

Stock Code: 1558

ZENG HSING INDUSTRIAL CO., LTD.

## 2025 Annual Report

### Notice to readers

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

Taiwan Stock Exchange Market Observation Post System:

<https://mops.twse.com.tw>

# ZENG HSING INDUSTRIAL CO., LTD.

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Address: 3F., No. 17, Bo'ai Rd., Zhongzheng Dist., Taipei City 100, Taiwan (R.O.C.)

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Tel: (02)2381-6288

## 4. CPA of the most recent financial report

Certified accountants: CHING-YA HUANG, WEN-CHEN LO

Accounting firm: Ernst & Young

Address: 26F., No. 186, Shizheng N. 7th Rd., Xitun Dist., Taichung, Taiwan, R.O.C.

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## 5. Overseas Securities Exchange: Not applicable

## 6. Corporate Website: <https://www.zenghsing.com.tw>

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## I. Letter to the Shareholders

Dear Shareholders,

I would like to thank you all for supporting Zeng Hsing Industrial Co. Limited (hereinafter referred to as “the Company”). Over the past year, the domestic sewing machine shipments of ZENG HSING in 2025 reached 2.02 million units. The management team of ZENG HSING upheld the diligent and pragmatic spirit to steer through the tough market with all employees’ dedicated work to achieve the outstanding result of NT\$ 5.52 earnings per share in 2025.

In the future, the devoted team at ZENG HSING will continue to improve products and technologies, retain the long-term relationship with customers to introduce market-oriented models, and actively develop the emerging markets to promote the culture of sewing and lead the group to a new realm of production service.

The following is a report on the business results in the past year and future prospects of ZENG HSING.

### 1.1. 2025 Operating Results

#### (i) Operating plan performance (Consolidated)

The Company’s consolidated net operating revenue for 2025 amounted to NT\$8.104 billion, reflecting a decrease of 2.79% from NT\$8.337 billion in 2024. Consolidated net profit before tax for 2025 totaled NT\$864 million, reflecting a decrease of 28.12% from NT\$1.202 billion in 2024.

#### (ii) Budget implementation (Consolidated)

The financial forecast was not disclosed publicly by the Company, as a result, there is no related statement available.

#### (iii) Profitability analysis (Consolidated)

Unit: NT\$ thousand; %

		2025	2024
Financial Income and Expenditure	Interest Income	65,520	72,456
	Interest Expenses	37,978	21,928
Profitability and Efficiency	Return on Assets (%)	5.06	7.46
	Return on Shareholders’ Equity (%)	7.15	10.41
	Operating Income to Paid-in Capital Ratio (%)	109.72	139.96
	Pre-tax Income to Paid-in Capital Ratio (%)	129.78	180.60
	Net Margin (%)	7.78	11.04
	Earnings Per Share (NT\$)	5.52	6.81

#### (iv) Research and development status (Consolidated)

Since its establishment, the Company has continuously invested in research and development personnel and resources each year to maintain its industry competitiveness. R&D expenditures for 2025 amounted to NT\$375,965 thousand, accounting for 4.64% of net operating revenue, compared with NT\$372,659 thousand, or 4.47% of net operating revenue, in 2024. Both the amount and the percentage increased, while the R&D expenditure ratios remained at similar levels over the two years.

### 1.2. Overview of 2025 Business Plan

#### 1.2.1. Current Operating Policy

1.
  - Develop our corporate future vision
  - Establish strategies as guidelines
  - Integrate and reutilize group resources
  - Expand cooperation with existing customers
  - Promote strategic alliances
  - Broaden non-operating income sources
  - Diversify into other industries
  - Develop new businesses
  - Set annual targets for each subsidiary of the Group
  - Implement target management and conduct regular variance analysis and reviews
  - Ensure overall business performance
2.
  - Continue to develop new products
  - Strengthen existing production lines
  - Optimize product user interfaces
  - Provide online training videos and lessons
  - Cooperate with educational entities to improve the current product functions to offer a more diverse product portfolio
3.
  - Expand and deepen customer collaboration
  - Provide the customer with multiple services
  - Improve customer relationship management
  - Understand customer needs and therefore increase and improve the selection of products the Company offers
  - Provide services that strengthen long-term customer value and relationships
4.
  - Upgrade production equipment through semi-automation of die-casting operations and the implementation of workload leveling initiatives
  - Optimize inspection procedures to improve overall production quality and efficiency
  - Integrate Industrial Internet of Things (IIoT) and big data analytics to improve decision-making and overall operational efficiency

5.
  - Implement and embed quality awareness by advancing the Quality Excellence Program as the foundation
  - Enforce the “Three Actuals” principle (actual site, actual item, and actual condition)
  - Identify root causes of issues, propose the most appropriate solutions, and take proactive actions
  - Continuously improve production quality to achieve overall quality standards
6.
  - Identify key employees and develop their skillsets by planning and conducting a variety of functional trainings
  - Enhance talent development across the Group
  - Promote cross-functional collaboration among professionals to achieve maximum organizational synergies
7.
  - Continue to promote eco-friendly product management
  - Implement the ISO 14001 environmental management system
  - Follow the EU environmental procurement policies
8.
  - Continue to promote the Company’s greenhouse gas system ISO 14064-1 and energy management system ISO 50001.
9.
  - MES/ SPC (Manufacturing Execution System (MES), Statistical Process Control (SPC)).The system was introduced to improve processes, increase production efficiency and monitor online process performance at any time.

#### 1.2.2. Sales forecast and Basis of Forecast

The financial forecast was not disclosed publicly by the Company, as a result, there is no sales forecast available.

