Is the Company committed to	✓		(II) (II) For products manufactured by the Company, their primary raw materials are	No major																			

Assessment Item	Operation Status			Discrepancies with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Reasons																																							
	Yes	No	Summary																																								
achieving efficient use of resources, and using renewable materials that produce less impact on the environment?			eco-friendly materials, and during the manufacturing process, the Company has not added any excessive environmental pollution elements. The green supply chain is promoted for the purchase system, and REACH EU's chemical control policy and supply chain with RoHS eco-friendly mark are the main criteria adopted by the Company. In addition, the Company is also equipped with the Global Recycle Standard (GRS) certification mark.	difference																																							
(III) Has the company evaluated the climate change on the present and future potential risks and opportunities of the corporation, and has the company adopted responsive actions on climate related issues?	✓		(III) (III) The Company's greenhouse gas: emissions complies with the requirements of the competent authority, and relevant operation permits have been obtained. Furthermore, the inspection data is reported on a quarter basis. In addition to the periodic monitoring of data, the Company has also established the emission reduction strategy, and relevant environmental protection data and strategies are disclosed on the Company's website.	No major difference																																							
(IV) Has the Company statistically analyzed the GHG emission, water usage and waste total weight over the past years, and does the Company establish policies for energy conservation, GHG emission reduction, water consumption reduction or other waste management?	✓		<div>1. GHG, water consumption, and waste statistics for the past two years</div> <div>(1) GHG (ISO 14064-1:2018):</div> <div>Unit: CO2e equivalent (tCO2e)</div> <table><tr><td>Item</td><td>2023</td><td>2024</td></tr><tr><td>Category 1</td><td>1,380.2097</td><td>606.9898</td></tr><tr><td>Category 2</td><td>1,899.1194</td><td>1,844.8496</td></tr><tr><td>Category 1+2</td><td>3,279.3291</td><td>2,451.8394</td></tr><tr><td>Category 3</td><td>174.0734</td><td>190.1518</td></tr><tr><td>Category 4</td><td>4,689.0292</td><td>7,292.9263</td></tr></table> <div>(Note: The verification of the perpetual report has been completed in 2013. The data for 2013 is planned to be verified by Crowe Horwath in May 2015. The data will be based on the release of the perpetual report.)</div> <div>(2) Water consumption</div> <table><tr><td>Item</td><td>2023</td><td>2024</td></tr><tr><td>Total water intake by the Company (unit: million liters)</td><td>14</td><td>13.6</td></tr><tr><td>Company-wide water intake/non-woven production capacity</td><td>9.53</td><td>7.66</td></tr></table> <div>(Note: The verification of the perpetual report has been completed in 2013. The data for 2013 is planned to be verified by Crowe Horwath in May 2015. The data will be based on the release of the perpetual report.)</div> <div>(3) Waste Disposal Volume (Unit: metric tons):</div> <table><tr><td>Item</td><td>112年</td><td>113年</td></tr><tr><td>Hazardous business waste</td><td>0</td><td>0</td></tr><tr><td>Non-hazardous business waste</td><td>349.44</td><td>280.76</td></tr><tr><td>Total weight of company waste</td><td>349.44</td><td>280.76</td></tr></table> <div>(Note: The verification of the perpetual report has been completed in 2013. The data for 2013 is planned to be verified by Crowe Horwath in May 2015. The data will be based on the release of the perpetual report.)</div>	Item	2023	2024	Category 1	1,380.2097	606.9898	Category 2	1,899.1194	1,844.8496	Category 1+2	3,279.3291	2,451.8394	Category 3	174.0734	190.1518	Category 4	4,689.0292	7,292.9263	Item	2023	2024	Total water intake by the Company (unit: million liters)	14	13.6	Company-wide water intake/non-woven production capacity	9.53	7.66	Item	112年	113年	Hazardous business waste	0	0	Non-hazardous business waste	349.44	280.76	Total weight of company waste	349.44	280.76	No difference
Item	2023	2024																																									
Category 1	1,380.2097	606.9898																																									
Category 2	1,899.1194	1,844.8496																																									
Category 1+2	3,279.3291	2,451.8394																																									
Category 3	174.0734	190.1518																																									
Category 4	4,689.0292	7,292.9263																																									
Item	2023	2024																																									
Total water intake by the Company (unit: million liters)	14	13.6																																									
Company-wide water intake/non-woven production capacity	9.53	7.66																																									
Item	112年	113年																																									
Hazardous business waste	0	0																																									
Non-hazardous business waste	349.44	280.76																																									
Total weight of company waste	349.44	280.76																																									
IV. Social issues																																											
(I) Has the Company established related management policies and procedures in accordance with applicable laws and the international human rights conventions?	✓		<div>(I) The Company respects and supports internationally recognized human rights norms and principles, including the "Universal Declaration of Human Rights," "United Nations Global Compact," and the "Declaration of Fundamental Principles and Rights at Work" of the International Labor Organization. the "Guiding Principles on Business and Human Rights" to formulate human rights policies. This Policy is applicable to the Company's subsidiaries and other institutions or legal persons over which the Company has substantial control (hereinafter referred to as the group enterprises). In accordance with the amendments to relevant laws and regulations, the company regularly inventories the relevant company forms and documents and reviews the legal appropriateness of various operating procedures.</div> <div>The human rights policy is as follows:</div> <div>1. Diversity, inclusiveness and equal job opportunities</div> <div>(1) Comply with labor-related laws and regulations, prohibit child labor and forced labor, and ensure non-discrimination in employment. Strive to create a diverse, open, and equal working environment free from harassment and provide effective and appropriate grievance mechanisms to ensure employees' rights.</div> <div>(2) Employment shall be based on professional ability and experience, and shall not be based on race, class, language, ideology, religion, political party, nationality,</div>	No difference																																							

Assessment Item	Operation Status			Discrepancies with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
			<p>birthplace, gender, sexual orientation, age, marriage, appearance, facial features, physical and mental disabilities, zodiac sign, blood type or former union membership, and shall be subject to other laws expressly provided otherwise.</p> <p>2. Providing a safe and healthy work environment</p> <p>(1) Provide a safe and healthy working environment and necessary health and first aid measures, eliminate hazardous factors in the working environment that may affect the health and safety of employees, and reduce the risk of occupational hazards.</p> <p>(2) Regularly implement labor safety related education and training, and organize employee health examinations and various health promotion activities every year to take care of the physical and mental health of employees.</p> <p>3. Respect employees' freedom of association</p> <p>Respect the rights of employees to form and join various clubs, and provide diversified communication mechanisms and platforms to ensure harmonious win-win labor relations.</p> <p>Shinieh attaches great importance to and actively handles various grievances. In 2023, there were no cases of gender or race discrimination or labor practice complaints violating human rights.</p>	
(II) Has the Company developed and implemented reasonable employee welfare measures (including compensation, leave of absence and other benefits), and appropriately reflected business performance or outcome in employees' compensations?	✓		<p>1. Employee welfare measures:</p> <p>The Company recruits employees in accordance with the "Labor Standards Act", "Act of Gender Equality in Employment", "Occupational Safety and Health Act" and other relevant laws and regulations. When hiring employees, they are based on their professional ability and experience, and never based on race, ideology, religion, political party affiliation, place of birth, gender, age, sexual orientation, marital status, physical appearance, physical and mental disability, zodiac sign, blood type, etc. Female employees account for 35.9% of the total workforce. Indigenous employees account for 0.45%, and employees with physical or mental disabilities account for 0.9%. The Company has established a harmonious, friendly, diverse and equal working environment in the workplace.</p> <p>To fully provide for employees' living conditions, provide reasonable and competitive remuneration to attract, retain, and motivate talents, and for the Company's long-term development and achievement of business objectives, the Company divides salary by stable remuneration as the basis for considering flexible rewards for job descriptions, responsibilities, contributions, and personal work performance.</p> <p>In order to meet the needs of employees, in addition to providing basic protection as required by law, we also provide or sponsor the promotion of various related welfare plans. Through the establishment of joint employee welfare committees in each plant area, the Company organizes various employee welfare activities and subsidies, such as education grants for employees' children, bonuses for three major festivals, birthday gifts, subsidies for weddings, funerals, and retirement. The Company established its employee retirement policies in accordance with the Labor Standards Act and the Labor Pension Act and was approved to establish the Labor Pension Reserve Supervisory Committee. The old system labor pension is actuated on a yearly basis, and 2% of the total monthly salary of the employees is contributed to the employee pension fund. Regular meetings are held to protect the rights and interests of the employees. The labor pension reserve as of the end of 2024 is sufficient to pay the pension of the employees who are eligible to retire in the following year; for the employees eligible for the new pension system, 6% of the monthly pension step will be contributed to the individual pension account of the Company.</p> <p>2. The business performance is reflected in the employees' remuneration policy</p> <p>Upholding the principle of profit sharing, the Company has formulated its remuneration policy and employee performance appraisal measures. The work performance is effectively linked to individual remuneration, and the operating results are appropriated and shared with employees.</p> <p>Article 22 of the Article of Incorporation sets out that if there is a profit in the year, the Company shall allocate 1% - 5% of the profit as remuneration to employees and 1% - 5% of the profit as remuneration to directors. In addition, the proposal for the distribution of 2023 remuneration to employees and directors was approved at the 12th meeting of the 20th Board of Directors on March 11, 2025.</p>	No difference
(III) Has the Company provided a safe and healthy work environment for employees, and education on occupational safety and health for employees at regular intervals?	✓		(III) The Company has established the Code of Conducts for Employees, and physical health examination and facility site accident prevention drills and seminars are arranged periodically for employees. In addition, the Company also provides employee dormitory and cafeteria to protect the safety and health of employees.	No major difference
(IV) Has the Company established a plan for the training of effective career development and planning of employees?	✓		(IV) In addition to internal and external professional education and training as well as internal e-learning online platform for the training of employees' professional skills, the Company also implements internal job promotion system in order to effectively promote outstanding employees and to achieve the vision of adequate development in the professional field.	No major difference
(V) Has the Company complied with laws and international standards with respect to customers' health, safety and privacy, marketing and labeling in all products and services offered, and implemented consumer or customer protection policies and complaint procedures?	✓		(V) The Company has been established for decades and has been able to make appropriate and proper adjustments and compliance for the marketing and labeling of products and services along with the change of the regulations and environment. Product applicable fields and regions of sales have complied with relevant regulations and international standards broadly and properly.	No major difference

Assessment Item	Operation Status			Discrepancies with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
(VI) Has the Company established supplier management policy, requested suppliers to comply with relevant regulations with regards to the issues of the environmental protection, occupational safety and health or labor rights etc. and the implementation status thereof?	✓		(VI) For the raw materials and equipment purchased by the Company, the Company signs purchase agreements/contracts with suppliers according to the nature of the purchase. In addition, the Company also requests suppliers and products to comply with relevant laws and regulations according to the purchase agreement/contract requirements. However, with regard to the corporate social responsibility policy of suppliers and its impact on the environment and society, presently, the contracts and agreements have no binding power or constituent elements.	No major difference
V. Has the Company stipulated standards or guidelines according to the internationally accepted report, prepared ESG Report and reports for disclosing non-financial information of the Company? Has a third-party verification entity provided assurance or assurance opinion for the aforementioned report?	✓		International preparation standards or guidelines referenced in non-financial information reports Content structure of the "2023 Sustainability Report" issued by the Company in 2023 This report is compiled in accordance with the 2021 edition of the GRI Standards issued by the Global Reporting Initiative (GRI). This report also follows the industry indicators of the Sustainability Accounting Standards Board (SASB) and We disclose the strategies, goals and specific actions of New Classics on major corporate themes based on the Task Force on Climate-related Financial Disclosures (TCFD) framework and the reporting principles. The company's 2024 Sustainability Report was approved and issued at the 18th meeting of the 20th Board of Directors on December 18, 2014, and is available on the Public Information Observatory and the company's website.	No difference.
VI. If the Company has established its own sustainability development principles in accordance with "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" please describe its current practices and any discrepancies from the Best Practice Principles: No difference.				
VII. Other important information to facilitate the understanding of the execution status of promotion of sustainable development: The Company's four main business philosophies: Ethics, Practice, Innovation and Return. The Company emphasizes the internal commitments made for the environmental protection, social welfare, consumer service, public safety and health during the industrial development process. In practice, the Company has also properly implemented the business philosophies from the purchase of raw materials, R&D of technologies, manufacturing of products to consumer protection and participation and investment in social welfare activities, such that the Company continues to improve and to advance with the time. In the future, the Company plans to contribute further in the public sector and to head toward the systematic design and promotion, in order to further achieve the commitment and implementation of corporate social responsibility.				

Implementation of climate-related information: Not applicable.

Item	Implementation
1. Describe the monitoring and governance of climate-related risks and opportunities by the Board of Directors and management.	Not applicable
2. Describe how the identified climate risks and opportunities affect the Company's business, strategy and finance (short-, medium-, and long-term).	
3. Describe the financial impact of extreme climate events and transformation actions.	
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	
5. If a scenario analysis is used to assess the resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors, and main financial impacts used shall be described.	
6. If there is a transformation plan in place to manage climate-related risks, specify the content of the plan, and the indicators and targets used to identify and manage physical risks and transformation risks.	
7. If internal carbon pricing is used as a planning tool, the basis for setting the pricing shall be stated.	
8. If climate-related goals have been set, specify the activities covered, the scope of GHG emissions, the planned schedule, and the progress made in each year. If carbon credits or renewable energy certificates (RECs) are used to achieve the relevant targets, the source and quantity of carbon credits to be offset or the quantity of renewable energy certificates (RECs) shall be specified.	
9. Greenhouse gas inventory and assurance status, as well as reduction goals, strategies, and concrete action plans.	

