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台灣福興工業股份有限公司

TAIWAN FU HSING INDUSTRIAL CO., LTD.



2025

ANNUAL REPORT

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Taiwan Fu Hsing Website: <http://www.fuhsing.com.tw>

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I. Letter to Shareholders

To the Shareholders of Fu Hsing Industrial Co., Ltd.:

Over the past year, the global economy has been shaped by a confluence of factors, including exchange rate volatility, geopolitical conflicts, and adjustments to U.S. trade policies. As a result, the international trade order has continued to undergo restructuring, and the overall business environment remains fraught with challenges and uncertainty. In this environment, businesses must not only respond to short-term market fluctuations but also continuously strengthen their long-term competitiveness and operational resilience. Guided by our corporate philosophy in “utilizing access control technology to safeguard our life,” we remain committed to a customer-centric approach, steadily advancing product upgrades and diversifying our production capacity. Through internal management optimization and resource integration, we are enhancing our overall operational strength. On behalf of the management team, I would like to express our sincere gratitude to our shareholders for their long-standing support.

2025 Operational Review

The Company’s operating performance in 2025 declined compared to 2024, with both revenue and profits affected by changes in the external business environment. The inflation driven by U.S. tariff policies have had a crowding-out effect on consumer spending in the end market, causing customers to adopt a more conservative approach to procurement. This has slowed the overall pace of inventory consumption and impacted short-term revenue growth momentum. Other than that, significant exchange rate fluctuations have put pressure on product pricing and profit margins. In response to adverse changes in the external environment, the Company has been continuously adjusting our production capacity, optimizing cost structure, and improving product mix to mitigate operational risks and maintain our competitive edge. Overall, although the 2025 operational results were affected by market conditions, Taiwan Fu Hsing has gradually developed the ability to adapt to changes in tariffs and supply chain restructuring, thereby laying the foundation for further growth.

To report the Company's 2025 operation results as below:

(I) Review the implementation of Business Plan

Unit: NT\$1000

Item	2025	2024	Increase/ Decrease in Amount
Sales revenue	\$7,384,022	\$8,039,380	-655,358
Operating costs	1,623,349	1,909,794	-286,445
Operating profits	722,906	956,944	-234,038
Non-Operation Revenue & Expenditures	-23,605	266,162	-289,767
Net income before tax	699,301	1,223,106	-523,805
Net income after tax	533,488	909,515	-376,027

(II) Review of Budget Implementation

Taiwan Fu Hsing did not disclose financial forecast for the year of 2025. Due to adverse factors such as exchange rate fluctuations and high export tariffs, both actual sales and profits did not meet the Company's internal budget targets

(III) Analysis of Receipt, Expenditure, and Profitability

Item		2025	2024
Financial structure	Debt to Total Asset (%)	22.12	22.20
	Long Fund to Fixed Assets, Plants, and Facilities (%)	200.83	277.57
Business solvency	Current Ratio (%)	284.87	333.47
	Quick Ratio (%)	223.36	280.80
	Times Interest Earned	97.50	132.47
Profitability	Return on Assets(%)	5.74	9.49
	Return on Equity(%)	7.30	12.48
	Profit Margin (%)	7.22	11.31
	Basic EPS (NT\$1)	\$3.08	\$4.83

(IV) Research and Development

Manufacturing technology and R&D capabilities are the core drivers of the Company's continued growth. In the face of global supply chain restructuring and intensifying market competition, the Company continues to prioritize enhancing product competitiveness and operational resilience in its R&D efforts, focusing on areas such as digitalization, smart technology, manufacturing stability, and sustainable design

to strengthen the foundation for long-term growth.

1. Deepening digital transformation and platform integration:

As the smart lock market continues to grow, products have gradually evolved from standalone hardware to integrated solutions that combine cloud services and smart applications. The Company continuously optimizes our electronic lock product portfolio to enhance firmware stability, cybersecurity, and system compatibility. We also strengthen the capabilities of our proprietary cloud platform and integrate it with leading international smart home systems to improve user convenience and product competitiveness.

2. Enhancing product diversity and design integration capabilities

In response to the needs of different markets and distribution channels, the Company continues to expand our product line. Through the application of new materials, optimization of structural design, and advancements in surface treatment technology, we ensure that our products balance aesthetics, durability, and safety. We have also adopted modular design to enhance development efficiency and our ability to adapt to market changes.

3. Strengthening manufacturing technology and constructing supply chain resilience

In response to global supply chain risks and geopolitical uncertainties, the Company incorporates modular design and design for manufacturability from the earliest stages of product development. This enables flexible production across different manufacturing sites, effectively mitigating geographical risks. Through process automation and standardization, the Company enhances production efficiency and ensures consistent quality, thereby continuously strengthening supply chain resilience.

4. On going integration of sustainable design and eco-friendly materials

The Company continues to promote green design principles by incorporating environmental

considerations into the product development phase, adopting recyclable materials and low-carbon manufacturing processes to reduce the environmental impact throughout the product's entire lifecycle, thereby meeting the sustainability requirements of international markets and regulations.

To look into the year ahead, the global economy continues to face uncertainties such as interest rate policies, exchange rate fluctuations, geopolitical tensions, and changes in trade regimes, and the overall business environment remains challenging. The Company will continue to adhere to the principle of prudent management, respond cautiously to external changes, and strengthen its overall competitiveness through strategic initiatives and internal efficiency improvements.

The main areas of focus are as follows:

1. Product upgrades and channel expansion

We will continue to strengthen our capabilities in integrating electronic locks, access control systems, and cloud platforms; enhance information security mechanisms and cross-platform compatibility; increase product value-added features and market differentiation; and simultaneously expand sales channels and optimize our product portfolio to improve our overall gross margin structure.

2. Production capacity allocation optimization and operational flexibility enhancement

Production capacity at the new plant in Thailand will ramp up gradually and scale up over time. In addition to boosting overall supply capacity, the facility will serve as a key hub for mitigating tariff policies and logistics risks, thereby further enhancing supply chain flexibility and operational resilience.

3. Supply chain and cost structure optimization

By adjusting production locations and improving manufacturing efficiency, we will continue to optimize supply chain management to mitigate the impact of external market fluctuations on operations and maintain stable gross margins.

4. Promotion of Rule of Origin and tariff strategy

We will continue to facilitate the issuance of Certificates of Origin (COO) for products exported to the United States, leveraging professional planning to enhance the tariff competitiveness of these products in response to changes in the international trade environment.

5. ESG Sustainability implementation

We will collaborate with external professional teams to advance ESG initiatives, conduct greenhouse gas inventories and materiality analyses, and establish short-, medium-, and long-term goals. We will then implement various measures in a phased manner to strengthen the company's long-term competitiveness and sustainability.

The International Monetary Fund forecasts that the global economy will maintain steady growth, and Taiwan's overall economy also possesses growth momentum. As international trade policies gradually become clearer, we will continue to respond prudently to changes in the external environment and enhance operational efficiency and financial strength through operational optimization and strategic planning.

The Company will continue to balance business growth, social responsibility, and employee well-being, strengthen corporate governance, and based on sound management practices, strive to create long-term and sustainable value for shareholders.

Once again, we thank our shareholders for your trust and support, and look forward to working with you to build a brighter future.

Chairman: LIN, Jui-Chang

II. Corporate Governance Report

(1) Information on the company's directors, president, vice president, Director, and the superintendents of all the company's divisions and branch unit

1. Information on directors (1)

Data drawn on Feb. 28, 2026

Title	Nationality or Place of Registration	Name	Gender Age	Post Beginning Date	Term of Office	Date of First Elected	Shareholding of Date Elected (Note 1)		Current Shareholding (Note 1)		Current Shareholding of Spouse and Minors		Shareholding under Other's Name		Education & Experiences	Other Post in the Company and other company concurrently	Manager who is a spouse or a relative within 2 nd degree relative		
							Shares Held	Stake	Shares Held	Stake	Shares Held	Stake	Shares Held	Stake			Title	Name	Relation
Chairman	Taiwan R.O.C.	Lin, Jui-Chang	Male 71~80 years old	May 26, 2023	3 Years	5/31/1990	1,624,978	0.86%	1,299,982	0.86%	478,060	0.32%	-	-	Soochow University - Accounting	Note 3	-Vice President -Director -Director -Business Group -Director	-Chang, Jui-Pi -Lin, Wen-Hsing -Lin, Tzu-Hsuan -Lin, Tzu-Yang	-Spouse -Brother -Son -Son

Director	Taiwan R.O.C.	Chen, Chien-Kun	Male 71-80 years old	May 26, 2023	3 Years	2/24/1993	675,132	0.36%	540,105	0.36%	5,552	-	-	-	Soochow University - Accounting	Note 4	-	-	-
Director	Taiwan, R.O.C.	Hong Cheng Investment Co., Ltd.	-	May 26, 2023	3 Years	6/19/2017	5,721,451 (Note 2)	3.04%	4,577,160 (Note 2)	3.04%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Taiwan R.O.C.	Representative: Lin, Tzu-Hsuan	Male 41-50 years old	May 26, 2023	3 Years	6/19/2017	0	0%	620,152	0.41%	-	-	-	-	University of Technology Sydney- MBA	Note 5	Chairman Vice President Chief of Culture	Lin, Jui-Chang Jui-Pi Lin, I-Cheng	Father Mother Spouse
Director	Taiwan, R.O.C.	Fu Zhi Investment Co., Ltd.	-	May 26, 2023	3 Years	5/22/1996	10,091,307 (Note 2)	5.35%	8,073,045 (Note 2)	5.35%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Taiwan R.O.C.	Representative: Chu, Jung-He	Male 71 ~ 80 years old	May 26, 2023	3 Years	5/22/1996	0	0%	76,195	0.05%	-	-	-	-	National Sun Yat-Sen University - EMBA	Note 6	-	-	-
Director	Taiwan, R.O.C.	Fu Zhi Investment	-	May 26, 2023	3 Years	6/15/2011	10,091,307 (Note 2)	5.35%	8,073,045 (Note 2)	5.35%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

		Development Co., Ltd.:																	
	U.S.A.	Representative: Michael A.Hoer	Male 71 ~ 80 years old	May 26, 2023	3 Years	6/15/2011	0	0%	0	0%	-	-	-	-	Brigham Young University - MBA	Note 7	-	-	-
Director	Taiwan, R.O.C.	Fu Yuan Investment Co., Ltd.	-	May 26, 2023	3 Years	4/16/1999	2,697,185 (Note 2)	1.43%	2,157,748 (Note 2)	1.43%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Taiwan, R.O.C.	Representative: Lin, Wen-Hsing	Male 71 ~ 80 years old	May 26, 2023	3 Years	4/16/1999	0	0%	1,457,707	0.09%	1,032,036	0.07%	-	-	Cheng Hsiu University - Engineering	Note 8	Chairman	Lin, Jui-Chang	Brother
Director	Taiwan, R.O.C.	Fu Yuan Investment Co., Ltd.	-	May 26, 2023	3 Years	5/31/2005	2,697,185 (Note 2)	1.43%	2,157,748 (Note 2)	1.43%	N/A-	N/A-	N/A-	N/A-	N/A-	N/A-	N/A-	N/A-	N/A-
	Taiwan, R.O.C.	Representative: Liu, Ju-Shan	Male 61-70 years old	May 26, 2023	3 Years	5/31/2005	0	0%	0	0%	-	-	-	-	National Taiwan University of Science and Technology Graduate	Note 9	-	-	-

															Program – Industrial Management				
Independent Director	Taiwan R.O.C.	Chang, Ling- Ling	Female 71-80 years old	May 26, 2023	3 Years	6/19/2017	0	0%	0	0%	-	-	-	-	Soo-Chow University / Accounting	Note 10	-	-	-
Independent Director	Taiwan R.O.C.	Chen, Yung- Chun	Male 71-80 years old	May 26, 2023	3 Years	6/19/2017	0	0%	0	0%	-	-	-	-	Soo-Chow University /Accounting	Note 11	-	-	-
Independent Director	Taiwan R.O.C.	Chuo, Yung- Fu	Male 61-70 years old	May 26, 2023	3 Years	5/28/2020	0	0%	0	0%	-	-	-	-	Murdoch University in Australia/M BA	Note 12	-	-	-

Note 1: The number of shares held at the time of election is the number held prior to the capital reduction; the current number of shares held is the number held after the capital reduction.

Note 2: Number of shares held by corporate shareholders.

Note 3: Is concurrently the Chairman of the Company, a director in Fine Blanking & Tool Co., Ltd., a director in Launch Technologies Co., Ltd., a director in Taiflex Scientific Co., Ltd., and a director in Advanced International Multitech Co., Ltd.

Note 4: Is concurrently the President of the Company.

Note 5: Is concurrently the Vice President of a business group in the Company.

Note 6: Is concurrently the Group President of a business group in the Company.

Note 7: Is concurrently a director in Medifast, Inc.

Note 8: Is concurrently a director in Ziyong Hardware Products (Taichang) Co., Ltd., and a director in Formflex Metal Industrial (Changshu) Co, Ltd.

Note 9: Is currently the CEO of Nanfeng Sustainable Venture Capital Co., Ltd., the CEO of ESG Digital Mind, the CEO of Da Cheng Sustainable Investment, the Chairman of the Hongwei Venture Capital Management and Consulting Co., Ltd., a director in Fortress Industrial Co., Ltd., an independent director in Fuzetec Technology Co., Ltd., an independent director of PROTECT Animal Health Inc., a supervisor of eNeutral Technologies Inc., and a director of JUN ZHI Biomedical Co., Ltd.

Note 10: Is concurrently an independent director of Jong Shyn Shipbuilding Company, an independent director of SanFar Property, and a committee member in the Remuneration Committee and Audit Committee of Taiwan Fu Hsing Industrial Co., Ltd.

Note 11: Is concurrently a committee member in the Remuneration Committee and a member of the Audit Committee in Taiwan Fu Hsing Industrial Co., Ltd.

Note 12: Is the lead architect in Chou YungFu Architect Office, the chairman of ALL MAY Development Co., Ltd., an independent director in King Chou Marcine Technology Co., Ltd., a member of the Remuneration Committee in Taiwan Fu Hsing Industrial Co., Ltd, and a member of the Audit Committee in Taiwan Fu Hsing Industrial Co., Ltd.

1. Information on directors (2)

Name of Corporate Shareholders	Major Shareholders of the Corporate Shareholder*	Note
Fu Yuan Investment Co., Ltd.	Fu Xun Investment Co., Ltd.	45.75%
	Hong Cheng Investment Co., Ltd.	16.77%
	Lian Guang Investment Co., Ltd.	13.66%
	Sheng You Investment Co., Ltd.	10.43%
Hong Cheng Investment Co., Ltd.	Lin Yin, Li-Wen	13.98%
	Lin, Chao-Hung	63.26%
	Lin, Shao-Chien	14.83%
Fu Zhi Investment Development Co., Ltd.	Fu Xun Investment Co., Ltd.	41.52%
	Hong Cheng Investment Co., Ltd.	19.00%
	Lian Guang Investment Co., Ltd.	15.48%

* For major shareholders, who are also legal persons, fill up the form below.

1. Information on directors (3)

Name of Corporate Shareholders	Major Shareholders of the Corporate Shareholder	Note
Fu Xun Investment Co., Ltd.	Lin, Jui-Chang	10.69%
	Chang, Jui-Pi	19.31%
	Lin, Tzu-Hsuan	35.00%
	Lin, Tzu-Yang	35.00%
Lian Guang Investment Co., Ltd.	Lin, Wen-Hsing	21.50%
	Hsu, Mei-Hui	20.00%
	Lin, Chih-Cheng	29.50%
	Lin, Chih-You	29.00%
Sheng You Investment Co., Ltd.	Lin, Teng-Tsai	59.13%
	Lin, Chih-Wei	13.91%
	Lin, Ping-Kuan	13.91%
	Lin, Chih-Ning	13.04%

1. Information on directors (4)

I. Disclosure of the qualification of Directors and the Independency of Independent Directors

Requirement Name	Professional qualification and experiences	Independent Director	
		Circumstances of Independence	Number of other public companies that the director serves concurrently as an independent director in such company
Lin, Jui-Chang	1. Chairman of the Company. 2. Leadership experience in the Board. 3. Is a board member in various public companies. 4. Is a board member in associated companies. 5. Has experiences in commerce, financial accounting, door security and control, production and manufacturing, management consulting, electronic technology, leadership and decision making, risk management and international marketing.	-	-
Chen, Chien-Kun	1. President of Taiwan Fu Hsing Group. 2. A board member in associated companies. 3. Has experiences in commerce, financial accounting, door security and control, production and manufacturing, management consulting, leadership and decision making, risk management and international marketing.	-	-
Lin, Tzu-Hsuan / Representative of Hong Cheng Investment Co., Ltd.	1. Is the Vice President of the Company. 2. A board member in associated companies. 3. Has experiences in commerce, door security and control, production and manufacturing, leadership and decision making, risk management, and international marketing.	-	-
Chu, Jung-He / Representative of Fu Zhi Investment Development Co., Ltd.	1. Is the President of the Company's business group. 2. A board member in associated companies. 3. Has experiences in commerce, door security and control, production and manufacturing, management consulting, electronic technology, leadership and decision making, risk management, and international marketing .	-	-
Michael A. Hoer / Representative of Fu Zhi Investment Development Co., Ltd.	1. Is a board member in Medifast, Inc. 2. Has experience in commerce, production and manufacturing, management consulting, electronic technology, leadership and decision making, risk management and international marketing.	-	-

Lin, Wen-Hsing / Representative of Fu Yuan Investment Co., Ltd.	1.Is a board member in associated companies. 2.Has experiences in commerce, door security and control, production and manufacturing, management consulting leadership and decision making, risk management and international marketing.	-	-
Liu, Ju-Shan / Representative of Fu Yuan Investment Co., Ltd.	1.Is a board member in associated companies. 2.Has experiences in commerce, management consulting, leadership and decision making, risk management, and international marketing.	-	-
Chang, Ling-Ling (Independent Director)	1.Is a committee member of the Company's Remuneration Committee and the convener of the Audit Committee. 2. A certified public accountant and currently an accountant and managing partner at Georgia United Accounting Firm. 3.Is a board member in various public companies 4.Expertise in corporate investment project planning and establishment; corporate and personal tax planning; design and implementation of corporate accounting systems. 5.Has experiences in financial accounting, commerce, management consulting, electronic technology, leadership and decision making, and risk management.	1. All independent directors comply with the provisions regarding the independence of independent directors set forth in Article 2, Paragraph 2, and Article 3 of the Regulations Governing the Appointment of Independent Directors and Matters to Be Observed by Publicly Traded Companies.	2
Chen, Yung-Chun (Independent Director)	1.Is a committee member of the Company's Remuneration Committee and Audit Committee. 2.Once was the Vice President in the Finance Dept. in Min Aik Technology Co., Ltd., the Vice President in the Finance Dept. in Kang Lian Co., Ltd., and the CFO of DIMERCO's associated company. 3.Has experiences in financial accounting, commerce, production and manufacturing, management consulting, electronic technology, leadership and decision making, and risk management.	2. All independent directors did not provide the Company with the information regarding the total amount of compensation received by them over the past two years for providing business, legal, financial, or accounting services to the Company or its affiliates.	0
Chuo, Yung-Fu (Independent Director)	1.Is a committee member in the Company's Remuneration Committee and Audit Committee. 2.The lead architect of the ZHUO YUNG FU Architect Firm, and the Chairman of the All May Development Group and an independent director of King Chou Marcine Technology Co., Ltd. 3.Has experiences in architectural design and land planning, commerce, production and manufacturing, management consulting, leadership and decision making, risk management, and vision on international market.		1

Note: None of the directors are subject to any of the circumstances set forth in Section 30 of the Company Act.

II. Diversification and Independency of the Board

A. Diversification of the Board

“The policy on the Board’s diversification”:

- i. The composition of the board of directors should consider various needs such as the company's operating structure, business development direction, and future development trends, and evaluate various aspects of diversity, such as basic conditions and values (such as gender, age, nationality and culture, etc.), professional knowledge and skills, professional background (such as law, accounting, industry, finance, marketing or technology), professional skills and industry experience, etc.
- ii. Incorporating diverse viewpoints and opinions into the discussion of board of directors will help improve the quality of decision-making and strengthen the protection of the rights and interests of the company's shareholders and other stakeholders.
- iii. The board of directors and management shall value the inclusiveness and diversity of suggestions and viewpoints to be in conformity with the company's values of innovation, service, and quality.

“The Management Goal of Diversification”

- i. The company pays attention to gender equality in the composition of the board of directors, and has set the target ratio of female directors to be more than one-third (i.e. 33%) of the total number of the directors. Currently, 90% of board members are male directors (9), and 10% are female directors (1). In the future, the Company will make efforts to increase the number of female directors in order to achieve the goal. At present, the number of female directors has not yet reached one-third of the total number of directors due to the characteristics of the industry, it is not easy to find talents in a short period of time; there is no gender or other special reasons for consideration. As for the measures to enhance the gender diversity of the directors in the future, we will proactively seek talents from governmental organizations, industries or academia before the re-election of the board of

directors at the expiration of its term of office, so as to facilitate the enhancement of the effectiveness of the corporate governance and the implementation of the policy of diversification of the board of directors. The Company also welcomes nominations of outstanding candidates from all sectors.

- ii. The board of directors supports and encourages any measures that the Company has adopted to increase the ratio of female management; such measures include education and training programs, mother-infant friendly environment, and childcare leave, etc..

B. Independency of the Board

- i. In addition to the possession of necessary knowledge, skills and literacy to perform their duties, in order to achieve the ideal goal of corporate governance, the overall capabilities of the board of directors should include:
 - 1. Operation and management capabilities
 - 2. Leadership decision-making capabilities
 - 3. Industry knowledge
 - 4. Operational Judgment ability
 - 5. Accounting and financial analysis ability
 - 6. Vision on international market
 - 7. Social care.
- ii. The nomination and selection of members of the board of directors of the Company is executed in accordance with the provisions of the Company's Articles of Incorporation and with the references to the Board Diversity Policy, and fully evaluates the educational experience and qualifications of each candidate to ensure the diversity and independence of board members.
- iii. Please refer to (2) Director's Information in Corporate Governance Report for relevant information of each director's educational experience, gender, professional qualifications, work experience, etc.
- iv. Disclosure on Board Diversification

Diversification Core Element	Basic Element									Industry Experience				Professional Ability			
	Nationality	Gender	Whether is also the Company's	Age (years-old)			Seniority as an independent director (years)			Door Safety and Control	Production & Manufacturing	Management Consulting	Electronic Technology	Finance & Accounting	Leadership & Decision-Making	Risk Management	Vision on International Market
				41~50	61~70	71~80	Less than 3	3~9 years	More than 9								
Name of Directors																	
Lin, Jui-Chang	R.O.C.	M	✓			✓				✓	✓	✓	✓	✓	✓	✓	
Chen, Chien-Kun	R.O.C.	M	✓			✓				✓	✓	✓		✓	✓	✓	
Lin, Tzu-Hsuan	R.O.C.	M	✓	✓						✓	✓			✓	✓	✓	
Chu, Jung-He	R.O.C.	M	✓			✓				✓	✓	✓	✓	✓	✓	✓	
Michael A. Hoer	U.S.A.	M				✓					✓	✓		✓	✓	✓	
Lin, Wen-Hsing	R.O.C.	M				✓				✓	✓	✓		✓	✓	✓	
Liu, Ju-Shan	R.O.C.	M			✓							✓	✓	✓	✓	✓	
Chang, Ling- Ling/Independent Director	R.O.C.	F				✓		✓			✓	✓	✓	✓	✓		
Chen, Yung- Chun/Independent Director	R.O.C.	M				✓		✓			✓		✓	✓	✓		
Chuo, Yung-Fu /Independent Director	R.O.C.	M			✓			✓			✓	✓		✓	✓	✓	

2. Information on the President, Vice President, Director, and superintendents of all the Company's groups and branch units

Data Drawn on Feb. 28, 2026

Title	Nationality	Name	Gender	Post Beginning Date (yyyy/mm/dd)	Shareholding		Shareholding of Spouse and Minors		Shareholding under Other's Name		Education & Experiences	Post in other company concurrently	Manager who is a spouse or a relative within two generations		
					Shares	Holding %	Shares	Holding %	Shares	Holding %			Title	Name	Relation
President	Taiwan R.O.C.	Chen, Chien- Kun	Male	1994/01/01	540,105	0.36%	5,552	0.003%	-	-	Soochow University - Accounting	Note	-	-	-
President of Business Group	Taiwan R.O.C	Chu, Jung-He	Male	2008/01/01	76,195	0.05%	-	-	-	-	National Sun Yat-Sen University – EMBA	Note	-	-	-
President of Business Group	Taiwan R.O.C	Lin, Teng- Tsai	Male	2008/01/01	160,103	0.11%	-	-	-	-	National Hsin Hua Industrial Vocational High School – Mechanical Engineering	Note	-	-	-
Vice President	Taiwan R.O.C	Chang, Jui-Pi	Female	2010/05/01	478,060	0.32%	1,299,982	0.86%	-	-	Ming Chuan University – International Trade	None	Vice President Director	Lin Tzu- Hsuan Lin Tzu- Yang	Mother- Son Mother- Son
Vice President	Taiwan R.O.C	Wang, Han-Ting	Male	2010/05/01	16,001	0.02%	-	-	-	-	National Cheng Kung University – Mechanical Engineering	Note	-	-	-

Vice President	Taiwan R.O.C.	Lin, Tzu- Hsuan	Male	2014/04/01	620,152	0.41%	-	-	-	-	University of Technology Sydney / MBA	Note	Vice President Chief of Culture Director	Chang, Jui-Pi Lin, Yi-Cheng Lin, Tzu- Yang	Mother- Son Spouse Brother
Vice President	Taiwan R.O.C.	Lin, Shih- Huang	Male	2023/01/01	32,000	0.02%	-	-	-	-	University of Michigan – Ann Arbor – Doctoral in Machinery	Note	-	-	-
Vice President	Taiwan R.O.C.	Chu, Hung- Yang	Male	2023/01/01	18,683	0.01%	-	-	-	-	Fu Jen Catholic University – International Trade	None	-	-	-
Director	Taiwan R.O.C.	Li, Chen- Hui	Male	2004/10/01	774	-	-	-	-	-	Tung Hai University - Politics	None	-	-	-
Director	Taiwan, R.O.C.	Lin, Tzu- Yang	Male	10/01/2004	821,600	0.54%	-	-	-	-	University of New South Wales – Finance and Economics	Notee	-	-	-
Chief Finance Officer	Taiwan R.O.C.	Li, Kuo- Wei	Male	2015/02/01	1,600	0.001%	-	-	-	-	National Chengchi University - Accounting	Note	-	-	-
Plant Manager	Taiwan R.O.C.	Chung, Hsuan- Tung	Male	2004/10/01	7,200	0.004%	-	-	-	-	Aletheia University – Industrial Management	None	-	-	-
Chief of Culture	Taiwan, R.O.C.	Lin, Yi- Cheng	Female	2021/08/01	-	-	620,152	0.41%	-	-	University of New South Wales/HR Management	None	Vice President	Lin, Tzu- Hsuan	Spouse

Deputy Manager of the HR Dept.	Taiwan, R.O.C.	Yu, Ya- Ping	Female	01/01/2025	-	-	-	-	-	-	CTBC Business School / Financial ManagementI	None	-	-	-
Manager of IT Dept.	Taiwan R.O.C.	Tsai, Yu- Kung	Male	2005/09/01	2,416	0.002%	-	-	-	-	Chung Yuan Christian University- Information Management	None	-	-	-
Manager of the Finance Dept.	Taiwan, R.O.C.	Wu, Hui- Min	Female	2021/02/01	-	-	-	-	-	-	TungHai University / Accounting Dept.	None	-	-	-

Note: Disclosure omitted if the person has concurrent position in other non-public companies.