#### 1.3. Future Strategies

1. Ensure revenue growth and maintain net operating margin: employ data-oriented decision-makings to carry out business/operations/talent innovation, integrate product blueprint development, consolidate existing customers, and actively develop regional customers in the sewing machine manufacturing industry to increase revenue and maintain net operating margin effectively.
2. Reduce operational risks: In response to the unknown risks caused by the external environment, the Company regularly inspects potential risks and enable the Company to prevent and manage them in advance in order to mitigate the potential impacts and losses brought by the organization's operation.
3. Investment in new products and new businesses: Pursue diversified operations to extend business reach and create new growth momentum, leverage and expand core competitive advantages, and enhance operating profitability and sustainable business development.
4. Proactive regional business growth: grasp the blueprint of competitive products and changes in business models, adjust sales strategies on a rolling basis, provide pre-sales, in-sales, and after-sales services to customers, drive up regional sales volume, and generate higher revenue for the industry.

5. Consolidate existing customers: Strengthen services to improve product differentiation and competitiveness, create customer value, and increase customer reliance on the Company.
6. Develop new product series: Develop mid-to-high-end or differentiated models with strategic thinking to capture the market share of competitive products, introduce the modular design of components, and accumulate experience to enhance technical capabilities and high quality.
7. Improve quality assurance: Strengthen the design energy and implement the computerized vehicle verification project, improve the stability and quality of the machine, and enhance the competitiveness of the computerized vehicle.
8. Operation process innovation: Pursue operation intelligence, invest resources to improve the existing operation mode and establish necessary processes to achieve operational efficiency.
9. Organizational talent development: Establish a multinational human resources system for each business group, develop new business talent teams, cultivate management trainees with systematic thinking and management skills, and explore potential talent through special assignments.
10. Focus R&D efforts on green design and energy conservation with emission reduction considerations. Through continuous research and innovation, the Company aims to deliver competitive products that meet customer requirements.

#### 1.4. The Impact of the External Competitive Environment, Regulatory Environment, and Macro environment

##### 1. External competitive environment

There has been a reduction in prices in the sewing machine market. Zeng Hsing needs to reduce production costs and find ways to improve process technology to reduce the pressure of declining prices.

##### 2. Regulatory environment

Regulation changes in domestic and foreign policies in recent years have not materially affected the Company's financial performance. Zeng Hsing observes domestic and foreign political and economic situations and acts accordingly and responsibly. Zeng Hsing communicates with its CPAs, lawyers and external experts when required to make sure the Company will follow all required regulations.

##### 3. Macro environment

The U.S.-China trade war, geopolitical tensions, and energy price volatility will continue to create uncertainty in global financial markets. Looking ahead to 2025, the global economic outlook remains fraught with challenges. Tariff policies proposed by the new U.S. administration may have significant implications for the global economy. There remains considerable room for improvement, and we must take this opportunity to adjust our pace, developing products that appeal to customers and offer differentiated functionality, strengthening the R&D of new models and product lines, retaining existing customers, and expanding our customer base. By integrating Group resources, we aim to increase overall revenue and profitability. At the same time, we will seek opportunities for strategic external alliances, enhance technical capabilities and precision processing, and continue advancing automation. Moving forward, we will remain deeply committed to the sewing machinery sector.

We will also continue to address the issue of corporate social responsibility, uphold the welfare of the society, the environment and stakeholders, maintain the balance between the sustainable development of the environment and the Company to meet international standards, and truly become an enterprise at the international level.

On behalf of all employees of the Company, I sincerely thank all shareholders for your long-term support and recognition of the Company. We look forward to your continuous guidance and suggestions in the future.

Sincerely yours,

Chairman CHIH-CHENG LIN

General Manager TUNG-LIANG LIU

## II. Corporate Governance Report

### 2.1 Directors and Management Team

#### 2.1.1 Board of Directors

##### A. Director information

27 March 2026 (Stock Transfer Suspension Date) Unit: shares

Title (Note 1)	Nationality/ Country of Origin	Name	Gender Age (Note 2)	Date Elected	Term (Years)	Date First Elected (Note 3 and 6)	Shareholding when Elected		Current Shareholding		Spouse & Underage Children Shareholding		Shareholding by Nominee Arrangement		Experience (Education) (Note 4)	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Remarks (Note 5)
							Shares	% (Note 7)	Shares	% (Note 8)	Shares	%	Shares	%			Title	Name	Relation	
Chairman	Taiwan	CHIH- CHENG LIN	Male 71-80 years old	06/21/2024	3	12/28/2007	1,033,080	1.60%	1,033,080	1.60%	250,114	0.39%	0	0%	Bachelor of Industrial Engineering, Feng Chia University EMBA of National Chung Hsing University General Manager, Zeng Hsing Industrial Co., Ltd.	Chairman, Zeng Hsing Machinery & Electronics Co., Ltd Chairman, Zhangjiagang Zeng Hsing Trading Co., Ltd. Director, Zeng Hsing Industrial Co., Ltd. (BVI) Director, Jetsun Technology Co., Ltd. (SEYCHELLES) Chairman, Zeng Hsing Industrial Co., Ltd. (VN) Chairman, Shinco Technologies Limited (VN) CEO, Jetsun Technology Company Limited Corporate Director, Mitsumichi Industrial Co. Ltd. Chairman, Zhangjiagang Free Trade Zone Cheau Hsing Machinery & Electronics Co., Ltd. Corporate Director, TURVO INTERNATIONAL CO., LTD. (Representative, Zeng HSING Industrial Co., Ltd). Chairman, TAIWAN CHEER CHAMP CO., LTD. (Representative, Zeng HSING Industrial Co., Ltd). Chairman, TAIWAN CARBON TECHNOLOGY CO., LTD. (Representative, Zeng HSING Industrial Co., Ltd). Member and Convener of the ESG Committee, Zeng Hsing Industrial Co., Ltd.	N/A	N/A	N/A	N/A