(VI) Ethical Corporate Management Practices, and Deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons

Assessment Item	Operation Status			Discrepancies with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
I (I) Establishment of ethical management policies and plans Has the company established ethical management policies approved by the board of directors' meeting and stated in its memorandum or external correspondence about the policies and practices it has to maintain business integrity? Are the board of directors and the management committed in fulfilling this commitment?	✓		(I) The Company has established the "Ethical Corporate Management Best Practice Principles" and the "Procedures for Ethical Management and Guidelines for Conduct" approved by the Board of Directors, which clearly stipulate the policies and practices of ethical management, and the commitment of the Board of Directors and senior management to actively implementing the business policies.	No difference.
(II) Has the company established assessment mechanism for unethical conduct risk, performed periodic analysis and assessed operating activities of relatively higher unethical conduct risk in the scope of business, and has established unethical conduct solution accordingly, and at least covering the preventive measures for the conducts described in each subparagraph of Paragraph 2 of Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?			(II) In order to prevent unethical behavior in business activities, the Company's code of conduct for ethical corporate management stipulates the prohibition of unethical behavior, benefits and attitudes. Additionally, it has established the "Procedures and Conduct Guidelines for Ethical Corporate Management," which encompasses preventive measures for various behaviors outlined in Article 7, Paragraph 2, of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies," to specifically regulate and prevent unethical behavior. The Company also conducts risk assessment and prepares necessary preventive measures annually when each department performs self-evaluation of its internal control system. The Company has established stringent behavioral norms, ethical standards and regulations relating to appeal, reward and punishment systems in the Company's "Board of Directors' Meeting Procedure", "Ethical Code of Conduct for Directors, Supervisors and Managers", "Critical Internal Material Information Processing Procedures" and "Work	
(III) Has the Company defined and enforced operating procedures, behavioral guidelines, penalties and grievance systems as part of its preventive measures against dishonest conducts? Are the above measures reviewed and revised on a regular basis?				

Assessment Item	Operation Status			Discrepancies with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
			Rules". (III) The Company's Ethical Corporate Management Best Practice Principles have explicitly specified prevention programs and the scope of prevention programs. In addition, precautions for directors, managerial officers, employees and personnel having substantial control during their execution of duties are specified, and the personnel management rules also specify matters and requirements for employees' compliance.	
<p>II Implementation of ethical management</p> <p>(I) Has the Company evaluated the record of the counterparties on business ethics, and explicitly stated business integrity as an integral part of the contracts when entering into agreements with counterparties of trade?</p> <p>(II) Has the company established a dedicated unit directly under the board of directors and responsible for the promotion of corporate ethical management, and reporting its ethical management policy and proposal for prevention of unethical conducts as well as supervision of implementation status to the board of directors' meeting periodically (at least once annually)?</p> <p>(III) Has the Company established policies to prevent conflicts of interest, provided appropriate methods for stating one's conflicts of interest, and implemented them appropriately?</p> <p>(IV) Has the Company established effective accounting and internal accounting and control systems for the implementation of ethical corporate management policies, prepared audit plans according to the evaluation results of dishonesty risks, and have they results audited by internal auditors or CPAs?</p> <p>(V) Has the Company provided internal and external training on ethical management regularly?</p>	✓		<p>(I) For transaction counterparties of business activities, including upstream suppliers and downstream customers, the Company has established various basic information of the transaction counterparties and preliminary credit check operation according to the supplier management regulations and customer credit extension system during the early stage of transactions. In addition, the Company also signs commercial contracts whenever necessary in order to prevent occurrence of unethical transactions and behaviors.</p> <p>(II) The Company has designated the President's Office as the responsible unit. The periodic reporting of the supervision execution status to the board of directors has been made; however, it is implemented in the daily rules of each department. In addition, all material matters related to the business operation are reported to the board of directors according to the regulations or submitted to the board of directors for approval before execution.</p> <p>(III) The Company's board meeting convention notice has specified the conflict of interest recusal requirements for directors. When any director or judicial person represented by director is in conflict of interest such that there is a likelihood of damaging the interest of the Company, the director may express his/her opinions and raise questions or provide answers; however, he/she must not participate in the discussion and voting, and shall also recuse himself/herself during discussion or voting; in addition, he/she is prohibited to act as a proxy for other director to exercise the voting right. In addition, all directors shall implement self-discipline and must prevent improper supports with each other. In addition, to prevent conflict of interest, the Company has set up the Shinh newsletter as the report channel for employees, followed by the investigation and understanding of the audit unit and Audit Committee, in order to achieve early prevention and guidance, thereby preventing occurrence of improper conflict of interest.</p> <p>(IV) For all business conducts or transaction modes occurred during the corporate management process, the Company has adopted certain procedures for control and regulation, and written documents are also preserved for post-event tracking and review. All operations are performed according to the internal system, and auditors establish relevant audit plan based on the internal control principle and implement and track the same accordingly. Furthermore, improvement requests are made whenever necessary.</p> <p>(V) The Company implements the ethical management philosophy in the daily requirements of each department. In addition, the Company has established the Procedures for Ethical Management and Guidelines for Conduct in order to regulate precautions for directors, managerial officers, employees and personnel having substantial control during their performance of duties.</p>	No difference.
<p>III Implementation status of the Company's reporting system</p> <p>(I) Has the Company established a substantive reporting and reward and punishment system and convenient channels for reporting, and appointed designated personnel for handling the targets of reports?</p> <p>(II) Has the Company established any investigation standard operation procedures for accepting reported misconducts, subsequent measures and relevant confidentiality measures required to be performed after the completion of the investigation?</p> <p>(III) Has the Company taken any measures for the protection of the informants or reporters from suffering undue treatment?</p>	✓		<p>(I) In order to protect the rights and interests of employees and for there to be compliance with respect to the reporting any matters related to infringement of the Company, the Company has established the "Procedures for Reporting of Illegal and Unethical or Dishonest Conduct". Our colleagues may file a report or grievance through the grievance mailbox or email, or to the unit managers or management units of each plant. When handling a whistle-blowing incident, the heads of the relevant departments shall form an investigation team to conduct the investigation. In addition, the "Code of Conduct for Directors and Managers" has been established to encourage employees to report to directors, members of the audit committee, managers or internal auditors with sufficient evidence in the course of a discovery that a director or manager has violated the laws, regulations, or this Code of Conduct. Once violation is verified, the Company will reward the person making the report according to relevant regulations. When material misconduct or likelihood of material impairment to the Company comes to their awareness upon investigation, the dedicated unit handling the whistle-blowing system will immediately prepare a report and notify the independent directors in written form.</p> <p>(II) For the investigation standard operation procedure and relevant confidentiality mechanism for the reported matters accepted by the Company, the Company has established the regulations for handling reported illegal cases and misconduct or unethical conduct cases. In addition, the Company has set up the contact window on the Company's website, or utilizes the Shinh electronic newsletter and Audit Department as the reporting channels. In addition, the reporter's identity and reported content are kept confidential properly.</p> <p>(III) With regard to the protective measures for reporters, the Company has established the Procedures for Ethical</p>	No difference.

Assessment Item	Operation Status			Discrepancies with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
			Management and Guidelines for Conduct" to specify relevant requirements.	
IV. Enhancement of information disclosure Has the Company disclosed the content of its Corporate Governance Best Practice Principles and the effectiveness of the implementation of the principles on its website and the MOPS?	✓		The Company has established the ethical corporate management policy, Ethical Corporate Management Best Practice Principles and the Procedures for Ethical Management and Guidelines for Conduct, and disclosed the implementation thereof on the Company's website and in the annual report.	No difference.
V. If the Company has established its own ethical corporate management best practice principles according to the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies", please specify the difference between its operation and the principles: The Company has established the Ethical Corporate Management Best Practice Principles in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and there is no difference between the operation and the principles.				
VI. Other important information that is helpful in understanding the corporate ethical management operation of the Company? (Such as, the Company has the corporate ethical management best practice principles amended, etc.): The Company upholds the principle of ethical management operation. In case where there is any concern on violating the best practice principles during the operation process, the Company performs review at all time and makes relevant correction whenever necessary, in order to satisfy the highest standard of corporate ethical management.				

(VIII) Other information material to the understanding of corporate governance within the Company
In addition to the aforementioned website, relevant information of the Company is also available for inquiry on the MPOS website.

(IX) Internal control system implementation status
1. Internal Control System Statement
Please visit MOPS: <https://mops.twse.com.tw/mops/#/web/home> Home>Single Company>Corporate Governance>Regulations/Internal Control>Internal Control Statement Announcement
2. If the internal control system was reviewed by CPAs, the CPAs' review report: Not applicable.

(X) Material resolutions made by the shareholders' meetings and the board meetings during the most recent financial year and up to the printing date of the annual report

Date	Session	Major resolutions	Resolution of the Board of Directors (Shareholders' Meeting)
2024.03.11	20th 12th meeting	<ol style="list-style-type: none"> The 2023 performance evaluation report of the board of directors and managers' performance evaluation report. Approved the proposal for the evaluation of the independence and suitability of the Company's CPAs. Approved the 2023 Internal Control System Statement Approved the proposal for distribution of remuneration to employees and Directors for 2023. The total remuneration to employees is NTD 5,200,000 and that of Directors is NTD 2,100,000. Approved the proposal for 2023 business report and financial statements. Approved the proposal for 2023 earnings distribution, with a cash dividend of NTD 0.6 per share. Approved the convening of the 2024 General Shareholders' Meeting. Approved the "Human Rights Policy." Approved the amendments to the "Rules of Procedure for Board of Directors Meetings". Approved the amendments to the "Standard Operating Procedures for Handling Directors' Requests." Approved the amendments to the "Audit Committee Charter". Approved the establishment of the Sustainable Development Committee. Approved the "Sustainable Development Committee Charter". Approved the establishment of the "Sustainable Development Best Practice Principles". Approved the membership of the Sustainable Development Committee. Approved the proposal for the Company to apply for an extension of endorsement/guarantee for the subsidiary Shinih Holding Co., LTD. to apply for Taishin Bank's existing short-term credit line. Approved the proposal for the Company to apply for an extension of the existing short-term credit line at Taishin Bank. 	The proposal was approved unanimously by all attending directors.
2024.05.08	13th meeting of the 20th term	<ol style="list-style-type: none"> Progress report on the evaluation of external directors' performance. Implementation progress report of the Group's greenhouse gas inventory and verification. Progress report on the 2023 sustainable development report. Report on the implementation of ethical management. Approved the proposal for the Company's Q1 2024 consolidated financial statements. Approved the proposal for setting ex-dividend base date and payment date for the Company's 2024 cash dividends. Approved the proposal for review of 2024 CPA professional fees. Approved the proposal for establishment of a subsidiary in Phuc Dien Industrial Zone, Vietnam, by the reinvestment company, Shinih Vietnam Co., Ltd. Proposal for promotion of the Company's managers. Approved the proposal for 2023 allocation of remuneration to directors and bonuses to managers. Approved the proposal for the Company to apply for the existing short-term credit line and export credit line from Changhwa Commercial Bank and change the medium-term credit line. Approved the proposal for the Company's application for extension of existing short-term comprehensive credit with E. Sun Commercial Bank. Approved the proposal for the Company to apply for an extension of the endorsement/guarantee for the existing short-term credit line applied by the subsidiary, Taiwan Kure Yu Co., Ltd. to Chang Hwa Commercial Bank. Approved the proposal for the extension of endorsement/guarantee for the subsidiary Shinih Holding Co., LTD. to apply for the existing short-term credit line at E-Sun Bank. Approved the proposal for the Company to apply for an extension of the existing short-term credit line at Taishin Bank. (updated) 	The proposal was approved unanimously by all attending directors.
2024.06.14	Shareholders' Meeting	<p>Contents and implementation of important resolutions of the 2024 general shareholders' meeting:</p> <ol style="list-style-type: none"> Ratification: <ol style="list-style-type: none"> Approved the proposal for 2023 business report and financial statements. Implementation status: Passed as proposed. Approved the proposal for 2023 earnings distribution. Implementation: The proposal was approved. On 2024.03.11, the Board of Directors resolved to distribute cash dividends of NTD 63,544,860 in total and NTD 0.6 per share. On 2024.05.08, the Board of Directors resolved to set the ex-dividend date on 2024.07.01, and the distribution of dividends was completed on 2024.07.22. Discussion: Amendments to the "Procedures for Handling Endorsements and Guarantees". Implementation: Approved the amendment to certain provisions and announced on the Company's website (https://www.shinhi.com/CorporateGovernance) 	After the chair consulted all the shareholders present, the proposal was approved unanimously.
2024.08.07	14th meeting of the 20th term	<ol style="list-style-type: none"> Implementation progress report of the Group's greenhouse gas inventory and verification. Approved the proposal for the Company's Q2 2024 consolidated financial statements. Approved the proposal for the Company to apply for an extension of existing short-term comprehensive credit amount with Taipei Fubon Commercial Bank. 	The proposal was approved unanimously by all attending directors.