Remuneration Range Table

Remuneration range for directors of the company	Name of Director			
	The total of first 4 remunerations (A+B+C+D)		The total of first 7 remunerations (A+B+C+D+E+F+G)	
	The Company	All Companies in the Financial Report H	The Company	All Companies in the Financial Report I
Less than NT\$1,000,000	Chang, Ling-Ling Chen, Yung-Chun Chuo, Yung-Fu	Chang, Ling-Ling Chen, Yung-Chun Chuo, Yung-Fu	Chang, Ling-Ling Chen, Yung-Chun Chuo, Yung-Fu	Chang, Ling-Ling Chen, Yung-Chun Chuo, Yung-Fu
NT\$1,000,000 (including)~NT\$2,000,000 (excluding)	Lin, Jui-Chang Chen, Chien-Kun Lin, Wen-Hsing (representative of Fu Yuan Investment Co., Ltd.) Liu, Ju-Shan (representative of Fu Yuan Investment Co., Ltd.)	Lin, Jui-Chang Chen, Chien-Kun Lin, Wen-Hsing (representative of Fu Yuan Investment Co., Ltd.) Liu, Ju-Shan (representative of Fu Yuan Investment Co., Ltd.)	Lin, Wen-Hsing (representative of Fu Yuan Investment Co., Ltd.) Liu, Ju-Shan (representative of Fu Yuan Investment Co., Ltd.)	Lin, Wen-Hsing (representative of Fu Yuan Investment Co., Ltd.) Liu, Ju-Shan (representative of Fu Yuan Investment Co., Ltd.)
NT\$2,000,000 (including)~NT\$3,500,000 (excluding)	Hong Cheng Investment Co., Ltd. Chu, Jung-He (representative of Fu Zhi Investment Development Co., Ltd.) Michael A. Hoer (representative of Fu Zhi Investment Development Co., Ltd.)	Hong Cheng Investment Co., Ltd. Chu, Jung-He (representative of Fu Zhi Investment Development Co., Ltd.) Michael A. Hoer (representative of Fu Zhi Investment Development Co., Ltd.)	Hong Cheng Investment Co., Ltd. Michael A. Hoer (representative of Fu Zhi Investment Development Co., Ltd.)	Hong Cheng Investment Co., Ltd. Michael A. Hoer (representative of Fu Zhi Investment Development Co., Ltd.)
NT\$3,500,000 (including)~NT\$5,000,000 (excluding)				
NT\$5,000,000 (including)~NT\$10,000,000 (excluding)			Chen, Chien-Kun	Chen, Chien-Kun
NT\$10,000,000 (including)~NT\$15,000,000 (excluding)			Lin, Jui-Chang Chu, Jung-He (representative of Fu Zhi Investment Development Co., Ltd.)	Lin, Jui-Chang Chu, Jung-He (representative of Fu Zhi Investment Development Co., Ltd.)
NT\$15,000,000 (including)~NT\$30,000,000 (excluding)				
NT\$30,000,000 (including)~NT\$50,000,000 (excluding)				
NT\$50,000,000 (including)~NT\$100,000,000 (excluding)				
NT\$100,000,000 and above				
Total	10	10	10	10

2. Remuneration paid to President and Vice President

Unit: NTD1,000

Title	Name	Salary(A)		Retirement Payment (B) (Note 1)		Rewards and Special Fees, etc... (C) (Note 2)		Employee's Compensation (D)				Summation of A, B, C and D to NIAT (%) (Note 3)		Remuneration received from investments in other subsidiaries
		The Company	All Companies in the Financial Report	The Company	All Companies in the Financial Report	The Company	All Companies in the Financial Report	The Company		All Companies in the Financial Report		The Company	All Companies in the Financial Report	
								Cash Bonus	Stock Bonus	Cash Bonus	Stock Bonus			
President	Chen, Chien-Kun	22,368	24,098	39	39	3,071	3,071	25,794	-	25,794	-	51,272 9.61%	53,002 9.94%	None
President of Business Group	Lin, Teng-Tsai													
President of Business Group	Chu, Jung-He													
Vice President	Chang, Jui-Pi													
Vice President	Wang, Han-Ting													
Vice President	Lin, Tzu-Hsuan													
Vice President	Lin, Shih-Huang													
Vice President	Chu, Hung-Yang													
<p>Note 1: Was a reserve for retirement benefits in 2025, which was not yet paid. Note 2: Included assigned business car expense \$3,071 thousand dollars. Note 3: NIAT referred to the net earnings after tax of \$533,488 thousand dollars in 2025.</p>														

Remuneration Range Table

Remuneration range for President and Vice President of the company	Name of President and Vice President	
	The Company	All Companies under the Consolidated Report E
Below NT\$1,000,000	-	-
NT\$1,000,000 (including)~NT\$2,000,000 (excluding)	-	-
NT\$2,000,000 (including)~NT\$3,500,000(excluding)	-	-
NT\$3,500,000 (including)~NT\$5,000,000 (excluding)	Wang, Han-Ting/Lin, Shih-Huang/Chu, Hung-Yang/ Chang, Jui-Pi	Wang, Han-Ting/Lin, Shih-Huang/Chu, Hung-Yang/Chang, Jui-Pi
NT\$5,000,000 (including)~NT\$10,000,000 (excluding)	Chen, Chien-Kun/Lin, Teng-Tsai/Lin, Tzu-Hsuan	Chen, Chien-Kun/Lin, Teng-Tsai /Lin, Tzu-Hsuan
NT\$10,000,000 (including)~NT\$15,000,000 (excluding)	Chu, Jung-He	Chu, Jung-He
NT\$15,000,000 (including)~NT\$30,000,000 (excluding)	-	-
NT\$30,000,000 (including)~NT\$50,000,000 (excluding)		
NT\$50,000,000 (including)~NT\$100,000,000 (excluding)		
NT\$100,000,000 and above	-	-
Total	8	8

3. Names of managers receiving employee's compensation and the allocation

Fiscal Year 2025 / Unit:NT\$1,000

	Job Title (Note 1)	Name (Note 1)	Amount of Stock Compensation	Amount of Cash Compensation	Total	Total Amount in % out of NIAT (%)
Managers	President	Chen, Chien-Kun	-	31,672	31,672	5.94%
	President of Business Group	Chu, Jung-He				
	President of Business Group	Lin, Teng-Tsai				
	Vice President	Chang, Jui-Pi				
	Vice President	Wang, Han-Ting				
	Vice President	Lin, Tzu-Hsuan				
	Vice President	Lin, Shih-Huang				
	Vice President	Chu, Hung-Yang				
	Director	Li, Chen-Hui				
	Director	Lin, Tzu-Yang				
	Plant Manager	Chung, Hsuan-Tung				
	Chief Finance Office	Li, Kuo-Wei				
	Chief of Culture	Lin, Yi-Cheng				
	Superintendent in the Accounting Dept.	Wu, Hui-Min				
	Head of Corporate Governance	Shih, Po-I				

Note 1: Scope of manager type of rank is defined below following the regulations states on Correspondence Jin-Guang-Zheng-Jiao-Zi: 1120384295 issued on Oct. 4th, 2023.

- (1) President and of the same rank
- (2) Vice President and of the same rank
- (3) Director and of the same rank
- (4) Supervisor in the Finance Dept.
- (5) Supervisor in the Accounting Dept.
- (6) Other competent persons that are responsible for handling the Company's administration issues with signature rights

Note 2: NIAT referred to the net earnings after tax of \$533,488 thousand dollars in 2025.

4. Analysis of the ratio of remuneration for directors, general manager, and deputy general managers to net income after tax (NIAT):

Title	The proportion of the total amount of 2025 remunerations paid to directors, General Manager and Vice General Manager of the Company and on the consolidated reports to the net profit after tax	The proportion of the total amount of 2023 remunerations paid to directors, General Manager and Vice General Manager of the Company and on the consolidated reports to the net profit after tax
Directors	8.91%	6.05%
GM & Vice GM	9.94%	6.34%

5. The policy, standard and formation of remunerations, the procedures for setting remunerations, and the relationship with business performance and future risks:

A. The policy, standard and formation of remunerations

- i. The Company's independent directors only receive a fixed remuneration and do not participate in the distribution of director's remuneration. With regard to other director's remuneration, according to the Article 26-1 of Articles of Incorporation, remunerations paid to directors should be distributed based on the principle of not higher than five percent of the current year's profit, and should also take the Company's operating results and director's contribution to the Company's performance into consideration. The Company regularly evaluates the remuneration of directors in accordance with the "Directors' Performance Evaluation Method". The relevant performance evaluation and the rationality of the remuneration are reviewed by the Remuneration Committee and the board of directors.
- ii. According to Article 26-1 of the Articles of Incorporation, the Company should distribute not lower than 5% of its current year's profit to employees as remuneration. And the Remuneration Committee is responsible for compiling and revising "Taiwan Fu Hsing's Remuneration Policy (currently on version 4)", in which states that the remuneration paid to managers is based on the formula and principle of each manager's performance.

The aforementioned bonus formula and principle considers a reasonable adjustment, while taking into the considerations of the Company's operational results per year, manager's position and performance, as well as manager's responsibility scope.

Total remunerations paid to the company's Chairman, President, and Vice President includes the basic salary, allowance for additional duty and meal. The strategy to set and pay the remuneration is based on the Company's "Manners to manage employee post structure and salary", while is also considering the remuneration level in this industry, the scope of power and responsibility, contribution made to achieve the Company's operational goal. The salary is calculated based on education background, work experiences, work performance, contribution level, and seniority. A year-end bonus is distributed based on the Company's operation performance, which includes financial indexes, such as the Company's sales result, and the achievement of the Company's net profit before and after tax, and non-financial indexes, such as law compliance of the department and major deficiency in relation to operational risks, of the year.

- iii. The formation of the remuneration paid by the Company is set in accordance with the organizational regulations of the Remuneration Committee, and that should include cash remuneration, stock options, dividends, retirement benefits or resignation benefits, various allowances and other measures with substantial incentives; the coverage should be in accord with regulations stating the remunerations paid to directors and managers as stated in Regulations Governing Information to be Published in Annual Reports of Public Companies.

B. Procedure for setting remunerations

In order to regularly evaluate the remuneration of directors and managers, the Company's "Board of Directors Performance Evaluation Method" and "Taiwan Fu Hsing Salary Policy" are used as the basis for the evaluation results. The procedures to calculate director's remunerations should consider not only the Company's overall business performance, risks and development trends in the industry, but also personal performance achievement and personal contribution to the Company's operation performance to provide reasonable compensations. The performance evaluation and the reasonableness of compensation of Directors, CEO, and Vice President both are verified by the Company's Remuneration Committee and board of directors, and may be reviewed and discussed at any time in accordance with the Company's actual operation situation and related laws and regulations at all times to manage and balance the goals of sustainable operation and risk management. The actual distribution amount paid to directors and managers in 2025 is reviewed by the Remuneration Committee and send for approval at the bard of directors.

C. The relationship with business performance and future risks

The review on the Company's remuneration policy related payment standard and system mainly considers the Company's overall operating status, and the payment standard is approved based on the performance achievement rate and contribution level in order to improve the overall organization's team effectiveness of the board of directors and management department.

In addition, the salary standard across the industry is also considered to ensure that the salary of the Company's management is competitive, so as to retain excellent management talents.

The Company's managers' performance goals are all linked to "risk management" to ensure that possible risks within the scope of duties can be managed and prevented, and the actual performance evaluation results are linked to the relevant human resources and relevant salary and remuneration policies.

The important decisions of the Company's management are made after considering various risk factors. The performance of relevant decisions is reflected in the Company's profit situation, and further related to management's remuneration and the performance of risk control.

(3) Corporate governance practices

1. Information relating to the Operation of Board of Directors

In 2025, 5 Board Meetings were conducted. The name lists of the attendees are as follows:

Title	Name	Attendance in Person	Attendance in proxy	Actual Attendance Rate (%)	Remarks
Chairman	Lin, Jui-Chang	5	0	100%	
Director	Chen, Chien-Kun	5	0	100%	
Director	Representative of Hong Cheng Investment Co., Ltd.: Lin, Tzu-Hsuan	5	0	100%	
Director	Representative of Fu Zhi Investment Development Co., Ltd.: Chu, Jung-He	5	0	100%	
Director	Representative of Fu Zhi Investment Development Co., Ltd.: Michael A.Hoer	4	0	80%	Through video conference *4
Director	Representative of Fu Yuan Investment Co., Ltd.: Lin, Wen-Hsing	5	0	100%	
Director	Representative of Fu Yuan Investment Co., Ltd.: Liu, Ju-Shan	5	0	100%	
Independent Director	Chang, Ling-Ling	5	0	100%	
Independent Director	Chen, Yung-Chun	5	0	100%	
Independent Director	Chuo, Yung-Fu	5	0	100%	

Other things should be noted:

1. According to Article 14-3 of the Securities and Exchange Act, if an independent director has a dissenting opinion or qualifying opinion and such opinion was recorded or taken down as written statements, the date of Board of Directors Meeting, term, all independent directors' opinions in the

resolutions and the company's reaction to the independent's opinions should be addressed:

Date of the Meeting (mm/dd/yyyy)	Important Resolution	Opinion of the Independent Directors	React to Independent Director's Opinions
1 st Meeting on 01/20/2025	To review 2025 operational plans and goals	Approved	Not Applicable
	Proposal regarding the ratification of derivative transactions	Approved	Not Applicable
	To review "Total Remuneration Paid to Employees and to Directors in 2024"	Approved	Not Applicable
	To review "2024 Remuneration Paid to Managers and Employees"	Approved	Not Applicable
2 nd Meeting on 03/05/2025	To adopt the 2024 business report and financial statements	Approved	Not Applicable
	To resolve on the 2024 earnings distribution	Approved	Not Applicable
	To discuss on the appointment of certified public accountants	Approved	Not Applicable
	To discuss the proposal to implement capital reduction to return cash to shareholders	Approved	Not Applicable
	To discuss the proposal for defining the scope of the Company's entry-level employees	Approved	Not Applicable
	To discuss to amend the Company's "Articles of Incorporation"	Approved	Not Applicable
3 rd Meeting on 05/09/2025	To discuss on 2025 budget	Approved	Not Applicable
	To discuss to recognize the 2025 Q1 Consolidated Financial Report	Approved	Not Applicable
4 th Meeting on 08/07/2025	To discuss to recognize the 2025 Q2 Consolidated Financial Report	Approved	Not Applicable
	To discuss on "The Compilation of 2024 Sustainability Report"	Approved	Not Applicable
5 th Meeting on 11/07/2025	To discuss to recognize the 2025 Q3 Consolidated Financial Report	Approved	Not Applicable
	To discuss the 2026 Audit Plan	Approved	Not Applicable

2. The implementation to avoid motions with matters bearing on director's personal interests. Name of director, contents of the motion, reasons to avoid conflicts of interests, and the voting situation:

While was reviewing the proposal of "Total Remunerations pad to Employees, Directors and Supervisors" and "Remuneration paid to Managers and Employees", Lin, Jui-Chang, Chen, Chien-Kun, Chu, Jung-He, Michael A.Hoer, Lin, Tzu-Hsuan, Lin, Wen-Hsing, and Liu, Ju-Shan as the Company's directors and have conflicts of interest with the representing juridical company all refused the involvement in the voting according to related laws and regulations.

3. The goal and implementation of enhancing Board of Director's function in the most recent fiscal year (ex. setting up audit committee, enhancing information transparency, etc...):

1. Directors to pursue further education: all the Company's directors took self-advancing courses held by Cathay Financial Holdings, Taiwan Project Management Association, TWSE, Taiwan Corporate Governance Association, and Securities & Futures Institute to continuously obtain new knowledge and achieve better results in interactions and sharing. The total directors' training hours in 2025 were 60 hours.

2. To promote information transparency: according to Article 14-6 of the Securities and Exchange Act, Remuneration Committee was established and its operation and administration standard was added in the company's internal control system. Upholding the spirits of transparent operation and shareholder's right maintenance, the Company created the sections of "Investors" and "CSR" on the Company's website to provide real-time information to the public. In addition, institutional investor's conferences are regularly planned and held too.

3. Liability insurance for directors (and supervisors): for protecting Fu Hsing directors from risks while they are in the mission to carry out their duties, the Company, started from 2018, purchased liability insurance for its directors. The Company will regularly inspect the contents of such liability insurance to ensure the maximum amount of coverage and covering extents can meet the actual demands, and the review will be reported to board of directors every year.

4. Implementation status: Implemented in accordance with the Board of Director's Rules of Procedures; and the implementation were good.

4. The execution of Board Evaluation

Evaluation Frequency	Evaluation	Scope of Evaluation	Measures of the Evaluation	Evaluation Contents	Results
Once Per Year	01/01/2025 ~ 12/31/2025	1. Assess the overall Board performance	Internal assessment	<ol style="list-style-type: none"> 1. The participation level in the Company's operation 2. The enhancement of the Board's strategy-making quality 3. The composition and structure of the Board 4. The election and continuing education of the board members 5. Internal control 	<ol style="list-style-type: none"> 1. Directors participated in the discussion of the board meeting agenda either in person or via video conference. All directors fully expressed their views, and the meeting proceeded in a harmonious atmosphere. The meeting's efficiency and quality were excellent, and the overall evaluation result was "Excellent." 2. The Board of Directors plans to diversify its composition, with the goal of having independent directors and members of each gender account for one-third of the total membership. 3. The assessment results were reported to the Board of Director on January 30, 2026.
		2. Assess individual board member's performance		<ol style="list-style-type: none"> 1. The control on Company's goal and assignment 2. The awareness of director's responsibilities 3. The participation level in the Company's operation 4. The management and communication of internal relationship 5. Director's professionalism and continuing education 6. Internal control 	<ol style="list-style-type: none"> 1. Five board meetings were held throughout the year. Directors attended the meetings in person or via video conference, with an overall attendance rate of 98%. Attendance was high and enthusiastic, and the overall evaluation was excellent. 2. In the future, we will continue to strengthen communication between the management team and the board of directors and ensure the completeness of operational data, enabling directors to gain a clearer understanding of the implementation of the Company's operational plans and increasing their involvement in the Company's operations. 3. The evaluation results were reported to the Board of Directors on January 30th, 2026.
		3. Assess Remuneration		<ol style="list-style-type: none"> 1. The participation level in the 	<ol style="list-style-type: none"> 1. The board members possess expertise in business management and legal affairs, have a strong grasp of the

		Committee's performance		<p>Company's operation</p> <ol style="list-style-type: none"> 2. The awareness of functional committee's responsibilities 3. The enhancement of functional committee's strategy-making quality 4. The composition and member-selection of the functional committee 5. Internal control 	<p>Company's operations, and exercise thorough and objective oversight of compensation levels; the overall evaluation result is "Excellent."</p> <ol style="list-style-type: none"> 2. The assessment results were reported to the Board of Directors on January 30th, 2026.
		4 Assess Audit Committee's performance		<ol style="list-style-type: none"> 1. The participation level in the Company's operation 2. The awareness of functional committee's responsibilities 3. The enhancement of functional committee's strategy-making quality 4. The composition and member-selection of the functional committee 5. Internal control 	<ol style="list-style-type: none"> 1. The members actively participated in the discussion; the chair respected and sought the opinions of other members; resolutions were reached through collective deliberation; the overall evaluation result was "Excellent." 2. To continue promoting and strengthening the Company's sustainable operations, we plan to establish a Sustainability Committee. 3. The assessment results were reported to the Board of Directors on January 30th, 2026.

2. Information relating to the operation of Auditing Committee:

The Company's Audit Committee is composed of 3 independent directors with professional qualification and experiences set forth in the following table:

Name	Professional Qualification and Experiences
Chang, Ling-Ling	Ms. Chang, Ling-Ling is qualified as an accountant and has more than 20 years of experience in accounting firms. She specializes in the planning and establishment of corporate investment projects, corporate and personal tax planning, corporate accounting system design and establishment, as well as corporate accounting, taxation, internal control and provision of other management consulting services. In addition to being a member of the board of directors in a number of public companies, Ms. Chang also once was a financial and tax accounting business consultant of the Export Processing Zone Administration of the Ministry of Economic Affairs, an evaluator for accounting technician's skills verification, and an arbitrator of the Chinese Arbitration Association, Taipei.
Chen, Yung-Chun	Mr. Chen, Yung-Chun specializes in accounting and finance. He has served as an important financial director in a listed company, and has extensive financial decision-making and investment experience. Besides being a committee member of the Company's Remuneration Committee, Mr. Chen also once was the Vice President of the Finance Dept. in Min Aik Technology Co., Ltd., Vice President of the Finance Dept. in Kang Lien Enterprise, and the CFO in DIMERCO's affiliated company.
Chuo, Yung-Fu	Mr. Chuo, Yung-Fu specializes in architectural design and land planning and development. From 2013 to 2019, besides served as the chairman of the Real Estate Development Association of Kaohsiung City, he also once was a member in the Kaohsiung City Urban Design and Land Development Permit Review Committee, and a member in the Environmental Protection Fund Management Committee. Currently, Mr. Chuo is the lead architect of Chuo Yungfu Architect Office, and the Chairman of ALL MAY Development Co., Ltd.

Major work summary of the current year by the Company's Audit Committee and the operational situation are as below:

1) The Company's Audit Committee is composed three independent directors of the Company. The goal of the Audit Committee aims at assisting the Board to oversee the Company's quality and credibility in carrying out accounting, auditing, and financial reporting procedures, as we as in its financial control. Matters for deliberation are as below:

- ◆ Financial report
- ◆ Internal control system and the related strategy and procedure
- ◆ Significant asset or derivative products transaction
- ◆ Major loans and endorsements/guarantees
- ◆ Raise or issue securities

- ◆ Derivative financial products and cash investment status
- ◆ The appointment, dismissal or remuneration in relation to certifying accountants
- ◆ The appointment and dismissal of financial, accounting, or internal audit superintendents
- ◆ The implementation situation of Audit Committee

2) Review of financial reports

The Audit Committee have examined the Company’s operation report and motions of earnings distribution along with the Company’s individual financial reports and the consolidated financial reports that were audited and signed by Accountants, Wang, Chun-Kai and Wu, Chien-Chih, of the PwC Taiwan and submitted by the Board of Directors for the year ending 2025, and found them in order.

3) Assessment on the effectiveness of the Company’s internal control system

The Audit Committee assesses the effectiveness of the Company’s internal control system related strategy and procedures (including finance, operation, risk management, information safety, law compliance, and related control manners), reviews regular reports issued by the Company’s audit unit, certifying accountants, and management, and oversee the law and internal rule compliance of the operation of the Company’s internal audits and other major operations.

While is referring to the internal control system framework, the “Internal Control - Integrated Framework”, released by the Committee of Sponsoring Organizations of the Treadway Commission in 2013, the Company has adopted necessary control mechanism to oversee and correct violating behaviors. The Audit Committee believes the Company’s risk management system and internal control system should be effective.

4) The Company set up the Audit Committee on May 28th, 2020. The convener, Chang, Ling-Ling, called 5 meetings in the year of 2025. Members participation status are listed below:

JOB TITLE	NAME	NUMBER OF ACTUAL ATTENDANCE	NUMBER OF ATTENDANCE BY DELEGATING OTHERS	ACTUAL PARTICIPATION RATE (%)	REMARK

Independent Director	Chang, Ling-Ling	5	0	100%	Convener
Independent Director	Chen, Yung-Chun	5	0	100%	
Independent Director	Chuo, Yung-Fu	5	0	100%	

Other matters required to be recorded:

1. Should the operation of audit committee have any of the following situation, matters including the date of the meeting, the period, content of the motion, independent director's objections, reservations, or major recommendations, the results of the Audit Committee's resolutions, and how the Company's reacts to audit committee's opinions should be recorded.

a) The matters set up in Article 14-5 of the Securities and Exchange Act.

Board Meeting (mm/dd/yyyy)	Contents of Proposal and the Subsequent Action	Matters set up in Article 14-5 of Securities and Exchange Act	Proposal not approved by the Audit Committee, but has resolved by more than 2/3 of directors
2025 1 st meeting 1/20/2025	Report of 2024 operation results	✓	
	Proposal for ratification of the operation of derivatives	✓	
	The resolution result by the Audit Committee (Jan. 20, 2025): Approved by all the members in the Audit Committee.		
	Reactions taken by the Company to cope with Audit Committee's opinions: proposal approved by all the presenting directors.		
2025 2 nd meeting 03/05/2025	Proposal for ratification of the operation of derivatives	✓	
	Discussion on the 2024 financial statements	✓	
	Discussion on the 2024 earnings distribution plan	✓	
	Discussion on the appointment of certifying accountants	✓	
	Discussion on the proposal to implement capital reduction to return cash to shareholders	✓	
	The resolution result by the Audit Committee (Mar. 5, 2025): Approved by all the members in the Audit Committee.		
	Reactions taken by the Company to cope with Audit Committee's opinions: proposal approved by all the presenting directors.		
2025 3 rd meeting 5/09/2025	Proposal for ratification of the operation of derivatives	✓	
	Discussion on 2025 Q1 Consolidated report	✓	
	The resolution result by the Audit Committee (May 09, 2025): Approved by all the members in the Audit Committee.		
	Reactions taken by the Company to cope with Audit Committee's opinions: approved by all the presenting directors.		
2025 4 th meeting 8/07/2025	Proposal for ratification of the operation of derivatives	✓	
	Discussion on 2025 Q2 Consolidated report.	✓	

	Proposal to Add Certain Provisions to the Company’s Internal Control System—“CM-014 Operational Management Procedures for the Compensation Committee”	✓	
	The resolution result by the Audit Committee (Aug. 07, 2025): Approved by all the members in the Audit Committee.		
	Reactions taken by the Company to cope with Audit Committee’s opinions: approved by all the presenting directors.		
2025 5 th meeting 11/07/2025	Proposal for ratification of the operation of derivatives	✓	
	Discussion on 2025 Q3 Consolidated report	✓	
	Discussion on the 2026 Audit Plan	✓	
	The resolution result by the Audit Committee (Nov. 7, 2025): Approved by all the members in the Audit Committee.		
	Reactions taken by the Company to cope with Audit Committee’s opinions: approved by all the presenting directors.		

b) In addition to aforementioned matters, any other matters that have not approved by the Audit Committee but are resolved by more than two-third of the board members: The Company does not have any of the above issues.

2. Implementation status of independent director’s avoidance of any conflict-of-interest issues, name of the director, content of the proposal, reasons why the director should enter recusal, and the participation in resolution status should be illustrated, if any: None.

3. The communication situation among independent directors, internal audit team’s superintendent, and certifying accountant (should include major communication issues in the light of the Company’s financial and business situation, measures, and the results, etc...

a) The Company’s internal audit team submits audit report and the tracking report for found defects and irregularities to each independent director each month. Moreover, the superintendent of the internal audit team will report to explain the on-going audit issues, audit results and the tracking status in the quarterly convened audit committee meeting, and will carry out thorough discussion and communication with the committee members in terms of the design and execution of internal control system, as well as other related suggestions.

b) The Company convenes Board of Directors Meeting each quarter and invites independent directors and auditing superintendent to attend the meeting. Superintendent of the audit team will present to report the internal audit operation status.

c) The certifying accountant also report to independent directors with respect to the Company’s financial situation, domestic and foreign sub-companies’ financial situation and overall operation status, and the audit on the Company’s internal control at least once each

year, and will also carry out thorough communication with regards to major adjusting entries or important legal amendments may affect accounting transactions.

d) Usually accountants and audit superintendent contact and communicate with independent directors, while there is necessary. The communication is well-achieved.

e) Summary table of the communication between independent directors and the superintendent of the Internal Audit team:

Date	Character	Attendee	Communication Topics	Result
1/20/2025	Audit Committee	Independent Directors: Chang, Ling-Ling	Report: (1) The execution of 2024 November to December audit matters	No opinion
		Independent Director: Chen, Yung-Chun Independent Director: Chuo, Yung-Fu And Audit Supervisor	Communication of the assessment methods for the effectiveness of the internal control system: (1)Effective determination factors for 2024 internal control system (2)The planning and progress of 2024 Internal Control's self-assessment	No opinion
3/05/2025	Audit Committee	Independent Directors: Chang, Ling-Ling	Report: The execution of audit works in January in 2025	No opinion
		Independent Director: Chen, Yung-Chun Independent Director: Chuo, Yung-Fu And Audit Supervisor	Discussion: Assessment on the effectiveness of 2024 Internal Control as a basis for submitting the annual "internal control statement".	No objections Passed
5/09/2025	Audit Committee	Independent Directors: Chang, Ling-Ling Independent Director: Chen, Yung-Chun Independent Director: Chuo, Yung-Fu And Audit Supervisor	Report: The execution of audit works from February to March 2025	No opinion
8/07/2025	Audit Committee	Independent Directors: Chang, Ling-Ling	Report: The execution of audit works from April to June in 2025	No opinion

		Independent Director: Chen, Yung-Chun Independent Director: Chuo, Yung-Fu And Audit Supervisor	Discussion: Addition of certain provisions to the Company's internal control system—"CM-014 Operational Management Procedures for the Compensation Committee"	No objections Passed
11/07/2025	Audit Committee	Independent Directors: Chang, Ling-Ling Independent Director: Chen, Yung-Chun	Report: The execution of audit works from July to October in 2025	No opinion
		Independent Director: Chuo, Yung-Fu And Audit Supervisor	Discussion: To submit the 2026 Audit Plan	No objections Passed

f) Summary table of the communication between independent directors and the accountants:

Date	Character	Attendee	Content of Communication	Result
3/05/2025	Pre-meeting before the Board Meeting	Accountants Independent Director: Chang, Ling-Ling	Report: 1. Communication regarding the completion of the audit of the FY2024 financial statements	No objection Passed
		Independent Director: Chen, Yung-Chun Independent Director: Chuo, Yung-Fu	2. The Financial and operational performance for 2024	No objection Passed
11/07/2025	Pre-meeting before the Board Meeting	Accountants Independent Director: Chang, Ling-Ling	Report: 1. Important interim financial and operational matters in 2025	No objection Passed
		Independent Director: Chen, Yung-Chun Independent Director: Chuo, Yung-Fu	2. The communication with governance unit during the planning phase of the 2025 audit	No objection Passed

3. The implementation of corporate governance and the divergence from the regulated Best-Practice Principles for TSE/TPEX Listed Companies and the reason for such divergences

List of <u>Assessments</u>	Implementation Status		Divergence from the regulated Best Practices and Reasons of the Divergence	
	Yes	No		<u>Summary & Explanation</u>
1. Whether the company establishes and discloses corporate governance principles following the regulated “Corporate Governance Best Practice Principles for TWSE/GESM Listed Companies”?	✓		The Company has set up its own “Rules for Corporate Governance Practices” in accordance with the “Corporate Governance Best Practice Principles for TWSE/GESM Listed Companies” and the rules have disclosed on the Company’s website (http://www.fuhsing.com.tw/exec/msg.php?mid=66&cid=44&pid=66&lg=T) and the MOPS site.	No significant divergence
2. Regarding the company’s share structure and stockholder’s equity				
A. Whether the company sets up internal work procedures to handle suggestions, questions, disputes and lawsuits with shareholders, and whether the procedures are implemented accordingly?	✓		A. The company has appointed spokesperson and acting spokesperson to deal with shareholders’ suggestions and disputes, etc... and also set up a Stock Affair Section to deal with shareholder related issues.	No significant divergence
B. Whether the company holds the information on the company’s major shareholders with controlling interests and the ultimate controlling parties that stand behind the	✓		B. The shareholding of the company is quite centralized. Besides, the company does pay attention to the company’s securities trading status in the market all the time.	