Title (Note 1)	Nationality/ Country of Origin	Name	Gender Age (Note 2)	Date Elected	Term (Years)	Date First Elected (Note 3 and 6)	Shareholding when Elected		Current Shareholding		Spouse & Underage Children Shareholding		Shareholding by Nominee Arrangement		Experience (Education) (Note 4)	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Remarks (Note 5)
							Shares	% (Note 7)	Shares	% (Note 8)	Shares	%	Shares	%			Title	Name	Relation	
Director	Taiwan	RUEI-YI HONG	Male 51-60 years old	06/21/2024	3	12/28/2007	2,023,129	3.13%	1,952,129	3.02%	49,520	0.08%	0	0%	Master of Industrial Engineering & Management, National Chin-Yi University of Technology Director, Zeng Hsing Industrial Co., Ltd.	Director, Jie Hong Ltd.	None	None	None	None
Director	Taiwan	SU- CHEN LIAO	Male 61-70 years old	06/21/2024	3	12/28/2007	845,774	1.31%	729,774	1.13%	464	0.00%	313,300	0.49%	Graduated from National Chin-Yi University of Technology Supervisor, Zeng Hsing Industrial Co., Ltd.	Director, Long Huan Enterprise Ltd. Chairman, Shenghong Investment Co., Ltd.	None	None	None	None
Director	Taiwan	MENG- CHUNG HO	Male 51-60 years old	06/21/2024	3	06/14/2019	1,029,262	1.59%	1,071,261	1.66%	83,500	0.13%	0	0%	Graduated from Chia-Yi Senior Commercial Vocation school General Manager, Shanghai Antu International Trading Company Supervisor, Zeng Hsing Industrial Co., Ltd General Management Office Manager, Changqing Enterprise Co., Ltd. In China Factory Manager, Li Sen Co., Ltd. Vice President, Purchase management department of Hongkong Xian Yun Co., Ltd.	Chairman & General manager, Magic Outdoor International Limited	None	None	None	None

Title (Note 1)	Nationality/ Country of Origin	Name	Gender Age (Note 2)	Date Elected	Term (Years)	Date First Elected (Note 3 and 6)	Shareholding when Elected		Current Shareholding		Spouse & Underage Children Shareholding		Shareholding by Nominee Arrangement		Experience (Education) (Note 4)	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Remarks (Note 5)
							Shares	% (Note 7)	Shares	% (Note 8)	Shares	%	Shares	%			Title	Name	Relation	
Director	Taiwan	CHUNG- TING TSAI	Male 51-60 years old (Note 9)	06/21/2024	3	07/20/2021	998,305	1.55%	904,305	1.40%	599,636	0.93%	0	0%	Master of Business Administration, California State University, San Bernardino. Manager of Marketing Planning Center of Zeng Industrial Co., Ltd.	Director, Can Xin Investment Co., Ltd. Senior Deputy General Manager, the Office of the General Manager and Concurrent Director of the Marketing and Sales Division Corporate director, TURVO INTERNATIONAL CO., LTD. Representative of Zeng Industrial Co., Ltd. Member of the ESG Committee, Zeng Hsing Industrial Co., Ltd. Deputy Chairman, TAIWAN CHEER CHAMP CO., LTD.	None	None	None	None
Director	Taiwan	CHIN- TAN LEE	Male 61-70 Years old	06/21/2024	3	06/15/2022	666,608	1.03%	666,608	1.03%	0	0.00%	0	0%	Industrial Management Department, Asian Eastern University of Science and Technology	Supervisor, HSIEH FENG ALUMINIUM BUSINESS CO., LTD.	None	None	None	None
Independent Director	Taiwan	YOUNG- YAW PAI	Male 71-80 years old	06/21/2024	3	06/20/2023	0	0.00%	0	0.00%	0	0.00%	0	0%	Stevens Institute of Technology, USA Master Of Engineering- Mechanical	Chairman, Precision Motion Industries, Inc. Member of Remuneration Committee and Audit Committee, Zeng Hsing Industrial Co., Ltd. Corporate representative director (chairman) of CHENSU PLASTICS CO., LTD. (Representative director: Precision Motion Industries, Inc.) Corporate representative director of CHANSON METAL PROFILING CO., LTD. (Representative director: Precision Motion Industries, Inc.) Corporate representative director, Millennium Vee Hotel Taichung (Representative director: APEX DYNAMICS, INC.) Corporate representative director, YUN TAN TECHNOLOGIES CO., LTD. (Representative director: Precision Motion Industries, Inc.) Corporate representative director, EXFIRO CO., LTD. (Representative director: Precision Motion Industries, Inc.) Corporate representative director, UNION MECHATRONIC INC. (Representative director: Precision Motion Industries, Inc.) Chairman, Yuanzhou Co., Ltd.	None	None	None	None

Title (Note 1)	Nationality/ Country of Origin	Name	Gender Age (Note 2)	Date Elected	Term (Years)	Date First Elected (Note 3 and 6)	Shareholding when Elected		Current Shareholding		Spouse & Underage Children Shareholding		Shareholding by Nominee Arrangement		Experience (Education) (Note 4)	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Remarks (Note 5)
							Shares	% (Note 7)	Shares	% (Note 8)	Shares	%	Shares	%			Title	Name	Relation	
Independent Director	Taiwan	HUI-YU HUANG	Female 61-70 years old	06/21/2024	3	06/21/2024	0	0%	0	0%	0	0%	0	0%	CPA, Yangtze CPAs and Co.	Supervisor, Hungkuang University Member of the Remuneration Committee and Convener of the Audit Committee of ZENG HSING INDUSTRIAL CO., LTD. Independent Director / Member of the Remuneration Committee / Member of the Audit Committee, GENEREACH BIOTECHNOLOGY CORPORATION	None	None	None	
Independent Director	Taiwan	YUNG- SHENG HSU	Male 61-70 years old	06/21/2024	3	06/21/2024	0	0%	0	0%	0	0%	0	0%	Professor, Department of Finance, National Chung Hsing University	Independent Director, Member of the Remuneration Committee, Member of the Audit Committee, and Member of the Risk Management Committee, ADIMMUNE CORPORATION Corporate Director, IDEAL BIKE CORPORATION (Representative of KURO LING INVESTMENT CO., LTD.) Independent Director, Convener of the Remuneration Committee, and Member of the Audit Committee, ZENG HSING INDUSTRIAL CO., LTD. Independent Director, Member of the Remuneration Committee, and Member of the Audit Committee, CHIP HOPE CO., LTD.	None	None	None	