Date	Session	Major resolutions	Resolution of the Board of Directors (Shareholders' Meeting)
		<ol style="list-style-type: none"> 4. Approved the motion for the Company to apply for the extension of the existing short-term credit line and increase the short-term credit line from Cathay United Bank. 5. Approved the proposal for the Company's application for extension of existing short-term credit amount with CTBC Bank. 6. Approved the motion for the extension of endorsement/guarantee for the subsidiary Shinih Holding Co., LTD. to apply for the existing short-term credit line at Taipei Fubon Bank. 7. Approved the motion for the extension of endorsement/guarantee for the subsidiary Shinih Holding Co., LTD. to apply for the existing short-term credit line at Taipei Fubon Bank. 8. Approved the motion that the subsidiary Taiwan Kureha Co., Ltd. apply for an extension of endorsement/guarantee for the existing short-term credit line at Taipei Fubon Bank. 9. Approved the extension of endorsement and guarantee with the existing short-term credit line of subsidiary American Outdoor Living Inc. 10. Approved the extension of endorsement and guarantee provided for the existing short-term credit line of subsidiary VFT Inc. 	
2024.11.06	15th meeting of the 20th term	<ol style="list-style-type: none"> 1. Director and manager liability insurance report. 2. Communication with CPAs of Crowe (TW) on the handling of the Company's 2024 audit plan. 3. Implementation progress report of the Group's greenhouse gas inventory and verification. 4. Approved the proposal for amendment to the Company's Articles of Incorporation. 5. Donation for social welfare activities through the Tien-Sheng Chien Memorial Foundation 6. Ratification of the proposal for the retirement of the Company's vice president. 7. Approved the proposal for the Company's Q3 2024 consolidated financial statements. 8. Approved the proposal for the establishment of branch in Eastern Java by PT Shinih Nonwovens Indonesia. 9. Approved the proposal for the Company to apply for an extension of the existing short-term credit line at Land Bank of Taiwan. 10. Approved the proposal for the Company to apply for an extension of the existing short-term credit line and increase the short-term credit line from Hua Nan Commercial Bank. 11. Approved the proposal for the Company to apply for an extension of existing short-term credit amount with Bank SinoPac. 12. Approved the proposal for the Company's application for an extension of the existing short-term credit amount with Shanghai Commercial Bank. 13. Approved the motion that the subsidiary Taiwan Kureha Co., Ltd. apply for an extension of endorsement/guarantee for the existing short-term credit line at Shanghai Commercial Bank. 	The proposal was approved unanimously by all attending directors.
2024.12.18	16th meeting of the 20th term	<ol style="list-style-type: none"> 1. Risk management report 2. Approved the proposal for the Company's 2025 business plan and budget. 3. Approved the proposal for the Company's 2025 audit plan. 4. Approved the proposal for cancellation of the first repurchase of treasury shares that were not transferred to employees. 5. Approved the proposal for the subsidiary, Shinih Fabric Products (Suzhou) Co., Ltd. to participate in the issuance of new shares for fund-raising by Dongguan Taisin Fabric Products Co., Ltd. 6. Approved the proposal for formulating the "Procedures for the Preparation and Assurance of the Sustainability Report". 7. Approved the proposal for formulating the "Procedures for Reporting of Illegal and Unethical or Dishonest Conduct". 8. Approved the proposal for amendment to the "Internal Control System". 9. Approved the proposal for amendment to the "Enforcement Rules for Internal Audits". 10. Approved the "Employee Code of Ethical Conduct." 11. Approved the proposal for the Company and investees to review self-settled financial statements with or without substantial financing. 12. Approved the proposal for amendment to the "Sustainable Development Committee Charter". 13. Approved the proposal to cancel the "Sustainable Development Department" established in advance. 14. Approved the proposal for appointment of chief sustainability officer. 15. Approved the proposal for 2023 Sustainability Report. 16. Approved the motion for the extension of endorsement/guarantee for the subsidiary Shinih Holding Co., LTD. to apply for the existing short-term credit line at Mega International Commercial Bank. 17. Approved the motion for the Company to apply for the extension and increase of the existing short-term credit line from Mega Commercial Bank. 	The proposal was approved unanimously by all attending directors.
2025.03.11	17th meeting of the 20th term	<ol style="list-style-type: none"> 1. Report on 2024 external and internal performance evaluation report of the Board of Directors. 2. 2024 performance evaluation report of the managers. 3. The Company's corporate governance matters and results of the audit by Crowe (TW) CPAs. 4. Approved the proposal for the evaluation of the independence and suitability of the Company's CPAs. 	The proposal was approved unanimously by all attending directors.

Date	Session	Major resolutions	Resolution of the Board of Directors (Shareholders' Meeting)
		5. Approved the 2024 Internal Control System Statement 6. Approved the proposal for distribution of remuneration to employees and directors for 2024. The total remuneration to employees was NTD 855,000 and that of Directors is NTD 285,000. 7. Approved the proposal for 2024 business report and financial statements. 8. Approved the proposal for 2024 earnings distribution, with a cash dividend of NTD 0.3 per share. 9. Approved the proposal for re-election of the Company's Board of Directors for the 21st term. 10. Approved the period and location for accepting directors (including independent directors) candidate nomination for the Company's 2025 general shareholders' meeting. 11. Approved the list of candidate of nominated directors (including independent directors). 12. Approved the cancellation of non-compete restriction for new directors of the 21st term of the Company's Board of Directors. 13. Approved the proposal for amendment to the Company's Articles of Incorporation. 14. Approved the convening of the 2025 general shareholders' meeting. 15. Approved the proposal for the Company to purchase the land adjacent to the industrial site for the Yanshui Plant. 16. Approved the proposal for amendment to the "Internal Control System". 17. Approved the proposal for amendment to the "Enforcement Rules for Internal Audits". 18. Approved the proposal for the Company to apply for an extension of endorsement/guarantee for the subsidiary Shinih Holding Co., LTD. to apply for Taishin Bank's existing short-term credit line. 19. Approved the proposal for the Company to apply for an extension of the existing short-term credit line at Taishin Bank.	

(XI) Documented opinions or declarations made by directors against board resolutions in the most recent year and up to the printing date of the annual report: None.

IV. Information on CPA professional fees

(I) The amount of audit fees and non-audit fees paid to the CPAs and their firm and affiliates, and the contents of non-audit services:

Unit: NTD 1,000

Name of CPA firm	Name of CPA	Audit period	Audit fees	Non-audit fees					Total	Remarks
				System design	Business registration	Taxation certification	Others	Subtotal		
Crowe (TW) CPAs	Chien-Chen Huang Chen-Yu Yang	2024.01~12	4,828	0	0	405	1,100	1,100	6,333	-

(II) If audit fees for the change of accounting firms paid in the year is less than the previous year, the amount of the audit fees before and after the change and the reason shall be disclosed: Not applicable.

(III) If the audit fees decreased by 10% or more on a year-to-year basis, the decreased amount, percentage and reason of the audit fees shall be disclosed: Not applicable.

V. Information on replacement of CPAs: None.

VI. The company's chairman, presidents, or any managers in charge of finance or accounting matters that have in the most recent year held a position at the accounting firm of its CPAs or at an affiliated enterprise of such accounting firm: None.

VII. Transfer or pledge of shares owned by directors, managers, shareholders with a stake of more than 10 percent during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report

Please visit MOPS: <https://mops.twse.com.tw/mops/#/web/home> Home>Single Company>Changes in Shareholdings/Securities Issuance>Shareholdings of Directors and Supervisors/Pledges/Transfers

(II) Information on transfer of shares by directors, managers and major shareholders holding more than 10% of the shares: None.

(III) Pledge of shares held by directors, managers and major shareholders holding more than 10% of the shares: None.

VIII. The information on the relationship among the top ten shareholders, if among themselves any one is a related party or a spouse or relative within the second degree of kinship of another, shall be disclosed:

April 15, 2025

Name	Shareholding of shareholder		Shareholding of spouse and underage children		Total shares held in the name of others		Names and relationships of the top ten shareholders who are related to each other or who are spouses or relatives within the second degree of kinship		Remarks
	No. of Shares	Shareholding percentage	No. of Shares	Shareholding percentage	No. of Shares	Shareholding percentage	Name	Relationship	
Li Bang Investment Co., Ltd.	24,075,234	22.73%	-	-	-	-	None	None	None
Li Bang Investment Co., Ltd. Representative: Sheng-Hung Chien	-	-	-	-	-	-	None	None	Note
Qi Wei Joint Investment Co., Ltd.	5,095,862	4.81%	-	-	-	-	None	None	None
Qi Wei Joint Investment Co., Ltd. Representative: Hsiang-Lu Yu	-	-	-	-	-	-	None	None	Note
Tien Wang Investment Co., Ltd.	4,969,406	4.69%	-	-	-	-	None	None	None
Tien Wang Investment Co., Ltd. Representative: Yuan-He Hung	-	-	-	-	-	-	None	None	Note
Central Island Construction Co., Ltd.	4,963,000	4.69%	-	-	-	-	None	None	None
Central Island Construction Co., Ltd. Representative: Sheng-Hung Chien	499,513	0.46%	-	-	-	-	None	None	None
Sheng Hong Investment Co., Ltd.	4,632,022	4.37%	-	-	-	-	None	None	None

Name	Shareholding of shareholder		Shareholding of spouse and underage children		Total shares held in the name of others		Names and relationships of the top ten shareholders who are related to each other or who are spouses or relatives within the second degree of kinship		Remarks
	No. of Shares	Shareholding percentage	No. of Shares	Shareholding percentage	No. of Shares	Shareholding percentage	Name	Relationship	
Sheng Hong Investment Co., Ltd. Representative: Hsiu-Hsia Chien	-	-	-	-	-	-	None	None	Note
Ying Hung International Co., Ltd.	4,442,311	4.19%	-	-	-	-	None	None	None
Ying Hung International Co., Ltd. Representative: Chia-Ching Chien	-	-	-	-	-	-	None	None	Note
Trillion Capital Co., Ltd.	3,500,000	3.30%	-	-	-	-	None	None	None
Trillion Capital Co., Ltd. Representative: Yuan-He Hung	-	-	-	-	-	-	None	None	Note
Bo Yang Development Co., Ltd.	3,442,701	3.25%	-	-	-	-	None	None	None
Bo Yang Development Co., Ltd. Representative: Hsiang-Lu Yu	-	-	-	-	-	-	None	None	Note
Ye Zi Co., Ltd.	2,100,000	1.98%	-	-	-	-	None	None	None
Ye Zi Co., Ltd. Representative: Sheng-Hsiang Hung	-	-	-	-	-	-	None	None	Note
Feng Ming International Co., Ltd.	1,942,757	1.83%	-	-	-	-	None	None	None
Feng Ming International Co., Ltd. Representative: Hui-Nan Wu	104,893	0.10%	-	-	-	-	None	None	None

Note: The Company is unable to obtain personnel information of spouse, minor children of shareholders (or their corporate representatives) of top ten shareholding percentages and individuals holding shares under the name of others and their relationships.

IX. Number of shares held by the Company, the Company's directors, managerial officers and the number of shares invested in a single company which are held by the entities directly or indirectly controlled by the Company, and calculating the consolidated shareholding percentage of the above categories :

December 31, 2024

Investees (Note)	The Company's investment		Investments by directors, managers, and businesses under their direct or indirect control		Integrated investment	
	Number of shares held (shares)	Shareholding percentage	Number of shares held (shares)	Shareholding percentage	Number of shares held (shares)	Shareholding percentage
Taiwan Kureha Co., Ltd.	55,000	84.62%	-	-	55,000	84.62%
Shinih Holding Company Ltd.	10,000,000	100.00%	-	-	10,000,000	100.00%
Sunburst International Ltd.	50,000	100.00%	-	-	50,000	100.00%
VFT INC.	100	100.00%	-	-	100	100.00%
Kureha (Thailand) Company Ltd.	37,500	50.00%	-	-	37,500	50.00%
Shinih Vietnam Company Ltd.	-	100.00%	-	-	-	100.00%
Shinih USA INC.	1,100,000	100.00%	-	-	1,100,000	100.00%
Interbond Co., Ltd.	200,000	100.00%	-	-	200,000	100.00%
Dongguan Taisin Fabric Products Co., Ltd.	-	100.00%	-	-	-	100.00%
Shinih Fabric Products (Suzhou) Co., Ltd.	-	11.22%	-	88.78%	-	100.00%
Dongguan Shinih Fabric Products Co., Ltd.	-	-	-	100.00%	-	100.00%
Hangzhou Shinih Fabric Products Co., Ltd. (Note 2)	-	-	-	100.00%	-	100.00%
Shinih Fabric Products (Tangshan) Co., Ltd.	-	-	-	100.00%	-	100.00%
Taisin Fabric Products (Suzhou) Co., Ltd.(Note 2)	-	-	-	100.00%	-	100.00%
Tangshan Taisin Fabric Products Co., Ltd.	-	-	-	100.00%	-	100.00%
Qingdao Taisin Fiber Products Co., Ltd.	-	-	-	100.00%	-	100.00%
Hubei Taisin Fiber Products Co., Ltd.	-	-	-	100.00%	-	100.00%
Shanghai Shinih Trading Co., Ltd. (Note 3)	-	-	-	100.00%	-	100.00%
American Outdoor Living Inc.	-	-	-	100.00%	-	100.00%
American Nonwoven Inc.	-	-	-	100.00%	-	100.00%
MS Nonwoven Inc.	-	-	-	100.00%	-	100.00%
Shinih Hai Duong CO., LTD.				100.00%	-	100.00%

Investees (Note)	The Company's investment		Investments by directors, managers, and businesses under their direct or indirect control		Integrated investment	
	Number of shares held (shares)	Shareholding percentage	Number of shares held (shares)	Shareholding percentage	Number of shares held (shares)	Shareholding percentage
Shinih (Cambodia) Company Ltd.	-	-	-	100.00%	-	100.00%
World Furniture Group	-	-	-	100.00%	-	100.00%
American Furniture Alliance Inc.	-	-	-	80.00%	-	80.00%
PT Shinih Nonwovens Indonesia	-	-	-	99.00%	-	99.00%
S International Inc.	-	-	-	100.00%	-	100.00%

Note 1: Long-term investments accounted for using the equity method by the Company.