List of Assessments	Implementation Status		Divergence from the regulated Best Practices and Reasons of the Divergence	
	Yes	No		Summary & Explanation
<p>major shareholders?</p> <p>C. Whether the company establishes and implements rules for risk management with affiliated companies and builds the firewall mechanism?</p> <p>D. Whether the company establishes internal regulations to prohibit insiders from utilizing un-disclosed information to purchase/sell securities?</p>	<p>✓</p> <p>✓</p>		<p>C. The company has already established related rules in the company's internal control system according to laws and regulations.</p> <p>D. The company has set up "Work Procedures to Handle Significant and Important Information" and regularly propagated precautions of insider transactions.</p>	
<p>3. Composition and duties of Board of Directors</p> <p>A. Does the board of directors formulate diversity policies and related specific management objectives, and truly implement them?</p>	<p>✓</p>		<p>A.</p> <p>1. The company has made a plan for the diversification of board members, and the plan has been reported to and actually carried out in the Board of Directors' Meeting. The nomination and election of the Company's Board members all followed the rules stated on the Company's Articles of Incorporation and took candidate's educational and career background into consideration to ensure the diversity and independency of the Company's Board members.</p> <p>2. The board members elected this term included</p> <ul style="list-style-type: none"> - a female member; - good at operation & management, leadership and decision-making, and industry knowledge: Lin, Jui- 	<p>No significant divergence</p>

List of Assessments	Implementation Status		Divergence from the regulated Best Practices and Reasons of the Divergence
	Yes	No	
			<p>Chang, Chen, Chien-Kun, Chu, Jung-He, Lin, Tzu-Hsuan, and Lin, Wen-Hsing;</p> <p>- good at electronic technology, risk management, and vision on international market: Lin, Jui-Chang, Chu, Jung-He, Michael A. Hoer, and Liu, Ju-Shan;</p> <p>- has made contribution to social care: Lin, Jui-Chang and Michael A. Hoer</p> <p>- 3 independent directors: good at financial accounting and operation and management affairs.</p> <p>3. The Company's Board of Directors currently is composed of 10 directors, including 7 general directors and 3 independent directors. The members have rich experiences and professions in finance and accounting, business, management and others. Among all the directors, 40% of the directors are company's employees, 30% of the directors are having the position as independent directors and 10% of directors are female. 3 independent directors have been served as independent directors for less than 9 years, 9 directors are in the age between 61-80 years old, and 1 are under 60 years old. The Company pays special attention on gender equity and has set the target to increase the female director to more than 10% of total number of directors. It is expected that in 2026 when the Company re-elects directors, the achievement of such goal will be maintained.</p> <p>4. Policies in relation to the diversity of the board members are disclosed on the Company's website.</p> <p>B. The company has not yet set up other similar kinds of functional committee, but such is under planning.</p>

List of Assessments	Implementation Status		Divergence from the regulated Best Practices and Reasons of the Divergence
	Yes	No	
<p>B. Besides setting up Remuneration Committee and Audit Committee according to laws and regulations, whether the company voluntarily sets up other similar kinds of functional committee?</p> <p>C. Whether the company sets up Board of Director's performance evaluation rules and method, carries out the evaluations regularly each year, reports the</p>	✓	✓	<p>C. The company has established Board of Director's performance evaluation rules and method. Each year, the Company carries out regular assessments on director's performance and reports the results to the Board Meeting and, at the same time, discloses on the Company's Website. The Company assesses each director's confidence in achieving the Company's goals and mission, as well as his/her participating level in the Company's operations each year and applies the assessing results to calculate each director's salary and remunerations, as well as his/her nomination qualification for director's post renewal.</p> <p>D.</p> <ol style="list-style-type: none"> 1. According to the Company's "rules, after taking in the consideration of accounting office's audit quality indicators (AQIs), the Company shall periodically evaluate the independence and competency of its certifying accountants (at least once per year). 2. Following the assessment procedures outlined below, the results were found to be in compliance with regulations. It is proposed that the appointment of the certifying public accountant be submitted to the Audit Committee on March 3, 2026, and subsequently approved by the Board of Directors. <ol style="list-style-type: none"> (1) Obtain accountant's independence statement

List of Assessments	Implementation Status		Divergence from the regulated Best Practices and Reasons of the Divergence
	Yes	No	
<p>evaluation results to the Board Meeting, and uses the results as references to evaluate each director's salary and remuneration, as well as his/her qualification as candidate to the successive post as directors?</p> <p>D. Whether the company periodically evaluates the independence of the company's certifying accountant?</p>	✓		<p>(2) Results are summarized through evaluating the independence and competency assessing table. The assessment items include:</p> <ul style="list-style-type: none"> ✓ Whether the certifying accountant is a director of the Company or in its affiliated company? ✓ Whether the certifying accountant is a shareholder of the Company or its affiliated company? ✓ Whether the certifying accountant receives remunerations from the Company or its affiliated company? ✓ Whether the certifying accountant confirms his accounting firm has complied with regulations associated to independency? ✓ Whether the certifying accountant's accounting firm has joint certified accountant that serves as the Company's director, manager, or other posts that might have significant influence to the Company's audit practices within a year of his retirement from the accounting firm? ✓ Whether the certifying accountant has not been providing audit services for the Company for continuous seven years? ✓ Whether the certifying accountant complies with the independency requirement stated

List of Assessments	Implementation Status		Divergence from the regulated Best Practices and Reasons of the Divergence
	Yes	No	
			<p>in the No.10 of the “Norm of Professional Ethics of the Certified Public Accountant”?</p> <ul style="list-style-type: none"> ✓ Whether the certifying account has not been punished by the Certified Public Accountant Act or been punished due to the violation of Article 37 of the Securities and Exchange Act in the past three years? ✓ Whether the accounting firm provides good services to the Company? ✓ Whether the accounting firm provides audit services with sufficient professionalism, experiences, and resources? ✓ Whether the accounting firm has clearly defined quality control procedures, including for the audit procedures, problem solving, assessing methods, etc.? ✓ Whether the accounting firm notifies immediately the Company’s management when it is found obvious problems in risk management, corporate governance, financial accounting, and internal control?
4. Whether the Company establishes proper and enough corporate governance personnel(s) and appoint a supervisor to be responsible specifically for corporate governance related affairs (including but not limited to provide information required for directors/supervisors to execute	✓		<p>The Company has assigned appropriate numbers of CG related personnel, and have sought for approval in the Board Meeting to appoint legal affair superintendent , Manager Shi Po-Yi, a qualified manager and has worked as a supervisor position in the legal affair sector in the Company for more than 3 years, to serve as the Company’s Governance supervisor to provide directors with necessary information for executing their duties, assist directors to be in compliance with the laws and regulations, and to handle Board of Directors meeting and</p>

List of Assessments	Implementation Status		Divergence from the regulated Best Practices and Reasons of the Divergence
	Yes	No	
business issues, to assist directors and supervisors in law-compliance issues, to handle Board Meeting and Shareholders' Meeting related affairs, to make meeting minutes of the Board of Directors' Meeting and Shareholders' Meeting, etc...)?			<p>Shareholders' Meeting related affairs in accordance with laws and regulations.</p> <p>Issues executed by the governance superintendent in 2025 as below:</p> <p>A. Assisted independent directors and general directors to execute their duties, provided them with necessary information and arranged training sessions for directors:</p> <ul style="list-style-type: none"> i. Notify board members related amendments and developments in light of the Company's operation area and corporate governance laws and regulations; ii. Review the confidential level of classified information and provide directors with necessary information in relation to the company to maintain a good and smooth communication between directors and all the Company's supervisors. iii. Assist independent directors to meet with internal supervisors and certifying CPAs on 1/20/2025, 3/5/2025, 5/9/2025, 8/7/2025, 11/07/2025, and 11/7/2025 respectively to understand the Company's financial situation. iv. Plan and arrange annual educational courses for general directors and independent directors based on the Company's industry characteristics and each director's education background and work experiences. <p>B. Provided assistance in handling the procedures in the Board of Directors' Meeting and Shareholders' Meeting and evaluated resolution compliance issues:</p>

List of Assessments	Implementation Status		Divergence from the regulated Best Practices and Reasons of the Divergence
	Yes	No	
			<ul style="list-style-type: none"> i. Report the operation situation of the Company's corporate governance to board of directors, independent directors, audit committee and confirm whether the convention of Board of Directors' Meeting and Shareholders' Meeting meet related regulations and corporate governance rules. ii. Assist and remind directors to follow related regulations when is executing their duties or making official resolutions in the Board Meeting, and make suggestions on going-to-be law-violated resolutions in the Board Meeting. iii. Inspect and review the disclosure of important resolutions made in the Board Meeting and ensure the legality and accuracy of such material information disclosure's contents to make sure information equality for investor transactions. <p>C. Maintained the relationships with investors: when it is necessary, help arrange communication between directors and major shareholders, institutional investors, or general shareholders, so that investors are able to obtain sufficient information to evaluate the Company's reasonable market value and maintain shareholder's right.</p> <p>D. Plan the agenda in the Board Meeting and notify all directors at 7 days prior to the meeting; convene the meeting and provide meeting information; remind directors if any proposals may have conflict of interest concerns; complete meeting minutes within 20 days after the Board Meeting is convened.</p> <p>E. Complete all the pre-meeting disclosures in relation to Shareholders' Meeting, compile meeting notification</p>

List of Assessments	Implementation Status		Divergence from the regulated Best Practices and Reasons of the Divergence									
	Yes	No		Summary & Explanation								
			<p>in, handbook, and minute book within regulated time period, and handle the registration affairs in relation to the amendments of the Articles of Incorporation or Re-election of directors.</p> <p>Information regarding training sessions in 2025 as below:</p> <table border="1"> <thead> <tr> <th>Training Unit</th> <th>Course Name</th> <th>Hour</th> </tr> </thead> <tbody> <tr> <td>Dept. of Accountancy and Graduate Institute of Finance, National Cheng Kung University</td> <td>2025 Corporate Governance Practices Seminar and Training Course</td> <td>6</td> </tr> <tr> <td>Cathay Financial Holdings</td> <td>2025 Cathay Sustainable Finance and Climate Change Summit</td> <td>6</td> </tr> </tbody> </table>	Training Unit	Course Name	Hour	Dept. of Accountancy and Graduate Institute of Finance, National Cheng Kung University	2025 Corporate Governance Practices Seminar and Training Course	6	Cathay Financial Holdings	2025 Cathay Sustainable Finance and Climate Change Summit	6
Training Unit	Course Name	Hour										
Dept. of Accountancy and Graduate Institute of Finance, National Cheng Kung University	2025 Corporate Governance Practices Seminar and Training Course	6										
Cathay Financial Holdings	2025 Cathay Sustainable Finance and Climate Change Summit	6										
5. Whether the Company establishes communication channels with interested parties (including but not limited to the Company's shareholders, employees, customers, and suppliers), and whether the company constructs a web site for interested parties on the company's website and properly answers all the important CSR related questions arising from interested parties?	✓		<p>The company maintains good communications with its banks, creditors other than banks, employees, customers, and suppliers. Meanwhile, the company has built a web page (www.fuhsing.com.tw) for interested parties (in Chinese) under the section of Social Responsibility. We do respect all's legitimate rights and interests.</p>									
6. Whether the Company entrusts professional stock affairs	✓		<p>The company entrusts "Capital Securities Corporation" as our agency of stock affairs to handle all Shareholders'</p>									

List of Assessments	Implementation Status			Divergence from the regulated Best Practices and Reasons of the Divergence
	Yes	No	Summary & Explanation	
agency to handle Shareholder's Meeting related affairs?			Meeting related affairs.	divergence
7. Information Disclosures				
A. Whether the company constructs a website and discloses information in relation to the company's financial and corporate governance?	✓		A. The company has a company website (www.fuhsing.com.tw). Under the Investor Relations section, one can inquire about the company's financial, annual reports and share prices. Under the Products section, pictures of our products are also exhibited.	No significant divergence
B. Whether the company adopts other methods to disclose the company's information (such as constructing English website, assigning a staff to collect and disclose the company's information, truly carry out spokesman system, put road show information and contents on the company's website, etc...)	✓		B. The company has specially assigned a staff to collect and disclose the company's information and truly carries out the spokesman system. The Company also held conferences with investors and disclosed the contents of such conferences at the Company's website (www.fuhsing.com.tw).	
C. Whether the Company discloses and files the year's financial statement with the authorities within two months of the end of accounting year, and whether		✓	C. Currently the Company files its financial reports and monthly operational status with the authorities in accordance with "List of Matters Required to Be Handled by Issuers of Listed Securities". The Company has not yet disclosed and reported its year-end financial statement within two months after the end of its accounting year, and had not disclosed and filed its quarterly financial reports and monthly operations earlier than the regulated deadlines. However, the Company has completed the disclosure and filing of its yearly financial report within 75 days after the end of the accounting year.	

List of Assessments	Implementation Status		Divergence from the regulated Best Practices and Reasons of the Divergence
	Yes	No	
the company early discloses and files its Q1, Q2 and Q3 financial reports and monthly operational results before the regulated deadline?			
8. Whether the company has other important information that might help understand the operation of corporate governance (including but not limiting to information regarding to employees' rights, the consideration for employees, investor relationship, supplier relationship, relationship with interested parties, director and supervisor's further education pursuit, risk management policy and risk measurement implementation, customer policy, insurance procured for directors and supervisors, and etc...)	✓		<p>1、 The Company encourages employees to communicate directly with the management to properly reflect their suggestions on important decisions regarding the Company's operation or employee's benefit.</p> <p>2、 On the Company's website (www.fuhsing.com.tw) , information about the Company, corporate social responsibility, products and services, investor relationship, human resources, supplier platform are listed in separate sections. Also our contact information including emails, telephone number, and address can be found on the website.</p> <p>(1) The Company has established an e-filing work system to provide investors and interested parties with information that might affect their decision.</p> <p>(2) The Company's directors attend educational training from time to time.</p> <p>(3) Risk management policy and the implementation of risk measurement: Not applicable (this is for securities brokers).</p> <p>(4) Consumer protection or the implementation of customer policy: Not applicable (this is for securities brokers).</p> <p>(5) The company has purchased liability insurances for directors.</p>

List of <u>Assessments</u>	Implementation Status		<u>Summary & Explanation</u>	Divergence from the regulated Best Practices and Reasons of the Divergence
	Yes	No		
<p>9. Whether the Company provides explanations on the process of improvement on the corporate governance assessment result published by the TWSE Corporate Governance Center and provide prioritized issues and measures for areas that have not been improved? (Companies that are not included in the assessed companies do not fill in this section.)</p> <p>To explain the improvements in 2025 based on the result of the most current year's corporate governance assessments as below:</p> <p>In line with the newly added and revised indicators released in 2025, the related promoting matters are as below:</p> <ol style="list-style-type: none"> (1) The Company has not yet formulated specific measures to enhance corporate value. Once such measures are planned and drafted, and after they are submitted to the Board of Directors, the relevant information will be disclosed on the Taiwan Stock Exchange's Public Information Observation Station. (2) To ensure that sustainability goals are integrated into the Company's operations, the Company plans to establish a Sustainability Committee to enhance the organization's long-term competitiveness and public trust. <p>Withholding the spirit of excellence pursuit, the Company invites relevant departments to convene meetings from time to time to continuously promote and optimize relevant indicators.</p> <p>In January 2026, the Company has conducted a self-assessment in accordance with the Corporate Governance Assessment System established by the Corporate Governance Center of the Taiwan Stock Exchange, and will review and improve the assessment results accordingly afterwards.</p>				

4. The composition, duty, and operation of the Remuneration Committee

(1) Members of the Remuneration Committee

Identity (Note 1)	Name	Condition	Professional Qualification & Experiences	Status of Independence Qualification	Number of other public companies that the committee member concurrently serve as a member in its Remuneration Committee
Independent Director (Convener)	Chang, Ling-Ling		Please see page 11 Information on Directors (4) for related information	Please see page 11 Information on Directors (4) for related information	2
Independent Director	Chen, Yung-Chun		Please see page 11 Information on Directors (4) for related information	Please see page 11 Information on Directors (4) for related information	0
Independent Director	Chuo, Yung-Fu		Please see page 11 Information on Directors (4) for related information	Please see page 11 Information on Directors (4) for related information	0

(2) The Operation of the Remuneration Committee.

1. There are 3 committee members in the Company's Remuneration Committee.
2. Current committee member's term of office: starting from May. 26, 2023 to May 25, 2026. In current fiscal year, 3 meetings were held (A).

The committee member's status and attendances were as follows:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Actual Attendance Rate (%) (B/A) (Note)	Remarks
Convener	Chang, Ling-Ling	3	0	100%	-
Member	Chen, Yung-Chun	3	0	100%	-
Member	Chuo, Yung-Fu	3	0	100%	

Other matters that should be noted:

1. If the Board of Directors do not accept or intent to modify suggestions made by the Remuneration Committee, then date of Board of Director's Meeting, term, content of the motion, resolutions, and reactions to the suggestions made by the members of Remuneration Committee should also be addressed (If the remuneration proposal approved by the Board of Directors is better than the proposal suggested by the Remuneration Committee, the divergence and the reason should also be addressed).
2. For motions that are determined by the Remuneration Committee, if committee members hold objective or withholding comments and such comments are recorded or taken down as written statement, then date of the meeting of Remuneration Committee, term, content of motions, all committee members' opinions and the reactions to the suggestions should also be addressed.

Date of the Meeting of Remuneration Committee/Term & Date (mm/dd/yyyy)	Proposals & Follow-ups	Resolution	How the Company cope with the opinion submitted by the Remuneration Committee
Term 5 / 5 th Meeting (01/20/2025)	Regular review of "Taiwan Fu Hsing Industrial Co., Ltd. Manager's Remuneration Policy"	Approved by all committee members	Proposed in the Board Meeting and approved by all the presenting directors
	Regular review of "Manager's Remunerations and Salary Adjustment Plan"	Approved by all committee members	Proposed in the Board Meeting and approved by all the presenting directors
	The review of "2024 Total Remunerations paid to employees, directors and supervisor"	Approved by all committee members	Proposed in the Board Meeting and approved by all the presenting directors
	The Review of "2024 Remunerations paid to manager and employees"	Approved by all committee members	Proposed in the Board Meeting and approved by all the presenting directors
Term 5 / 6 th Meeting (03/05/2025)	Proposal to amend the "Salary Policy for Management Personnel of Taiwan Fu Hsing Industrial Co., Ltd." by adding provisions regarding the scope of "entry-level employees" and also to rename the document	Approved by all committee members	Proposed in the Board Meeting and approved by all the presenting directors

Term 5 / 7 th Meeting (08/07/2025)	To review the compensation proposal for vice general manager, Lin Tzu-Hsuan, who concurrently served as the general manager of the subsidiary in Thailand	Approved by all committee members	Proposed in the Board Meeting and approved by all the presenting directors
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5. The implementation of sustainable development and the discrepancies between the regulated “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and the cause of such discrepancies

List of <u>Assessments</u>	Implementation Status (<u>Note 1</u>)			Divergence from the regulated Best Practices and
	<u>Yes</u>	<u>No</u>	<u>Summary & Explanation (Note 2)</u>	Reasons of the Divergence
1. Whether the Company develops and promotes a governance structure for promoting sustainable development, and sets up a unit that is exclusively (or concurrently) responsible for promoting sustainable development, and such unit should be in charged by high level management empowered by the Board of Directors and be supervised by the Board of Directors?	✓		The Company officially set up SER Promoting Committee in December 2013, and the committee was renamed as Sustainability Committee in 2022. The Committee was under the jurisdiction of the Board and was equipped with eight functional teams that are respectively responsible for “environmental protection”, “responsible products”, “supply chain”, “corporate governance”, “economy”, “client care”, “employee care”, and “society harmony”. One execution administrator is appointed to lead the operation of aforementioned teams. Besides compiling the program book and SER execution booklet and SER acknowledgement, the Committee periodically convenes meetings (in every 4 months), and is responsible for making, promoting, auditing, reviewing, and improving the Company’s sustainable development related policies. In addition, the Committee also releases the Company’s Sustainability Report (originally was called the CSR report) every year, which is disclosed on the Company’s website for lookup and download by all interested parties in order to ensure the effects of the implementation of CSR policies.	No significant divergence

List of Assessments	Implementation Status (Note 1)			Divergence from the regulated Best Practices and Reasons of the Divergence
	Yes	No	Summary & Explanation (Note 2)	
			<p>The promotion and execution results of the related polices are resolved in the Board Meeting. Each year, the Committee reports the achievement of sustainability development and its future strategy to the Board at least once per year. The 2025 performance results and plans were presented to the Board of Directors on November 7. The agenda items included: (1) Key priorities for ESG initiatives in 2025, and (2) the 2025 work report of the Risk Management Team.</p> <p>The board of directors listened to the report of the Sustainability Committee at the meeting, and at the same time reviewed the progress of the plan according to the management policy, and indicated directions for improvement.</p>	
2. Whether the Company carries out risk assessments in relation to topics including operational related environment, society, and corporate governance, and establishes related risk management policies or strategies based on the principle of materiality? (Note2)	✓		<p>This disclosure covers the sustainable development performance of the Company's main bases from January to December 2025, and the risk assessment boundary is mainly based on the company's operations.</p> <p>Referring to AA1000SES (AA1000 Stakeholder Engagement Standards), every year the Sustainability Committee regularly collects topics that might be of stakeholders' interests through various communication channels such as periodicals review, business meeting and voices from shareholders' meetings, and, meanwhile, assesses the degree of impacts that may be caused by these factors in order to define the Company's material topics and goals. Hence, the Company is able to implement an all-aspects risk assessment in relation to its</p>	No significant divergence

List of Assessments	Implementation Status (Note 1)			Divergence from the regulated Best Practices and Reasons of the Divergence
	Yes	No	Summary & Explanation (Note 2)	
			<p>production, human resources, and R&D directions, and further make according managerial policies.</p> <p>Every year based on the assessed risks, the Company would make the related risk management policies or strategy, and provide explanations in the Sustainable Report and on the Company's official website.</p> <ul style="list-style-type: none"> ● Sustainable Report download: https://www.fuhsing.com.tw/work-report ● Taiwan Fu Hsing Website (the CSR→Sustainable Operation→Risk Management): https://www.fuhsing.com.tw/operate 	
<p>3. Environment Related Topics</p> <p>(1) Whether the Company establishes a proper environment management system based on the industry characteristics?</p>	✓		<p>The Company has established an ISO 14001:2015 Environmental Management System, incorporating environmental considerations into risk control and setting annual improvement targets and management plans to ensure continuous improvement. In addition, in accordance with ISO 14064-1:2018, we conduct annual greenhouse gas inventories, and the relevant performance data is regularly disclosed on our company website and in our sustainability report (ISO 14001 certificate validity period: November 13, 2024, to November 8, 2027).</p>	No significant divergence
<p>(2) Whether the Company devotes to enhancing energy utilization efficiency and adopts the use of recyclable materials that have lower</p>	✓		<p>The Company actively promotes various energy reduction measures, reduces the energy consumption of enterprises and products, and optimizes the</p>	No significant divergence

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impact to the environment? (Environmental Safety and Hygiene, Procurement)			<p>efficiency of energy use.</p> <p>[Energy Management and Energy efficiency improvement]</p> <p>Electricity usage overview: total electricity consumption in 2025 was 14,162,056 kWh (approximately 14.16mn kWh).</p> <p>Analysis of Changes: Total electricity consumption increased by 19.47% compared to the previous year. This was primarily due to changes in international tariff policies, which led to the relocation of production capacity and manufacturing processes for certain products back to domestic facilities, thereby driving up electricity demand.</p> <p>Improved Efficiency: Through process optimization and energy management, energy intensity (electricity consumption per unit of output) decreased by 4.4% compared to the previous year, demonstrating that production efficiency continues to improve even as production capacity expands.</p> <p>[Water resources management and recycling]</p> <p>Our Company is committed to improving water use efficiency:</p> <ul style="list-style-type: none"> ⑩ Recovery performance: total water recovered in 2025 was 2,735 tons, an increase of 1.22% compared to the base year (2,702 tons in 2019). ⑩ Future commitment: we will continue to strengthen R&D efforts regarding recycled process water and water conservation management to reduce overall water intensity. 	

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			<p>[Results of production equipment’s energy-efficient upgrades]</p> <p>In response to the energy-intensive processes involved in metal manufacturing, the Company continues to promote equipment upgrades:</p> <ul style="list-style-type: none"> ⑩ Lighting system: 620 sets of high efficiency LED fixtures have been installed in the production area. ⑩ Power equipment: for the grinding process, 52 motors were replaced with IE3-rated high-efficiency, explosion-proof, energy-saving motors. <p>Energy-saving benefits: the aforementioned projects collectively achieve annual electricity savings of 120,816 kWh (a saving rate of approximately 0.24%), effectively reducing operating costs and minimizing environmental impact.</p> <p>[The transition to Green packaging and resource recycling]</p> <p>To implement controls on hazardous substances and align with international environmental trends, our company continues to promote a green transition in packaging design:</p> <ul style="list-style-type: none"> ⑩ Material change: the package material has been gradually switched from the original PVC to PET, which has a lower environmental impact and a well-established recycling system. ⑩ Circular economy: actively adopting post-consumer recycled (PCR) plastics to increase the rate of resource recycling and achieve corporate 	

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			sustainability goals.	
(3) Whether the Company assesses current and future's implicit risks and opportunities in relation to climate changes, and adopts relevant countermeasures?	✓		<p>Through the AEO team, Sustainability Committee, and other managerial units, the Company regularly conducts hazard identification and risk assessment. The results will be reviewed and reacted with responses one by one during daily operations by the departments under each business group and brought up for report and discussion during the Company's monthly operation meeting. In case of major incidents, such will be submitted to the board of directors and the highest decision-making unit for discussion.</p> <p>After evaluation and identification by relevant internal units, the Company in 2025 has focused on the two aspects, "carbon emission management" and "water resources management", in relation to the issue of climate change in 2023 and has taken corresponding measures. For relevant information, please refer to our website under the chapter "Corporate Social Responsibility/ Sustainable Operation/ Risk Management". (https://www.fuhsing.com.tw/operate).</p>	No significant divergence
(4) Whether the Company compiles information regarding statistics in relation to the past 2 years' green gas emission, total water used, and total wastage, and establishes policies to reduce greenhouse gas emission, water use, and other similar kinds of wastes?	✓		<p>[The Management of GHG]</p> <p>The Company is deeply committed to environmental sustainability and is dedicated to implementing greenhouse gas reduction measures.</p> <p>The Company is currently prioritizing the improvement of data quality for Scopes 1 and 2. Regarding Scope 3 (value chain emissions), the Company has</p>	No significant divergence

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			<p>conducted a preliminary assessment based on the materiality principle and will gradually establish a supply chain carbon inventory mechanism starting in 2026 to align with future disclosure trends under International Financial Reporting Standards (IFRS S2).</p> <p><u>Greenhouse Gas Emissions Over the Past Two Years:</u></p> <p style="text-align: right;">Unit: tons CO₂e</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Year</th> <th>Scope I</th> <th>Scope II</th> </tr> </thead> <tbody> <tr> <td>2025</td> <td>1,068</td> <td>10,916</td> </tr> <tr> <td>2024</td> <td>263</td> <td>5,619</td> </tr> </tbody> </table> <p>Note: scope of the data coverage 2025: Mother company and main members (significant production sites of the group) 2024: Mother company only.</p> <p>The Company has set a short-term carbon reduction target of a 1% annual reduction in emissions and is implementing its commitment to sustainability through the following actions:</p> <ul style="list-style-type: none"> ⑩ Energy management: implement energy monitoring and energy-saving measures on-site to reduce energy consumption in manufacturing processes. ⑩ Air Pollution Control: Continuously monitor air pollutant emissions to ensure compliance with regulatory standards and reduce the 	Year	Scope I	Scope II	2025	1,068	10,916	2024	263	5,619	
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			<p>environmental impact.</p> <p>[Water resource management and recycling]</p> <p>The Company fully recognizes the preciousness of water resources and has long implemented a strategy of “water conservation at the source and recycling during the process.”</p> <p>In addition to promoting water conservation in daily life, we are actively pursuing technical improvements:</p> <p>Process optimization: Adjusting process parameters to effectively reduce the frequency of water changes.</p> <p>Recycling: Implementing the recovery of water used for process cleaning and diverting RO wastewater from water dispensers into the recycling system.</p> <p>Through a variety of water conservation and recycling initiatives, we are steadily improving water use efficiency year by year and fulfilling our responsibility to protect the environment for future generations.</p> <p><u>Water Consumption Over the Past Two Years</u></p> <p style="text-align: right;">Unit: Liter</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 15%;">Year</th> <th style="width: 40%;">Total water Consumption</th> <th style="width: 45%;">Water Use per Unit Product (Liter/PCS)</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">2024</td> <td style="text-align: center;">50,983,000</td> <td style="text-align: center;">1.82</td> </tr> </tbody> </table>	Year	Total water Consumption	Water Use per Unit Product (Liter/PCS)	2024	50,983,000	1.82	
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			<table border="1"> <tr> <td>2025</td> <td>49,029,000</td> <td>2.14</td> </tr> </table> <p>[Water Conservation Results]</p> <p>The Company continues to promote water conservation and the recycling of water resources. In 2025, the total amount of water recycled across all facilities reached 2,735 metric tons, representing a slight decrease of 0.26% from the 2,742 metric tons recorded in 2024 (due to an increase in the number of employees). We will continue to improve water resource utilization efficiency and successfully achieve our annual reduction and recycling targets.</p> <p>[Waste Management and the Circular Economy]</p> <p>Adhering to the management principle of “waste reduction at the source and resource recovery,” our company is committed to minimizing the environmental impact of our operations. By implementing waste sorting and promoting reuse initiatives, we have not only effectively reduced waste disposal costs but also transformed waste resources into usable materials, moving toward the goal of a circular economy. To enhance the effectiveness of our environmental management, the Company successfully obtained ISO 14001:2015 Environmental Management System certification in 2025, ensuring that all environmental protection operations comply with international standards.</p> <p><u>The waste production in the past 2 years:</u></p>	2025	49,029,000	2.14	
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			<p style="text-align: right;">Unit: Metric Tons</p> <table border="1"> <thead> <tr> <th>Year</th> <th>General business waste</th> <th>Hazardous waste</th> </tr> </thead> <tbody> <tr> <td>2024</td> <td style="text-align: right;">189.6</td> <td style="text-align: right;">10.21</td> </tr> <tr> <td>2025</td> <td style="text-align: right;">222.86</td> <td style="text-align: right;">17.44</td> </tr> </tbody> </table> <p>[Waste management and Compliance]</p> <p>Our company strictly monitors waste generation and disposal, and all data is accurately reported in accordance with the Ministry of the Environment's waste reporting system. In 2025, the total waste generated was 189.6 metric tons. All waste from the entire plant site was contracted out to licensed professional contractors for disposal. We also conduct regular audits and follow-ups with our waste management contractors to ensure transparency in waste disposal and compliance with regulatory requirements, thereby fulfilling our environmental responsibilities as a corporate citizen.</p> <p>In addition, an internal audit of the waste generation data disclosed in the 2024 annual report revealed that some of the figures contained errors, primarily due to classification errors during the data consolidation process. The actual waste generation figures for 2024 have been re-verified and corrected this year.</p> <p>We have reviewed and improved the relevant data collection and verification processes to ensure the accuracy and completeness of future disclosures, and</p>	Year	General business waste	Hazardous waste	2024	189.6	10.21	2025	222.86	17.44	
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			hereby provide an explanation in the 2025 Annual Report.					
4. Social Issues (1) Whether the Company makes related management policy and procedures according to related laws and International Bill of Human Rights?	✓		<p>For fulfilling the responsibility in human right protection, the Company has followed the spirit of human right protection and basic principles in accordance with various international conventions including the “Declaration of Fundamental Principles and Rights at Work” by the International Labour Organization, UN’s “Universal Declaration of Human Rights”, and UN Global Compact, and commits to abide by labor laws and regulations with the expectation to fully protect the legitimate rights and interests of employees</p> <p>The company's human rights management policies and specific plans are summarized as follows:</p> <table border="1"> <thead> <tr> <th>Human Right Management Policy</th> <th>Specific Plans</th> </tr> </thead> <tbody> <tr> <td>Provide a safe workplace environment</td> <td> <ul style="list-style-type: none"> • Regularly monitors labor work environment, carries out safety and health inspections, and truly implements improvements. • Employ factory doctor and factory nurse to provide consultation services • Set up AED and First-Aid kits • Implement SER and labor safety related educational training • Formulate epidemic prevention notification and management related operation standards </td> </tr> </tbody> </table>	Human Right Management Policy	Specific Plans	Provide a safe workplace environment	<ul style="list-style-type: none"> • Regularly monitors labor work environment, carries out safety and health inspections, and truly implements improvements. • Employ factory doctor and factory nurse to provide consultation services • Set up AED and First-Aid kits • Implement SER and labor safety related educational training • Formulate epidemic prevention notification and management related operation standards 	No significant divergence
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			<p>according to the government's epidemic prevention management measures</p> <p>Eliminate unlawful discrimination and ensure equal job opportunities</p> <ul style="list-style-type: none"> • Ensure equal job opportunities in accordance with the Personal Data Protection Act and the Act of Gender Equity in Employment. • The RBA policy is implemented for foreign employees, and the company bears the expenses arising from cross-border work, so as to achieve equal treatment without differences in nationality. • Employ specific personnel serving as translators to appropriately reflect the needs of foreign employees and ensure that there is no gap in communication with the company • Provide internship opportunities also for foreign students, and set up mechanisms such as Line group and regular on-site visits to optimize channels of learning and communication <p>Prohibit workplace sexual harassment</p> <ul style="list-style-type: none"> • Follow the Sexual Harassment Prevention Act and the Act of Gender Equity in Employment to create a fair workplace that is safe for both all • Set up a sexual harassment complaint window/independent review mechanism <p>Prohibit forced labor</p> <ul style="list-style-type: none"> • Set a cap for working hour in accordance with the Labor Standards Act, and take the initiative to care about the emotions and workload of 	