Note 1: The name of the corporate shareholder shall include both the names of the corporate shareholder and the representative of the entity.

Note 2: List the actual age and express it as a range, such as 41~50 years old or 51~60 years old.

Note 3: Fill in the time the person is first elected. If there is any interruption of the terms, please note.

Note 4: Experiences related to the current position. For positions held in an audit certification accounting firm or related businesses in the period concerned, the title and responsible duties shall be provided.

Note 5: Where the chairperson of the board of directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (For example, increase the number of independent directors, and there should be more than half of the directors who do not serve as employees or managers, etc.).

The Company does not have the situation where the chairman and the general manager are the same person; among the members of the board of directors, except that the CHUNG-TING TSAI, who is concurrently the director and deputy general manager of marketing department, the rest of the directors do not serve as employees concurrently, and none of the directors are spouses or first-degree relatives.

Note 6: The initial appointment date starts from the date of listing.

Note 7: The Company repurchased 2,000,000 treasury shares on January 6, 2026, and completed the change registration on 17 March 2026. Following the cancellation, the total number of issued shares was 64,535,631. The shareholding ratios are calculated based on the number of shares held at the time of election and the current number of shares held.

Note 8: Chairman, CHIH-CHENG LIN, served as a director of ZORCA WORLDWIDE LTD. (BVI) and ceased to serve as such following the deregistration of ZORCA WORLDWIDE LTD. (BVI) on 6 April 2025.

Note 9: Director, CHUNG-TING TSAI was appointed as Deputy Chairman of TAIWAN CHEER CHAMP CO., LTD. effective 1 January 2026.

Director information (2)

B. Disclosure of professional qualifications of directors and independence of independent directors.

Criteria Name	Professional Qualifications and Experience	Independence Status	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Chairman CHIH- CHENG LIN	<ul style="list-style-type: none"> <li>• At least 5 years of experience in business, finance, professional leadership, operations management, strategic planning, risk management, international perspective, global market judgment leadership, and working experience are required for the Company's business.</li> <li>• Experience: Chairman of Zeng Hsing Industrial Co., Ltd. and Chairman of Zeng Hsing Machinery &amp; Electronics Co., Ltd.; Chairman of Zhangjiagang Zeng Hsing Trading Co., Ltd.; Director of ZENG HSING INDUSTRIAL CO., LTD. (BVI); Director of JETSUN TECHNOLOGY CO., LTD. (Seychelles); Chairman of Zeng Hsing Industrial Co., Ltd. (VN) and Chairman of Shinco Technologies Limited (VN); General Manager of Jetsun Technology Company Limited; Representative of Zeng Hsing Industrial Co., Ltd. serving as Corporate Director of Mitsumichi Industrial Co., Ltd., TURVO INTERNATIONAL CO., LTD., TAIWAN CHEER CHAMP CO., LTD., and TAIWAN CARBON TECHNOLOGY CO., LTD.; Chairman of Zhangjiagang Free Trade Zone Cheau Hsing Machinery &amp; Electronics Co., Ltd.; and Member and Convener of the ESG Committee of Zeng Hsing Industrial Co., Ltd.</li> <li>• The individual is not subject to any of the circumstances prescribed in Article 30 of the Company Act.</li> </ul>	N/A	0

Criteria Name	Professional Qualifications and Experience	Independence Status	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Director CHIN-TAN LEE	<ul style="list-style-type: none"> <li>• More than 5 years of experience in business, finance, and corporate business, and specialized in corporate operations with extensive industry experience.</li> <li>• Experience: Supervisor of Hsiehfeng Aluminum Industry Co., Ltd. and director of the Company.</li> <li>• The individual is not subject to any of the circumstances prescribed in Article 30 of the Company Act.</li> </ul>		0
Director RUEI-YI HONG	<ul style="list-style-type: none"> <li>• More than 5 years of experience in business, finance, and corporate business, and specialized in corporate operations with extensive industry experience.</li> <li>• Experience: Director of Jie Hong Ltd., and director of the Company.</li> <li>• The individual is not subject to any of the circumstances prescribed in Article 30 of the Company Act.</li> </ul>		0
Director SU-CHEN LIAO	<ul style="list-style-type: none"> <li>• More than 5 years of experience in business, finance, and corporate business, and specialized in corporate operations with extensive industry experience.</li> <li>• Experience: Director and general manager of Long Huan Enterprise Ltd., Chairman of Shenghong Investment Co., Ltd., and Director of the Company.</li> <li>• The individual is not subject to any of the circumstances prescribed in Article 30 of the Company Act.</li> </ul>		0