Note 2: Repatriation of investment funds after the liquidation and cancellation of company registration completed in August 2024.

Note 3: Renamed in January 2024 to Kunshan Shinih Trading Co., Ltd.

Note 4: Registration completed in October 2024.

Three. Fundraising activities

I. Capital and shares

(I) Source of capital

1. Share type

April 15, 2025 / Unit: Shares

Stock Type	Approved share capital			Remarks
	Shares outstanding	Unissued shares	Total	
TWSE-listed common stock	105,908,100	94,091,900	200,000,000	None

2. Formation of share capital

Year/Month	Face value per share	Approved share capital		Paid-in capital		Remarks		
		Number of shares held (shares)	Amount (in NTD 1,000)	Number of shares held (shares)	Amount (in NTD 1,000)	Source of capital	Paid-in properties other than cash	Others
1962.09	1,000	2,000	2,000	2,000	2,000	Company Establishment Capital	—	—
1979.01	1,000	30,000	30,000	30,000	30,000	Capital increase by cash of NTD 28,000 thousand	—	—
1987.12	1,000	60,000	60,000	60,000	60,000	Capital increase by cash of NTD 30,000 thousand	—	—
1988.10	1,000	120,000	120,000	120,000	120,000	—	Merger of NTD 60,000 thousand	Statutory merger
1990.11	1,000	160,000	160,000	160,000	160,000	Capital increase in cash by NTD 40,000 thousand	—	—
1997.12	10	19,960,000	199,600	19,960,000	199,600	Par value per share of NTD 1,000 divided into NTD 10 per share, and capital increase by capital reserve of NTD 39,600 thousand	—	—
1998.11	10	42,000,000	420,000	32,447,000	324,470	Capital increase by cash of NTD 60,000 thousand Capital does increase by surplus earnings of NTD 59,880 thousand Capital increase by capital reserve of NTD 4,990 thousand	—	Note 1
1999.12	10	42,000,000	420,000	38,453,147	384,531	Capital does increase by surplus earnings of NTD 51,915 thousand Capital increase by capital reserve of NTD 6,489 thousand Capital increase by employee bonuses NTD 1,657 thousand	—	Note 2
2000.09	10	65,000,000	650,000	48,276,736	482,767	Capital increase by earnings NTD 76,906 thousand Capital increase by capital reserve of NTD 19,226 thousand Capital increase by employee bonuses 2,103 thousand	—	Note 3
2001.07	10	85,000,000	850,000	60,075,068	600,751	Capital increase by earnings NTD 111,036 thousand Capital increase by capital reserve of NTD 4,828 thousand Capital increase by employee bonuses 2,119 thousand	—	Note 4
2002.12	10	85,000,000	850,000	63,078,821	630,788	Capital increase by earnings NTD 30,037 thousand	—	Note 5
2003.10	10	100,000,000	1,000,000	71,304,263	713,042	Capital does increase by surplus earnings of NTD 47,309 thousand Capital from conversion of corporate bonds of NTD 34,945 thousand	—	Note 6
2004.04	10	100,000,000	1,000,000	72,410,362	724,103	Capital from conversion of corporate bonds of NTD 11,061 thousand	—	—
2004.09	10	100,000,000	1,000,000	77,399,030	773,990	Capital does increase by surplus earnings of NTD 43,446 thousand Capital increase by employee bonuses NTD 6,440 thousand	—	Note 7
2005.05	10	100,000,000	1,000,000	77,709,073	777,090	Capital from conversion of corporate bonds of NTD 3,100 thousand	—	—
2005.07	10	100,000,000	1,000,000	80,817,436	808,174	Capital does increase by surplus earnings of NTD 31,084 thousand	—	Note 8
2006.10	10	100,000,000	1,000,000	84,858,307	848,583	Capital increase by earnings NTD 40,409 thousand	—	Note 9
2007.02	10	100,000,000	1,000,000	86,544,151	865,441	Capital from conversion of corporate bonds of NTD 16,858 thousand	—	—
2007.04	10	100,000,000	1,000,000	86,559,857	865,598	Capital from conversion of corporate bonds of NTD 157 thousand	—	—

Year/Month	Face value per share	Approved share capital		Paid-in capital		Remarks		
		Number of shares held (shares)	Amount (in NTD 1,000)	Number of shares held (shares)	Amount (in NTD 1,000)	Source of capital	Paid-in properties other than cash	Others
2007.08	10	100,000,000	1,000,000	86,570,328	865,703	Capital from conversion of corporate bonds of NTD 105 thousand	—	—
2007.10	10	200,000,000	2,000,000	90,898,321	908,983	Capital increase by earnings NTD 43,280 thousand	—	Note 10
2007.12	10	200,000,000	2,000,000	90,909,310	909,093	Capital from conversion of corporate bonds of NTD 110 thousand	—	—
2010.10	10	200,000,000	2,000,000	95,909,323	959,093	Capital increase by earnings NTD 50,000 thousand	—	Note 11
2012.10	10	200,000,000	2,000,000	100,704,790	1,007,048	Capital increase by earnings NTD 47,955 thousand	—	Note 12
2014.08	10	200,000,000	2,000,000	103,888,034	1,038,880	Capital from conversion of corporate bonds of NTD 31,832 thousand	—	—
2014.12	10	200,000,000	2,000,000	105,517,492	1,055,175	Capital from conversion of corporate bonds of NTD 16,295 thousand	—	—
2015.02	10	200,000,000	2,000,000	105,796,372	1,057,964	Capital from conversion of corporate bonds of NTD 2,789 thousand	—	—
2015.05	10	200,000,000	2,000,000	106,135,012	1,061,350	Capital from conversion of corporate bonds of NTD 3,386 thousand	—	—
2015.09	10	200,000,000	2,000,000	107,409,900	1,074,099	Capital from conversion of corporate bonds of NTD 12,749 thousand	—	—
2015.12	10	200,000,000	2,000,000	108,573,237	1,085,732	Capital from conversion of corporate bonds of NTD 11,633 thousand	—	—
2016.02	10	200,000,000	2,000,000	108,708,694	1,087,087	Capital from conversion of corporate bonds of NTD 1,355 thousand	—	—
2016.05	10	200,000,000	2,000,000	109,107,100	1,091,071	Capital from conversion of corporate bonds of NTD 3,984 thousand	—	—
2025.02	10	200,000,000	2,000,000	105,908,100	1,059,081	Capital reduction from cancellation of treasury stock NTD 3,199 thousand	—	—
Note 1: (87) Tai-Tsai-Zheng (I) No. 59643 Letter					Note 7: Jin-Guan-Zheng-Yi-Zi No. 0930137073 Letter			
Note 2: (88) Tai-Tsai-Zheng (I) No. 101372 Letter					Note 8: Jin-Guan-Zheng-Yi-Zi No. 0940131078 Letter			
Note 3: (89) Tai-Tsai-Zheng (I) No. 74606 Letter					Note 9: Jin-Guan-Zheng-Yi-Zi No. 0950134262 Letter			
Note 4: (90) Tai-Tsai-Zheng (I) No. 1298708 Letter					Note 10: Jin-Guan-Zheng-Yi-Zi No. 0960040747 Letter			
Note 5: (91) Tai-Tsai-Zheng (I) No. 0910148330 Letter					Note 11: Jin-Guan-Zheng-Fa-Zi No. 0990039959 Letter			
Note 6: (92) Tai-Tsai-Zheng (I) No. 0920140793 Letter					Note 12: Jin-Guan-Zheng-Fa-Zi No. 1010033651 Letter			

(II) List of major shareholders: List of all shareholders with ownership of 5 percent or greater, or the top ten shareholders by shareholding.

April 15, 2025

Name of major shareholder	Shares	Number of Shares Held (shares)	Shareholding percentage (%)
Li Bang Investment Co., Ltd.		24,075,234	22.73%
Qi Wei Joint Investment Co., Ltd.		5,095,862	4.81%
Tien Wang Investment Co., Ltd.		4,969,406	4.69%
Central Island Construction Co., Ltd.		4,963,000	4.69%
Sheng Hong Investment Co., Ltd.		4,632,022	4.37%
Ying Hung International Co., Ltd.		4,442,311	4.19%
Trillion Capital Co., Ltd.		3,500,000	3.30%
Bo Yang Development Co., Ltd.		3,442,701	3.25%
Coconut Co., Ltd.		2,100,000	1.98%
Feng Ming International Co., Ltd.		1,942,757	1.83%

(III) Dividend policy and implementation

I. Dividend policy

1. Dividends distribution criteria and timing:

To support the corporate growth needs, the distribution of the dividends of the Company is made for the purpose of satisfying future operational development in principle along with the comprehensive consideration of the criteria of sound financial structure, maintenance of stable dividends and guarantee to the reasonable return of shareholders, etc., following which the board of directors reaches resolution according to Article 240 of the Company Act and Article 22-1 of the Articles of Incorporation in order to execute the distribution and to report to the shareholders' meeting.

2. Cash dividend and stock dividend distribution ratio:

The dividend policy of the Company adopts the three methods of cash dividends, capital increase by surplus earnings and capital increase by capital reserve for cooperative issuance, and the issuance of cash dividends is adopted in priority, with the ratio of cash dividends issued in the current year between 10% and 100%. In case where there is need to investment plan or improvement of financial structure, the cash dividend issuance rate may be decreased and changed to the issuance via the method of capital increase by surplus earnings or capital increase by capital reserve. To prevent excessive inflation of capital that may affect the dividend issuance of next year, the total ratio of the capital increase by surplus earnings and capital increase by capital reserve shall not exceed 90% of all dividends issued in the current year.

II. Dividend distribution proposed at the shareholders' meeting

According to the resolution of the Board of Directors on March 7, 2025, shareholder bonus of NTD 0.3 per share is to be issued, and all distribution amount is made in cash.

(IV) Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent shareholders' meeting: Not applicable.

(V) Remuneration to employees and directors

1. Information on the percentage or range of remuneration of employees and remuneration of directors specified in the Articles of Incorporation:

Articles of Incorporation	Content
Article 22	<p>For the current profit before tax for a fiscal year of the Company before deduction of the remuneration of employees and the remuneration of directors, an amount equivalent to 1% to 5% of such profit before tax shall be appropriated as the remuneration of employees and an amount not greater than 3% of such profit before tax shall be appropriated as the remuneration of the directors; provided that when there is still accumulated loss, the Company shall reserve amount to compensate such loss first, followed by setting aside amounts for the remuneration of employees and the remuneration of directors according to the aforementioned ratios.</p> <p>The remuneration of employees described in the preceding paragraph may be issued in the form of shares or cash. The subjects for receiving the shares or cash may include employees of subsidiaries meeting criteria specified by the board of directors. The remuneration of directors shall be made in cash only.</p> <p>The proposal for distribution of remuneration described in the preceding two paragraphs shall be executed in accordance with the resolution of the board of directors' meeting, and shall be reported to the shareholders' meeting.</p>

2. The estimation basis for calculation of the remuneration of employees and directors, the share calculation basis for distribution of remuneration of employees in the form of shares and the accounting treatment for any discrepancy between the actual distribution amount and the estimated value:

- (1) The Company's 2024 remunerations of employees and directors proposed for distribution were estimated according to the Articles of Incorporation of the Company along with the consideration of the business result.
- (2) Regarding the calculation of the distribution of employees' bonus shares, the closing price one day before the resolution date of the shareholders' meeting of next year along with the consideration of the impact of ex-right and ex-dividend is used as the basis for the calculation. However, since all of the amount of the remuneration of employees of the Company is distributed in cash, there is no capital increase with issuance of bonus shares.
- (3) In case of any difference between the actual distribution amount and the estimated amount, it is recognized as the profit/loss of the year of actual distribution.

3. Distribution of remuneration approved by the Board of Directors

(1) Amount of remuneration to employees and directors distributed in cash or stock:

Unit: NTD

Item	Board resolution (March 7, 2025)
Remuneration to directors (cash)	285,000
Remuneration to employees (cash)	855,000

- (2) If there is any discrepancy between the amount and the estimated amount of the expense recognized, the discrepancy, cause and treatment status shall be disclosed: There is no difference from the amount

of expenses recognized.

- (3) Employees' remuneration distributed in share and the ratio over the entity or individual financial report net profit in the current period and the employees' remuneration total amount: Not applicable as the Company did not plan to distribute employee stock dividends.
4. The actual distribution of remuneration to employees and directors for the previous fiscal year (with an indication of the number of shares, monetary amount, and stock price of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized remuneration to employees and directors, the discrepancy, cause, and how it is treated:

Unit: NTD

Item	Actual amount distributed	Board resolution (March 11, 2024)	Difference
Remuneration to directors (cash)	2,100,000	2,100,000	None
Remuneration to employees (cash)	5,200,000	5,200,000	None

(VI) Repurchase of the Company's shares: None.