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(2) Whether the Company makes and implements reasonable employee benefit manners (including salary, vacation and other benefits), and properly reflects the Company's operation performance or achievements on remunerations paid to employees? (To be provided after the compilation of human resources information)	✓		<p>[Overall Remuneration Policy]</p> <p>Salary of the Company's employees depends on their educational background, past experience and professional ability. After taking office, the salary will be adjusted according to their work performance. Salary and labor conditions are guaranteed to be in full compliance with labor laws and international human rights conventions, and the salary level is increased according to market standards and business results. In the past three years (from 2023-2025), the average salary increase rate has reached nearly 4%. Although the company is a labor-intensive industry with a large proportion of grass-roots manpower, according to the annual report of full-time employees, the average salary of grass-roots manpower has exceeded the government's target of 30K per month.</p> <p>[The Link to Business Performance]</p> <p>According to Article 26-1 of the Company's Articles of Incorporation, the Company should distribute no less than five percent of the Company's earning of the current year to employees as remunerations. The overall employee salary includes base wage and over-time pay, and based on the Company's operational performance and employee's personal performance the employee will be also provided with year-end bonuses, holiday bonuses, and employee bonus</p>	No significant divergence

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			<p>[Workplace Diversification And Equity]</p> <p>In 2025, the ratio of male to female employees at the company was 47% to 53%, nearly 1:1, and women accounted for 34% of management positions. In the metalworking and machinery manufacturing industry, the work environment is considered to be quite gender-equal.</p> <p>In terms of nationality background, 23% of the Company's employees are from the Philippines, Vietnam, Indonesia, Thailand, and Malaysia, and all migrant workers are treated equally; and as mentioned above, the Company has implemented the RBA policy for foreign migrant workers since 2020, and the Company paid for the expenses derived from working in Taiwan, and provide employment conditions without differences in nationality.</p> <p>[Vacation]</p> <p>On the basis of two days off on weekends, the company provides paid leave according to laws and regulations, and employee is given flexibility in taking the paid leave (the smallest paid leave unit is "minute"), so that colleagues can make optimal use of the paid leave hours. In case of the need of childcare, serious injury or illness, etc., employees can also apply for leave without pay (unpaid leave), so that employees can take into account the needs of personal and family care. In addition, according to the principle of gender equality, the Company encourages men to share for family responsibility, and so the</p>	

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			<p>maternity leave, maternity inspection leave, paternity leave, and family care leave are provided, regardless of gender.</p> <p>[Other Benefits]</p> <p>In order to effectively integrate the company's resources, the company, together with the existing HR staffs and the employee welfare committee formed by the employees, actively formulates various welfare policies and subsidies for employees. A summary of the relevant benefits is as follows:</p> <p><u>WOHAE</u> (work-style of health and enjoyment)</p> <p>1. Diverse Activities: year-end meal, various festival activities, art appreciation, or occasional activities arranged for different seasons to create some happiness in hand during work.</p> <p>2. Various subsidies: subsidies for birthday, major festivals, on-job training, wedding and funeral, etc..</p> <p>3. Staff Lounge: staff lounge is provided for employee to rest and recharge.</p> <p><u>Healthy and Happy</u></p> <p>1. Comprehensive Health Management and Promotion: We conduct regular employee health checkups and have established a follow-up management system. To raise health awareness among our staff, we continuously organize a variety of health promotion activities, including health seminars, fitness assessments, and specialized programs such as “weight loss classes” and</p>	

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			<p>“smoking cessation classes,” providing comprehensive care for the physical and mental well-being of our employees.</p> <p>2. Comprehensive medical services and consultations: Professional medical emergency support is available on-site, and on-site physicians are scheduled to provide services on a regular basis. In 2025, the on-site physicians conducted a total of 95 health consultations, providing timely and professional medical advice to help employees effectively manage their personal health risks.</p> <p>3. Employee support program: employ professional financial, legal and medical personnel to assist employees in dealing with health, psychological or family problems.</p> <p>4. Comprehensive sports facilities and subsidies: indoor fitness centers and outdoor multi-purpose sports venues; and encourage employees to set up sports clubs and provide sports incentives and subsidies.</p> <p><u>FOHAE</u> (Family-style of health and enjoyment)</p> <p>1. We have established the “Maternity Protection Program Guidelines” to provide occupational health consultations, workplace risk assessments, and appropriate job accommodations for female employees during pregnancy, the postpartum period, and while breastfeeding, thereby ensuring their physical and mental well-being. In 2025, a total of 17 employees were enrolled in the Maternity Protection Program and received professional care.</p>	

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			<p>2. Mother-infant friendly measures: implement family-friendly measures such as setting up nursing rooms, designating parking spaces for mothers and infants, and encouraging employees to take full advantage of parental leave. In 2025, 14 employees applied for parental leave, and 16 applied for designated parking spaces for mothers and infants.</p> <p>3. Child care subsidy: \$3,000 is given per year for employee's sons and daughters that are between the age of 3-12 years old (includes kindergarten and elementary school) as after-school child care subsidy. In 2025, 110 colleagues applied for the subsidy with a total of 457,882 dollars grant, benefiting 154 children.</p> <p>4. Company tour and family day: regularly organize company tour, family day and other fun activities for employees and families</p> <p>5. Work-study for children of workers: Provide summer work-study opportunities for employees' children, so that they are not only able to earn tuition fees, but also to accumulate work experience.</p> <p>6. Special store discounts: Sign contracts with high-quality stores in the neighborhood of Gangshan to provide employees with relevant preferential discounts, meanwhile, employees are able to enjoy employee discount while purchasing locks.</p> <p>The Company provides a variety of comprehensive welfare measures that are</p>	

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			superior to laws and regulations, and has won the Welfare and Enterprise Gold Award from Labor Affairs Bureau of Kaohsiung City for several times.																	
(3) Whether the Company provides a safe and healthy work environment to employees, and regularly holds employee's safety and health education training?	✓		<p>[Occupational Safety and Healthy Management System and Performance Indicators]</p> <p>The Company implements the "Safety and Health Work Guidelines" and has established a dedicated department to monitor and manage workplace safety through regular committee meetings.</p> <p>2025 Occupational Safety Performance:</p> <table border="1"> <thead> <tr> <th>Indicator items</th> <th>Company's Performance (A)</th> <th>Industry Average (B)</th> <th>Performance Comparison</th> </tr> </thead> <tbody> <tr> <td>Disabling Injury Frequency Rate (FR)</td> <td>4.24</td> <td>2.37</td> <td>Slightly higher than industry average</td> </tr> <tr> <td>Disabling Injury Severity Rate (SR)</td> <td>8</td> <td>129</td> <td>Significantly better than industry average (93% better)</td> </tr> <tr> <td>Total Injury Index (TII)</td> <td>0.18</td> <td>0.55</td> <td>Demonstrate excellent management</td> </tr> </tbody> </table> <p>In 2025, the Company's injury severe rate (SR) was 8, significantly lower than the industry average (129). This rate has remained at an extremely low</p>	Indicator items	Company's Performance (A)	Industry Average (B)	Performance Comparison	Disabling Injury Frequency Rate (FR)	4.24	2.37	Slightly higher than industry average	Disabling Injury Severity Rate (SR)	8	129	Significantly better than industry average (93% better)	Total Injury Index (TII)	0.18	0.55	Demonstrate excellent management	No significant divergence
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			<p>level for several consecutive years, demonstrating the Company’s effectiveness in occupational safety risk management and workplace safety facilities. Regarding the fact that the injury frequency rate (FR 4.24) is slightly higher than the industry average, an internal project analysis found that the majority of incidents involved minor scrapes or commuting accidents. To this end, the Company has launched the “Zero Minor Injuries, Zero Accidents” initiative. In addition to continuing to conduct machinery safety audits and enhance facilities, the following priorities will be emphasized in 2025:</p> <ol style="list-style-type: none"> 1. Behavior-Based Safety (BBS): Enhancing employees' ability to identify minor risks. 2. Traffic Safety Measures: We conduct specialized training sessions and raise awareness about high-risk commuting routes, with the aim of reducing the overall accident rate. <p>Through the continued decline in the Total Injury Index (TII), the Company is committed to creating a more stable and safer workplace environment</p> <p>The key execution projects in 2025 were as follows:</p> <ol style="list-style-type: none"> 1. Environmental transparency and real-time monitoring Workplace Environment Monitoring: We conduct comprehensive workplace environment monitoring (including noise, dust, and chemical factors) every six months. The results are published in full 	

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			<p>on the electronic bulletin board to ensure that employees are kept up to date on current workplace conditions, thereby demonstrating our commitment to transparent information management.</p> <p>2. Rigorous auditing and performance-based incentives</p> <ul style="list-style-type: none"> ■ Health and Safety Inspection System: A system of quarterly routine inspections and random spot checks has been established. In 2025, a total of 92 improvement recommendations were identified, with a 100% implementation rate. ■ Accountability: Audit results are directly linked to the unit's annual performance evaluation, and follow-up reports are regularly presented at Occupational Safety and Health Committee meetings to ensure that corrective actions are not merely superficial and to encourage managers at all levels to actively participate in safety management. <p>3. Risk prevention and project upgrades</p> <ul style="list-style-type: none"> ■ Improvement Plan: Three Core Projects for Fiscal Year 2025: <ul style="list-style-type: none"> * Increased Frequency: Increase the frequency of on-site occupational safety audits to reduce the duration of potential risks. * Source Management: Optimize the acceptance process for new 	

List of Assessments	Implementation Status (Note 1)		Divergence from the regulated Best Practices and Reasons of the Divergence
	Yes	No	
			<p>machinery to ensure that equipment meets safety standards from the moment it arrives at the facility.</p> <p>* External Expert Review: We engaged experts from the Metal Industries Research and Development Center to conduct a safety inspection of hazardous machinery and equipment at the Gangshan plant, and have fully implemented all recommended improvements.</p> <p>Specific Results: Following the implementation of relevant initiatives, the Company maintained a record of zero repeat workplace accidents in 2025, effectively reducing the Company's overall risk profile.</p> <p>4. Tiered approach to employee health protection</p> <ul style="list-style-type: none"> ■ Comprehensive Health Examinations: In 2025, in accordance with the health examination requirements under Article 17 of the Occupational Health Protection Regulations, general health examinations were conducted for 204 employees, and special health examinations were conducted for 223 employees engaged in work involving specific hazards. The completion rate for these examinations reached 100%. ■ Precision Health Management: The on-site health care team implements tiered management based on health examination

List of Assessments	Implementation Status (Note 1)			Divergence from the regulated Best Practices and Reasons of the Divergence												
	Yes	No	Summary & Explanation (Note 2)													
			<p>results, providing follow-up monitoring and health consultations to promote preventive medicine in the workplace.</p> <p>5. Education & Training</p> <p>In accordance with the Occupational Safety and Health Act, the company regularly conducts training programs for new hires, employees with job changes, and current staff, as well as general hazard awareness training, fire safety training, and hands-on occupational safety and health courses.</p> <p>In 2025, a total of 107 training sessions were planned and conducted. The sessions are listed below:</p> <table border="1"> <thead> <tr> <th>Course type</th> <th>Target audience</th> <th>Core curriculum</th> <th>Sessions offered</th> </tr> </thead> <tbody> <tr> <td>Training for New Hires/Work Changes</td> <td>New hires, employee with job change</td> <td>Occupational Safety Rights and Responsibilities, Hazard Identification, and SOP Implementation</td> <td>87 sessions 602 ppl</td> </tr> <tr> <td>General education to Hazards</td> <td>On-site operators</td> <td>Interpretation of the Globally Harmonized System of</td> <td>2 sessions 29 ppl</td> </tr> </tbody> </table>	Course type	Target audience	Core curriculum	Sessions offered	Training for New Hires/Work Changes	New hires, employee with job change	Occupational Safety Rights and Responsibilities, Hazard Identification, and SOP Implementation	87 sessions 602 ppl	General education to Hazards	On-site operators	Interpretation of the Globally Harmonized System of	2 sessions 29 ppl	
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List of Assessments	Implementation Status (Note 1)					Divergence from the regulated Best Practices and Reasons of the Divergence
	Yes	No	Summary & Explanation (Note 2)			
					Classification and Labelling of Chemicals (GHS) and Safety Data Sheets (SDS)	
			On-the-job training	Current employees	Regulatory Updates, Accident Case Studies, and Prevention	5sessions 1,083ppl
			Occupational Safety and Health Hazard Prevention Workshop	On-site operators	Fall Prevention Training, Electrical Safety, Proper Use of Personal Protective Equipment (PPE)	3sessions 70ppl
			Training for Self-Defense Firefighting Teams	Self-Defense Firefighting team	Operation of Fire Extinguishers and Fire Hydrants, Evacuation Guidance, and Fire Emergency Response	10sessions 272ppl
There were no fire incidents in 2025. The Company will continue to conduct						

List of <u>Assessments</u>	Implementation Status (Note 1)			Divergence from the regulated Best Practices and Reasons of the Divergence
	<u>Yes</u>	<u>No</u>	<u>Summary & Explanation (Note 2)</u>	
			fire safety inspections to ensure workplace safety.	
(4) Does the Company establish an effective career development training program for employees? (To be provided after the compilation of HR information)	✓		<p>The Company has established a comprehensive and diversified training system for employees, including newcomer training, on-the-job training, coaching practice, rotation system, lectures on various topics, etc. We hope that through rich and diversified learning channels and appropriate career development plans, all the colleagues will have the opportunity to work freely in the Company, so that we are able to move towards the goal of sustainable talent and diversity and inclusion, so as to stimulate the team's innovation ability and enhance the enterprise Capacity</p> <p>[Annual training practice]</p> <p>A total of 1,573 people have completed regular education and training in 2025. Contents of the education include internally managed newcomer training, hierarchical training, on-the-job general and professional training, AEO and SER annual refresher training, project talent training courses, and external trainings in relation to various job systems. The total annual training hours was 10,646 hours, and the average training hours per person is 6.77 hours.</p> <p>[Establishment of a self-learning mechanism]</p> <p>In order to drive the transformation of organizational culture, with the goal of "autonomous learning", we developed personalized learning paths to help</p>	No significant divergence

List of Assessments	Implementation Status (Note 1)			Divergence from the regulated Best Practices and Reasons of the Divergence
	Yes	No	Summary & Explanation (Note 2)	
			<p>talents realize themselves and connect learning results with work results to achieve organizational goals. In 2025, we have added 12 hours of professional functional trainings per year to the KPI target for all indirect employees to strengthen employees' self-development capabilities and increase the emphasis on employee education and training.</p> <p>[Development of various learning modes]</p> <p>Provide employees with diversified learning options through various training channels and resources, including: to offer cross-cultural Thai conversation courses to enhance the international mobility of personnel assigned to Thai factories; to launch our first-ever film education and training program for management, using documentary screenings to foster cross-functional dialogue and integrated thinking; continue to promote QCC continuous improvement training to strengthen frontline employees' quality improvement capabilities, and develop lean production management training programs for on-site supervisors to enhance management effectiveness; in addition, through the production of the Company's annual journal and special issues of TOFU Magazine, we communicate our corporate culture and values in a timely manner and share new insights, thereby ensuring the transfer and dissemination of knowledge within the organization.</p>	

List of <u>Assessments</u>	Implementation Status (Note 1)			Divergence from the regulated Best Practices and Reasons of the Divergence
	<u>Yes</u>	<u>No</u>	<u>Summary & Explanation (Note 2)</u>	
(5) In the light of issues including customer's safety and health in relation to the Company's products and services, customer's privacy, marketing, and labeling, whether the Company follows relevant laws and international standards, and formulate relevant policies and complaint procedures for the protection of consumer or customer rights and interests?	✓		<p>[Product responsibility and Quality Safety]</p> <p>The Company considers "consumer health and safety" to be a core priority in product development. From raw material selection and surface treatment to packaging materials, we strictly adhere to the regulations of the countries where we conduct business and proactively align with various international certification standards. The following outlines our compliance performance in major global markets:</p> <p><u>Regional Compliance and Certification Worldwide</u></p> <p>*Taiwan Products comply with CNS3928 certification (20/40/80 grade product specification), and have obtained the orthographic mark from the Bureau of Standards, Meteorology and Inspection, M.O.E.A. ; electronic products all have passed the NCC Standards.</p> <p>*Europe Product all comply with the safety standards (EN) of CE certification; all electronic products have passed the RoHS regulations. We also obtain different test certifications for the sales needs of different regions and regularly maintain the certification qualifications.</p> <p>*North America</p>	No significant divergence

List of <u>Assessments</u>	Implementation Status (Note 1)			Divergence from the regulated Best Practices and Reasons of the Divergence
	<u>Yes</u>	<u>No</u>	<u>Summary & Explanation (Note 2)</u>	
			<p>Equipped with a laboratory certified by BHMA and ANSI; commercial products have obtained BHMA Listing (Grade 1 & 2); high-end residential products meet Grade A standards for safety and durability. All electronic products have passed FCC and IC certification.</p> <p>*Australia</p> <p>In addition to UL fire safety certification, certain product designs comply with the AS 1428 accessibility standards, and we actively collaborate with customers to obtain local fire safety certifications.</p> <p><u>High Standards for Technology and Safety</u></p> <p>⑩ Third-Party Agreement Integration</p> <p>All products equipped with wireless communication technologies such as Bluetooth and Z-Wave, or integrated with smart home services such as Google Home and Amazon Alexa, are guaranteed to have passed third-party compliance testing and strictly adhere to labeling and marketing regulations.</p> <p>⑩ Special Fire Safety</p> <p>All products meeting high safety standards have applied for UL fire safety certification and have been specifically designed to comply with regulations in certain regions (such as California’s fire safety regulations).</p> <p>⑩ Accessibility Design</p> <p>Our commercial product line actively incorporates ADA (Americans with</p>	

List of <u>Assessments</u>	Implementation Status <u>(Note 1)</u>			Divergence from the regulated Best Practices and Reasons of the Divergence
	<u>Yes</u>	<u>No</u>	<u>Summary & Explanation (Note 2)</u>	
			<p>Disabilities Act) standards to uphold the principles of universal design.</p> <p>Our company places a high priority on the health and safety of consumers. During product development, we ensure that all aspects—including the selection of raw materials, surface treatment processes, and packaging materials—comply with the regulations of the countries where our products are sold and meet various international product testing and certification requirements. A brief overview is provided below; for further information, please refer to our Sustainability Report.</p> <p>[Protection of Customer Privacy and Rights]</p> <p>Information Security and Privacy Protection</p> <p>Our company regards information security as the cornerstone of corporate integrity. Since 2011, we have consistently maintained AEO (Authorized Economic Operator) certification and implement strict controls over our business partners, information technology, and cargo security.</p> <p>⑩ Supply chain safety management</p> <p>We continue to sign non-disclosure agreements (NDAs) with new suppliers to ensure that sensitive customer information is strictly protected throughout the collaboration process.</p> <p>⑩ Privacy protection for digital products</p> <p>We have established a rigorous Privacy Policy for the iKey Connect App</p>	

List of <u>Assessments</u>	Implementation Status (Note 1)			Divergence from the regulated Best Practices and Reasons of the Divergence
	<u>Yes</u>	<u>No</u>	<u>Summary & Explanation (Note 2)</u>	
			<p>developed by our company, which clearly outlines the mechanisms for the collection, use, and protection of personal data. We are committed to processing user data only to the extent necessary and providing transparent channels for access and management, ensuring that our mobile application services align with international data protection standards.</p> <p>In 2025, there were zero confirmed incidents of data breaches, theft, or loss of customer data.</p> <p>⑩ Customer satisfaction and complaint handling</p> <p>The Company conducts annual customer satisfaction surveys and has established multiple customer service channels (such as telephone, email, the official website, and social media pages) to provide immediate after-sales support and handle complaints. Upon receiving a complaint, it is forwarded to the relevant department based on the region and product type, and the responsible staff member promptly contacts the customer to provide the most comprehensive resolution. In 2025, there were zero confirmed major group complaints.</p>	
(6) Whether the company formulates a supplier management policy, requiring suppliers to follow relevant norms on issues such as environmental protection, occupational safety and health, or labor rights, and their implementation?	✓		Through close collaboration among our Procurement, Engineering, and Quality Assurance departments, we conduct supplier reviews and drive continuous improvement through various channels, including new supplier evaluations, supplier performance assessments, social and environmental responsibility	No significant divergence

List of <u>Assessments</u>	Implementation Status (Note 1)			Divergence from the regulated Best Practices and Reasons of the Divergence
	<u>Yes</u>	<u>No</u>	<u>Summary & Explanation (Note 2)</u>	
			<p>evaluation systems, and AEO on-site audits and guidance. We also engage in dialogue with suppliers on critical issues such as counter-terrorism, security, and corporate social and environmental responsibility, with the aim of working together to build a more competitive, secure, and reliable supply chain.</p> <p><u>Supplier audit</u></p> <p>In order to extend corporate social and environmental responsibilities to the supply chain, the Company has proactively initiated an evaluation system to classify suppliers into low, medium and high risk groups. According to the "Vendor Social and Environmental Responsibility Evaluation Form", the Company conducts ethical and moral evaluations in factories, labor, occupational safety and health, environment and other on-site inspections. In 2025, a total of 8 supplier social and environmental audits were carried out, and the assessment results all met the required standards.</p> <p><u>New Supplier Evaluation</u></p> <p>All new suppliers are required to sign the "Social and Environmental Responsibility Statement". In 2025, 100% of new suppliers were screened using the labor practice standards, and all of them passed the evaluation and signed the "Social and Environmental Responsibility Statement".</p> <p><u>Supplier Counselling</u></p> <p>In addition to conducting audits and evaluations, the Company has provided</p>	

List of <u>Assessments</u>	Implementation Status (Note 1)			Divergence from the regulated Best Practices and Reasons of the Divergence
	<u>Yes</u>	<u>No</u>	<u>Summary & Explanation (Note 2)</u>	
			<p>substantial assistance and guidance to suppliers to improve and pursue progress. We provide tailor-made "Supplier Improvement Projects" for manufacturers with low ratings, and convene management, quality assurance, technical and other related personnel to discuss and improve issues such as delivery time, quality, and technology according to the different conditions of each company.</p> <p>In 2025, a total of 6 supplier counseling programs were carried out to ensure quality and competitiveness of the supply chain and to establish a long-term and stable partnership.</p>	
<p>5. Whether the Company compiles Sustainability Report or other non-financial related reports according to the international reporting standards or guidelines? Whether the aforementioned reports have obtained verification or assurance opinion from any third-party verification units?</p>	✓		<p>Haven't been mandatory requested by the FSC and yet the Company has voluntarily publicized Sustainability Report starting from 2014 due to self-discipline and the goal of sustainable operation. The Sustainability Report is complied according to the GRI Standards to meet the principles and structures. In 2021, we further integrated in the SASB (Sustainability Accounting Standards Board) standards. The 2014 report has been verified by SGS and AA100-, and for the later years, the reports were updated on the Company's official website under the "CSR" section for the use by all stakeholders.</p> <p>In accordance with the 2025 corporate governance evaluation criteria and the "Regulations Governing the Preparation and Filing of Sustainability Reports</p>	No significant divergence

List of <u>Assessments</u>	Implementation Status (Note 1)			Divergence from the regulated Best Practices and Reasons of the Divergence
	<u>Yes</u>	<u>No</u>	<u>Summary & Explanation (Note 2)</u>	
			by Listed Companies,” the Board of Directors reviewed and approved the completed sustainability report on August 7, and the filing process was completed by August 31.	
<p>6. If the company follows “Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies” to establish the Company’s rules specifically for sustainable development, then the Company should also state the implementation status and the divergence between the real practices and the rules:</p> <p>There was no divergence between the real practices and the rules.</p>				
<p>7. Other important information that might help to understand the operation of the sustainable development practices:</p> <p>The Company attaches great importance to corporate sustainability and is committed to promoting various ESG projects to drive the integration and mutual benefit of enterprises and the community. In 2025, the Company received external recognition in the form of the Sports Enterprise Certification from the Sports Administration and an award from the National Taxation Bureau for outstanding performance in the Unified Invoice Program. For details on these achievements, please visit the Taiwan Fu Hsing official website. (https://www.fuhsing.com.tw/news)</p>				

6. Climate related information for listed companies

(1) The execution status of climate related information

Items	Execution Status										
<p>1. Describe the Board and the Management's supervision and governance on climate related risks and opportunities.</p>	<p>(1) The sustainable development execution unit reports the results of the ESG plan to the board of directors once a quarter, assesses the risks and impacts of climate on corporate operations, and proposes responding suggestions.</p> <p>(2) The sustainable development execution unit formulates policies and improvement goals based on the resolutions reached by the board of directors, and hands such over to relevant groups for implementation of the goals.</p>										
<p>2. Describe how the identified climate risks and opportunities impact the Company's business, strategy, and finances (short-term, medium-term and long-term).</p>	<p>The Company performs the identification of climate change risks and opportunities and refers to the guidelines issued by Task Force on Climate-related Financial Disclosure (TCFD), domestic and foreign climate change research reports, and peer's climate risk assessment reports, to collect climate change-related risks and opportunities and, at the same time, to identify them. An inventory of climate-related risks and opportunities that impact the Company's business is as follows:</p> <p>(1) Climate risks</p> <table border="1" data-bbox="1131 1114 2031 1310"> <thead> <tr> <th data-bbox="1131 1114 1211 1209">NO</th> <th data-bbox="1211 1114 1435 1209">Risks</th> <th data-bbox="1435 1114 1659 1209">Potential financial impact</th> <th data-bbox="1659 1114 1821 1209">Duration of the influence</th> <th data-bbox="1821 1114 2031 1209">Action adopted</th> </tr> </thead> <tbody> <tr> <td data-bbox="1131 1209 1211 1310">1</td> <td data-bbox="1211 1209 1435 1310">Failure to respond to the need of</td> <td data-bbox="1435 1209 1659 1310">Impact corporate image</td> <td data-bbox="1659 1209 1821 1310">Medium-term &</td> <td data-bbox="1821 1209 2031 1310">Comply with legal regulations and</td> </tr> </tbody> </table>	NO	Risks	Potential financial impact	Duration of the influence	Action adopted	1	Failure to respond to the need of	Impact corporate image	Medium-term &	Comply with legal regulations and
NO	Risks	Potential financial impact	Duration of the influence	Action adopted							
1	Failure to respond to the need of	Impact corporate image	Medium-term &	Comply with legal regulations and							

		sustainability immediately.	Reduce orders.	Long-term	customer's needs
	2	Failure to make technological transformation in response to extreme climate impacts	Increase in energy cost	Medium term & Long term	Evaluate and develop new technologies and use new and efficient energy sources
	3	Operation of production lines suspended, , production capacity reduced or interrupted due to natural disasters	Income decreases Reduce in profits Discard of assets	Short-term & Medium-term	Develop BCP continuity operations plan
	4	Carbon fee levy	Operational cost increase	Short term& Medium term	Has not yet reached the levy threshold and continues to implement voluntary reduction measures