Criteria Name	Professional Qualifications and Experience	Independence Status	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Director MENG- CHUNG HO	<ul style="list-style-type: none"> <li>• More than 5 years of experience in business, finance, corporate business, and specialized in corporate operation with extensive industrial knowledge.</li> <li>• Experience: Supervisor/Director of the Company, Chairman &amp; President of Magic Outdoor International Limited</li> <li>• The individual is not subject to any of the circumstances prescribed in Article 30 of the Company Act.</li> </ul>		0
Director CHUNG- TING TSAI	<ul style="list-style-type: none"> <li>• At least 5 years of experience in business, operational judgment, risk management, leadership and decision making, crisis management, industry knowledge, international market perspective, and work experience required for the Company's business.</li> <li>• Experience: Senior General Manager of the General Manager's Office and concurrently serving as Division-level Head and Director of the Marketing and Sales Division of the Company; Director of Can Xin Investment Co., Ltd.; Member of the ESG Committee of Zeng Hsing Industrial Co., Ltd.; and Deputy Chairman of TAIWAN CHEER CHAMP CO., LTD.</li> <li>• The individual is not subject to any of the circumstances prescribed in Article 30 of the Company Act.</li> </ul>		0

Criteria Name	Professional Qualifications and Experience	Independence Status	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Independent Director YOUNG-YAW PAI	<ul style="list-style-type: none"> <li>• At least 5 years of work experience in business, finance, accounting, corporate business, and specializing in process improvement of critical components in precision machinery, and enhancement of product accuracy and quality.</li> <li>• Experience: Chairman of Precision Motion Industries, Inc./ Corporate representative director (chairman) of Chensu Plastics Co., Ltd. (Representative director: Precision Motion Industries, Inc.)/ Corporate representative director of Chanson Metal Profiling Co., Ltd. (Representative director: Precision Motion Industries, Inc.)/ Corporate representative director of Millennium Vee Hotel Taichung (Representative director: Apex Dynamics, Inc.)/ Corporate representative director of Yun Tan Technologies Co., Ltd. (Representative director: Precision Motion Industries, Inc.)/ Corporate representative director of Exfiro Co., Ltd. (Representative director: Precision Motion Industries, Inc.)/ Corporate representative director of UNION MECHATRONIC INC. (Representative director: Precision Motion Industries, Inc.)/ Chairman, Yuanzhou Co., Ltd./ Independent director and Member of Remuneration Committee and Audit Committee of the Company</li> <li>• The individual is not subject to any of the circumstances prescribed in Article 30 of the Company Act.</li> </ul>	<p>1. Meeting Article 14-2 of Securities and Exchange Act “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies“ stipulated by the Financial Supervisory Commission. None of the following has occurred in the two years prior to the election or during the term of office:</p> <ol style="list-style-type: none"> <li>(1) An employee of the Company or any of its affiliates.</li> <li>(2) A director or supervisor of the Company’s affiliates.</li> <li>(3) Not a natural person shareholder who holds shares, together with those held by the person’s spouse, minor children, or held by the person under others’ names, in an aggregate amount of over 1% of the total number of outstanding shares of the Company or ranking in the top 10 in holdings.</li> <li>(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship of the managers listed in the first paragraph or the persons listed in the preceding two paragraphs.</li> <li>(5) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the Company, or that ranks among the</li> </ol>	0

Criteria Name	Professional Qualifications and Experience	Independence Status	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Independent Director HUI-YU HUANG	<ul style="list-style-type: none"> <li>Possesses more than five years of professional experience in accounting and has passed the national CPA examinations and obtained certification. Also has experience in business judgment, industry knowledge, leadership, and decision-making.</li> </ul> <p>Experience: CPA at Yangtze CPAs and Co., Supervisor at Hungkuang University, Member of the Remuneration Committee / Independent Director / Member of the Audit Committee of the Company, and Independent Director / Member of the Remuneration Committee / Member of the Audit Committee, GENEREACH BIOTECHNOLOGY CORPORATION (Stock Code: 4171). The individual is not subject to any of the circumstances prescribed in Article 30 of the Company Act.</p>	<p>top five in shareholdings, or that designates its representative to serve as a director or supervisor of the Company under Paragraphs 1 or 2, Article 27 of the Company Act.</p> <p>(6) More than half of the directors' seats or voting shares of the Company and other companies are controlled by the same person, the director, supervisor or employee of the other company.</p> <p>(7) A chairman, general manager or equivalent position of the Company and other companies or institutions are the same person or spouse, and the directors, supervisors or employees of other companies or institutions.</p> <p>(8) A director, supervisor, manager or shareholder holding of a certain company or institution who has financial or business dealings with the Company or who holds 5% or more of the total number of outstanding shares of the Company.</p> <p>(9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole</p>	1

Criteria Name	Professional Qualifications and Experience	Independence Status	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Independent Director YUNG-SHENG HSU	<p>Possesses over five years of academic qualifications as a professor in the Department of Accounting and Department of Information Management at public universities, with professional experience in business judgment, international market insight, leadership, and decision-making. Specializes in financial and accounting planning and provides the Company with professional financial advisory services and strategic recommendations for future development.</p> <p>Experience: Professor, Department of Finance, National Chung Hsing University; Independent Director / Member of the Remuneration Committee / Member of the Audit Committee / Member of the Risk Management Committee, Adimmune Corporation (Stock Code: 4142); Corporate Director (Representative of Guoling Investment Co., Ltd.), IDEAL BIKE CORPORATION (Stock Code: 8933); Independent Director / Convener of the Remuneration Committee / Member of the Audit Committee, the Company; and Independent Director / Member of the Remuneration Committee / Member of the Audit Committee, CHIP HOPE CO., LTD. (Stock Code: 8084).</p> <p>The individual is not subject to any of the circumstances prescribed in Article 30 of the Company Act.</p>	<p>proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Company Act or to the Business Mergers and Acquisitions Act or relevant laws or regulations.</p> <ol style="list-style-type: none"> <li>2. Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act.</li> <li>3. The individual is not subject to any of the circumstances prescribed in Article 30 of the Company Act.</li> <li>4. Serving concurrently as an independent director of no more than three public companies in</li> </ol>	2

### C. Responsibilities of the Board of Directors

The Board of Directors is composed of six directors and three independent directors, whose members possess extensive industry experience as well as academic expertise.