- II. Issuance of corporate bonds: None
- III. Preferred shares: None.
- IV. Global depository receipts: None.
- V. Employee stock warrants: None.
- VI. Issuance of new restricted employee shares: None.
- VII. Issuance of new shares in connection with mergers or acquisitions or with acquisitions of shares of other companies: None.
- VIII. Capital plans and implementation status: None.

Four. Overview of operations

I. Scope of business

(I) Business Scope

1. Main content of business operated by the Company

- (1) C302010 Weaving of Textiles.
- (2) C303010 Manufacture of Non-woven Fabrics.
- (3) C399990 Other Textile and Products Manufacturing.
- (4) C802160 Adhesive Tapes Manufacturing.
- (5) C805020 Manufacture of Plastic Films and Bags.
- (6) CB01010 Mechanical Equipment Manufacturing.
- (7) CI01010 Rope, Cable and Net Manufacturing.
- (8) CI01020 Rug and Felt Manufacturing.
- (9) F105050 Wholesale of Furniture, Bedding Kitchen Utensils and Fixtures.
- (10) F111090 Wholesale of Building Materials.
- (11) F205040 Retail Sale of Furniture, Bedding Kitchen Utensils and Fixtures.
- (12) F401010 International Trade.
- (13) H701010 Housing and Building Development and Rental.
- (14) H701040 Specific Area Development.
- (15) H701060 New Towns, New Community Development.
- (16) H701080 Urban Renewal Reconstruction.
- (17) H703100 Real Estate Leasing.
- (18) ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

2. Scope of business and weight of business

Unit: NTD thousand

Business type	2023		2024	
	Amount	Percentage	Amount	Percentage
Nonwoven fabrics	2,045,048	97%	2,230,674	96%
Others	69,858	3%	82,424	4%
Total	2,114,906	100%	2,313,098	100%

3. Present products and service items

- (1) Nonwoven fabric series of products:
Resin cotton, needle-punching cotton, quilting fabric, VFT vertical cotton, hydro-entanglement fabric, multi-function insulative material and spunbond, meltblowing products, etc.
- (2) Bedding series of products:
Fabric series manufactured by U.S. Invista and domestic Far Eastern and Nan Ya Corporation are used as the main filling materials. Products can be divided into own-brand bedding series, U.S. Invista brand of bedding series of products, etc.
- (3) Automotive interior materials, filter materials, fireproof and fire-retardant materials, etc.

4. New products and services planned for development

For the present stage, the main new products planned for development are spunbond, meltblowing and filter related application materials and consumer fiber products, such as:

- A. Medical hygiene materials: sanitary napkin materials, diapers, surgical shirts, cap covers, shoe covers, mattress, pillowcase, anti-dust curtain fabrics, etc.
- B. Filter materials: materials for air conditioning cleaning, air conditioning filters, automotive air conditioning interior and air filter materials, etc.
- C. Agricultural materials: Harvest fabric for home use, anti-frost fabric, anti-inspect fabric, soil moisture-retaining fabric, seedling cultivation fabric, greenhouse canopy, etc.

(II) Industry Overview

1. Industry Current Status and Development

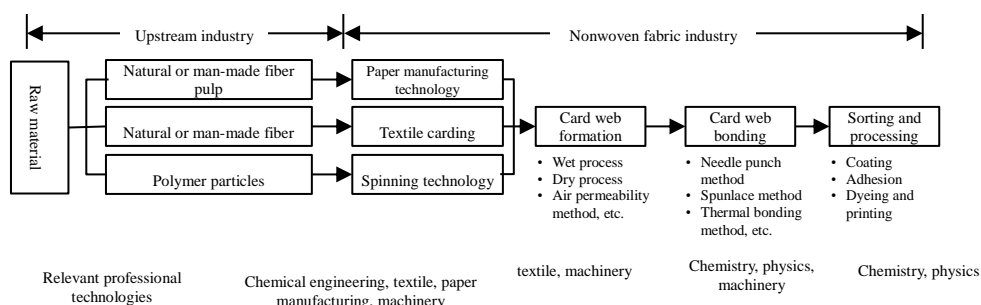
Nonwoven fabric refers to a bonding article formed by using a special formation technique to bond fibers together that is different from the traditional fabric weaving method. In the textile industry, it is the youngest and most potential field, and it also implements newly developed emerging technology that breaks through the traditional textile technology, and sufficiently applies modern physics and chemistry concepts.

In terms of the application aspect, since nonwoven fabric can be designed to provide specific functions, such as water absorbing, buffering, filtering, flame-retardant, waterproof, rebound, soft, elastic and extension, resilience and wash-resistant properties, and also provides the bacterial protective shield and sterility, the application scope of nonwoven fabric is broad, and nonwoven fabric is widely used in diverse products in all fields, including basic civil industry of living, clothing, housing, transportation, education and entertainment fields as well as living supplies.

As the technology advances, the field of nonwoven fabric also broadens, and its application is of greater depth and heading toward higher grade of quality. For the next five years, melt spinning nonwoven fabric will continue to be the technology and process main stream. Industrial wiping fabric is of great development potential, and the disposable usage amount is large with decreasing basis weight. As the raw material fiber becomes finer with increased strength, the future production technology and product application will advance further, such as, meltblowing, electrospinning, multicomponent spunbond composite technology, natural fiber nano, electronic and smart functional textile applications.

According to the statistics of the Asia Nonwoven Fabrics Association (ANFA), the annual production volume of nonwoven fabrics in the Asia region in 2022 reached 7.05 million tons. Since the Asia region accounts for 60% of world's total population of 7 billion, the Asian market has become an important manufacturing and sales market for nonwoven fabrics in the world. The analysis of the five main production countries (Japan, Korea, Taiwan, China, India and Indonesia) in Asia indicates that the production volume in 2022 reached 6.75 million tons, accounting for 96% of the annual production volume of the Asia region, among which the annual production volume in China was the highest to reach 5.31 million tons and accounted for 75% of the annual production volume in Asia, making China to become the most important production and sales market for nonwoven fabrics in Asia. Among the six major production countries, Taiwan has the least population in Asia, and the annual production volume is approximately 150 thousand tons, ranked as No.6 in Asia. In addition, the annual production volume of main production countries in Asia has increased from 3.22 million tons in 2012 to 7.05 million tons in 2022, and the annual compound growth rate reaches 7.6%. Furthermore, as the population in Asia increases and under the demographic dividend of the Chinese government relaxing the one-child policy, the Asian market is expected to continue to maintain its high level of growth in the future. Among the new emerging markets in Asia, India shows an annual compound growth rate exceeding 10% in recent years and further monitoring of such trend is necessary. In view of the above, the strong driving force of nonwoven fabrics in the Asia region indicates promising future outlook.

2. Correlation among upstream, midstream and downstream of the nonwoven fabric industry



3. Various development trends of products and competition status

(1) Various development trends of products

Due to the material characteristics, nonwoven fabrics can be applied to various different industrial fields, and the type of products is diverse with broad application. Accordingly, the product development trend can be classified as follows:

A. Technology and application of superfine fiber nonwoven fabrics:

Melt blowing, electrospinning, wet spray, Multi-component spunbond composite technology,

sea-island fiber and island fiber protection, preparation and application of nanofiber in the wood-pulp fiber, and particularly, the development of new technologies and application fields related to the hot-melt blowing nano-materials.

B. Essential type of functional materials:

Based on the consideration of process continuity and environmental protection, the Company will head toward the development of essential type of functional materials, such as fibers with wettability, elasticity, skin compatibility, bacteria resistance, and fibers developed for specific purposes, such as elastic resin, microfiber, and crimped fiber, etc.

C. Corresponding performance requirements for textiles used for filtering purposes:

Develop functional products with the properties of high performance, strength, air permeability, temperature resistance, corrosion resistance, waterproof and anti-oil function and filtering performance as well as high temperature resistance.

(2) Competition status

Nonwoven fabrics have the advantages in the price, broad application, lightweight and multi-function over other materials, and materials satisfying the aforementioned quality characteristics in the market mainly refer to nonwoven fabrics as the main stream product in the market. Presently, there has been no alternative material developed in the market.

The main competitive factors among business operators in the same industry mainly refer to the sales strategy, integration of upstream, midstream and downstream of the supply chain and the elevated barrier for production and technology. Nevertheless, the Company still upholds the consistent strategy and moves forward toward the predefined goals.

(III) Technology and Research and Development Overview

1. R&D budget invested in most recent year and up to the printing date of the annual report

For 2023 and 2024 up to March 31, the R&D budgets invested were NTD 98,856 thousand and NTD 27,063 thousand respectively.

2. Technology or product successfully developed

For the recent years, the products developed successfully in stages mainly include: Spunbond, melt blowing, filter application related products. In the future, the Company will head toward the development of high physical property, lightweight, structural modification, special performance, soft and composite structure, etc. Expansion material received the top five international certifications of ISPO 2019 Textrends Spring/Summer in 2019.

(IV) Long-term and Short-term Business Development Plan

Based on the consideration that product applications derived from nonwoven fabrics are broad and are closely related to people's daily lives, for the business development plan framework, the Company has always primarily focused on the long-term business development plan in conjunction with the secondary service philosophy of short-term business plan in order to expand the business. In other words, the Company pays attention on the long-term market development trend and guides the short-term market demands, in order to establish the foundation for corporate sustainable operation.

1. Long-term business development plan

(1) Expand business scope and market: As the region of Southeast Asia is under economic development stage, in addition to the original sales market in Vietnam, the Company also actively expands the investment in the production line in Indonesia. Furthermore, the feasibility of the Company's investment extending to other countries in the Southeast Asia is also under evaluation, thereby satisfying the appetite of the increasing demands of the Southeast Asia market.

(2) High quality production line development: As the global population expands rapidly and according to the nonwoven fabrics industry market survey for the advanced European countries and U.S., high quality product market demand continues to increase, and it will progressively extend to Asia and other regions.

(3) Smart production and sales: Through system technology integration, the Company's resources are effectively allocated and global work allocation can be achieved, thereby increasing the breadth and benefit of the business expansion.

2. Short-term business development plan

(1) Improve R&D technologies: Under the fundamental operation of long-term business development plan strategy, the Company will focus on the R&D and technology integration and improvement of spunbond application material related products. In addition, through collaboration with pioneers in the US market application, the Asian nonwoven fabric market and development trend can be strategically guided through joint development, thereby expanding the group's future market development.

(2) Achieve product diverse applications: As the production cost in China increases year after year, it has transformed from the world factory in the past to domestic consumption market. In addition, as the Chinese government relaxes the child birth policy and under the demographic dividend of the middle class, the consumption market has expanded progressively. Nevertheless, under the challenge of price competition in the same industry, the Company will need to actively increase product added value with greater diversity.

- (3) Strategic alliance: Construct interactive platform for the upstream, midstream and downstream, engage in joint development to establish the future product market trend, and actively expand the market demands for nonwoven products.

II. Market profile and production and sales

(I) Market analysis

1. Main product sales region

Unit: NTD thousand

Sales region	2023		2024	
	Amount	%	Amount	%
China	585,577	28%	563,099	24%
U.S.A.	589,412	28%	498,334	22%
Taiwan	386,978	18%	514,828	22%
Others	552,939	26%	736,837	32%
Total	2,114,906	100%	2,313,098	100%

2. Market share

According to the statistics (as shown in Table 1 and Table 2 below) on the six major nonwoven production countries (Japan, Korea, Taiwan, China, India and Indonesia) provided by the Asia Nonwoven Fabrics Association (ANFA), the annual production volume from 2016 to 2023 increases from 4.68 million tons to 7.34 million tons, where the production volume of the six major production countries accounts for 94% of the production volume in the entire Asia region. For the areas of China and Taiwan invested by the Company for business development, the production volumes in 2023 of these areas account for 74% and 2% of the production volume of the entire Asia region.