	<p>(2) Climate opportunities</p> <table border="1"> <thead> <tr> <th data-bbox="1131 292 1211 387">NO</th> <th data-bbox="1211 292 1435 387">Opportunity</th> <th data-bbox="1435 292 1659 387">Potential financial impact</th> <th data-bbox="1659 292 1823 387">Duration of the influence</th> <th data-bbox="1823 292 2031 387">Action adopted</th> </tr> </thead> <tbody> <tr> <td data-bbox="1131 387 1211 584">1</td> <td data-bbox="1211 387 1435 584">Increase green investment</td> <td data-bbox="1435 387 1659 584">Increase investment income</td> <td data-bbox="1659 387 1823 584">Short-term</td> <td data-bbox="1823 387 2031 584">Evaluate to participate in the sustainable development bonds promoted by the TPEX</td> </tr> <tr> <td data-bbox="1131 584 1211 780">2</td> <td data-bbox="1211 584 1435 780">Import digital products and services</td> <td data-bbox="1435 584 1659 780">Increase sales revenue</td> <td data-bbox="1659 584 1823 780">Medium-term & Long-term</td> <td data-bbox="1823 584 2031 780">Develop and promote low-carbon products and services, and assess carbon footprints</td> </tr> <tr> <td data-bbox="1131 780 1211 970">3</td> <td data-bbox="1211 780 1435 970">Choose energy-efficient equipment with high performance</td> <td data-bbox="1435 780 1659 970">Decrease energy costs</td> <td data-bbox="1659 780 1823 970">Medium-term & Long-term</td> <td data-bbox="1823 780 2031 970">Purchase and use of energy-efficient equipment</td> </tr> </tbody> </table>	NO	Opportunity	Potential financial impact	Duration of the influence	Action adopted	1	Increase green investment	Increase investment income	Short-term	Evaluate to participate in the sustainable development bonds promoted by the TPEX	2	Import digital products and services	Increase sales revenue	Medium-term & Long-term	Develop and promote low-carbon products and services, and assess carbon footprints	3	Choose energy-efficient equipment with high performance	Decrease energy costs	Medium-term & Long-term	Purchase and use of energy-efficient equipment
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3	Choose energy-efficient equipment with high performance	Decrease energy costs	Medium-term & Long-term	Purchase and use of energy-efficient equipment																	
<p>3. Describing the financial impact of extreme climate events and transition actions.</p>	<p>In recent years, there has been a marked increase in the frequency of extreme weather events, such as super typhoons, the southward shift of polar vortices, and wildfires triggered by heat waves. In the future, it cannot be ruled out that such events may cause temporary disruptions to the Company's operations or result in a total or partial disruption of the upstream and downstream supply chains, which could in turn have an adverse impact on the Company's financial condition and business operations. In addition, in response to trends toward energy conservation, carbon reduction, and sustainable development, the Company is implementing relevant transformation initiatives. In the process of achieving carbon neutrality,</p>																				

	<p>this will inevitably lead to a certain increase in capital expenditures, which in turn will result in higher operating costs. Rising operating costs may also affect product pricing strategies and put pressure on financial performance. In response, the Company will continue to strengthen communication with customers and other stakeholders and carefully assess the relevant impacts, with the aim of mitigating the impact on overall financial and operational performance.</p>							
4. Describe how climate risk identification, assessment and management processes are integrated into the overall risk management system.	Same as the explanations on No.2.							
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and main financial impacts used should be explained.	The Company does not use scenario analysis to assess resilience to climate change risks.							
6. If there is a transformation plan to manage climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical and transformation risks.	The Company has not yet formulated a transformation plan for climate-related risks but is currently planning one.							
7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	The Company does not use internal carbon pricing as a planning tool.							
8. If climate-related goals are set, the activities covered, the scope of greenhouse gas emissions, the planning schedule, annual achievement progress and other information should be explained; if carbon offsets or renewable energy certificates (RECs) are used to achieve relevant goals, source and quantity of offset carbon reduction credits or quantity of renewable energy certificates (RECs) should be explained.	(1)Climate change							
	<table border="1"> <thead> <tr> <th>2025 promote plans and goals</th> <th>2025 execution status</th> <th>Medium and Long-term goals (Completed for 2031)</th> </tr> </thead> <tbody> <tr> <td> <ul style="list-style-type: none"> ■Comply with Article 8 of the “Energy Management Act”, and meet the requirements of the competent authority, with a power saving rate of more than 1%. ■Training talents in the </td> <td> <ul style="list-style-type: none"> ■Energy saving rate of 1.05%, has met the goal. ■Conduct annual greenhouse gas inventories at the facility ■ ISO 50001 Energy Management Certification is under ongoing assessment </td> <td> <ul style="list-style-type: none"> ■Maintain an electricity saving rate greater than requested by competent authorities. ■Complete the greenhouse gas inventory and verification of subsidiaries in the consolidated statements in accordance with the </td> </tr> </tbody> </table>	2025 promote plans and goals	2025 execution status	Medium and Long-term goals (Completed for 2031)	<ul style="list-style-type: none"> ■Comply with Article 8 of the “Energy Management Act”, and meet the requirements of the competent authority, with a power saving rate of more than 1%. ■Training talents in the 	<ul style="list-style-type: none"> ■Energy saving rate of 1.05%, has met the goal. ■Conduct annual greenhouse gas inventories at the facility ■ ISO 50001 Energy Management Certification is under ongoing assessment 	<ul style="list-style-type: none"> ■Maintain an electricity saving rate greater than requested by competent authorities. ■Complete the greenhouse gas inventory and verification of subsidiaries in the consolidated statements in accordance with the 	
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	<p>headquarter with regards to greenhouse gas inventory.</p> <ul style="list-style-type: none"> ■ Obtain ISO 50001 Energy Management Certification. 		<p>schedule requested by Financial Supervisory Committee.</p> <ul style="list-style-type: none"> ■ Construct ISO50001 energy management system and enhance energy efficiency.
<p>9. Information regarding greenhouse gas inventory and assurance status, and <u>carbon reduction targets, strategies and specific action plans</u> (additional state in a and b).</p>	<p>(2) The company does not use carbon offset or renewable energy certificates (RECs).</p> <p>Please see explanations a and b as below.</p>		

A-1 The Company's GHG inventory and assurance status in the most recent two years.

1. Provide the greenhouse gas emissions (in metric tons of CO₂e), emissions intensity (in metric tons of CO₂e per million yuan), and data coverage for the past two years.
2. Provide a statement regarding the results of the assurance for the two most recent years as of the date of publication of the annual report, including the scope of the assurance, the assurance provider, the assurance standards, and the assurance opinions.

Year	Scope of the Investigation	Scope I (tCO ₂ e)	Scope II (tCO ₂ e)	Total (tCO ₂ e)	Intensity (Note 1)	Assurance Provider	Assurance standards	Assurance opinion/conclusion
2025	Mother company and main members (Note 2)	1,068	10,916	11,984	1.64	The Company's greenhouse gas verification process is currently under discussion and planning.		
2024	Mother company only	263	5,619	5,882	1.01	BellCERT Group	ISO 14064-3:2019	Unmodified Opinion

Note 1: Basis for calculating intensity

Intensity is calculated by dividing the total greenhouse gas emissions (in metric tons of CO₂e) of each evaluated entity by its individual operating revenue (in millions of yuan); the intensity for the "Subtotal of Verified Scope" is calculated by dividing the total emissions by the consolidated net revenue of the entities included in the

verification.

Note 2: Explanation of the Materiality of the Inclusion of Subsidiaries

This year's audit scope covers the parent company and key production sites (subsidiaries: Fortress Industrial Co., Ltd., Techform Industrial Co., Ltd., Sunion Technology Co., Ltd., and Artek Industrial Co., Ltd.; and 2nd tier subsidiary, Rui Sheng Industrial Co., Ltd.).

Given that the Group's 2nd tier subsidiary, Rui Sheng Industrial Co., Ltd., is responsible for the manufacturing and processing of the Group's primary products and constitutes a core source of carbon emissions, the Company, adhering to the principles of transparency and materiality, has included its data in the statistics, despite its status as a subsidiary of Artek Industrial Co., Ltd., to assist investors in assessing the energy efficiency and carbon reduction potential of key production processes.

The Company is currently prioritizing the improvement of data quality for Scopes 1 and 2, and has incorporated the emissions statistics of its core processing subsidiaries.

Regarding Scope 3 (value chain emissions), the Company has conducted a preliminary identification based on the materiality principle and will gradually establish a supply chain carbon inventory mechanism starting in 2026 to align with future disclosure trends under International Financial Reporting Standards (IFRS S2).

A-2 GHG reduction goal, strategy and specific action plan

Describe the greenhouse gas reduction's base year and the statistics, reduction targets, strategies, specific action plans and achievement of reduction targets.

The Company has designated the scope of the 2025 inventory as the baseline year for its current greenhouse gas reduction management. The primary focus of our reduction efforts is on improving the data quality for Scope 1 and Scope 2 emissions, strengthening energy management, and gradually expanding the inventory scope to include subsidiaries in the consolidated financial statements. In 2025, the parent company achieved an electricity savings rate of 1.05%, meeting the annual management target.

List	Base year for emissions reductions and the related data	Reduction Goal	Strategy	Specific action plan	Status of the Reduction Goal
Explanation	<ul style="list-style-type: none"> ■ Use the scope of the 2025 audit as the base year for current reduction management. ■ Scope of the investigation: Mother company and key members. ■ Scope 1:1,068 tCO₂e; Scope 2:10,916 tCO₂e; Total: 11,984 tCO₂e; Intensity:1.64. ■ Investigation method: self-investigation. 	<ul style="list-style-type: none"> ■ Continuously promoting greenhouse gas management and energy efficiency improvements. ■ Energy-saving performance continues to exceed regulatory requirements. ■ Gradually complete the review and investigation of subsidiaries included in the consolidated financial statements. 	<ul style="list-style-type: none"> ■ Improve the data quality of Scope 1 and 2. ■ Strengthen energy management mechanism. ■ Gradually expand the scope of the Group's investigations. ■ Prioritize the management of key production sites and major emission sources. 	<ul style="list-style-type: none"> ■ Continue to promote energy-saving measures. ■ Conduct annual greenhouse gas inventory investigation at the facility. ■ Training for seed investigators. ■ Assessment and implementation of ISO 50001. ■ A Scope 3 inventory investigation mechanism will be gradually established starting in 2026. 	<ul style="list-style-type: none"> ■ The parent company's electricity savings rate in 2025 was 1.05%. ■ Annual management targets have been met. ■ Investigation scope expands from mother company only to mother company and key members. ■ Emissions data for core processing sites has been included.

Note:

- ⑩ Scope of investigation in 2024: Mother company only.
- ⑩ Scope 1: 263 tCO₂e; Scope 2: 5,619 tCO₂e; Total: 5,882 tCO₂e; Intensity: 1.01.
- ⑩ Investigation manner: self-investigation.
- ⑩ Because the boundaries differ between year 2024 and 2025, data comparisons should be interpreted with caution.
- ⑩ We included mother company, Fortress Industrial, Techform industrial, Sunion Technology, Arctek Industrial, and Rui Sheng in 2025.
- ⑩ Rui Sheng is a key manufacturing facility and a major source of emissions; therefore, it has been included in the disclosure.

7. The implementation of ethical operation and the divergence and cause of divergence between real practices and the regulated Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.

List of <u>Assessments</u>	<u>Implementation Status</u>			Divergence from the regulated Best Practices and Reasons of the Divergence
	<u>Yes</u>	<u>No</u>	<u>Summary & Explanation</u>	
<p>1. Ethical Management Policy Establishment and Plan</p> <p>(1) Whether the company establishes Board approved ethical management policies and explicitly states, in the Company’s Articles of Incorporation and other external correspondences, the Company’s policy and method toward ethical management, as well as the promise made by the Board of Directors and the Company’s management to carry out such ethical management policies actively and honestly?</p> <p>(2) Whether the Company establishes risk assessment mechanism for unethical behaviors to regularly analyze and assess higher unethical behavior related operation activities within the Company’s business scope and set up prevention manners to prevent unethical behaviors that at least includes all the behaviors mentioned in Article 7-2 of the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies”?</p>	<p>✓</p> <p>✓</p>		<p>(1) The company has its own “Ethical Management Principles”. A legal unit is empowered to handle the work procedures and the amendment, execution, explanation, consulting, recording & filing, and execution under supervision of such behavior guidance. If it is notified of dishonest behavior, such will be reported to the board of directors as a special project with regard to the handling method and follow-up review and improvement measures.</p> <p>(2) The Company has established “Guidance for Ethical Operation Procedures and Behaviors” and “Internal Whistle Blower Guidelines” in the light of 7 behaviors mentioned in Article 7-2 of the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies”. The guidance and guidelines were separated upon its functions by the legal department to internal audit, intelligent right, marketing, and other related departments to carry out internal audit and</p>	<p>No significant divergence</p>

List of Assessments	Implementation Status			Divergence from the regulated Best Practices and Reasons of the Divergence
	Yes	No	Summary & Explanation	
(3) Whether the Company prescribes prevention programs to guard against unethical conducts and clearly stipulates work procedures, behavioral guidance, punishment at violation, and complaint system in each program and truly executes the stipulation, and whether the Company regularly examines and modify the aforementioned stipulations?	✓		<p>make ethical behavior agreements. It is hoped such control manners are able to prevent the occurrence of such unethical behaviors and lower the risk brought by ethical behaviors.</p> <p>(3) The Company has established “Guidance for Ethical Operation Procedures and Behaviors” and “Internal Whistle Blower Guidelines” to ensure the implementation of ethical operations. The Company establishes effective accounting system and internal audit systems, and the internal audit personnel regularly reviews and examines the compliance of the aforementioned systems .</p>	
<p>2. Ethical Operation Implementation</p> <p>A. Whether the company assesses corresponding parties’ past credit histories and explicitly sets up ethical behavior clause in any of the contracts signed with the corresponding parties?</p> <p>B. Whether the Company establishes a unit that is exclusively responsible for promoting corporate ethical operation and reporting its ethical operation policies, manners used to prevent unethical conducts and the inspection on the execution status to Board of Directors regularly (at least once a year)?</p>	<p>✓</p> <p>✓</p>		<p>A. The company has continually set up ethical behavior clauses in business contracts with corresponding parties.</p> <p>B. Article 5 of the “Guidance for Ethical Operation Procedures and Behaviors” sets up the standard for the dedicated unit: The Company shall appoint its legal unit to handle the related works and supervision of the execution in relation to this Guidance.</p> <p>The dedicated unit shall report regularly to the Board of Directors in</p>	No significant divergence

List of Assessments	Implementation Status			Divergence from the regulated Best Practices and Reasons of the Divergence
	Yes	No	Summary & Explanation	
C. Whether the company establishes conflicts of interest prevention policy, provides proper declaration channels, and truly carries out the policy?	✓		relation to its ethical operation policies and manners used to prevent unethical conducts, as well as the supervision of the monitoring status. C. The company has “Work Rules” that clearly states that Fu Hsing employees cannot use their authority of office to gain benefits for themselves or for others and Fu Hsing employees cannot accept gifts and services, collect rebates or have other illegitimate benefits due to official conducts or infringed official conducts. Meanwhile, the Company also states the whistle blower communication channels in Clause 4 of the “Internal Whistle Blower Guidelines”.	
D. Whether the Company has already established effective accounting system and internal control system to implement ethical operations, and empowers internal audit unit to establish according audit plans based on the assessment results in relation to the risks of unethical conducts, and to verify the compliance status of the plans to prevent unethical conducts according to the audit plans or entrust accountants to execute such verification?	✓		D. The company has established effective accounting system and internal control system to ensure the implementation of ethical operations. The internal audit unit also periodically verifies the compliance state to follow the aforementioned systems and report in writing regularly to the Board of Directors. In addition, all the departments every year are requested to self-inspect their own internal control systems to ensure the effectiveness of such system’s design and execution.	
E. Whether the company regularly holds internal or external education training in the light of ethical operations?	✓		E. The Company handles the promotion and training in relation to ethical operation related issues as regulated principles to strengthen the concepts of honesty operation and morality. While was involving in any business activities, the Company explains the Company’s polices and	

List of Assessments	Implementation Status			Divergence from the regulated Best Practices and Reasons of the Divergence
	Yes	No	Summary & Explanation	
			<p>rules in relation to ethical operation. While was signing contract with others, the Company also brought into the concept of ethical operations into contract terms.</p> <p>Internal training</p> <p>(1) The “SER Annual Re-training Session” / Date of training: 11/19/2025~11/21/2025. Number of employees received training: 1,083 persons. Training hour: 1 hour.</p> <p>(2) “Superintendents’ SER annual retraining session” / Date of Training: 12/24/2025. Total number of superintendents received training: 72 persons. Training hour: 1.5 hours.</p> <p>(3) “Authorized Economic Operator’s (AEO)Supply Chain Safety Annual Re-Training Session” / Date of training: 11/19/2025-11/21/2025. Number of employees received training: 1,083 persons. Training hour: 1 hour.</p> <p>(4) “AEO Supply Chain Training (includes suspicious mails and packages, cargo safety, cargo safety and information security)” / Date of Training: 5/14/2025. Number of persons received training: 16 persons. Training hour: 1 hour.</p> <p>External training:</p> <p>(1) Corporate Governance and Ethical Leadership</p>	

List of Assessments	Implementation Status			Divergence from the regulated Best Practices and Reasons of the Divergence
	Yes	No	Summary & Explanation	
			<p>a. “2025 Corporate Governance Practice” / Date of Training: 6/23/2025. Number of persons received training: 1 person. Training hour: 6 hours.</p> <p>b. “2025 Law Compliance Briefing on Insider Stock Trade Transactions” / Date of Training: 8/15/2025. Number of persons received training: 1 person. Training hour: 3.5 hours.</p> <p>c. “Promoting Audit Ethics in the Age of AI” / Date of Training: 10/30/2025. Number of persons received training: 6 hours. Total training hours: 6 hours.</p> <p>(2) Financial Transparency and Regulatory Compliance</p> <p>a. “Continuing Education Course for Accounting Managers at Issuers, Securities Firms, and Stock Exchanges” / Date of Training: 7/24/2025~7/25/2025. Number of persons received training: 1. Total training hours: 12 hours.</p> <p>b. “Key Considerations and Implications of IFRS S1/S2 for Internal Control and Internal Audit” / . Date of Training: 7/11/2025. Number of persons received training: 1 person. Total training hour: 6 hours.</p> <p>c. “Analysis of Legal Liability in Greenwashing and Misleading Sustainability Report” / Date of Training: 3/18/2025. Number of persons received training: 1 person. Total training hours: 6 hours.</p>	

List of Assessments	Implementation Status			Divergence from the regulated Best Practices and Reasons of the Divergence
	Yes	No	Summary & Explanation	
			<p>(3) Environmental and Social Responsibility</p> <p>a. “Workshop on the Preparation and Reporting of Sustainability Information” / Date of Training: 9/24/2025. Number of persons received training: 1 person. Total training hour: 6 hours.</p> <p>b. “Responsible Supply Chain: Global Best Practices and Strategies for Labor Rights and Due Diligence” / Date of Training: 9/12/2025. Number of person received training: 1 person. Total training hour: 6 hours.</p> <p>c. “The Hidden Challenges of DEI: Overcoming Unconscious Bias to Enhance Fairness and Efficiency in Talent Decisions” / Date of Training: 11/27/2025. Number of persons received training: 1 person. Total training hour: 6 hours.</p> <p>(4) Operational Risks and Law Compliance</p> <p>a. “Analysis of the Latest Amendments to the Labor Standards Act and Key Practical Considerations” / Date of Training: 8/17/2025. Number of person received training: 1 person. Total training hour: 6 hours.</p> <p>b. “2025 AEO Training for Supply Chain Professionals at High-Quality Enterprises” / Date of Training: 9/6/2025. Number of persons received training: 1 person. Total training hour: 8 hours.</p>	

List of Assessments	Implementation Status			Divergence from the regulated Best Practices and Reasons of the Divergence
	Yes	No	Summary & Explanation	
<p>3. The Operation of Accusation (Whistle-Blowing) System</p> <p>A. Whether the Company establishes specific accusation and awarding system and creates convenient accusation channels, and whether proper personnel are appointed to investigate the being reported person and handle the case?</p> <p>B. Whether the Company sets up standardized investigation work procedures after accepting claims, regulates actions to take after the investigation and establishes related security system while handing the accusation cases?</p> <p>C. Whether the company adopts some protection mechanism to protect reporter from encountering improper punishment?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>A. The already made “Social and Environment Responsibility Statement” and “Internal Whistle Blower Guidelines” are explicitly expressed specific the company’s whistle blowing system. The President Office is assigned to be the accusation receiving unit.</p> <p>B. The company has set up “Social and Environment Responsibility Statement” and “Internal Whistle Blower Guidelines”. Complaints made by the company’s employees should be directly sent to the President Office. Superintendent of the accepting unit may convene “Complaints Review Committee” depends on the complaint contents to discuss and make further process on the complaint cases. However, the superintendent of the complainant should not be included as one of the Complaint Review Committee members.</p> <p>C. The company has set up “Social and Environment Statement” and “Internal Whistle Blower Guidelines” to serve as a guideline to process all the complaint cases. In order to protect complainant’s personal information, all the process and handled in anonymous manner during the process. All the progress and results are secretly protected to prevent the complainant from differential treatments.</p>	No significant divergence
4. Information Disclosure Enhancement				No significant divergence

List of Assessments	Implementation Status			Divergence from the regulated Best Practices and Reasons of the Divergence
	Yes	No	Summary & Explanation	
Whether the company discloses the contents of ethical operation criteria and the implementation efficacy on the company's website and on the Market Observation Post System?	✓		The Company has established "Guidance for Ethical Operation Procedures and Behaviors" and disclosed the related information on the company's website and on the M.O.P.S. Meanwhile, following other related laws and regulations, the company also uses the guidance as a basis of the Company's ethical operation and management.	
5. If the Company follows "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" to establish the company's ethical management rules, then the company should also state the implementation status and the divergence between the real practices and the rules: None.				
6. Other important information that might help to understand the operation of ethical management practices:				
A. The company follows the regulations and rules stated in the Company Act, Securities and Exchange Act, Business Entity Accounting Act, related chapters for TWSE/TPEX listed companies and regulations relating to other commercial behaviors and takes such rules and regulations as basis to carry out ethical management practices.				
B. The company has established Board of Director's conflict of interest system in its "Rules of Procedures for Board of Director's Meeting". During the Board of Director's Meetings, if any director or director's represented corporation has conflict of interest on motions submitted on the meeting and such conflict of interests matter may bring risks to harm the company's benefit, then the director must state his comment on the motions and answer all related question. Besides, the director should not enter in to the motion's discussion or voting and should avoid his presence while the motion is brought up for discussion and voting. He cannot execute any voting right on the motion even if acting for directors.				
C. The company has established "Management Procedures to Prevent Insider Trading". The company carries out education training and guidance on the company's directors, managers, employees, important information related units, and objects of the important information, and signs confidentiality agreement with them. Besides, the company also irregularly checks on insider's security trading information to see if there is any extraordinary trading circumstances and pays special attention on the management and storing of document, files, and e-records relating to the company's important information.				

8. Other significant information that will provide a better understanding of the state of the company's implementation of corporate governance may also be disclosed: No.
9. Corporate governance related continuing education listed below were courses taken by managers:
“Applications of AI and ChatGPT, and Trends in Digital Technology and AI: Risks and Opportunities for Business Operations” held by Taiwan Project Management Association; “From the perspective of shareholder activism, this paper analyzes practical cases of voting behavior by foreign institutional investors to implement an international approach to the responsibilities of directors and supervisors” held by Taiwan Corporate Governance Association; “Key Considerations and Implications of IFRS S1/S2 for Internal Control and Internal Audit” and also the Kaohsiung regular meetings in March and in May held by Taiwan Institute of Internal Auditors; “Continuing Education Course for Accounting Managers at Issuers, Securities Firms, and Stock Exchanges” held by Accounting Research and Development Foundation.

10. The implementation of internal control system

- (i) Statement of internal control system
Please refer to TWSE Market Observation Post System: Home > Company > Corporate Governance > Articles of Incorporation > Internal Control > Disclosure of Internal Control Statement
(Website: <https://mops.twse.com.tw/mops/#/web/e06sg20>)
- (ii) If the company is requested by the Securities and Futures Bureau to entrust accountants to audit its internal control system, the company should also disclose the accountant's audit report: Not applicable

11. Important resolutions made in the Shareholders Meeting and Board of Director's Meeting in the most recent fiscal year and up until the printing date of this annual report

- (1) General Shareholders' Meeting

Date	Important Resolutions	Execution Status
May 23, 2025	Adoption of the 2024 financial statements and proposal of earnings distribution.	On May 23, 2025, the Chairman resolved to set the schedule as below : 1. Date of ex-dividend : June 17, 2025 2. Date of cash dividend distribution : July 3 , 2025.
	Approval of the Company's cash capital reduction proposal and the return of cash to shareholders	On August 7, 2025, the Board of Directors has resolved to set the capital reduction schedule as below: 1. Record date for the re-issuance of new shares: October 3, 2025. 2. Date of re-issuance of new shares and the listing: October 7, 2025. 3. Date of refund of share capital: October 14, 2025.
	Approval of the amendments of the Company's "Articles of Incorporation"	Public notice is made on the Company's website on May 23, 2025, and the procedures are handled in accordance with the revised procedures.

(2) Board of Director's Meeting

Date of the Meeting (mm/dd/yyyy)	Important Resolution
1 st Meeting in 2025 on 01/20/2025	To review 2025 operational plans and goals
	Proposal regarding the ratification of derivative transactions
	To review "Total Remuneration Paid to Employees and to Directors in 2024"
	To review "2024 Remuneration Paid to Managers and Employees"
2 nd Meeting in 2025 on 03/05/2025	To adopt the 2024 business report and financial statements
	To resolve on the 2024 earnings distribution
	To discuss on the appointment of certified public accountants
	To discuss the proposal to implement capital reduction to return cash to shareholders
	To discuss the proposal for defining the scope of the Company's entry-level employees
3 rd Meeting in 2025 on 05/09/2025	To discuss on 2025 budget
	To discuss to recognize the 2025 Q1 Consolidated Financial Report
4 th Meeting in 2025 on 08/07/2025	To discuss to recognize the 2025 Q2 Consolidated Financial Report
	To discuss on "The Compilation of 2024 Sustainability Report"
5 th Meeting in 2025 on 11/07/2025	To discuss to recognize the 2025 Q3 Consolidated Financial Report
	To discuss the 2026 Audit Plan
1 st Meeting in 2026 on 01/30/2026	To discuss the proposal to dispose factory buildings in the Pingtung Science Park
	To review 2026 operational plans and goals
	To discuss to amend the Company's "Articles of Incorporation"
	To review "Total Remuneration Paid to Employees and to Directors in 2025"
	To review "2025 Remuneration Paid to Managers and Employees"

12. Whether any director has different opinions on the approved important resolutions during the Board of Directors' Meetings in the most recent fiscal year and up until the date of printing of this annual report and such different opinions were recorded or taken down as written statement: None

(4) Information on the fees paid to certifying accountants

Audit fees and non-audit fees paid to certified accountants, their affiliated firms and related companies is as follows:

NT\$1,000

Name of Accounting Firm	Name of Accountant	Review Period	Audit Fee	Non-Audit fee	Total	Remark
PwC Taiwan	Wang, Chun-Kai	2025	2,990	1,280	4,270	Non-Audit fee is paid for tax compliance audit and the service of transfer pricing
	Wu, Chien-Chih					
PwC Taiwan	Wang, Chun-Kai	2024	2,990	1,250	4,240	Non-Audit fee is paid for consulting services on capital reduction of subsidiary, tax compliance audit and the service of transfer pricing
	Wu, Chieh-Chih					

- a. If the accounting firm is changed and the audit fees paid in the year of change are less than the audit fees in the year before the change: None.
- b. Audit expenses decreased by more than 10% compared with the previous year: None.

(5) Information on the Replacement of Accountants

Information on the replacement of certifying accountants in the most two recent fiscal years is as follows: there was no change of accountants during the last two years and subsequent periods.

- (6) Whether the company's chairperson, general manager, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm: No

(7) Information on changes in shareholdings of directors, managers and substantial shareholders.