The Board's primary responsibility is to oversee the Company's compliance with laws and regulations, ensure financial transparency, provide timely disclosure of material information, and prevent misconduct such as corruption. In order to properly fulfill its oversight duties, the Board of Directors of Zeng Hsing Industrial Co., Ltd. has established various organizations and communication channels, including the Audit Committee, the Remuneration Committee, the ESG Committee, and the internal audit function.

The second responsibility of the Board is the appointment and removal of managerial officers, evaluation of management performance, and planning for senior management succession. The management team of Zeng Hsing Industrial Co., Ltd. maintains smooth and effective communication with the Board of Directors and focuses on implementing the Board's directives and conducting business operations with the objective of maximizing shareholder value.

The third responsibility of the Board is to deliberate and resolve material matters, including capital expenditures, investments, and dividend distributions.

The fourth responsibility of the Board is to provide guidance to management and oversee risk management. The Board of Directors of Zeng Hsing Industrial Co., Ltd. regularly listens to reports from the management team on a quarterly basis (including reports on corporate sustainability) and engages in discussions with management. Management is required to propose corporate strategies to the Board, while the Board evaluates the associated risks and likelihood of success, regularly reviews the progress and outcomes of such strategies, and urges management to make adjustments when necessary.

### D. Diversity and independence of the board of directors:

#### (A) Diversity of members of the board of directors

##### (a) Diversification Policy

The nomination and selection of the board members of the Company are conducted in accordance with the Company's Articles of Incorporation, adopting a "candidates nomination system". After all director candidates are approved by the board of directors, they will be submitted to the shareholders' meeting for approval.

To strengthen corporate governance and promote the strong development of the board composition and structure, the board of directors of the Company has resolved to establish Chapter 3 “Enhancing the Functions of the Board of Directors” of the Corporate Governance Guidelines. In particular, Article 20 provides that the composition of the board shall be diversified. It shall develop appropriate diversification policies based on its operations, business models, and development needs. These policies should include, but not be limited to basic criteria and values (gender, age, nationality, culture, and ethnicity), and professional knowledge and skills (law, accounting, industry, finance, marketing, or technology). In addition to evaluating the academic qualifications of each candidate, the board of directors also considers diverse backgrounds, proficiency and experiences, and emphasize the individual moral behavior and leadership to ensure diversity of board members.

The knowledge, skills, and competencies that the board members should possess to fulfill their duties are as follows: 1. Operational evaluation ability 2. Accounting and financial analysis proficiency 3. Management administration 4. Crisis management ability 5. Industry knowhow 6. International market perspective 7. Leadership ability 8. Decision-making ability, to achieve the ideal targets of corporate governance.

(b) Implementation of board members’ diversification policy:

The 19th board of directors of the Company (term: 21 July 2024 to 20 July 2027) consists of 9 directors, including 6 non-independent directors and 3 independent directors.

- 8 male directors and 1 female director
- 9 with Republic of China nationality
- 1 independent director have served the position for over 2 years, while 2 independent directors has served for less than 2 years. They have met the statutory requirements of independent directors, and they are familiar with the Company's finance and operations.
- 9 directors: they are not related by a spouse or second-degree kinship between them.
- 9 directors possess operational evaluation ability; 4 directors possess financial and legal expertise; 7 directors have management administration ability; 3 with crisis management ability; 7 with industry knowledge; 4 with international market perspective; and 9 with leadership and decision-making ability
- 6 directors aged above 60; and 3 directors aged below 60
- The ratio of directors who are concurrently employees: 11% (1 director)
- The ratio of independent directors is 33% (3 directors)

- Implementation situation of members of the 19th board of directors' diversification policy is as follows:

Title	Name	Gender	Concurrently employee of the Company	Age				Tenure of independent directors		Education	Diversified Core Competencies						
				41-50 years old	51-60 years old	61-70 years old	71-80 years old	Under 3 years	3 to 9 years		Operational evaluation	Financial and legal expertise	Management administration	Crisis management ability	Industry knowledge	International market perspective	Leadership and decision-making ability
Chairman	CHIH-CHENG LIN	Male					●			EMBA of National Chung Hsing University	●	●	●	●	●	●	●
Director	SU-CHEN LIAO	Male				●				Graduated from National Chin-Yi University of Technology	●		●		●		●
Director	RUEI-YI HONG	Male			●					Master of Industrial Engineering & Management National Chin-Yi University of Technology	●		●		●		●
Director	MENG-CHUNG HO	Male			●					Graduated from Chia-Yi Senior Commercial Vocation school	●		●		●	●	●
Director	CHUNG-TING TSAI	Male	●		●					Master of Department of Business Management, California State University, San Bernardino	●		●	●	●	●	●
Director	CHIN-TAN LEE	Male				●				Industrial Management Department, Asian Eastern University of Science and Technology	●		●		●		●
Independent Director	YOUNG-YAW PAI	Male					●	●		Stevens Institute of Technology, USA Master Of Engineering-Mechanical	●	●	●	●	●	●	●
Independent Director	HUI-YU HUANG	Female				●		●		Master of Department of Accountancy National Cheng Kung University	●	●					●
Independent Director	YUNG-SHENG HSU	Male				●		●		Syracuse U. (Ph.D)-Finance	●	●					●

- (c) The specific management objectives of the Board of Directors' diversity policy and the achievement status:

<b>Management Objectives</b>	<b>Achievement status</b>
Directors who also serve as company managers shall not exceed one-third of the number of directors	Achieved
Independent directors shall be appointed for not more than three consecutive terms	Achieved
At least 1/3 of independent directors have expertise in finance, accounting, or the industry	Achieved
The board of directors shall include at least one director of a different gender.	Achieved
The number of independent directors shall account for at least one-third of the total board seats.	Achieved

- (d) For TWSE/TPEX-listed companies whose board seats held by either gender do not reach one-third, please explain the reasons and the measures taken to improve gender diversity on the board:

Specific Reason: In 2024, the entire board was re-elected. Among the 19th-term board members, there are 8 male directors and only 1 female director. Although this composition met the regulatory requirements at the time, the number of seats held by one gender did not reach one-third. This is primarily due to the industry's characteristics and the difficulty in sourcing suitable candidates within a short period.