Table 1 2023 Asia 6 Major Regions Nonwovens Industry

K tonnes

Country	2016	2017	2018	2019	2020	2021	2022	2023	23/22
Japan	340	342	343	321	302	300	293	269	91.81%
Korea	226	228	227	239	271	263	252	261	103.57%
Taiwan	188	200	197	191	194	182	151	147	97.35%
China	3,260	3,705	3,960	4,210	5,273	5,340	5,310	5,450	102.64%
India	365	410	475	536	514	608	625	782	125.12%
Indonesia	78	91	100	106	98	104	119	0	0.00%
Others	228	240	253	267	283	305	301	435	144.52%
Total	4,684	5,216	5,555	5,870	6,935	7,101	7,051	7,344	104.16%

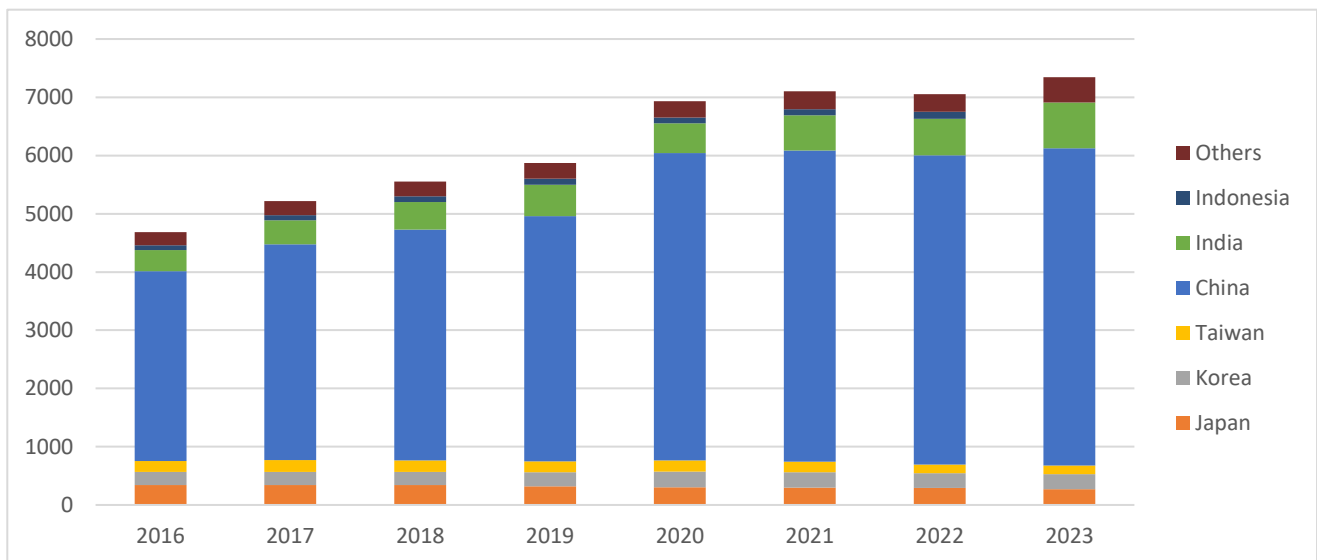
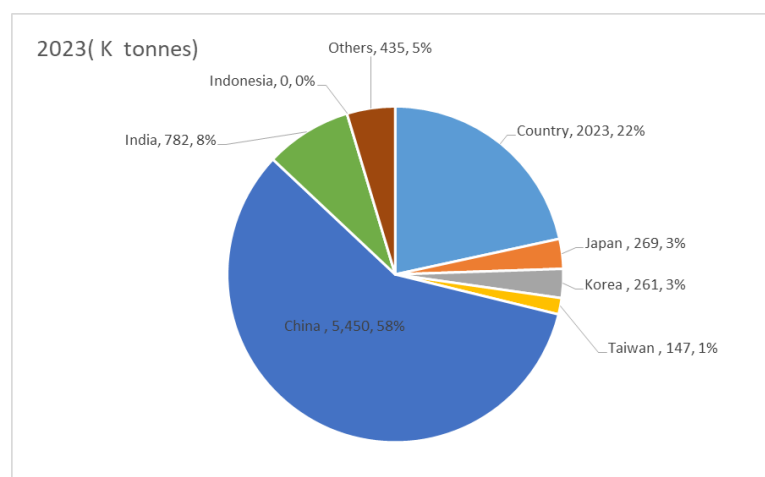


Table 2 2023 General Status of Asia Nonwovens Industry

Country	2023 (K tonnes)
Japan	269
Korea	261
Taiwan	147
China	5,450
India	782
Indonesia	-
Others	435
Total	7,344



3. Market future supply and demand status and growth

The market of nonwoven fabric expands in the application aspect along with the increasing global population and advancement of network information and transportation industry. Presently, under the cost consideration, there is still no alternative material capable of substituting the function of nonwoven fabric. The nonwoven fabric annual compound growth is approximately 9.2%, and the market grows stably.

4. Competitive niche

Nonwoven fabric is of the characteristics of light weight and fluffy, and in terms of the operating cost, its freight cost accounts for a certain ratio of the total cost. With regard to such aspect, the Company has established various competitive advantages during the corporate development and competition process:

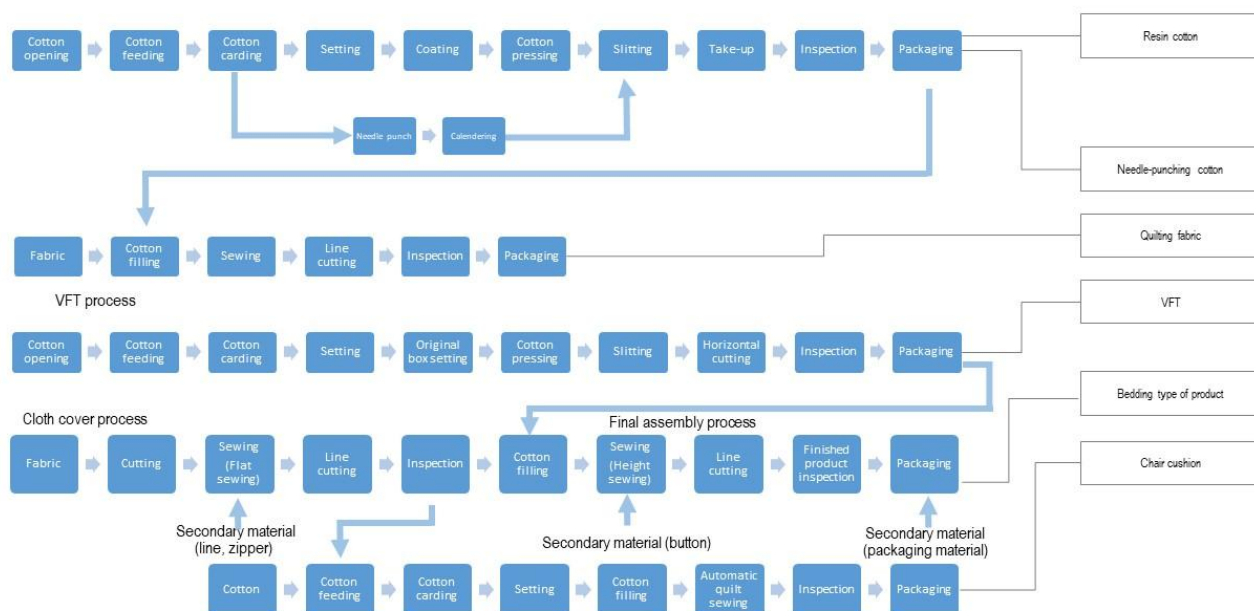
- (1) Global planning: During the early stage of the development, the Company has invested in cross-nation and cross-region industrial services. Presently, the investment of the Company has reached all parts of the world, thereby establishing important foundation for the Company in the competition chain of the industry.
- (2) Technology and equipment with multi-level of development: The Company is committed to continuous research, development and innovation. During the industrial development and transformation process, the Company has gained extensive experience and implemented passing on of knowledge. Particularly, for the field of nonwoven fabrics, the outcome of extensive years of business operation has allowed the Company to establish numerous key technologies and manufacturing processes. The establishment of all of such intangible assets is the key to the sustainable operation of the Company, which is also an important niche for the Company to continue to maintain its leading position in the industry for the future.
- (3) Continuous innovation: The nonwoven fabric industry market changes rapidly, and flexible organization adjustment and quick response capability are key factors to the successful operation of the company. The Company has been active in the implementation of mechanism for organization integration and coordination and effectively manages and coordinates resources for the corporate operation, in order to respond to market changes promptly and effectively.

5. Favorable, unfavorable factors for development outlook and responsive strategies:

All industries have their life cycle and circulation period. The Company has been deep-rooted in the industry for decades, and during the entire corporate development process, the Company has experienced numerous times of industry ups and downs. With such extensive experience and solid foundation in the industry, accordingly, the Company and the Group enterprises are able to properly manage key technologies, to establish product research and development capability, to achieve marketing niche, to upgrade production equipment, to construct e-system, to implement human resource cultivation, to stipulate management strategies and to handle industry environmental changes.

(II) Key purpose and manufacturing process of main products

1. Resin cotton: It uses polyester short fiber as the raw material and is manufactured through resin shaping and processing. Main purpose: For thermal insulation material and padding, such as garments, bed sheets, etc.
2. Hot-melt cotton: It uses polyester short fiber as the raw material and is manufactured with low-melting fiber passing through oven for melting, shaping and processing. Main purpose: For thermal insulation materials and paddings, such as garments, outdoor and indoor furniture, etc.
3. Vertical cotton: It uses polyester short fiber as the raw material and is manufactured via fiber vertical technology for formation along with low-melting fiber passing through ovens for melting, shaping and processing. Main usage: paddings with excellent permeability, drainability, support and elasticity, and comfortable touch feel as well as high durability, such outdoor furniture, mattress, etc.
4. Needle-punching cotton: It uses polyester short fiber as the raw material and is manufactured through needle punching, shaping and processing. Main usage: garments, shoe materials, etc.
5. Quilting fabric: Manufactured with the use of quilting machine to perform automatic sewing of fabric and resin cotton or needle-punching cotton together. Main purpose: Garment, bedding, etc.
6. Bedding type of product: It uses polyester short fiber as the raw material, and quilts and pillows are manufactured through a series of automatic machines, in order to provide healthy and comfortable bedding products.
7. Chair cushion: Functional consumer products developed based on the VFT patent, and it is equipped with the functions of permeability, water permeability and excellent support.



(III) Primary raw material supply status

Raw material name	Suppliers	Supply status
Polyester	TORAY INTERNATIONAL, INC. Fujian Yi Jin Fiber Co., Ltd.	Stable The Company selects quality suppliers for purchase according to the region at proper timing, and the supply sources are from various parts around the globe without shortage concerns. In addition, the Company also makes necessary adjustment based on the consideration of appropriate cost of material purchase.

(IV) Name of customers accounted for more than 10% of total purchase (sales) amount of the company in the most recent two years or in any year and the purchase (sales) amount and ratio thereof, and the reason of changes thereof

I. Total purchase (sale) amount in any of the last two years accounted for more than 10% of the total amount.

Unit: NTD thousand

Item	2023				2024			
	Name	Amount	Annual net purchase percentage (%)	Relationship with the issuer	Name	Amount	Annual net purchase percentage (%)	Relationship with the issuer
1	TORAY INTERNATIONAL, INC.	74,061	10	None	TORAY INTERNATIONAL, INC.	99,260	9	None
2	Fujian Yi Jin	60,828	8	None	Fujian Yi Jin	80,030	5	None
	Others	630,383	82	-	Others	1,051,785	86	-
	Net purchase amount	765,272	100	-	Net purchase amount	1,231,075	100	-

Note 1: The main reason of change of suppliers with total purchase amount reaching 10% and above in the most recent two years was mainly due to the quality and price consideration.

II. Information on main customers of sales of the Company in the most recent two years

Unit: NTD thousand

Item	2023				2024			
	Name	Amount	Annual net sales percentage (%)	Relationship with the issuer	Name	Amount	Annual net sales percentage (%)	Relationship with the issuer
	Others	2,114,906	100	-	Others	2,313,098	100	-
	Net sales amount	2,114,906	100	-	Net sales amount	2,313,098	100	-

Note 1: The Company and subsidiaries had no single customer with the sales percentage reaching 10% and above in the most recent two years.

III. Number of employees, average years of service, average age and education background of employees in the most recent two years and up to the date of publication of the annual report

Year		2023	2024	Current year up to March 31, 2025
Number of employees	Direct personnel	454	422	355
	Indirect Personnel	266	194	289
	Sales personnel	40	72	44
	R&D personnel	16	17	15
	Total	776	705	703
Average age		36.18	35	37
Average years of service		3.99	4.2	4.4
Education background distribution	Ph.D.	0%	0%	0%
	Master's degree	5%	4%	4%
	College	31%	37%	31%
	Senior high school	24%	23%	28%
	Below senior high school	39%	36%	37%

IV. Information on environmental protection expenditure

- (I) Loss due to environmental contamination in the most recent year and up to the printing date of the annual report: None.
- (II) Estimated amount and response measures for possible future events

The Company values environmental protection and has established preventive measures and response strategies for the routine operations with respect to pollution issues that may be caused by the production process and surrounding environment. In addition, for the most recent year and up to the printing date of the annual report, the Company has not suffered loss due to environmental contamination and due to penalties.

V. Labor-management relations

- (I) Employee welfare measures, continuing education, training, retirement system and implementation status

- 1. Employee welfare measures:

- (1) Apply for labor insurance and health insurance according to the laws.
- (2) Employee cafeteria and dormitory are provided in the plant for employees' dining and accommodation.
- (3) "Employee Welfare Committee" is established for the following employee welfare items.
 - A. Annual travel allowance.
 - B. Issuance of annual and holiday bonuses and gifts.
 - C. Marriage and funeral subsidies.
 - D. Fixed-amount gathering party and dinner allowance annually.
 - E. Birthday gift money.

- 2. Continuing education and training method:

To cope with the development needs of the Company, various education and training systems are established in order to cultivate personnel at all levels such that employees are able to exploit their potentials sufficiently and to develop relevant knowledge and skills, thereby achieving the objectives of mutual coordination and increase of work efficiency, and achieving the overall business goals of the Company. The main methods adopted are as follows:

- (1) Establish mentor system in order to guide the passing on of practical experience.
- (2) Implement professionalism identification system such that personnel above the rank of supervisor (Section Chief) are required to learn various management courses related to their job duties before promotion)
- (3) Implement promotion evaluation system such that supervisors promoted to the rank of Deputy Manager and above are required to be evaluated by the "Human Resource Evaluation Committee" for qualification before promotion.
- (4) Implement occupation diversity system to encourage employees to transfer to various job duties in order to cultivate employees with diverse functions.