Please refer to TWSE Market Observation Post System: Home > Company > Changes in Shareholding/Securities Issuance > Shareholding of Directors, Supervisors, and Major Shareholders/Pledge/Transfer > Status of Shareholding by Directors and Supervisors > Balance of Shareholding by Directors and Supervisors
(Website: <https://mops.twse.com.tw/mops/#/web/stapap1>)

(8) Information on the top ten shareholders and their interrelationships

Name	Shares held in person		Shares held by spouse and minor children		Shares held under others name		Relationship among top 10 shareholders including spouse and within 2 nd degree relative as stated in No.6 of the Accounting Standard		Remark
	Shares	%	Shares	%	Shares	%	Title / Name	Relationship	
Person in Charge									-
Fu Zhi Investment Development Co., Ltd.	8,073,045	5.35%	-	-	-	-	Hong Cheng Investment Co., Ltd.	Both companies' Chairman is Lin, Chao-Hung.	-
							Fu Ding Investment Enterprise, Co., Ltd.	A 2 nd degree relative with the company's Chairman	-
							Lian Guang Investment Co., Ltd.	A 2 nd degree relative with the company's Chairman	-
Rong Yuan Investment Co., Ltd.	7,777,600	5.16%	-	-	-	-	-	-	-
Fu Ding Investment Enterprise, Co., Ltd.	7,446,603	4.94%	-	-	-	-	Lian Guang Investment Co., Ltd.	Both companies' Chairman is Lin, Wen-Hsing	-
							Fu Zhi Investment Development Co., Ltd.	A 2 nd degree relative with the company's Chairman	-
							Hong Cheng Investment Co., Ltd.	A 2 nd degree relative with the company's Chairman	-
HSBC Bank (Taiwan) Ltd. entrusted by investment account in BNP Paribas Singapore	6,488,000	4.3%	-	-	-	-	-	-	-
Fu Sheng International Investment Co., Ltd.	6,099,200	4.05%	-	-	-	-	Fu Xun Investment Co., Ltd.	A 2 nd degree relative with the company's Chairman	-
Lin, Tzu-Hsuan									
Hong Cheng Investment Co., Ltd.	4,577,160	3.04%	-	-	-	-	Fu Zhi Investment Development Co., Ltd.	Both companies' Chairman is Lin, Chao-Hung	-
							Fu Ding Investment Enterprise, Co., Ltd.	A 2 nd degree relative with the company's Chairman	-
							Lian Guang Investment Co., Ltd.	A 2 nd degree relative with the company's Chairman	-
CTBC Bank – Lin Jui-Chang trusted account	4,000,000	2.65%	-	-	-	-	-	-	-
Fu Xun Investment Co., Ltd.	3,757,840	2.49%	-	-	-	-	Fu Sheng International Investment Co., Ltd.	A 2 nd degree relative with the company's Chairman	-
Lin, Tzu-Yang									
Lian Guang Investment Co., Ltd.	3,368,333	2.23%	-	-	-	-	Fu Ding Investment Enterprise, Co., Ltd.	Both Company's chairman is Lin, Wen-Hsing	-
							Fu Zhi Investment Development Co., Ltd.	A 2 nd degree relative with the company's Chairman	-
							Hong Cheng Investment Co., Ltd.	A 2 nd degree relative with the company's Chairman	-
Deutsche Bank AG, Taipei Branch, acts as custodian for the SPDR® Index Shares Fund's dedicated investment account for the SPDR® Emerging Markets ETF portfolio	2,620,200	1.74%	-	-	-	-	-	-	-

(9) Composite shareholding

Unit: Share; %

Invested Enterprise (Re-investments)	Taiwan u Hsing's stake		Stake of Fu Hsing's directors, supervisors, managers and enterprise that Fu Hsing directly or indirectly has controlling power over		Composite holding	
	Shares	%	Shares	%	Shares	%
FORMFLEX ENTERPRISE CO., LTD.	23,500,000	100%	-	-	23,500,000	100%
MASTER UNITED INVESTMENT GROUP LTD.	930,000	100%	-	-	930,000	100%
Fortress Industrial Co., Ltd.	39,930,000	100%	-	-	39,930,000	100%
Techform Industrial Co., Ltd.	80,000,000	100%	-	-	80,000,000	100%
FU HSING AMERICAS INC.	300,000	100%	-	-	300,000	100%
ARCTEK Industrial Co., Ltd.	5,838	70%	-	-	5,838	70%
Sunion Technology Co., Ltd.	5,500,000	100%	-	-	5,500,000	100%
FU SING INDUSTRIAL (THAILAND) CO., LTD.	74,999,999	100%	-	-	74,999,999	100%

III.Capital Raising Activities

(1) Source of capital stock

Time	Issuance Price	Authorized Capital Stock		Paid-In Capital		Remarks		
		Number of shares	Amount	Number of shares	Amount	Source of capital stock	Non-cash stock subscription	Others
March 2004	10	242,400,000	2,424,000,000	177,257,541	1,772,575,410	Common stocks converted from convertible bonds \$70,893,250	—	—
April 2004	10	242,400,000	2,424,000,000	166,643,832	1,666,438,320	Capital reduction of \$106,137,090 when merged a subsidiary	—	—
July 2004	10	242,400,000	2,424,000,000	187,375,650	1,873,756,500	Common stocks converted from convertible bonds \$20,731,818	—	—
October 2004	10	242,400,000	2,424,000,000	187,443,733	1,874,437,330	Common stocks converted from convertible bonds \$680,830	—	—
August 2005	10	242,400,000	2,424,000,000	191,991,170	1,919,911,700	Capital increased deriving from stock dividends and employee's stock bonus \$45,474,370	—	Approved by Correspondence Jin-Shou-Shang-Zi No.09401165300 on Aug. 29, 2005
April 2009	10	242,400,000	2,424,000,000	188,452,170	1,884,521,700	Capital reduction of \$35,390,000 by treasury stock retirement	—	Approved by Correspondence Jin-Shou-Shang-Zi No.09801062510 on Apr. 1, 2009
August 2025	10	242,400,000	2,424,000,000	150,761,736	1,507,617,360	Cash capital reduction and return cash of \$376,904,340 to shareholders		Approved by Correspondence Jin-Shou-Shang-Zi: No.11430134430 on Aug. 27, 2025

Type of Shares	Authorized Capital Stock			Remarks
	Outstanding shares	Un-Issued shares	Total	
Common Stock	150,761,736	91,638,264	242,400,000	-

(2) Name list of major shareholders

Name of Major Shareholder	Shareholding	Shares Held	Shareholding(%)
Fu Zhi Investment Development Co., Ltd.		8,073,045	5.35
Rong Yuan Investment Co., Ltd.		7,777,600	5.16
Fu Ding Investment Enterprise, Co., Ltd.		7,446,603	4.94
HSBC Bank (Taiwan) Ltd. entrusted by investment account in BNP Paribas Singapore		6,488,000	4.30
Fu Sheng Investment Co., Ltd.		6,099,200	4.05
Hong Cheng Investment Co., Ltd.		4,577,160	3.04
CTBC Bank - Lin Jui-Chang trusted account		4,000,000	2.65
Fu Xun Investment Co., Ltd.		3,757,840	2.49
Lian Guang Investment Co. Ltd.		3,368,333	2.23
Deutsche Bank AG, Taipei Branch, acts as custodian for the SPDR® Index Shares Fund's dedicated investment account for the SPDR® Emerging Markets ETF portfolio		2,620,200	1.74

(3) Dividend policy and the implementation

(1) Dividend policy

According to the amended Corporate Act on May 20th, 2015, a proposal was brought up to resolve the amendment of the Company's Articles of Incorporation on November 9, 2015. According to the amended Articles of Incorporation, the Company shall distribute no less than five percent of the current fiscal year's profit to its employees as employee remunerations and shall distribute no more than five percent of the current fiscal year's profit to its directors and supervisors as remunerations. Nevertheless, the company shall make up the accumulated loss, if any, first before such remuneration distribution. No less than 50 percent of the afore-mentioned employee compensation shall be allocated to entry-level employees.

The Company's bonus for employees may be distributed in cash or with stocks, and the distribution objects may include employees of the company's affiliated companies; in this case, the Chairman has the right to define the distribution conditions.

Each year, if there is surplus after closing, the Company shall, after paying income tax and covering all losses till then, set aside 10 percent of the surplus profits as legal reserve, except when such legal reserve amounts to the total capital. When deems necessary, a special reserve may be allocated or reversed in accordance with laws and regulations.

When the Company sets aside the special reserve in accordance with the law, for the shortfall of the "accumulated deductions to other equities - net amount", before distributing earnings, the Company should first set aside the same amount of special reserve from the undistributed earnings from previous periods. If there is still insufficient, the Company shall then make a provision from the undistributed earnings of the current period after adding the net profit after tax of the current period and other items other than the net profit after tax of the current period.

After a special reserve is set aside or reversed in accordance with the laws and regulations, the undistributed surplus at the beginning of the same period is added as the accumulated distributable earnings for shareholders. The board of directors shall prepare a distribution proposal and submit to the shareholders' meeting for resolution before distribution.

To meet regulations stipulated in the amended Company Act, a proposal to amend the Company's Articles of Incorporation was submitted and approved in the board meeting on March 9, 2022. As stipulated in the amended Articles of Incorporation, when distributing dividends and bonus, the Company may distribute an amount equal to or partial of the legal reserve and capital reserve. In the case of issuing new shares, the board of directors shall prepare a profit distribution proposal and submit to the shareholders' meeting for resolution before distribution; in the case of cash distribution, the board of directors is authorized to implement upon the approval of a majority of the directors present at a directors meeting attended by two-thirds or more of directors, and report to the shareholders meeting.

The Company adopts the policy of surplus dividends in consideration of funding needs in future and overall investment situation, long-term financial planning, domestic and global competition situation, and as well as shareholders' needs for cash inflow. Each year, the company shall appropriate no less than thirty percent of earning surplus for shareholders as dividends, which may be distributed in case or with stock, only that the cash dividend should not be less than fifty percent of the total payout.

2. Earnings distribution proposal in the current Board of Director's Meeting:

Shareholder's cash dividend: NT\$2.5 per share (for a total of \$376,904,340).

(4) Effects of proposed stock dividend distribution to the company's operation performance and earnings per share: None

(5) Employee's bonuses and remunerations paid to directors and supervisors

1. The percentages or ranges with respect to employee bonuses and director/supervisor compensation, as set forth in the Article 26-1 of the company's Articles of Incorporation: The detailed information can be looked up in the Handbook distributed in the Shareholders' Meeting of the year.

2. The basis for estimating the amount of employee bonuses and director/supervisor compensation, for calculating the number of shares to be distributed as stock bonuses, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period: The amount of discrepancy shall be handled in accordance with the following principles:

A. According to the Company's Articles of Incorporation, the Company shall distribute not lower than five percent of current year's profit to its employees as employee remunerations and to distribute not more than five percent of current year's profit to its directors as remunerations. No less than 50 percent of the afore-mentioned employee compensation shall be allocated to entry-level employees

In the year of 2025, the estimation basis was established by the board of directors based on the Company's Articles of Incorporation and operational performances.

B. No applicable, because this year the Company does not propose to distribute stock bonus to its employees.

3. Information on any employee bonus distribution proposal approved by the board of directors:

A. Distribution of cash bonuses or stock bonuses to employees, and compensation for directors and supervisors. If there is any discrepancy between such an amount and the estimated figure for the fiscal year these expenses are recognized, the discrepancy, its cause, and the status of treatment shall be disclosed.

i. The Board of Directors' Meeting on Jan. 30th, 2026 resolved a total amount of NT\$126,649 thousand as remuneration paid to employees and a total amount of NT\$15,000 thousand as remuneration paid to directors.

ii. In 2025, it was estimated to paid NT\$126,649 thousand to employees as remuneration and NT\$15,000 thousand to directors as remunerations.

- iii. There was no discrepancy.
- B. The amount of proposed distribution of employee stock bonuses, and the size of such an amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total employee bonuses: Not applicable, because the Company does not distribute any stock bonus to employees this year.
- 4. The actual distribution of employee bonuses and director/supervisor compensation for the previous fiscal year (with an indication of the number of the shares distributed, dollar amount, and stock price), and, if there is any discrepancy between the actual distribution and the recognized employee bonuses and director/supervisor compensation, additionally the discrepancy, cause, and how it is treated.
 - A. The distributed amount in 2025: NT\$179,099 thousand dollars to employees as remuneration and NT\$20,000 thousand dollars to directors as remuneration.
 - B. The estimated amount to distribute in 2024: NT\$179,099 thousand dollars to employees as remuneration and NT\$20,000 thousand dollars to directors as remuneration.
 - C. There was no significant discrepancy.
- (6) Share buyback situation: None.
- (7) Issuance of corporate bond: None.
- (8) Issuance of preferred stock: None.
- (9) Issuance of global depository receipt: None.
- (10) Employee stock option: None.
- (11) Mergers or acquisitions, and issuance of new shares due to acquisition of shares of other companies: None.
- (12) The implementation of capital allocation plan:

For the period as of the quarter preceding the date of printing of the annual report, with respect to each uncompleted public issue or private placement of securities, and to such issues and placements that were completed in the most recent 3 years but have not yet fully yielded the planned benefits, the annual report shall provide a detailed description of the plan for each such public issue and private placement: None.

IV.The Operations

(1) Operation content

i. Scope of Business

1. Main contents of the business

A. CA04010 Metal Surface Treating

B. CA02070 Lock Manufacturing

C. CA02990 Other Fabricated Metal Products Manufacturing Not Elsewhere Classified

D. CD01030 Automobiles and Parts Manufacturing

E. CD01040 Motor Vehicles and Parts Manufacturing

F. F214030 Retail Sale of Motor Vehicle Parts and Supplies

G. CQ01010 Die Manufacturing

H. F206030 Retail Sale of Die

I. CC01100 Controlled Telecommunications Radio Frequency Devices and Materials Manufacturing

J. CA02080 Metal Forging Industry

K. CA01090 Aluminum Casting Manufacturing

L. CA01990 Other Non-Ferrous Metal Basics Industries

M. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

2. Analysis of operation revenues

Item	% of Total Revenue
Door related parts	100%

3. Current Products and Services

Name of Products	Services
High-end door locks	For traditional/electronic door lock products, on the premise of ensuring safety, to add product functions and design, in line with the trend, more appearances and color, so as to provide users with more options
All kinds of door closer and hinges	To provide door control related hardware products that are safe and able to meet the needs in fire-proof environment
Panic exit device	To provide customers with complete solutions in relation to fire exit door lock to reduce damages during fire disasters

4. Planned new products and services

- a) In the business of door lock and panic exit devices
 - a. Door lock product series in line with today's home style
 - b. Cloud IoT platform and home automation series products
 - c. Residential complex's cloud access control system
 - d. Biometrics and smart locks with wifi communications that can be controlled through mobile facilities
 - e. Touch screen lock, push bottom lock, and membrane key electronic lock.
 - f. Provide more selections with diversified lock appearances and new colors for US standard home lock products
 - g. Introduce in new materials and new manufacturing procedures for Us standard home lock products
 - h. US ANSI Grade 1 high-end fire-proof lock series and the related electronic accessories
 - i. US ANSI Grade A series products
 - j. Recyclable green packaging
- b) In the business of door closer
 - a. Highly efficient door closer and the accessories that meet EU's CE standard
 - b. US ANSI Grade 1 certified heavy duty door closer
 - c. EU CE certified electronic stop device that can be applied with single-leaf door closer and double-leaf door's selector
 - d. EU CE standard heavy duty door/floor hinge related products
 - e. Hydraulic glass door lock for quick installation on glass doors and is in common use in both EU and US markets
 - f. CE certification (EU standard) applied free-swing door closers used in senior care facilities in an aging society, balancing convenience for elderly care with fire safety.

ii. The industry

I. Current status and development of the industry

(A) Construction market: In 2025, the U.S. housing market continued being affected by high interest rates and affordability issues, with overall transaction volumes remained at low levels. According to statistics from the National Association of Realtors (NAR), sales of existing homes have yet to show a significant rebound in recent years. Compounded by tariff policies and fluctuations in raw material costs, construction material prices have remained high, squeezing builders' profit margins and making them more sensitive to product pricing and supply stability. This has prompted the market to continue seeking solutions that balance quality with cost competitiveness.

(B) Smart Homes: As smart home applications continue to evolve, features such as remote access, voice control, and biometric authentication are becoming increasingly widespread, driving up the penetration rate of smart locks. The Matter protocol, spearheaded by the Connectivity Standards Alliance, continues to expand its scope of application, enhancing product compatibility and cybersecurity through standardization and end-to-end encryption. Overall, the smart home industry is moving toward greater integration, standardization, and enhanced security.

(C) Residential housing's development trend: In response to urbanization and changing lifestyles, demand for apartment complexes and multi-unit housing has been growing steadily. As the demand for access control integration and remote access management grows in the community management and rental markets, door lock products are gradually integrating with cloud platforms and access control systems to provide real-time monitoring and traceable management capabilities. Integrated electronic access control solutions will continue to be a key focus of development.

(D) Restructuring of Industrial supply chain: Global supply chains continue to evolve toward “regionalization” and “risk mitigation,” with customers placing greater emphasis on supply chain resilience, delivery reliability, and localized service capabilities. Leveraging its mature metalworking and electronic R&D capabilities, Taiwan’s lock industry has adopted a “Taiwan R&D and design + regional manufacturing footprint” model. Combined with the integration of upstream and downstream supply chains and long-term partnerships with brand clients, this approach helps enhance added value and market competitiveness.

II. The relationship between the upstream, mid-stream and downstream of the industry

Upstream Industry
Basic metal industry
Midstream Industry
Mold design and manufacturing industry
Metal product manufacturing industry
Downstream Industry
Retail market
OEM factories
Construction related industries

III. Product development trend and market competitions

A. High-end door lock and panic exit device business

a. Product development trend

As digital channels mature and information becomes more transparent, consumers are making more rational decisions when comparing prices and making purchases, brand loyalty continues to decline, and product differentiation has become critical. Consumer expectations for door locks have evolved beyond mere price and durability to encompass a wide range of factors, including aesthetic design, color coordination, security levels, ease of use, and smart integration capabilities, with an emphasis on consistency with the overall home style and interior design.

In terms of functionality, smart features and system integration have become the main drivers of development. In addition to basic anti-theft capabilities, products now place greater emphasis on remote management, biometric authentication, and cybersecurity. Meanwhile, in the field of fire-rated door locks, manufacturers must not only meet fire resistance and structural safety requirements but also address extreme weather conditions and accessibility regulations, while moving toward integration with electronic access control systems. Overall, door lock products are evolving in parallel toward “design-oriented, security-enhanced, and smart-integrated” solutions.

b. Market competition

Based on product market segmentation, current major competitors are as follows:

b-1. High-Price Products

In general, main customers are in the locksmith market and architectural hardware channels that has professionally designated product certification and specifications., and the main competitors are local well-known brands in Europe and North America. While focusing on electronic locks, besides well-known brands in the door lock industry, major competitors include brands of electronics and software services that have also entered the electronic lock market and tend to gradually surpass the traditional well-known door locks brands.

b-2. Mid-Price Products

The primary customers include importers of architectural hardware in the U.S. and Canada (for new construction and replacement needs) as well as large DIY retail chains. The main suppliers

include Taiwan Fu Hsing and other Asian lock manufacturers.

b-3. Low-Price Products

The primary customers are in the replacement market or the low-cost construction market, where quality requirements regarding safety and durability are relatively low; the products are sourced from mainland China or India.

B. Door closer business

- a. From traditional rack-and-pinion door closers to high-performance CAM-action door closers, we have enhanced our R&D and manufacturing capabilities while increasing the added value of our products.
- b. By integrating electronic technology, we are developing advanced electronic door control products, such as electronic hold-open systems, free-swing mechanisms, and automatic door operators. This approach aligns with future trends and meets market demands, combining technology with door control security to offer the market a wider range of product options.
- c. In-house manufacturing of key components for high-end door closers ensures quality and safeguards core technologies; increasing in-house production and automation of components reduces costs and enhances market competitiveness.

C. Our technology and R&D

In 2025, the Company invested in NT198,480 thousand dollars in R&D, which was about 2.69% of the net sales. Ever since the establishment of Taiwan Fu Hsing, we have accumulated a total of 1,394 patents (603 domestic and 791 international) and has filed nearly 1,730 patent applications.

D. Long-term and Short-term business development plan

Looking back on 2025, the building materials and household hardware market continued to be affected by multiple uncertainties and challenges, such as high interest rates and inflation. Slower demand in the real estate market led to a decline in demand for home repair products/door hardware and consolidation of some retail customers. Besides, geopolitical uncertainties have caused fluctuations in the supply chain and increased logistics costs. Overall, despite a year fraught with uncertainty, we have maintained a stable supply chain, launched new products, and upheld service quality, while continuing to deepen our market presence and explore new business opportunities.

Looking forward to 2026, it will be a year with both challenges and opportunities. Interest rate policies and overall economic conditions in North America continue to influence market demand. Market forecasts suggest that the pace of recovery in the real estate market will be affected by inflation and consumer confidence; new home construction rates are likely to remain conservative, and demand for door hardware in the renovation market will also depend on overall consumer confidence. In addition, as retail customers gradually work through the inventory built up in 2025, the overall market is expected to gradually regain its previous growth momentum. With continued growth in the retail, multi-family, and rental housing markets, coupled with the expansion of modern design styles into mechanical and smart lock product lines, we are poised to expand the market share. In response to the trend that the growth of multi-unit residential properties will far exceed that of single-family homes, as well as changes in the shopping habits of the new generation, the Company will continue to launch new, market-appropriate products for both our key retail and construction market clients. At the same time, we are adopting a dual-track approach through both traditional and online channels to provide consumers with more choices and enable us to respond quickly to market demand.

Overall, the Company will enhance its competitive advantage through four key strategies: product, pricing, branding, and distribution. In the short term, the Company will continue to consolidate and strengthen its existing sales channels with OEM and ODM clients. In the long term, we will continue to develop and integrate partnerships with smart home providers to establish mutually

beneficial relationships, thereby ensuring that the Company's growth and profitability remain on a positive trajectory.

a) as for product strategy:

Comprehensive coverage of high-end, mid-range, and low-end product lines to meet the needs of different countries and market levels.

In line with the market growth trend, we continue to expand the product range of different grades in mechanical locks and smart locks, launching ANSI/BHMA Grade 1 products for high-priced projects and commercial projects, which have both the traditional and modern appearance, home and public applications, and user-friendly features to construct a rich product line that is more in line with the market demand and usage habits. In addition to the aforementioned product, our strength has always been in low to mid-range products with high CP value. In the future, we will continue to optimize our cost competitiveness by introducing economical mechanical locks or electronic locks, adopting modular design to simplify the structure, and taking into account the quality of the premise of the introduction of high cost-effective mechanical locks and electronic locks.

Intelligent development combined with the trend of connected home remains one of the key drivers of the market. Consumer demand for smart door locks continues to grow with enhanced AI biometrics, remote control ...etc. to improve security and convenience. Relevant technology's research and development has always been a key investment project for the Company. In addition to continuing to launch new and most competitively priced basic electronic locks to meet the needs of entry-level customers, we have also built software and hardware to provide advanced cloud smart lock products to connect to home automation trends through the integration of smartphones, Bluetooth, near-end communications, wireless networks...etc. to meet the needs of mid-to-high-end customers. In terms of schedule:

- Short-term goal: continuously expand entry-level product selections, especially products with easy-to-install and affordable features, in order to achieve the goal of deepening downstream cultivation and expanding market share.
 - Long-term goal: at high-end product line, connect with the trend of electronic technology, grasp the new standards in this industry, attach closer to customer's favorite, and have close and good cooperation with global major door lock business groups.
- a. Based on the basis of existing electronic lock products (button type, film type and touch type), introduce products with new design and new functions to satisfy customers in different marketing channels and with different attributes. Through the integration of new and old product lines and software and hardware, the breadth of product selection is expanded.
 - b. To connect to the trend of home automation and continuous pay attention to the development of main-stream smart phones, Bluetooth technology, NFC, touch panels, biometric identification systems, Matter smart home protocols, Apple Homekit...etc. and actively try to link up with access control system to foot at home automation system and intelligent access control system.
 - c. To develop various grades of door lock products according to U.S. ANSI's newly regulated standard on family locks in order to meet the demands from different customer bases.
 - d. Three main directions for rich and diverse design - the design focusing on "Avant-garde modern", "European classic", and "convergence of modern classic" are set to be the new design directions, and will launch products having advantages of both price competitive and different design style to meet market demand.
 - e. Emphasis on sustainability and environmentally friendly packaging. For home security door locks, the trend of sustainability and environmental protection is gradually gaining attention from consumers, who are more inclined to choose products using environmentally friendly materials. We will strive to develop environmentally friendly

packaging materials to achieve energy conservation, carbon reduction, and the aestheticism.

b) As for pricing strategy:

We will optimize cost competitiveness, implement flexible pricing strategy, fully utilize the advantages of modulization design, cope with customer's preference trend, analyze important key factors in segment preference, maintain our agilely flexibility and best competitive strength regardless in product appearance, spec or packaging, to expand the economic scale. We will, at the same time, cooperate with the analysis on the market trend and provide promotional programs at the right moment to stimulate purchasing willingness and sales.

- a. In the short term, we will utilize the strategy of diversified product mix and packaging with different pricing plans to promote sales.
- b. In the long term, we will study consumer's use habit and integrate global market trend in order to obtain the most efficient cost advantage with scale economy.

c) as for branding strategy:

In one way, we will expand the cooperation with main stream brands to provide high quality and cost competitive products to promote customer's brand image, so as to enhance market share together, in the other way, we integrate our own brands, mainly promoting the "Jia An" brand for Taiwan domestic sales, "Livello" for high-end products in exports, "Faultless" for mid-range products and "Arctek" as the main brand for commercial door locks, door closers and hinges, constructing a complete product line. At the same time, the Company will also use social media to enhance brand image awareness and trust.

d) as for distribution strategy:

- i. For retail: Emphasize product's basic functions and price attractiveness, and agile promoting different products on rotation to attract consumers' attention, and active mark out major physical retails channels and online business channels.
- ii. For construction market channels: reach out to builders, targeting multi-unit residential complexes, smart apartments and commercial office buildings.

(2) Market and the Production-Marketing Situation

1. Major marketing area and the market share

Domestic sales and export sales accounted for about 7% and 93% of the total sales respectively, and among export sales, the North American market, was the largest area of sales, accounted for 75% and the Chinese market accounted for about 4%, and 21% were from all other regions (Asia (excluding China), Europe, New Zealand, Australia, Central and South America, etc.)

2. Future Market Demand and the Growth

- (i) North America: In the first half of last year, the overall North American market gradually recovered; however, in the second half, due to various uncertainties such as economic policies and tariffs, the outlook for the construction market became less certain, leading some customers to adopt a more conservative approach to demand. Looking to the future, the Company will utilize existing research and development advantages, develop more new appearances and functions, increase the added value of products, and continue to accelerate the development of wireless communication smart door locks. In addition to the convenience of existing electronic door locks, we also provide a non-contact door lock operation mode, providing double protection to body health and home security.
- (ii) EU market: continue to cultivate new strategic customers in Euro Zone, and meanwhile, in the light of current clients, to promote niche products and increase product items to enhance current client's product profiles with the expectation to further drive up the growth.
- (iii) South East Asia and Central South America market: in 2024 market demand gradually recovered.

The Company will continue to work with regional partners, with customers' existing brand image and Taiwan Fu Hsing's long-term stable quality, from the basis of modularization and also from modeling and products, to launch differentiated and more diverse product lines in terms of appearances and specifications, to actively strengthen cooperation layout and continue to increase market share.

- (iv) New Zealand and Australia: in addition to the existing channels, we actively cooperate with strategic partners, develop new customers, understand the market needs of New Zealand and Australia, plan and develop products and channels, and inject a new wave of growth momentum through flexible sales strategies.
- (v) Domestic market: to optimize the Company's high value-added products and improve the performance of the security system. Will optimize the customer service network to create new sales opportunities and markets.
- (vi) Emerging markets: the area includes China, Middle East, and India. We expect the home-use and commercial-use door lock products, as well as security related products will continue to grow steadily.

3. Favorable factors and unfavorable factors that might affect the company's future operations

(1) Favorable factors

- A. The strength of internationalized production division: besides our 4 production bases in Taiwan (Fu Hsing Kangshan plant, Techform Industrial plant, Fortress plant, and ARCTEK plant) and the production base in China, the new factory in Thailand is expected to begin full-scale production in 2026. In the future, we will keep expanding our production capacity, and meanwhile vertically integrate the parts supply chain and increase the coordination and flexibility of production capacity, so as to respond to market demand more quickly to satisfy customers.
- B. Cross-industry integration to create new business opportunities: the establishment of Sunion Technology helps us stabilize the supply chain of electronic lock materials; through the development of electronic networked smart door locks or cooperate with other home smart network operators, we will accelerate product's development faster and provide a more in-depth and professional services to customer.
- C. Strengthen U.S. subsidiary's services to provide in-time shopping suggestions for local customers, strengthen inventory dispatching support, after-sale services, and the stock delivery functions for on-line business in order to effectively cut into the new E-marketing field and promote market share in full scale.
- D. The North American market is growing in demand for mid-range and high-end products, and there is a greater demand for products in compliance with various industrial standards such as ANSI/BHMA, UL certification, and our product's quality is relatively stable and we have the faith to be able to meet the market's expectations.
- E. Continuous investment is carried out into all plants' automation process to complete further lean-production concept and promote product's added value, quality and competitiveness.
- F. Amid U.S.-China tariff barriers, North American customers are actively seeking flexible supply chains, and Taiwan Fu Hsing's production strategy aligns with those of its clients.