Planned Measures to Improve Gender Diversity on the Board: Prior to the next board re-election, the Company will seek talent recommendations through various channels such as industry networks and academic institutions to enhance board diversity and improve corporate governance effectiveness.

(B) Independence of the board of directors

- (a) Structure of the board of directors:

The Company has established a director selection system, and the appointment procedures for all directors are conducted openly and fairly in compliance with the "Articles of Incorporation", "Director Election Procedures", "Corporate Governance Guidelines", "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" and "Article 14-2 of the Securities and Exchange Act".

The current composition of the 19th board of directors consists of 3 independent directors (33%) and 6 non-independent directors (66%). Among them, 1 director concurrently holds employee/managerial status (11%, not exceeding one-third of all director seats). None of the directors is related by a spouse or second-degree kinship, which complies with Paragraph 3, Article 26-3 of the Securities and Exchange Act.

(b) Independence of the board of directors

The Company's board of directors directs the Company's strategy, supervises management, and reports to the Company and shareholders. In various operations and arrangements of the corporate governance system, the board of directors exercises its authority in accordance with laws, articles of incorporation, or resolutions of the shareholders' meeting. The Company's board of directors emphasizes the functions of independent operation and transparency. Both directors and independent directors are independent individuals who exercise their powers independently. The 3 independent directors also comply with relevant laws and regulations, cooperate with the Audit Committee to review the control of existing or potential risks of the Company, and effectively supervise the implementation of internal controls, the selection (dismissal) of certified public accountants, and the adequacy of the independence and the preparation of financial statements. In addition, according to the "Director Election Regulations" of the Company, the method of selecting directors and independent directors adopts a cumulative voting system and a candidate nomination system to encourage shareholder participation. Shareholders holding a certain number of shares or more may propose a list of candidates. The qualification review of the candidates and the confirmation of whether they have violated any matters provided in Article 30 of the Company Act are carried out in accordance with the law, and relevant acceptance operations are conducted and announced to protect shareholder rights to avoid monopolization or excessive nomination rights and maintain independence.

The Company has established a performance evaluation system of the board of directors, which is conducted by an external professional independent organization every three years. Additionally, internal self-assessment and board member evaluations are conducted annually. The performance evaluation of the board of directors includes five aspects: (1) The degree of participation in the Company's operations. (2) The quality of decision making by the board of directors. (3) The composition and structure of the board of directors. (4) The election of the directors and their continuing professional education. and (5) Internal controls. Board member self-assessment includes six aspects: (1) Their grasp of the Company's goals and missions. (2) Their recognition of director's duties. (3) Their degree of participation in the Company's operations. (4) Their management of internal relationships and communication. (5) Their professionalism and continuing professional education. and (6) Internal controls. The results of these self-assessments are disclosed in the Company's annual report, official website, and announced on the Market Observation Post System after they are reported to the board of directors.

To ensure that the investing public fully understand the remaining operations of the board of directors of the Company, the relevant information has also been disclosed in the Company's annual report, official website, or announcements on the Market Observation Post System, including: (1) Attendance of members of board of directors at meetings. (2) Board meeting agendas and resolutions. (3) Continuing professional education of directors. and (4) Changes in shareholding of board members (including shareholding ratio, share transfers, and establishment of pledges) (please refer to the Market Observation Post System).

E. Continuing Education of the 19th-Term Directors in 2025 (Hours)

Training Date	Training Provider	Chairman	Director	Director	Director	Director	Director	Independent Director	Independent Director	Independent Director
Course Title		CHIH-CHENG LIN	RUEI-YI HONG	SU-CHEN LIAO	CHIN-TAN LEE	MENG-CHUNG HO	CHUNG-TING TSAI	YOUNG-YAW PAI	YUNG-SHENG HSU	HUI-YU HUANG
2025/6/13 “Trump 2.0” and the Disruption of the Global Economic Order: Impacts and Strategic Responses	Securities and Futures Market Development Foundation of the Republic of China	3	3	3	3	3	3	3	3	3
2025/11/6 Sustainability Strategies Driven by Core Competencies: How Corporations Build Long-Term Resilience and Competitive Advantage through ESG	Securities and Futures Market Development Foundation of the Republic of China	3	3	3	3	3	3	3	3	3
Total Training Hours		6	6	6	6	6	6	6	6	6

F. Succession planning for board members and key management personnel

(a) Succession planning for members of board of directors

The selection of directors in the Company should consider the overall composition of the board of directors. The composition of the board members should be diversified. It should develop appropriate diversification policies based on its operations, business models, and development needs. These policies should include, but not be limited to: (1) Basic criteria and values: gender, age, nationality, and culture. (2) Professional knowledge and skills: professional backgrounds (such as law, accounting, industry, finance, marketing, or technology) professional skills, and industry experience, etc.