- 3. Education and training status:

Through the establishment of the e-learning platform, internal education and training courses of various aspects are implemented. In addition, through the establishment of the management window mechanism, the mutual coordination works among departments of the Group can be operated in order to cultivate outstanding seed personnel as the reserve candidates for future management staff, such that it can be further extended to facilitate the establishment of the corporate internal structure evaluation system. Based on the field experience of recruitment of outstanding talents in conjunction with the system platform application, the ultimate objective of education and training can be sufficiently reflected in the corporate competitiveness and management performance. In the future, each department will also propose general knowledge courses during the weekly meeting time in order to integrate professional knowledge into the daily operation system, thereby continuously expanding the corporate learning functions and aspects.

In addition, the Company further provides subsidies to employees irregularly for their participation in various external professional training courses and learning, thereby enhancing professional knowledge and skills outside the work field, such employees may apply the knowledge and skills learned at work to develop and exploit greater employee potentials.

- 4. Retirement system and implementation status:

The Company has stipulated the pension regulations and has established the "Labor Pension Reserve Supervisory Committee" according to the law (establishment approved according to Taipei City Government (76) Bei-Fu-She-Si-Zi No. 120827 Letter dated April 17, 1987) and labor pension is appropriated to the dedicated account at Bank of Taiwan for custody. Employees qualifying the retirement criteria are able to apply for retirement and to receive pension according to the regulations.

In addition, since the implementation of the new labor retirement system, the Company not only appropriates labor pension reserve monthly for employees choosing the old system but also appropriates pension monthly according to the law for employees choosing the new system and new employees. For the rest of investees, relevant retirement systems are also implemented according to the local laws and regulations.

The Company's appropriation is as follows:

Pension system	Old system	New system
Applicable law	Labor Standards Act	Labor Pension Act
How to contribute	2% of the total monthly salary of the employees is appropriated and deposited into the dedicated account of the Bank of Taiwan (formerly Central Trust of China) in the name of the Company	6% of the employee's salary is contributed into the individual account of the Bureau of Labor Insurance according to the level of insurance coverage of the employee.
Amount of contribution	Accumulated amount of labor pension reserve fund NTD 12,145,000 thousand	NTD 9,555 thousand was appropriated in 2024

5. Agreements between labor and management

The agreements between both parties of labor and management of the Company and each investee are established according to the Labor Standards Act and relevant local labor laws and regulations of each company, along with the cooperation with the personnel management regulations of the Company, such that agreements are entered and implemented when employees enter the Company to provide service.

6. Employee benefit protection measures:

- (1) Establish employee stock option rules, in order to stimulate the entrepreneurial potential of employees.
- (2) Establish employee bonus issuance rules, in order to implement labor and management benefit sharing.
- (3) Implement profit center system, in order specify performance incentive measures clearly.
- (4) Implement protective measures for working environment and personnel safety.

The Company values "Prevention of occupational accident occurrence", "Construction of sound workplace safety and health", "Promotion of occupational safety and health management system", "Establishment of proper working environment", "Implementation of emergency response mechanism and training" as the priority promotion objectives for the occupational safety and health affairs. In addition, the Company has also established the "Labor Safety and Health Work Rules", and the management level leads the compliance along with the fire drill once semi-annually and emergency escape and refugee drill once semi-annually, in order to allow all employees to value safety and health and to establish an outstanding working environment with zero occupational accidents. For on-job employees, periodic health examination is implemented once annually. For operators of special hazards to health, appropriate safety protection equipment is provided. Safety and health education training courses are organized once every three years. New employees are required to receive safety and health education and training during the on-board of the job, in order to ensure that the working environment has no impact on the bodily health of personnel.

(II) Loss due to labor-management disputes in the most recent year and up to the printing date of the annual report: None.

(III) Estimated amount and response measures for present and future possible future events

The Company and the investees have established the labor-management agreements. In case of any labor-management dispute in the future, it will be handled in accordance with the labor-management agreement content. Nevertheless, for the most recent year and up to the printing date of the annual report, there has been no occurrence of major labor-management dispute.

VI. Cybersecurity management

(I) Describe the cybersecurity risk management architecture, cyber security policy, specific management solution and resources invested in cyber security management.

1. Cybersecurity risk management architecture

The Information Department is responsible for managing and implementing information security policy, promoting information security information, increasing employee information security awareness, collecting and improving organization information security management system performance and effectiveness of technologies, products or procedures, etc. The Auditing Office performs cyber security audit on the internal control system - information cycle, and evaluates the effectiveness of the information operation internal control of the Company.

2. Cybersecurity policy:

To implement information security management, the Company has established the internal control system - information cycle and information machine room management regulations, cyber security inspection control. Accordingly, through the joint effort of all employees, the following policy objectives are expected to be achieved:

- ◆ Ensure the confidentiality and integrity of information assets.
- ◆ Ensure that specification data can be accessed according to the department function.
- ◆ Ensure the continuous operation of information system.
- ◆ Prevent unauthorized modification or use of data and system.

- ◆ Perform information security audit operation periodically, and ensure through execution of information security.
3. Specific management program
- ◆ Internet network information security control.
 - Construction of firewalls
 - Perform virus scan on the computer system and data storage medium periodically
 - Review the system log of each network service item periodically, and track abnormal conditions
 - ◆ Data access control.
 - Computer equipment shall be under the custody of dedicated personnel, and account and password shall be set up
 - Different access authorities are granted according to job functions
 - Cancel original authorities of transferred or resigned personnel
 - Prior to scrap of equipment, confidential and sensitive data and licensed software shall be removed or overwritten
 - Remote login management information system shall be approved appropriately
 - ◆ Response and recovery mechanism.
 - Inspect emergency response plan periodically
 - Perform periodic system recovery drill annually
 - Establish system backup mechanism, and implement remote backup
 - Periodically review computer network security control measures
 - ◆ Promotion and inspection.
 - Promote and educate information security information at all time, in order to increase employees' information security awareness
 - Perform cyber security inspection irregularly on an annual basis
4. Resources for cyber security management
- The Company values cyber security and continues to increase the investment in information security related infrastructure construction and security protection architecture related software and hardware. The Company's total investment in information security related software and hardware expenses in 2024 is approximately NTD 223,257, demonstrating the Company's emphasis on cybersecurity.
- (II) For the most recent year and up to the printing date of the annual report, the loss due to major cyber security events, possible impacts and countermeasures:
- Presently, the Company has no occurrence of major cyber security events leading to operating loss. The Company will continue to implement information security management policy goals and implement recovery plan drill periodically, in order to protect important system and data security of the Company.

VII. Important contracts:

April 15, 2025

Contract type	Contracting party	Contract starting and end date	Main content	Restrictive covenants
Loan contract	KGI Commercial Bank	2023.05.09-2026.05.09	Medium-term secured loan	None
Loan contract	The Shanghai Commercial & Savings Bank	2020.10.12-2025.10.12	Medium-term secured loan	None
		2022.12.27-2027.12.27	Medium-term secured loan	None

Shinih Enterprise Co., Ltd.
Audit Committee's Review Report

It is approved as follows.

The board of directors of the Company has prepared the 2024 Financial Statements (including Business Report, Parent Company Only Financial Report, Consolidated Financial Report and Distribution of Earnings) proposals. The aforementioned Financial Report (including Parent Company Only Financial Report and Consolidated Financial Report) has been audited by two CPAs Chien-Chen Huang and Chen-Yu Yang of Crowe (TW) retained by the Company and an audit report has been issued for review. After the review of the Financial Report, the Audit Committee considers the content of the reports are consistent and conforming with the requirements properly. Accordingly, the Audit Committee's Review Report is hereby issued in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Please
review.

Submitted to
Shinih Enterprise Co., Ltd. 2025 Annual General Meeting

Shinih Enterprise Co., Ltd.

Convener of Audit Committee: Shu-Fen Wang

March 7, 2025

Five. Review and analysis of financial status and financial performance and risk assessment

I. Financial status

1. Comparative analysis of financial position

Unit: NTD thousand

Item \ Year	2024	2023	Amount of increase (decrease)	Change ratio %
Current assets	3,521,322	3,291,043	230,279	7.00%
Property, plant and equipment	2,045,781	2,167,358	(121,577)	(5.61%)
Right-of-use assets	325,956	206,471	119,485	57.87%
Investment property	154,684	155,920	(1,236)	(0.79%)
Intangible assets	7,970	7,847	123	1.57%
Other assets	282,924	131,395	151,529	115.32%
Total assets	6,338,637	5,960,034	378,603	6.35%
Current liabilities	1,750,493	1,422,660	327,833	23.04%
Non-current liabilities	968,025	1,024,167	(56,142)	(5.48%)
Total liabilities	2,718,518	2,446,827	271,691	11.10%
Equity attributable to owners of the parent company	3,525,014	3,433,101	91,913	2.68%
Share capital	1,091,071	1,091,071	0	0.00%
Capital reserve	230,774	230,774	0	0.00%
Retained earnings	2,109,642	2,166,695	(57,053)	(2.63%)
Other equity	168,415	19,449	148,966	765.93%
Treasury stock	(74,888)	(74,888)	0	0.00%
Non-controlling interests	95,105	80,106	14,999	18.72%
Total equity	3,620,119	3,513,207	106,912	3.04%

Main reasons for the changes of 20% or more and the amount reaches NTD 10 million between the two most recent fiscal years and the effects are analyzed as follows:

1. Increase in right-of-use assets: The old lease contract is terminated and a new contract is signed.
2. Decrease in other assets: Mainly due to the prepayment for the construction of in the beginning of the period for Hai Duong Plant in Vietnam and Surabaya Plant in Indonesia.
3. Current liabilities: Mainly due to the transfer of long-term borrowings to short-term borrowings.
4. Increase in other equity: Exchange rate changes that resulted in an increase in exchange differences in the translation of the financial statements of foreign operations.

II. Financial performance

1. Comparative analysis of financial performance

Unit: NTD thousand

Item \ Year	2024	2023	Amount of increase (decrease)	Change ratio %
Operating revenue	2,313,098	2,114,906	198,192	9.37%
Operating cost	(1,622,778)	(1,645,778)	(23,000)	(1.40%)
Gross profit	690,320	469,128	221,192	47.15%
Operating expense	(585,027)	(553,244)	31,783	5.74%
Operating profit	105,293	(84,116)	189,409	225.18%
Non-operating income and expenses	(984)	455,793	(456,777)	(100.22%)
Net profit (loss) before tax from continuing operations	104,309	371,677	(267,368)	(71.94%)
Income tax (expense) benefit	(75,630)	(195,211)	(119,581)	(1.26%)
Net income (loss) of the current period	28,679	176,466	(147,787)	(83.75%)
Other comprehensive income (net income after tax)	154,865	(24,822)	179,687	723.90%
Total comprehensive income of the current period	183,544	151,644	31,900	21.04%

If the change between the previous and the current periods is more than 20%, the main reason and its impact are analyzed as follows:

1. Decrease in gross profit: Mainly due to the injection of revenue from a compensatory order.
2. Decrease in operating profits: Mainly due to the injection of revenue from a compensatory order.
3. Decrease in non-operating income and expenses: This was mainly due to the recognition of Shinih Suzhou and gains from disposal of the site in Cambodia of approximately NTD 360 million in the same period last year.
4. Decrease in net income: Assets were considered to have recognized an impairment for NTD 80 million and the gain from disposal of the assets last year.
5. Increase in other comprehensive income: Mainly due to the exchange gain from translation of the financial statements of foreign operations

III. Cash flow

(I) Analysis of changes in cash flow in the most recent year

Unit: NTD thousand

Item \ Year	2024	2023	Increase (decrease) change	
			Amount	%
Operating activities	272,522	65,658	206,864	315.06%
Investment activities	(154,005)	70,591	(224,596)	(318.17%)
Financing activities	(63,841)	4,863	(68,704)	(1412.79%)
Total	54,676	141,112	(86,436)	(61.25%)

If the change in the net cash flow in the previous period is more than 50%, the details are as follows:

1. The increase in net cash inflow from operating activities in the current period was mainly due to the increase in the amount of income tax paid for the disposal of assets in the same period last year.
2. The decrease in net cash inflow from investing activities in the current period was mainly due to the prepayment for the construction of Hai Duong Plant in Vietnam and Surabaya Plant in Indonesia.
3. The decrease in cash inflow from financing activities in the current period was mainly due to the repayment of long-term borrowings.
4. In conclusion, the increase in net cash inflow from the previous period was mainly due to the impact of exchange rate changes on cash and cash equivalents.

(II) Analysis of liquidity in the last two years

Item \ Year	2024	2023	Increase/decrease percentage
Cash flow ratio (%)	15.57	4.62	237%
Cash flow adequacy ratio (%)	64.74	68.2	(5%)
Cash reinvestment ratio (%)	3.04	(0.70)	(534%)
Description of changes in the percentage of increase or decrease: The increase in cash flow ratio and cash reinvestment ratio in the current period was mainly due to the increase in net cash inflow from operating activities.			