(2) Unfavorable factors

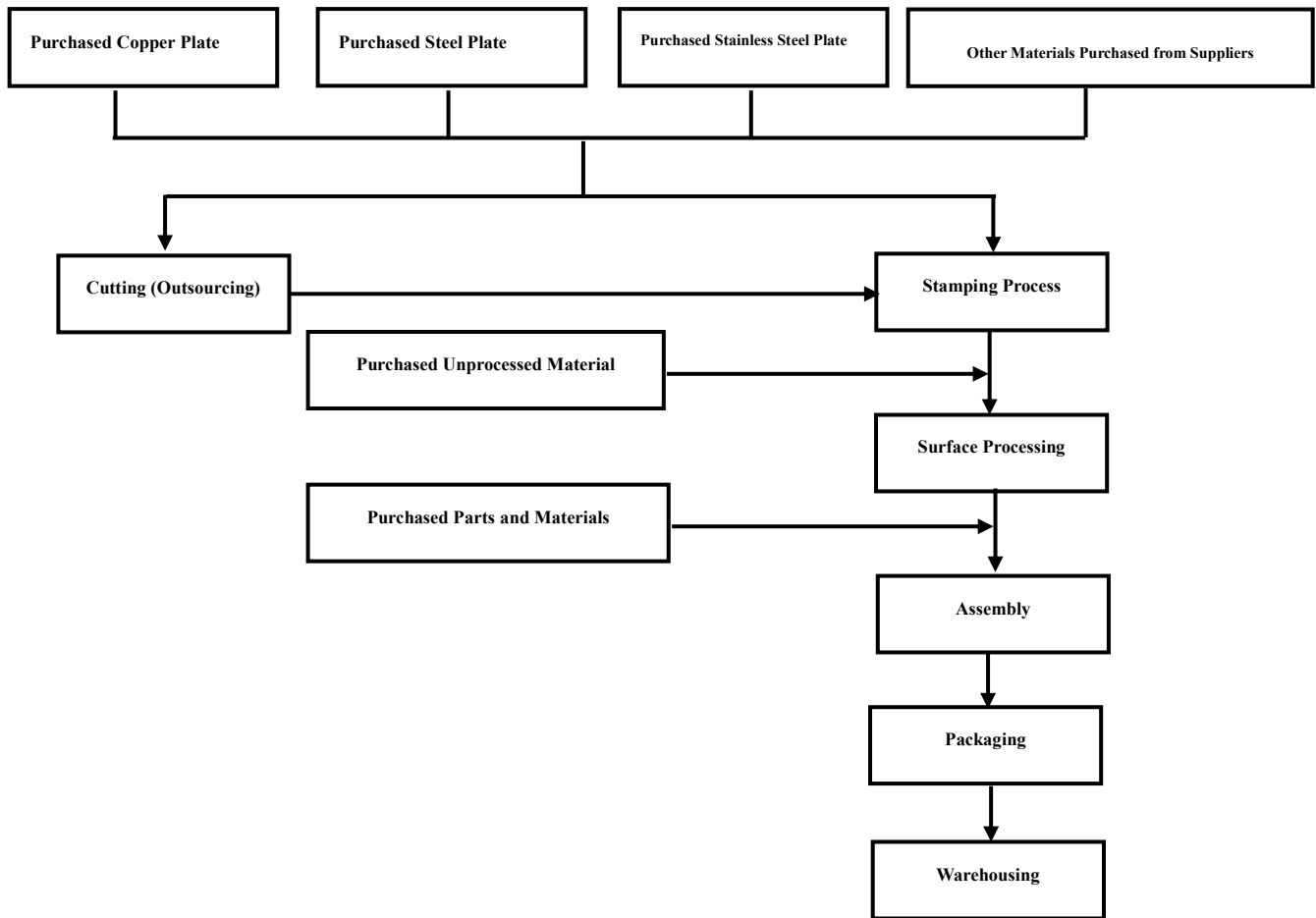
- A. Affected by the trade war, China manufacturers compete for market share at low prices.
- B. Fluctuation of US dollar exchange rate that may impair profits.
- C. Risk factors in relation to geopolitical situation
- D. Possible insufficient manpower
- E. Impact of possible U.S. tariff expansion

The Company will uphold the sound business spirit of being prepared for danger in times of crisis, continue to use R&D, design and lean production to reduce costs and enhance competitiveness. In addition, high value-added commercial high-end products and electronic products are also our key areas of focus, especially the electronic locks area is the future trend, the Company will invest more resources and efforts in the development.

4. Important functions of major products and the production process

Major Product	Main Use
Door related parts	To be installed as lock on wood door, plastic door, metal carved door

Production process of metal door locks



5. Supply of major raw materials

Product Name	Major Materials		
	Name	Main Source	Supplying Condition
Door related parts	Steel Plate/Steel Strip	China Steel Corporation	Good
	Stainless Steel	Sinkang Industries Co., Ltd.	Good
	Copper Plate	First Copper Technology Co., Ltd.	Good
	Aluminum Alloy	Chiao Tai Aluminum Industry Co., Ltd. Crown Aluminum Co., Ltd.	Good
	Zinc Alloy Ingot	Lee Kee Metal Company Limited	Good

6. List of major suppliers and customers in the most recent 2 years

- i. Suppliers that accounted for 10% or above of the year’s total procurement net amount in the most recent 2 years: The Company has not had a single supplier that accounted for more than 10% of the net purchase in the past two years.
- ii. Customers that accounted for 10% or above of the total net sales in the most recent 2 years.

Unit: NT\$1,000 / %

List	2025				2024			
	Name	Amount	% of total sales in the year	Relation to the Issuer	Name	Amount	% of total sales in the year	Relation to the Issuer
1	Customer C	\$2,660,082	36%	None	Customer C	\$2,682,750	33%	None
2	Customer B	1,167,072	16%	None	Customer B	1,399,132	17%	None
3	Customer E	438,226	6%	None	Customer E	606,421	8%	None
	Others	3,118,642	42%	-	Others	3,351,077	42%	-
	Net Sales	7,384,022	100%		Net Sales	8,039,380	100%	

(3) Number of employees, the average years of services, average age, and education analysis over the past two years and during the current fiscal year until the date of printing of this annual report

Year		2024	2025	Jan. 1 ~ Feb. 28, 2026
Number of Employees	Director Labor	1,282	1,321	1,246
	Indirect Labor	664	652	658
	Management	200	207	205
	Total	2,146	2,180	2,109
Average Age		42.24	42.36	41.75
Average Year of Service		8.05	8.35	8.55
Education Analysis (%)	Doctor	0.05%	0.05%	0.05%
	Master	3.08%	2.93%	3.03%
	University	45.76%	44.59%	46.70%
	High School	35.78%	35.60%	36.75%
	Below High School	15.33%	16.83%	13.47%

(4) Expenditures on environmental protection

1. Significant expenditures or losses from environmental pollution in the most recent fiscal year and the current fiscal year until the printing date of this annual report:

In a correspondence dated February 26, 2025, the Changhua County Government explained that on Oct. 21, 2024, the Environmental Protection Bureau detected that the subsidiary, Fortress Industrial Co., Ltd., was in violation of Article 20, Paragraph 1 of the Air Pollution Prevention Act, while was detected the toluene concertation exceeded the regulatory permissible level. Furthermore, pursuant to Article 62, Paragraph 1 of the same Act and the “Regulations on the Amount of Fines for Violations of the Air Pollution Control Act by Fixed Pollution Sources at Corporate Premises,” a fine of NT\$660,000 was imposed.

On August 7, 2025, subsidiary, Fortress Industrial Co., Ltd., conducted a toluene test. The test results complied with regulatory emission standards. The company also

performed water replacement and cleaning of the scrubber tower in the pollution control device and submitted the original test report along with photographs documenting the improvements to the pollution control device to Changhua County Environmental Protection Bureau for inspection, thereby completing the corrective measures.

2. The Company has a special unit that is exclusively responsible for the management of career safety and health, regularly convenes safety and health committee meeting, establishes and puts into effect of the “safety and health practices” for managing employee’s work environment and facilities, regularly carries out employee health check and inspection on the work environment, and periodically handles education training on labor safety and hygiene to make sure the company is able to provide a safe and healthy work environment and seek for continuous improvement.

3. Responding actions

- (1) The company is engaged in the selling and manufacturing of door locks and related metal accessories. The major production processes include stamping, grinding, powder coating, and assembling. While is continuing promoting environment management system and straightening pollution prevention facilities, we should also take laws and regulations into consideration. We must add new system/facilities after obtaining authorities’ approval. This will not only decrease impacts to the environment caused by our manufacturing procedures but also minimize risks of having penalties.

- (2) Future improvement focus: Continuous efforts will be made to promote sustainable operation and environmental improvement in the future. We will solidify the training and management to operators of the environment protection facilities and such facilities’ maintenance, will keep carrying out process wastage reduction and pollution prevention, and will strictly implement all the management works to enhance the company’s pollution management capacity. The company hopes and will do its best to reduce environment pollution to a minimum level and will try very hard to promote green production related concept to fulfill corporate special responsibility that every enterprise should have. Besides, the RoHs (Restrictions of the use of hazardous substances) related regulations by the European Union have no effects on the company.

4. Projected expenditures

The projected expenditures in the next 2 fiscal years

Unit: NT\$1,000

Name of Facility	2026	2027
The improvement and operation of air pollution prevention facility	19,183	2,204
The improvement and operation of water pollution prevention facility	12,245	15,392
Removal and process of business wastes	11,266	9,301

(5) Work environment and measures adopted to protect employee's safety

I. Specific manners adopted to manage labor safety and health

In light of work environment and labor safety and protection, the company elaborated various labor safety and health risk control elements and sets up related managing plans and specific manners based on job safety and health management system to make continuous improvements. All the plans and manners achieved good results and control.

The following table is a summary for the company's managing plans and specific manners:

No.	Direction	Plan	Specific Manner
1	Set up Safety and Health Bulletin and Policy	Set up safety and Health Bulletin and Safety and Health Policy	Establishes "Safety and Health Bulletin" and makes "Safety and Health Policy" according to corporate social responsibility and the government regulated safety and health requirements to continuously promote the performance achievement in labor safety and health.
2	Safety and Healthy Management System	Periodically review by the "Safety and Health Management Committee"	According to the guidance of the TOSHMS, the Safety and Health Management Committee periodically review and follow the execution results.
3	Risk assessment and the countermeasures	Assess related risks and makes the control policy	Periodically review related regional manufacturing procedures, work risks and the related regulations. Unacceptable risks and issues that do not meet regulated requirements will be reviewed for improvements, and associated management plan or manner will be made and executed. The execution results will be brought up for discussion in the safety and health meeting.
4	Electricity leakage protection	Facilities to carry out grounding to prevent leakage risks.	Set up grounding for facility's power system to prevent electricity leakage risk.
5	Chemical management	Establish safety standard for chemical's storing and use to prevent chemical spill risks	Establish hazardous goods general guidelines, regulate to store chemicals in anti-spill tanks to prevent chemical dispersion or spill, periodically carry out hazardous goods general guideline related training and provide and require operators to wear proper protection guards.
6	Work environment Monitoring	Regularly monitor work environment and carry out control and improvement	Entrust external institution that has been certified by the Ministry of Labor to regularly monitor the work environment focusing on dusts, noise, and specific

		based on the measuring results	chemical substances according to the “Implementation Method to Carry Out Labor Work Environment Monitoring”. Determination then is made to see whether the measurement results meet regulatory requirements. Any extraordinary factors found will be corrected and improved immediately to protect employee’s health.
7	Regular health check	Implement employee health check regularly	Two kinds of health examinations are carried out two work condition, extra hazardous work and ordinary work, according to “Labor Safety and Health Protection Principle”. Special examinations are carried out for statutory particular workplace hazards such as noise, dusts, and specific chemical substances. The examination results are classified in different levels for further managing labor’s health condition and continuous improving the company’s work environment.
8	Occupational accident prevention programs	Establish occupational accident prevention program	Establish the occupational accident prevention program of the year and develop detailed execution plans according to the program. The plans are implemented, audited and tracked, and are brought up for discussion and correction in a regular basis during the safety and health committee meeting to gradually reduce all the dangerous factors and risks.
9	Automatic inspection	Carry out automatic inspection	Promote automatic inspection to identify possible and potential hazardous factors in different work environments, procedures, operations, and production. Then such potential risk factors are improved and effectively controlled. Items being inspected include facility, the use of materials, work environment, operating equipment and machinery.

II. The Implementation of Work Safety Control

- (1) Control on special operations and work permit: according to the requirements regulated in Occupational Safety and Health Act and the company’s safety and health assessing results, the company implements control and work permits on special operations such as overhead operation, hot work, confined space operation, and hoisting operation.
- (2) Supervision on safety and health condition: All work units in the factory site including contractors must submit application before carrying out high risk operations. Besides, the operating unit should appoint safety and healthy supervisory staff to carry out full supervision during the process of high risk operation for ensuring work safety.
- (3) Inspection of dangerous machinery and facility: according to statutory regulations, dangerous machinery and facility in the plant should be regularly inspection to meet qualifications. Besides, all the operators must acquire related operation license and regularly receive the company’s on-job training to ensure the operation safety.
- (4) Accidents investigation, tracking, and improvement: for any accidents, regardless with or without injuries or only a false alarm, are discussed for improvements and tracked to eliminate potential dangers and prevent from injuries.
- (5) Safe operation standards revision: carry out the revision and modification on all operations’ standard procedures. During the process, the involving operating personnel

are requested to present and participate in the full review on the standard procedures in order to diminish chances of accidents due to improper operation procedures.

(6) Plant site patrol and inspection: inspect the operation situation in the plant site without a fixed schedule. The inspection aims at the work environment around factory worker’s activity area, work content, possible hazards. Extraordinary issues are reported and provided with suggestions for improvements in order to maintain workplace and labor safety.

(7) Emergency response training: trainings are regularly held in light of emergency responses subjects including specific operation area, fire safety equipment, and evacuations. All the employees have to participate in the training and practices for solidifying the training in emergency responses.

3. In addition to above-mentioned manners, FU HSING AMERICAS INC. also provide its worker with work environment that meets OSHA (Occupational Safety and Health Administration) regulations made by U.S. Department of Labor and work with SCC Security and local police department to provide security services. Inspection on work safety, environment health and fire inspection are carried out per annum to make sure all meet regulated requirements.

(6) Labor-Capital relations

Taiwan Fu Hsing considers its employees as a dynamic source of corporate sustainable operation and treats every employee as its partner. Based on the principle of profit sharing, Taiwan Fu Hsing provides its employees with complete pay compensation, benefits, and friendly work environment and strictly follows Taiwan’s Labor Standards Act and related rules to provide complete protection to its labors. We also regularly adjusts employee’s remuneration and benefits to be more competitive based on the price level, the human resources’ demand and supply situation, the salary average in the same industry, etc... We hope every Fu Hsing employees to learn and devote with no worries and meanwhile are able to pursue a stable and happy life.

【Happy Enterprise, Easy Work & Life】

Year	Award	Matters for the Award
2015	Top Ten Happy Enterprise in Kaohsiung	Taiwan Fu Hsing, with its corporate culture “honesty”, devoted in the promotion of labor conditions and worked hard to create happy working environment and labor-capital’s win-win situation. During the year, Taiwan Fu Hsing was highly recognized and won the first Kaohsiung City Top Ten Happiness Enterprises Award” conferred by the Labor Affairs

		Bureau of Kaohsiung City Government.
2016	Sports Enterprise	The Sports Administration, Ministry of Education started to promote the “Sports Enterprise” certification program. Taiwan Fu Hsing with its years of support in social sports event n and our inner cultural to promote health and exercises was received the honor as one of the fifties “sport enterprises” in Taiwan in the very first year.
2017	Sports Enterprise	After a strict on-site review by the Sports Administration, Ministry of Education, the qualification to receive the sport enterprise certification was extended.
	Arts and Business Award	The Company has long-term support for the development of local art and cultural groups (like the BEAN THEATER) and continues to contribute to art and culture. We also sponsor professional institutions such as WeiWuYing National Kaohsiung Center for the Art, Pier 2 Art Center, etc. to continue to import art resources to the local society and enhance local cultural accomplishment. After winning the "Art and Business Award" from the Ministry of Culture for three consecutive years since 2017, Taiwan Fu Hsing once again won the recognition of the "Art and Business Award-Corporate Culture Award" in the 16th session.
2018	Sports Enterprise	After a strict on-site review by the Sports Administration, Ministry of Education, the qualification to receive the sport enterprise certification was extended.
2019	Sports Enterprise	Received the honor of “Sports Enterprise” once again.
2020	Happiness Enterprise Gold Award	Once again, received the “Happiness Enterprise Gold Award” in both the “Gender Equality” and “Welfare” from Kaohsiung City Government.
2022	i Sports Enterprise	Was selected as a “i Sports Enterprise”

In recent years, Taiwan Fu Hsing has actively created a people-oriented, diverse and inclusive environment. Taking migrant workers that accounted to almost 25% of the total employees as an example. It is expected the promotion of charity programs is able to help enhance migrant worker’s life in Taiwan and provide more information to the public, so local society is able to better understand migrant worker. This is a way to create a “good” circulation.

【 Seeking common ground while reserving differences, creating communion environment 】

Year	Award	Matters for the Award
2019	Migrant worker’s dream pursuing projects	Since 2019, we started to entrust NGO group 1/40 and Kao Yuan University to design and provide series of “Foreign Labor Empowerment Curriculum”, so that foreign labors have opportunities to learn more different knowledge and skills and are able to pursue their own dreams.
2020	PwC CSR Influential Power Award	In 2020, through the cooperation with 1/40, we held a special exhibit, “Turning Around, Taiwan”, themed at foreign labor’s life. The exhibit received positive feedback from the society and was recognized by PwC with the grant of Bronze Medal in the “PwC CSR Influential Power Award”. In the same year, the Company also won the "Special Jury Award" at the Taipei Golden Eagle Micro-Movie Festival hosted by the Taiwan Institute for Sustainable Energy (aimed at "discovering the story of corporate sustainable development and fulfilling social responsibility"), where all unanimously agreeing with the theme of migrant worker’s care, "Excellent performance, special issues", and it is the only micro-film that responds to the key points of the UN’s Sustainable Development Goals, in “reducing inequalities and ending poverty”. In 2022, we were awarded the first “TSAA Taiwan Sustainable Action Award" by the same institution.
2021	The 1 st TSAA Taiwan Sustainable Action Award	
2022	The 1 st DEI Diversity and Inclusion Vision Award	Taiwan Fu Hsing participated in the first DEI Diversity and Inclusion Vision Award organized by Womeny, LinkedIn, and Deloitte, and was selected as the "Local Enterprise Group Silver Award", becoming the only award-winning enterprise in the manufacturing industry.
2024	DEI Friendly Employer for the Senior Workforce Award	Selected by 104 Human Resources Bank and Business Week as one of 22 companies out of 133 participating companies to receive this honor.

In terms of creating a healthy workplace, we actively implement smoke-free and health promotion measures in the workplace, establish an excellent and healthy working environment, and work hard on sports culture.

【Healthy Workplace, Happy Life】

Year	Award	Matters for the Award
2014	Tobacco Harm Prevention and Control Label	Obtained the three-stage healthy workplace certification promoted by the Ministry of Health and Welfare for three consecutive years
2015	Health Activation Label	
2016	Health Promotion Labor	
2019	Health Promotion Label	Extended the Health Promotion Label, and received the vitality award of the outstanding healthy workplace, and has completed the highest level of Healthy Workplace Certification.
	Vitality Award of the Outstanding Healthy Workplace	
2023	Healthy Workforce	Recognized by the Occupational Safety and Health Administration's "Healthy Workforce" as an outstanding occupational health and safety unit. Frequent recognition from official units proves that our long-term efforts for healthy human resources and sustainable corporate culture can withstand the most stringent inspection.

In general we have the following characteristics in the field of “labor relations”:

1. Competitive overall remuneration:

While designing the remuneration system, the direction aims at stimulating employees to challenge higher remunerations based on a stable salary base. The overall remuneration includes basic salary, rewards, and employee bonuses. The basic salary is determined by education, experiences, professional skills, and work performance. The company will never determine employees’ salary by their gender, religion, racial, nationality, political party, etc.... The remuneration and protection of work conditions for every Fu Hsing staff are completely in compliance with local labor law and standards made by the International Bill of Human Rights. Also, the salary base was adjusted according to market standard and the Company’s operational achievement. In the past three years (2023~2025), the salary increase rate as a whole was nearly 4%.

2. Stable and healthy labor structure

We value gender equality and make every effort to treat employees equally regardless in the appointment or promotion. According to statistic records, Fu Hsing in 2025 had 2,180 employees. The numbers of male and female employees are quite similar.

3. Recruitment through multiple channels

Fu Hsing's employee recruitment and appointment system is transparent. We mainly use 104 HR Bank in Taiwan to recruit talents and also adopt different recruiting channels, such as for recruiting direct labor, we recruit through newspaper advertisement, leaflets, electronic signboard, career station, ... etc., for specialized professional manpower, we paired with high level manpower agencies (head hunting companies), for others, manners like college and university career fairs (National Kaohsiung University of Science and Technology, National Formosa University, I-Shou University, Cheng Shiu University), referrals by professional organizations, employee referrals, ...etc. that we believe are able to provide quality human resources for the Company. In recent years, for meeting the trend of fertility decline, professional deficiency in mechanical field and resources scarcity, we actively plan to work with manpower cultivators and cooperated with universities and colleges through internship system to lock on outstanding personnel in advance and create tailor-made training programs. Through industry-academia internship programs, we have continued to strengthen our collaboration with renowned universities in southern Taiwan, such as Kaohsiung University of Science and Technology and National Sun Yat-sen University. In 2025, five internship positions were offered to students from Kaohsiung University of Science and Technology, who were placed in departments including mold design and repair, R&D design, and production technology. In addition to creating opportunities for these students to remain with the company after graduation, three of them were hired as full-time employees that same year. In addition, through partnerships with the "Overseas Chinese Student Vocational Training Program" at Huade Vocational High School and Gaoyuan Vocational High School, we provide 35-40 overseas Chinese students with part-time work opportunities during winter and summer breaks as well as between classes. We also collaborate with Cheng Shiu University of Science and Technology's "International Program" on a one-year internship program, enabling international students to gain practical workplace

experience and develop professional skills outside the classroom. In 2015, we were invited by 104 Job Bank to participate in the Talent Sustainability Expo, which was held in Tainan for the first time. In addition to building our employer brand, we showcased the Company's ESG strengths to attract new talent.

We follow the Company's SER policy of never hiring child labor that is under the age of 16 or forced labor, and we strive for equality by treating people from all regions, genders, religions, races, nationalities, and political parties equally.

4. Fair and objective performance evaluation system

The company has a comprehensive and thorough performance management structure. For new employees that hold the post for 3-6 months, we will carry out a "probation assessment" to understand the employee's adaptation situation and provide necessary support if there is any. For all the current employees, a year end "Annual Performance Assessment" is given in every November to carry out performance evaluation and the Company stresses on "objectivity", "Fairness", and "Two-way communication in such evolution. In addition to assess personal job function, starting from 2017, besides assessing unit's KPI, the Company also takes a step further to carry out personal KPI assessment. All assessments are evaluated in a whole and finally concluded after a performance interview. It is hoped by open and consistent assessing standard as well as a direct two-way communication, superintendents and employees are able to obtain a consensus. In addition, results of the assessment are provided as a basis for individual's training and development and are also directly connecting to promotion and rewards. We hope by the assessment system, we can stimulate all employees work motivation continuously.

5. Transparent communication and harmonious relationship

The Company has proposal-making system and QCC improvement team. Employees can propose suggestions for improvement at any time. The proposal, once being adopted, is given rewards according to its significance level, hoping to stimulate employees to have better creativity. Besides, according to laws the Company convenes labor-management meeting at least once every three months. Through the meeting, the company thoroughly communicates the operation information, labor benefits and other situation with its employees to build a consensus between the company and its

employees and create a good relationship to maintain labor-capital harmony and establish consensus. In 2025, the mother company convened 4 labor conferences in total. Also, the Company vigorously promotes corporate SER (social and environment responsibility) implementation. Besides new employees' training sessions, the Company also regularly advocates SER concepts through seminars and written advertisements to promote the related ideas to supervisors and employees. In addition, compliant channels are established and made public to employees; so that employees are able to report any SER violation issues to ensure the implementation and promulgation of the company's SER policy. To gain a thorough understanding of employee feedback, the Company launched an employee satisfaction survey in April 2024. With nearly 82% of employees participating and providing feedback, a comparison of the results from the 2020 and 2024 surveys revealed that the overall satisfaction score rose slightly from 4.80 to 4.82, indicating that employees' overall perception of the Company has remained stable. However, a closer look at the changes across various dimensions reveals a slight downward trend in "development, colleagues, and work," particularly in areas such as cross-team collaboration, career development, work environment, and organizational communication. These changes reflect how employees' expectations regarding career opportunities, communication quality, and support systems are gradually shifting amid the post-pandemic transformation of work styles and environments. These trends are not merely fluctuations in data; such represents employees' actual experiences and feedback, serving as a signal that organizations need to reconnect with their people. The Company has analyzed and addressed the areas showing significant changes in the survey results, and has identified four key areas for improvement: "Career Development," "Organizational Communication and Workflows," "Managerial Motivation and Team Building," and "Work Environment." Through these concrete actions, the Company aims not only to address employees' current needs but also to build a workplace characterized by greater trust, understanding, and support, thereby fulfilling its commitment to inclusive leadership.

6. Education training

- (1) Annual training achievements: The 2025 training program includes in-house training for new recruits, level training, on-the-job general and professional training, annual refresher training for AEOs and SERs, project training courses,

and outbound training for various job functions.

- (2) With “self-directed learning” as the goal, we developed personalized learning paths to help talents achieve self-realization and link learning results to work results to achieve organization goals. Since 2023, we have added 12 hours per year of professional training to the KPI target of all the indirect employees to strengthen self-development capabilities and raise the importance of employee education and training.
- (3) Development of diversified learning modes: through a wide range of training channels and resources, we offer employees diverse learning options, including: offer cross-cultural Thai conversation courses to enhance the international mobility of personnel assigned to Thai factories; launch our first-ever education and training program for management, using documentary screenings to foster cross-functional dialogue and integrated thinking; continue to promote the QCC continuous improvement program to strengthen entry-level employees’ quality improvement capabilities, and develop lean production management training courses for on-site managers to enhance management effectiveness. In addition, through the production of the Company’s annual journal and special issues of TOFU Magazine, we communicate our corporate culture and values in a timely manner and share new insights, thereby ensuring the transfer and dissemination of knowledge within the organization.

Statistics on the implementation of education and training in 2025 as below:

Category	Female			Male			Total		
	Number of People	Training Hours	Average Training Hours	Number of People	Training Hours	Average Training Hours	Number of People	Training Hours	Average Training Hours
Director Labor	1,231	4,511	3.66	1,079	4,337	4.02	2,310	8,848	3.83
Indirect Labor	453	4,436	9.79	435	4,615	10.61	888	9,051	10.19
Management	90	1,285	14.28	220	2,756	12.53	310	4,041	13.04
Total	1,774	10,233	5.77	1,734	11,708	6.75	3,508	21,941	6.25

7. Certifications obtained by the company and the transparent financial information related persons:

- (1) R.O.C. Accountant: 2 persons.
- (2) International CIA (Certified Internal Auditor): 2 persons.

8. A comprehensive staff welfare network:

Welfare system that provides a comprehensive care to employees	
<ul style="list-style-type: none"> • Holiday bonuses given in the Dragon Boat Festival and Mid Autumn Festival and Birthday cash gift • Marriage, childbirth, and childcare allowances (company provided) • Funeral grant, disability grant, hospitalization subsidy, critical illness support, and group accident insurance of 1mn • A fixed amount lunch subsidy in staff restaurant • Year-end dinner gather, raffle draw activity, show and art competition • Company trip, themed family day activity • On-job training subsidy • School scholarship and bursaries • Resignation subsidy, retirement subsidy 	

(i) Performance of the staff welfare committee

The Company established its Employee Welfare Committee (hereinafter referred to as the “Welfare Committee”) as early as 1961. The Welfare Committee, composed of members elected by the employees, independently manages the welfare fund. It sets various subsidy standards based on employee needs and organizes a wide range of employee activities.

In 2025, the Employee Welfare Fund recorded total revenue of 16.72 million and total expenditures of 13.65 million, resulting in a healthy balance between the revenue and expenditures.

In order to design tailor-made activities for different ethnic groups, in 2025 the Employee Welfare Committee organized the following activities as below:

Date	Activity	Contents
1/20	Annual employee dinner, themed “Six Generations of Happiness, A Legacy of Prosperity”	Organized a large-scale banquet, themed processions featuring characters from different eras, team-building games, raffles, and concerts by famous bands

3/8	Plant trees with our kids to love the earth	In collaboration with the Kaohsiung City Tree Lovers Association, a family tree-planting event was held across from the Qieding District Wetland Park. In addition to tree planting and fun tree-themed challenges, the event featured popular food trucks providing free snacks, fruit, beverages, and souvenirs to all participants. At the end of the event, each participants received a sapling to take home and plant.
4/25~4/27	Staff travel	3-day tour to Shifen Waterfall, Keelung Island, and Heping Island
6/7~6/8		2-day tour to Xitou, Monster Village, and Chenglin Agarwood Garden
7/12~7/13		1 st group 2-day tour to Taitung Hot Air Balloon Festival
8/2~8/3		2 nd group 2-day tour to Taitung Hot Air Balloon Festival
September	Corporate 3X3 Basketball Exchange Tournament	Series of activities were designed with different themes for different ethnic groups and were held from April to August, with a total of 582 participants in 4 tours. After the trip, we held the “Best-Looking Employee Travel Photo Contest” to encourage employees to submit photos from their trip to Taiwan Fu Hsing's Facebook page for a chance to win prizes. Teams each composed of Taiwanese and Filipino colleagues participated in the corporate basketball exchange tournament organized by the Sports Administration of the Ministry of Education.

In addition to the events organized by the Employee Welfare Committee mentioned above, the Company’s Employee Relations Department also hosts various pop-up activities on specific holidays, such as the “Worker Style MBTI Survey and Prize Draw” for Labor Day, small gifts for Mother’s Day and Father’s Day, fortune slips for the Chinese Valentine Day, a pop-up dessert bar for Christmas, and bonus book vouchers for birthdays, etc....

(ii) Comprehensive staff welfare facility:

- PE center: The opening hour of the PE center is 17:10~19:00 every Mondays to Fridays. All the employees are free to use the facilities including multi-functional treadmill, elliptical trainer, fitness equipment, pool table, ping-pong table, a Karaoke Room, a multi-functional yoga classroom. Here is the best play for employees to carry out fitness training, throwing birthday parties and doing community activities.
- Staff restaurant: provide a spacious, bright, simple and warm dining place with multi-

functional audio-visual equipment. The restaurant facilities are built and maintained by the Company and are handed over to the Welfare Committee for operation and management. Employees only need to pay partial cost of the meal and the Welfare Committee subsidizes the remaining. While is considering different diet needs, besides separating meat diet and vegetarian diet, we also customize diet area to reflect different nation's dietary preferences and taboos. The special diet area received good comments.

- Nursery Room: Nursery Room was set for female employee, who has infant with nursing needs. The Company not only provides time for nursing but also sets up a nursing room for providing employees with a private, comfortable, and warm nursing space. Facilities in the nursery room includes table, power plugs, refrigerator that is provided exclusively for storing breast milk, sink, UV disinfection box, etc...to provide convenience for our employees.

9. In the most recent fiscal year and as of the date of publication of this annual report, in 2023, a subsidiary was involved in one case of document forgery by a former employee and one lawsuit filed by that employee seeking confirmation of the existence of an employment relationship. In the former case, the Taichung District Prosecutors Office in Taiwan sought a summary judgment against the defendant, and in the latter case, the Taichung Branch of the Taiwan High Court ruled in favor of the subsidiary. The Company's policies are established in accordance with applicable laws and regulations, and we are committed to safeguarding the rights of our employees and upholding the fine tradition of harmonious labor-management relations.

10. Retirement benefit

Retirement reserve supervisory committee	<ul style="list-style-type: none"> ● In order to effectively overlook the appropriation and use of the retirement reserve, the Company elects to appoint representatives from both the capital side and labor side to be the Retirement Reserve Supervisory Committee members in every four years according to laws and regulations in order to jointly manage the retirement fund. In Oct. 2022, members of the 9th Retirement Reserve Supervisory Committee were re-elected, in which 6 representatives were from the labor side and 3 representatives were from the capital side. The term of office started from November 2022 to November 2026. Currently the retirement fund management committee has 6 representatives from the labor side and 3 from the capital side. In 2025, 14 retirement application were reviewed.
A comprehensive pension system that also considers about humanity	<ul style="list-style-type: none"> ● In consideration of statutory requirements, all the Company's domestic employees are applicable to the labor pension system stipulated by the Ministry of Labor, and the new system (Enforcement Rules of the Labor Pension Act) or the old system (Labor Standards Act) are applied respectively according to the employee's duty date and personal wishes. Effective April 2025, as the retirement reserve had accumulated to a level sufficient to cover the retirement benefits of

	<p>employees with service under the old system, the Company submitted a request to the local competent authority for approval to suspend contributions to the old-system retirement reserve. The Company will continue to calculate the service under the old system for employees eligible for retirement at the end of March each year, in accordance with the regulations of the competent authority, and make full contributions to ensure that employees' rights to receive retirement benefits are fully safeguarded.</p> <ul style="list-style-type: none"> ● In consideration of humanity, the company also considers that if an employee opts for old system. Under the old pension system, the employee is unable to meet the requirements once he has any significant changes in his life even though the employees has serviced in this company for many years already. In such circumstance, the employee is going to have a big loss in retirement benefit. In view of considering all the employees as Fu Hsing's relatives, the company established the "Employee Retirement Offer Method" in 2008. The Method was sent to the Labor Bureau for approval and as record. In 2017, after being reviewed by the Retirement Reserve Supervisory Committee, the age range of qualification to retirement has been lifted. It explicitly regulated that Fu Hsing employee, if his seniority and age adding together equals to or exceed 70, can apply for "voluntary early retirement application, even though his age is still under 65 years old. Once the company approves the application, the company should calculate the amount of pension depending on the seniority according to the Labor Standards Act. This measure benefits many employees who have a certain seniority but have not yet met the age requirement to retire. Senior employees who have sudden changes at home can smoothly retire from the workplace and to focus on their families, so as not to suffer losses due to not reaching the statutory retirement qualifications.
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(7) Information security management

A. Management Strategy and Structure of Information Security

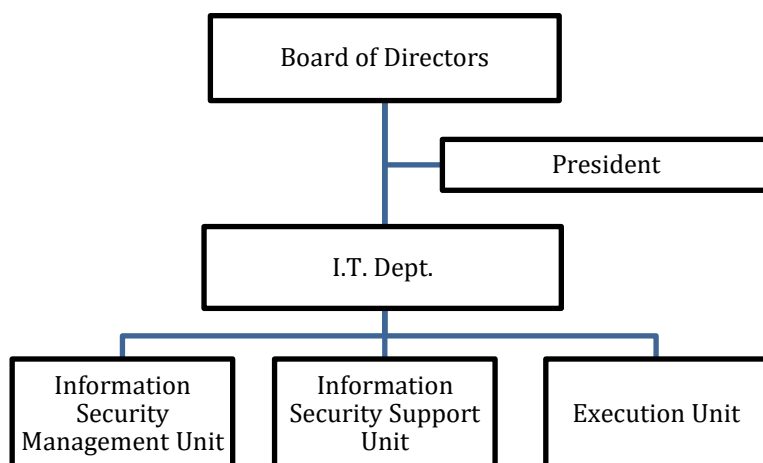
(i) Information Security Risk Management Structure

a. Governance Unit for corporate information security

Taiwan Fu Hsing Industrial Co., Ltd. established an information security risk management team in 2019. The President of the Company served as the supervisory unit, and the head of the Information Department served as the convener to regularly assess information security risks and report to the board of directors on November 7, 2025 regarding the Company's information security related measures in the near future.

The management team is responsible for the formulation, implementation, risk management and compliance checking related to information security and protection, and the head of Information Dept. summarizes and report to the President regarding information security management effect, issues in relation to information security and the execution directions.

b. Organization Structure of Information Security in Taiwan Fu Hsing Co., Ltd.



(ii) Information Security Policy

1. Information Security Policy

The Company formulates information security related procedures and standards, such as information security procedures booklet, methods to apply and management internal computer user's account, information equipment management methods, etc.

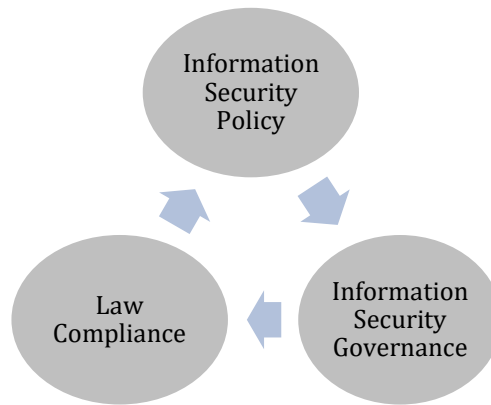
2. The Governance of Information Security

A. Establish information security standards and management, establish training to enhance employee's awareness and response abilities in the light of information security, introduce information security technology and encryption system, and conduct regular security testing.

B. Strengthen system's reliability, implement information system decentralization, carry out access control policies, and improve information security defense systems.

3. Law Compliance

Establish information security related standards and regulations, and conduct regular content review and revision.



4. Specific Management Measures:

A. System Maintenance

- i. Real-time management of information system performance and network monitoring.
- ii. Regular data backup and off-site backup measures, and regular system and data restoration drills and verification.
- iii. Establish a backup line and backup equipment mechanism.

B. Weakness & Threats

- i. Perform security detection measures such as the scan of host vulnerability.
- ii. Set up protection measures, such as fire wall, antivirus, IPS active defense, mail filtering, ...etc.
- iii. Regularly carry out security system updates
- iv. Implement an endpoint threat detection system (MDR) to enhance threat detection capabilities and improve investigation and response time.
- v. Implement a Web Application Firewall (WAF) system to enhance the security of the Company's external information services and strengthen the protection of service systems.

C. Management on Limits to Authority

- Application is required both in computer access and system accounts and should be verified by the supervisor and management unit.
- Authority management shall be carried out in time upon employee's resignation or transfer.
- Access in and out of the Computer Room should be applied and recorded by swiping employee card for tracking purpose.

D. Access Management and Control

- Sensitive information must be encrypted and protected, and an access authorization must be applied.
- USB disk control and control.
- Company network access must be verified through computer accounts and the principle of password complexity is applied.
- Introduce VPN multi-factor authentication to improve the authentication control mechanism.

E. Operational Risks

Invest in information security related insurance to reduce the risk of business operations.

F. Training and Propaganda

- Regularly hold information security related education and training to enhance employees' awareness of information security.
- Irregularly conduct email social attacks to strengthen employees' awareness, and enable automatic filtering and protection mechanisms for phishing emails and virus emails.

5. The Investment that puts into Information Securities

Information Security	Effects	Execution Situation
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Measures		
Information Security Policy	12 Company Standards related document were completed.	Revise information security regulations year by year from 2014 to 2025.
Employee Training	1. All new employee completed educational training in relation to information security. 2. Regular employee's AEO annual re-training on supply chain safety.	1. There were about 570 new employees (include leave without pay > 3 months) in 2025, with a total of 285 training hours. 2. There were 1,083 persons receiving AEO re-training. The training hour was 1 hr/a total of 16 persons for key unit personal training. Training hour was one hour. 3. Training's completion rate: 100%.
Propaganda of Information Security	1. Irregularly send out information security related notices to enhance employees' awareness on information security 2. For phishing emails/ disguised malicious emails, the Company irregularly send out information security related notifications to remind employees to pay attention to such issues. 3. Carry out email social attack drills to increase employee's information securities awareness regarding abnormal emails.	1. Send out emails from time to time to promote employees' awareness of information security 2. 100% execution rate 3. 100% execution rate.
Information Security Inspection and Testing	Regularly appoint an information security consulting company to conduct information security inspections, make improvements for deficiencies, and enhance system protection.	1. Penetration Testing / Vulnerability Scanning 2. 100% execution rate
Information Security related Insurance	Review the status of the internal information system every year, and purchase information security insurance to prevent operational losses caused by information security incidents.	1. Annual execution rate: 100% 2. Insured amount: US\$3 million.
Information Security system	1 Introduced multi-factor verification services 2 Replace and update fire wall system 3 Import reverse proxy system 4 Perform server vulnerability improvements, patching and system updates 5 Perform annual disaster recovery drills and conduct regular backup and restore verification measures	1 Execution rate: 100% 2 Execution rate: 100% 3 Execution rate: 100% 4 Execution rate: 100% 5 Execution rate: 100% 6 Execution rate: 100% 7 Execution rate: 100%

	6 Implement MDR Endpoint Threat Detection System 7 Implement Web Application Firewall (WAF) system	
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B. Risk of Information Security and the Corresponding Policy

The advancement of information technology is closely related to the changes in the entire industrial environment, especially for information security threats. The Company hopes to reduce operational risks through continuous progress in information security response measures.

(A) Information Technology's Security Risks and Management Measures

The Company deploys information security protection measures for the internal network and computer system to reduce information security threats and attacks. However, in the face of the ever-changing system loopholes, viruses and hacker attacks, it is still impossible to completely avoid network attacks from any third-party malicious behavior.

- i. For external internet behaviors, the Company has set up protection mechanisms, such as firewalls, active defense, anti-virus wall, etc...
- ii. Mail filtering system is installed to filter malicious behaviors such as phishing emails, fraudulent letters, etc. to achieve protection, and also drills in relation to phishing email attacks are held to improve employees' information security awareness.
- iii. Anti-virus software is installed on computer equipment, and the operation system and the software's safety system are regularly updated.
- iv. Important documents have been encrypted and controlled, and company personnel and suppliers have signed confidentiality agreements to reduce the risk of data leakage.
- v. Regularly perform automatic backup, off-site backup and restore verification for important data and information systems, and establish a backup mechanism for the core system.
- vi. Network and information systems are regularly conducted information security testing (weakness scanning, penetration testing) to review internal systems and make improvements.

The Company regularly inspects the internal network and work system, and continuously

improves and refines information security protection measures to reduce the threats brought by information security.

vii. Implement endpoint threat detection system (MDR) to enhance threat detection capabilities and improve investigation and response times.

viii. Implement a Web Application Firewall (WAF) system to enhance the security of the Company's external information services and strengthen the protection of service systems.

C. Major Information Security Incidents

In 2025, the Company continued to implement various information security measures and conduct audits in accordance with its information security management policy and relevant regulations. Operations proceeded normally throughout the year, and no major information security incidents occurred.

(8) Important contracts: none.

V The Review and Analysis of the Company's Financial Situation and Financial Performance and the related Risk Management

(1) Two-year comparisons on financial situation

Unit: NT\$1,000

Item \ Year	2025	2024	Decrease/ Increase in Amount	Decrease/ Increase in %
Current assets	\$4,755,925	\$5,801,664	\$-1,045,739	-18%
Fund & Investments	415,574	462,805	-47,231	-10%
Property, plant, and equipment	3,700,777	2,863,830	836,947	29%
Other assets	229,371	560,732	-331,361	-59%
Total assets	9,101,647	9,689,031	-587,384	-6%
Current liabilities	1,669,485	1,739,803	-70,318	-4%
Non-current liabilities	344,219	411,407	-67,188	-16%
Total liabilities	2,013,704	2,151,210	-137,506	-6%
Capital	1,507,617	1,884,521	-376,904	-20%
Capital surplus	567,114	567,114	-	-
Retained earnings	5,013,741	5,049,888	-36,147	-1%
Other equity	-51,946	-15,551	-36,395	234%
Minor interests	51,417	51,849	-432	-1%
Total shareholder's equity	7,087,943	7,537,821	-449,878	-6%
<p>1. Analysis on more than 20% changes in %:</p> <p>(1) The increase in Property, plant, and equipment: mainly due to the investment in the construction of new factory in Thailand.</p> <p>(2) The Decrease in Other Assets: mainly due to the transfer of "Prepayments for land (transfer completed) to Property, Plant, and Equipment.</p> <p>(3) The Decrease in Capital: due to the implementation of cash capital reduction in 2025.</p> <p>(4) The Decrease in Other Equity: mainly due to the impact of market price fluctuations on the invested listed companies (financial assets measure at fair value through other comprehensive income).</p> <p>2. Impacts of the changes: No significant influence on the Company's financial situation.</p> <p>3. Future plan to meet the changes: Not applicable.</p>				

(2) Two year comparison on the financial performance

Unit: NT\$1,000

Item \ Year	2025	2024	Increase / Decrease In amount	Increase/ Decrease n %
Total sales	7,384,022	8,039,380	-655,358	-8%
Operating Cost	5,760,673	6,129,586	-368,913	-6%
Gross Margin	1,623,349	1,909,794	-286,445	-15%
Operating Expenses	900,443	952,850	-52,407	-6%
Operating Profit	722,906	956,944	-234,038	-24%
Non-operating income and expenses	-23,605	266,162	-289,767	-109%
Net income before tax	699,301	1,223,106	-523,805	-43%
Tax	159,297	306,606	-147,309	-48%
Net income after tax	540,004	916,500	-376,496	-41%
Other comprehensive income (after tax – net)	-21,828	151,258	-173,086	-114%
Total comprehensive income	518,176	1,067,758	-549,582	-51%

1. Analysis on more than 20% changes in %:

- (1) The Decrease in Operating Profit and the Decrease in Tax: due to adverse factors such as the appreciation of the New Taiwan Dollar in 2025, U.S. tariffs, inflation, and a cautious consumer market, the Company's overall operations were impacted.
- (2) The Decrease in Non-Operating income and expenses: mainly due to the appreciation of the New Taiwan Dollar against the U.S. dollar, a foreign exchange loss was recorded in 2025 (compared to a foreign exchange gain in 2024).
- (3) The Decrease in Other comprehensive income (after tax-net): mainly due to changes in the exchange rates used to translate the financial statements of overseas operating entities for the year 2025.
- (4) The decrease in Total comprehensive income: mainly due to effect of decrease in 2025 Net Income and Other Comprehensive Income (after tax).

2. Estimated sales volume in the future year and the basis: according to our experiences in the past and the observations of the trend of future industrial growth, we expect to sell 35,000~40,000 thousand units in 2026.

3. Possible influences on the company's future financial situation and the encountering measures: No significant influences on financial situation.

4. Future plan to meet the changes: Not applicable.

(3) Review and analysis Table on Cash Flows

1. Analysis on the changes in cash flow in current year

Unit: NT\$1,000

Year Item	2025	2024	Changes	
			Amount	%
Net cash flow	\$-876,934	\$395,628	-\$1,272,562	-322%
<p>(1) The decrease in net cash flows in 2025 compared to 2024: was mainly due to a decline in both revenue and profits for the 2025 fiscal year, cash outflows related to the capital reduction and refund of share capital, as well as investments in real estate and equipment for the new factory in Thailand, and the impact of exchange rate fluctuations resulting from the appreciation of the New Taiwan Dollar against the U.S. Dollar.</p> <p>(2) Improvement plan for insufficient liquidity: the Company has sufficient cash, and there is no insufficient liquidity problem.</p>				

2. Liquidity Analysis for the future one year:

Unit: NT\$1,000

Beginning cash balance	Estimated cash inflow from operating activities of the year	Estimated cash outflow of the year	Estimate amount of cash surplus (insufficient)	Supplement measures for insufficient cash	
				Investment planning	Financial planning
\$1,705,253	\$8,413,371	\$8,271,269	\$1,847,355	-	-
<p>(1) Analysis on the estimated cash flow changes in 2026:</p> <p>A. Operation activity: Expect our operation can still maintain stable profit and cash inflow.</p> <p>B. Investment activity: Expect continued cash outflows regarding expenditures on the construction of new factory and the procurement and replacement of facilities.</p> <p>C. Financing activity: Expect cash outflows for cash dividends.</p> <p>(2) The make-up plan for insufficient cash, and the analysis on solvency: We expect cash is enough in 2026.</p>					

(4) Influences of major capital expenditure plan in the recent fiscal year:

In consideration of future operational needs and other factors, the Company's Board of Directors has resolved to establish a subsidiary, FU SING INDUSTRIAL (THAILAND) CO., LTD., and to allocate up to US\$45 million for expenses related to land acquisition and factory construction. Construction of the new factory is scheduled to begin in 2025 and is expected to be completed and commence

mass production in the first half of 2026.

The funds required for the plant construction are currently primarily sourced from the Company's own operating capital, with a portion to be supplemented by bank loans in the future. The Company has a sound financial structure and a low debt-to-equity ratio; this investment project will not have a material impact on the Company's financial operations.

(5) Main reason for the profit or loss of its invested company in the current year, and the improvement plan and investment plan in the future year:

Current strategy to make investment is focus on the expansion of product lines, and promotion of operation synergy and overall competitiveness. In 2025, the Company recognized NT\$114,667 thousand dollars as profits from re-investments under equity method (i.e. profits from subsidiaries). The overall operation conditions in relation to such re-investments under equity method were good. In this year, we will continue to carefully evaluate investment projects based on our long-term strategic view to meet the need of operational development.

(6) Assessment of Risks

1. Organization structure for risk management:

Important risk assessment directions	1 st layer - risk control unit	2 nd layer – Deliberation and control mechanism	Board of Directors/ Internal Audit Office
Interest, exchange rate and financial risks	Investment Management Team	President Office	The Board: (Risk assessment & Final strategy mechanism) Internal Audit Office: (Risk review, assessment, improvement tracking, report)
Changes on material prices	Purchasing Dept.	Business Group	
New product's development, improvement, and substitute materials	R&D Center	R&D Meeting	
Extraordinary quality	R&D Center	Quality Control Meeting	
Production Arrangement	Production planning Dept.	Production & Sales Meeting	
Re-investment assessment	Investment Management Team	CEO Office	

Compliance to company standards and regulations	Superintendents of all the levels	Audit	
Litigation & Non-litigation issues	Legal affairs Team	President Office	
Shareholding changes among directors, supervisors, and major shareholders	Legal affairs Team	President Office	
Execution and management of the Board Meeting	Legal affairs Team	President Office	

2. Influences of the changes in interest rate, exchange rate and inflation on the company's profits, and the future response measures:

Over the past year, influenced by factors such as adjustments to U.S. trade policies and geopolitical conflicts, the New Taiwan Dollar appreciated initially but then depreciated against the U.S. dollar, while the Chinese yuan continued to appreciate against the U.S. dollar. Meanwhile, prices of bulk metal raw materials fluctuated significantly, posing challenges to the Company's operating results and costs. The Company will continue to adopt appropriate hedge measure for exchange rates and raw materials, and actively promote VAVE, the development of new products and other value-enhancing improvements to strengthen competitiveness.

The responses to risks are listed as below:

- (1) Response to risks of interest rate: the Company has stable profits and sufficient working capital. We adopts floating interest rates for bank loans. Because there are loose funds in current market and interest rates are still maintained at low levels, we expect the interest rate risks will not be too large.
- (2) Response to risks of exchange rate: the Company is mainly doing exporting business, so exchange rate fluctuation does have direct effects on exporting sales. We will continue to carry out appropriate hedge strategy by forward selling and increase import purchases with the expectation to reduce the exchange rate fluctuation risk.
- (3) Response to risks of inflation: international energy and raw material prices have been on an upward trend since the third quarter of 2025. The Company continues to review the appropriateness of its various consumption patterns and, through measures such as researching and developing alternative materials, controlling procurement costs, and reducing non-

essential expenditures, aims to utilize resources more effectively and alleviate operational pressures.

3. Main cause of profit or loss resulted from carrying out high risk, high leverage investment, loaning fund to others, endorsements and guarantees, and strategy on derivative merchandises transactions; and the countermeasures in the future:

(1) When loaning funds to others, making endorsements/guarantees, and carrying out transactions in relation to derivatives, other than the need to comply with according laws and regulations, the Company also regulates to handle such transactions in accordance with the established “Work Procedures to loan funds to others”, “Work Procedures to make endorsement/guarantees”, and “Work Procedures to involve in derivative merchandise transactions”.

(2) Derivative merchandise transactions that the Company involves include forex option for hedge purpose, forward foreign exchange transactions, and bulk materials metal future options. The purpose is to evade risks in relation to foreign exchange rate fluctuation for export business and reduce pricing fluctuation risks of metal materials.

4. Planned product development and estimated capital investment in product R&D:

(1) Mechanic door lock:

a. The residential lock business will continue to focus on the North American housing market, expanding the breadth and flexibility of its Grade 2 and Grade 3 product lines while accelerating the rollout of Grade 1 products to increase market coverage. Product development continues to incorporate modular design concepts to enhance component commonality and platform scalability, shorten development cycles, and improve customization efficiency.

In terms of product design, we continue to expand our style collections, offering a complete range of coordinating products—from auxiliary locks and tubular locks to large-handle locks—while optimizing surface finish quality and color options to enhance consistency with home interior design. At the same time, we are experimenting with new materials and innovative manufacturing processes to balance aesthetic appeal with structural strength. Our smart products will prioritize security and system integration capabilities to meet both convenience and cybersecurity requirements.

b. Commercial medium- and heavy-duty door locks are built around the ANSI/BHMA Grade 1 standard and UL fire-resistance certification, with a focus on continuously expanding functional modules and application scenarios to enhance product line

completeness and system integration capabilities. The modern design creates greater stylistic consistency between commercial and residential products, meeting the needs of apartment complexes and mixed-use buildings. At the same time, we are developing high-value-added products with specialized surface treatments, moving toward higher technical standards.

- c. The Company is a member of the Building Hardware Manufacturers Association (BHMA) and stays abreast of the latest product standards and regulatory developments. Our commercial products have obtained BHMA certification, and we are actively pursuing certification for our residential product lines. To meet the growing demand for smart and modular products, we are expanding our laboratory testing capabilities to include structural strength, durability, and weather resistance tests. This initiative will enhance the quality consistency and regulatory compliance of our products across all markets, ensuring our competitiveness and long-term market advantage.

(2) Electronic door lock:

- a. Our existing standalone product line is becoming increasingly comprehensive, with input interfaces ranging from button-operated, touchscreen, and membrane-keypad electronic locks, and we continue to expand our biometric electronic lock product line. In the future, we will adopt a modular design approach to standardize and enable the reuse of functional modules. This will not only improve development efficiency but also increase the flexibility of our product portfolio, thereby meeting diverse market demands and offering a wider range of design options.
- b. As electronic door locks become increasingly integrated with smartphones and IoT platforms, the Company has launched products that support Wi-Fi connectivity and further integrated apps with cloud systems, enabling remote control and monitoring of door locks. We have mastered and obtained certification for the Matter protocol and related applications. As a key technology for cross-platform integration in smart homes, we will continue to expand our product line in this area. Through cloud integration, we are deepening our integration with mobile apps and third-party smart home platforms to create a seamless, convenient, and secure smart living experience across devices.
- c. Commercial door locks continue to be built around a high degree of electromechanical and software integration, enabling the development of comprehensive door lock systems tailored to multi-unit residential and mixed-use building environments. By incorporating technology-enabled features, these systems reduce the burden of access control management in common areas while

meeting users' diverse needs and security standards, ensuring the products' long-term competitiveness in the market.

- (3) The planned R&D investment: The planned R&D expense in 2026 is NT222,742 thousand dollars.

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

There was no impact on the Company's financial operations due to the changes in domestic major policies or regulations. Besides, the Company centers on developed nations, such as U.S. and EU, where have relatively stable regulations and policies, so foreign policies and regulations should not cause significant influence on our financial situation. However, we will still keep an eye on the external changes.

6. Effect on the company's financial operations of developments in science and technology as well as industrial change, and measures to be taken in response:

(1) The Company has introduced in the ERP system and will keep improving the system and integrating resources, so that we are able to review from timely information to response quickly to market demands and modify the Company's operational strategy.

(2) In recent years, consumers had more demands from door lock, no matter in the safety, function, or appearances, and this was especially obvious in the market of electronic door locks. Hence, for further cultivating the market and keeping our leading position, Taiwan Fu Hsing has actively integrated our products with computer software, smart phone applications, and wireless communication technologies to keep developing products with high competitiveness.

(3) The advancement of information technology is closely related to changes in the entire industrial environment, especially for information security threats. The company has deployed information security protection measures for the internal network and computer systems to reduce information security threats and attacks. In the face of ever-changing system vulnerabilities, viruses and hacker attacks, the company continuously improves and optimizes information security protection measures through proactive defense behaviors, such as establishing firewalls, establishing email filtering systems, installing antivirus software, and regularly conducting information security inspections. Reduce the threat posed by information security.

7. Effect on the company's crisis management of changes in the company's corporate image, and measures to be taken in response: Not applicable.

8.Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken: There is no significant merger or acquisition project.

9.Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken:

In consideration of future operational needs and other factors, the Company's Board of Directors has resolved to establish a subsidiary, Fu Sing Industrial (Thailand) Co., Ltd., and to allocate up to US\$45 million for expenses related to land acquisition and factory construction. Upon completion in the first half of 2026, the project is expected to effectively increase production capacity and further enhance the Company's competitiveness in market expansion.

However, given the rapidly changing external business environment and potential fluctuations in market demand, the Company will closely monitor market developments and work closely with our customers to minimize operational risks.

10.Risks associated with any centralized sales or procurement, and mitigation measures being or to be taken: Not applicable.

11.Effect upon and risk to the company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10 percent stake in the company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken: Not applicable.

12.Effect upon and risk to company associated with any change in governance personnel or top management, and mitigation measures being or to be taken: Not applicable.

13.Litigious and non-litigious matters:

Major litigious, non-litigious or administrative disputes, regardless of being concluded by means of a final and un-appealable judgment or is still under the litigation process, that involves the company and/or the company's director, supervisor, the President, any person with actual responsibility for the company, any major shareholder holding a stake of greater than 10 percent, and a subordinate company, and is possibly materially affect shareholders' equity or the prices of the company's securities: No such situation until the printing date of this annual report.

14.Other significant risk and mitigation measures being or to be taken: No other

significant risks.

(7) Other important matters: None.

VI Special Notes

(1) Disclosures regarding affiliated companies

I. Organization status of the affiliated companies

(1) Organization chart of the affiliated companies

Please refer to TWSE Market Observation Post System: Home > Company > Electronic document download > Three major operation reports of affiliated companies.

(Website: https://mopsov.twse.com.tw/mops/web/t57sb01_q10)

(2) Company that is concluded as the existence of the controlling and subordinate relation according to Article 369-3 of the Company Act: No such situation.

(3) Company that is determined having a relationship of subordination or having control power as subordinate according to Article 6 of the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises: No such situation.

II. Information on affiliated companies

Please refer to TWSE Market Observation Post System: Home > Company > Electronic document download > Three major operation reports of affiliated companies.

(Website: https://mopsov.twse.com.tw/mops/web/t57sb01_q10)

III. Having the same shareholders in the controlling and affiliated company defined in the Company Act: None.

IV. Industries involved by the overall affiliated companies

Please refer to TWSE Market Observation Post System: Home > Company > Electronic document download > Three major operation reports of affiliated companies.

(Website: https://mopsov.twse.com.tw/mops/web/t57sb01_q10)

V. Loaning of funds situation

Please refer to TWSE Market Observation Post System: Home > Company > operation status > Endorsement, Guarantee / Financing > Funding and Endorsement Guarantee Information

(Website: <https://mops.twse.com.tw/mops/#/web/t65sb04>)

VI. Endorsement and guarantees provided for affiliated companies:

Please refer to TWSE Market Observation Post System: Home > Company > operation status > Endorsement, Guarantee / Financing > Funding and Endorsement Guarantee Information

(Website: <https://mops.twse.com.tw/mops/#/web/t65sb04>)

VII. Directors, supervisors, presidents of the affiliated companies

Please refer to TWSE Market Observation Post System: Home > Company > Electronic document download > Three major operation reports of affiliated companies.

(Website: https://mopsov.twse.com.tw/mops/web/t57sb01_q10)

VIII. Financial situation and operation results of the Company's affiliated companies

Please refer to TWSE Market Observation Post System: Home > Company > Electronic document download > Three major operation reports of affiliated companies.

(Website: https://mopsov.twse.com.tw/mops/web/t57sb01_q10)

(2) Private placement of securities: None.

(3) Other matters that require additional explanation: None.

VII Situations Listed in Article 36, Paragraph 3, Sub-paragraph 2 of the Securities and Exchange Act that Might Materially Affect Shareholder's Equity or The Company's Stock Price: None

(This is a translation of the Chinese Annual Report. In case there is any discrepancy in the contents between the English and Chinese version, the Chinese version shall prevail.)