(III) Analysis of cash flow for the next year

Unit: NTD thousand

Cash balance at the beginning of the period	Net cash flow from operating activities for the year	Projected cash inflow (outflow) for the year	Projected cash balance (deficit)	Remedial measures for cash flow deficit	
				investment plan	Financial management plan
2,319,329	50,000	100,000	2,269,329	Not applicable	Not applicable
Analysis of expected cash flow change status of the current year:					
(1) Analysis of changes in cash flow:					
a. Operating activities: Net cash inflow from operating activities is projected to continue.					
b. Investment activities: The projected outflow is the expenditure for the construction of plants in Vietnam, Indonesia, and related ancillary equipment.					
c. Financing activities: The net cash outflow from financing activities is projected to be due to the distribution of cash dividends.					
In conclusion, the Company projects to have a cash balance of NTD 2,269,329 thousand.					
(2) Remedies for estimated cash shortage and analysis of liquidity: Not applicable.					

IV. Impact of significant capital expenditures in the most recent year on the financial and operating conditions of the company

The major capital expenditures made by the Company in the most recent year mainly refer to the investments in relevant machinery, equipment and factory construction equipment capital demands for Taiwan and Dongguan Taishin. The main source of capital is own funds along with bank financing as the secondary source of funds. Accordingly, the investments have no major impact on the financial status. Since the capital expenditures are utilized for investment planning according to the development strategy of the Company, after the equipment invested is utilized for production and operation in service, it will generate significant positive benefits on the business operation of the Company.

V. Investment policy for the last main causes of profits or losses, improvement plans and investment plans for the coming year

- (I) The Company's investment policy has always focused on the regional planning to provide local services, and services are provided to satisfy demands in the market. Based on the consideration that the general public's infrastructure industry is weak in the Southeast Asian region, the Company actively plans the development in Indonesia in order to expand the business scale in the Southeast Asian region.
- (II) Due to the impact of severe competitive environment caused by competitors in China seizing orders with large quantity at low price, the sales volume of the Company decreased and the revenue declined slightly. Accordingly, the internal of the Company focuses on the high quality sales unit price strategy, such that the overall sales profit margin is better than last year. For the long-term planning with investment in large software, hardware and labor resources, its cost has reflected in the increase of annual operating expense, such that the overall profit margin is less than expected. In view of the above, the Company will continue to enhance the internal control in order to reduce cost, and will also exert effort in the development of new products, new technologies and new markets, thereby expanding the operational niche.
- (III) Regarding the investment plan for the next year, the Company will promote sustainability-related material applications, establish long-term and stable raw material supply to reduce the impact of oil price fluctuation, and increase the production efficiency internally and loss control, as well as diversify the risk of centralized product and market.

VI. Analysis and assessment on risk matters for the most recent year and up to the printing date of annual report:

Analysis and assessment on risk matters for the most recent year and up to the printing date of annual report are as follows:

- (I) Impact of interest rate, exchange rate fluctuation and inflation condition on the profit/loss of the company and future countermeasures
 - 1. Interest rate changes: The Company's consolidated interest expenses for 2023 and 2024 were NTD 34,412 thousand and NTD 39,470 thousand, respectively, accounting for 1.6% and 1.7% of net operating revenues, which were not significant. The Company and its subsidiaries will continue to evaluate the interest rate of bank borrowings from time to time and maintain close contact with banks to obtain better interest rates to reduce interest costs. Moreover, the Company will continue to increase the bargaining power by leveraging its advantages, and strengthen the recovery of accounts receivable, the utilization of its own funds, and the utilization of financial leverage. At the same time, the Company will strive to enhance the effectiveness of short-term capital to increase the sources of non-operating income and maximize the effectiveness of capital.
 - 2. Exchange rate change: For the revenues of the Company and subsidiaries in Taiwan and each overseas locations worldwide, except that the local sales use the local currency for calculation (including NTD/USD/RMB/VND/THB/IDR), the export sales mainly use USD as the primary currency and RMB as the secondary currency for calculation. Accordingly, despite the recent great fluctuation of exchange rate, its impact on the sustainable profit of business is relatively small under the cross-nation operation and the result of mutual gains and losses among various currencies. Nevertheless, for transactions based on foreign currencies, assessment risk is generated due to value change under the change of foreign exchange rate. For such situation, unless certain currency is expected to generate systematic risk that may lead to major exchange rate loss and exchange rate hedging operation is assessed to be adopted in advance in order to control the exchange rate change risk within the acceptable range, natural hedging is still the primary method for other situations as the operation strategy for the current stage.
 - 3. To cope with the price fluctuation due to inflation, the Company and subsidiaries adopt the centralized purchase method to reduce cost, and also engage in negotiation with suppliers for various cooperation criteria, in order to reduce the price risk. When it is considered necessary, the Company also timely adjusts the sales price and inventory status depending upon the market condition, in order to reduce impact of inflation, thereby effectively avoiding negative impact caused by inflation on the profit.
- (II) Policies on engaging in high risk, high leverage investments, loaning funds to others, endorsement and guarantee as well as derivative transactions, main causes of profit and loss as well as future countermeasures
 - 1. The Company and subsidiaries are committed to the operation of core business without participating in high risk and high leverage investment business. The derivative transaction related policies are established in accordance with relevant regulations of the Company, and under the objective of hedging, its main objective is to reduce the interest rate and exchange rate change risk associated with

the assets and liabilities sustainable owned by the Company. Up to the present day, the Company and subsidiaries have not engaged in derivative transaction. In the future, in case where the Company or subsidiaries engage in derivate trading, corresponding reverse hedging operation on the sustainable assets and liabilities owned by the Company will be made. Accordingly, despite the derivate transaction, its impact on the sustainable profit will still be managed to be within the controllable range.

2. The Company has established the “Operational Procedures for Loaning Funds to Others” and “Operation Procedures for Making Endorsements/Guarantees” according to regulations of relevant competent authorities, and such procedures have been approved by the board of directors and shareholders’ meeting. Accordingly, the execution of the operation of loaning of funds to others or making of endorsements/guarantees is required to comply with the aforementioned operation procedures. Up the present day, the subjects for the loaning of fund and making of endorsements/guarantees are subsidiaries or second-tier subsidiaries of the Company; therefore, in terms of the risk control, there have been no occurrence of situations that cannot be substantially expected and controlled. In the future, the Company will continue to uphold such principle in order to use it as a basis for the operations of loaning of fund and making of endorsements/guarantees.

(III) Future R&D projects and expected investment in R&D budget

The Company and subsidiaries have upheld the principles of integrity and innovation. In addition to the continuous release of new products of industrial materials for various industrial purposes, the Company also actively promotes functional product ratio in recent years and is committed to the research development of product differentiation and market diversity, in order to maintain the leading technology advantage and to progressively expand the business operation field and aspect. The research and development expenses of the Company and subsidiaries in 2023 and 2024 were NTD 98,856 thousand and NTD 96,721 thousand respectively. The Company will continue to invest in the research and development plans in order to achieve corporate sustainable development.

Estimated research and development plans and expenses for 2025:

Research and development plan	Amount to be invested (in thousands)
Process innovation	38,500
Product multi-function application development	73,873
Total	112,373

(IV) Impacts of domestic/foreign important policies and changes of laws on the financial business of the company and countermeasures:

The execution of all businesses of the Company and subsidiaries comply with relevant laws and regulations of the competent authority. To cope with the possible impacts of the domestic and foreign important policies and legal changes, the Company and subsidiaries actively propose response solutions and measures through meeting and video conference method at any time, in order to effectively understand relevant impact information, thereby promoting such impact to develop toward advantageous and positive direction. For the most recent year and up to the printing date of the annual report, there is no impact of relevant important policies and laws on the financial status and affairs of the Company.

(V) Impacts of changes in technology and industry on the financial business of the company and countermeasures:

Different areas of the world have different level of technologies and techniques. Presently, the Company is a domestic enterprise with the most comprehensive global planning in the nonwoven fabric industry. As information is widely communicated through network, practical experience is the key to the establishment of solid foundation. The Company utilizes leading and latest information collected from all areas, integrates technologies with practical technical experience and continues to promote automation and smart data, in order to cope with the technology and industrial changes. Consequently, under the rapid changing industrial environment, the Company is able to seize opportunities for sustainable operation.

During the industry evolution process in the future, a globalized group is expected to have absolute business advantages. The information of the group links swiftly and the technologies and product innovations of all areas interact with each other to achieve synergy effect, thereby improving the overall practical experience, elevating the entrance barrier and increasing operational advantages.

(VI) Impacts of change of cooperate image on the cooperate crisis management and countermeasures

Since the establishment, the Company has upheld four main philosophies of honesty, integrity, innovation and return, and is committed to the business operation and management of the Company. With regard to the corporate image change and maintenance, the Company focuses on the improvement of the entrepreneurial philosophy in order to make upward adjustment progressively, such that the Company is able to satisfy the market needs adequately during the corporate business evolution process while moving forward with the corporate philosophy at the same time. Consequently, the corporate philosophies and actual performance are aligned with synergy, thereby achieving win-win situation.

Accordingly, with the original business philosophy established during the establishment, the corporate image of the Company and subsidiaries have been maintained properly for the most recent year and up to the printing date of the annual report. In addition to the continuous focus on the core business development, the Company also provides contribution and return to the local communities and disadvantaged groups with own products irregularly.

(VII) Expected benefits, possible risks, and countermeasures for mergers and acquisitions

Presently, all of the business offices of the Company have been established according to the investment strategy. In addition, up to the present day, there has been no merger and acquisition plan.

(VIII) Expected benefits, possible risks and countermeasures for expansion of facilities

In recent years, the Company frequently assesses the possibility of facility expansion, regional policy, culture local resources and upstream/downstream supply chain of the Southeast Asia, and also plans, estimates and establishes countermeasures for possible risks and return. In recent years, the Company has established factory in Indonesia, and during the execution process, the investment experience and effects accumulated from the past years have been implemented and applied. In addition, the Company further expands the scope of business, diversifies the regional risks and cultivates future return.

(IX) Risks faced due to concentrated procurement or sales as well as countermeasures

1. Purchase

The main purchase of large volume of raw material of the Company and subsidiaries for production refers to the purchase of polyester. The market supply for such raw material is sufficient, and the Company and subsidiaries also maintain proper relationship with numerous international suppliers. Presently, the supply market is not a monopoly or oligopoly market, and the Company and subsidiaries actively distribute the supply source for purchase; therefore, there is no risk of centralized purchase.

However, China has gradually become an important country for the supply of chemical fibers. Under the advantages of the environment of RCEP, CPTPP trade agreements, vast consumption market and the policy for assisting the raw material supplier Hengyi Petrochemical in the investment of local development of Brunei chemical fiber raw material, along with the policy of Belt and Road for Southeast Asia, the enterprises of Hengyi Petrochemical, Shenghong, Rongsheng and Tongkun, etc. have been driven to grow, and such growth also further reduces the production capacity utilization rate of nearby countries for the production of chemical fibers.

As the Company has the advantages of distributed investments in the existing regions, the Company also actively expands the development of environmental protection related products in conjunction with high added-value manufacturing technologies, in order to diversify the risk of raw material price fluctuation that may affect the gross profit.

2. Sales

The application scope of nonwoven fabric industry is broad, and business opportunities for nonwoven fabrics exist in all fields and sectors. The Company utilizes its R&D advantages to supply products that are applicable and sold to various different industries, such as garment, bedding, sports goods, medical care, building material, furniture, decoration, agriculture, auto industry and other functional consumer goods. In addition, since the Company distributes the production and sales in various locations worldwide, and the sales of products are also distributed to various types of industries and customer groups, consequently, there is no risk of centralized sales.

Product function and application focus on the market demands. Accordingly, for the current year, the Company will continue to promote medical supplies related to epidemic control.

(X) Impacts, risks and countermeasures of directors or shareholders with shareholding percentage exceeding 10%, large equity transfer or change on the Company

Up to the printing date of the annual report of the Company, the shareholding of directors is approximately 27.49%, and the shareholding percentage has exceeded the minimum percentage specified by the relevant laws and regulations such that the management right is relatively stable. In addition, since the election, up to the present day, the directors and shareholders with shareholding percentage exceeding 10% are not subject to major equity transfer. Furthermore, since the assumption of the present term of office of directors, there is no concern on any large transfer of equity or any change of director that may cause material impact on the Company.

(XI) Impacts, risks and countermeasures of change in management rights to the Company

The Company has established the internal control management system, and all operations are executed according to the management system. With regard to the authorization and decentralization management, the organization structure is adjusted depending upon the actual needs at any time, and regardless how the organizational structure is changed, professional managers are established according to the structure, in order to manage and handle various productions, sales and operations. Therefore, both the organization and decentralization management operations are performed in compliance with relevant systems, and corporate management and execution benefits can be generated without the risk of causing major impact on the corporate due to change of management right.

For the most recent year and up to the printing date of the annual report, the Company is not subject to any issue and risk related to the change of management right.

(XII) Litigation or non-litigation events: None.

(XIII) Other significant risks and countermeasure: None.

VII. Other important matters: None.

Six. Special disclosures

I. Information on affiliates

Please visit MOPS: <https://mops.twse.com.tw/mops/#/web/home> Home>Single Company>Download Documents>Three Reporting Forms for Affiliated Enterprises

II. Information on private placement of securities for the most recent year and up to the printing date of the annual report: None.

III. Additional information required to be disclosed

For the most recent year and up to the printing date of the annual report, occurrence of events having material impact on shareholders' rights and interests or securities prices according to Subparagraph 2 of Paragraph 3 of Article 36 of the Securities and Exchange Act: None.