The knowledge, skills, and competencies that the members of the Company’s board of directors should possess to fulfill their duties are as follows: (1) Operational evaluation (2) Accounting and financial analysis proficiency (3) Management administration (4) Crisis management ability (5) Industry knowhow (6) International market perspective (7) Leadership ability (8) Decision-making ability

The Company conducts director succession plan through the following methods: (1) Recommendation of suitable candidates by current directors. (2) Recommendation of director candidates by shareholders. (3) Using the results of the board of directors' performance evaluations as a basis for nominating directors for reappointment.

To enhance the performance effectiveness of directors in their functions, the Company will move with the times and arrange annual training programs in response to changes in internal and external environmental conditions and development needs to improve the professional competence of directors.

(b) Succession planning for key management personnel

To meet the business operation and human resource development needs, and enhance overall operational efficiency, the Company regularly reviews human resource management strategy objectives, organizational development and manpower utilization, and significant human resource management systems, etc.

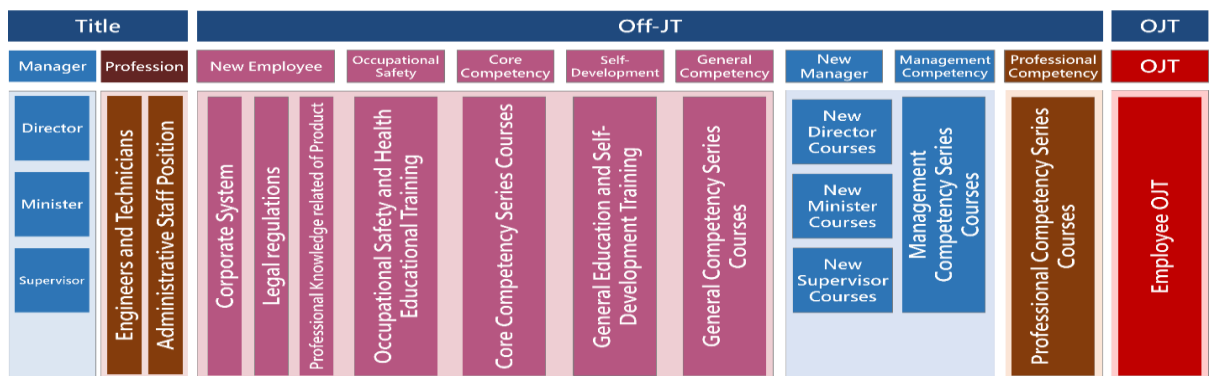
An annual review of succession plans is conducted, wherein the selection of successors not only considers their outstanding professional and managerial abilities but also ensures alignment of their values with the Company's business concept, including integrity and pragmatism, innovation, collective effort, and pursuit of well-being, etc.

The Company's key management, including assistant general managers and above, undergo practical training in company operations. In addition to daily duties, they receive training through various educational programs arranged by the Company, including core competencies, managerial skills, and professional abilities. These training initiatives were led by the group's general manager to enhance management and professional capabilities and effectively develop leadership thinking and international perspective abilities. This preparation is geared towards cultivating high-quality manpower essential for the Company's long-term development.

(c) Education training participation of director-level managers for 2025 are as follows:

Course Title	Execution Date	Duration (Hours)	Number of Trainees
Business Process Reengineering (BPR)	2025/5/15	3	5
“Trump 2.0” and the Disruption of the Global Economic Order: Impacts and Strategic Responses	2025/6/13	3	4
[Trade Secrets] Common Information Theft Methods and Risk Prevention Practices	2025/7/11	0.08	7
Sustainability Strategies Driven by Core Competencies: How Corporations Build Long-Term Resilience and Competitive Advantage through ESG	2025/11/6	3	4

Talent Development Framework Chart



2.1.2 Management Team

27 March 2026 (Stock Transfer Suspension Date) Unit: shares

Title (Note 1)	Nationality/ Country of Origin	Name	Sex	Effective Date	Shareholding percentage		Spouse & Minor Shareholding percentage		Shareholding by Nominee Arrangement		Experience/ Education (Note 2)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remarks (Note 3)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
General Manager	Taiwan	TUNG- LIANG, LIU (Note 4)	Male	02/18/2019	103,448	0.16%	0	0.00%	0	0.00%	Master of Business Administration, Lunghwa University of Science and Technology Director of Panasonic Taiwan Co., Ltd.	General Manager of Zeng Hsing Industrial Co., Ltd. Director of Zhangjiagang Zeng Hsing Machinery & Electronics Co., Ltd. Director of Zhangjiagang Zeng Hsing Trading Co., Ltd. Director of Shinco Technologies Limited (VN) Director of Zhangjiagang Free Trade Zone Cheau Hsing Machinery & Electronics Co., Ltd. Corporate director of Turvo International Co., Ltd. Corporate director of TURVO INTERNATIONAL CO., LTD. Representative of Zeng HSING Industrial Co., Ltd. Member of the ESG Committee, Zeng Hsing Industrial Co., Ltd. General Manager, Shinco Technologies Limited (VN)	None	None	None	

Title (Note 1)	Nationality/ Country of Origin	Name	Sex	Effective Date	Shareholding percentage		Spouse & Minor Shareholding percentage		Shareholding by Nominee Arrangement		Experience/ Education (Note 2)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remarks (Note 3)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Senior Deputy General Manager, Office of the General Manager, concurrently serving as Division Head of the Marketing and Sales Division	Taiwan	CHUNG- TING TSAI (Note 5)	Male	06/01/2016	998,305	1.55%	904,305	1.40%	599,636	0.93%	Master of Department of Business Management, California State University, San Bernardino Manager of Marketing Planning Center of Zeng Hsing Industrial Co., Ltd.	Director of Can Xin Investment Co., Ltd. Corporate director, TURVO INTERNATIONAL CO., LTD. Representative of Zeng Hsing Industrial Co., Ltd. Corporate director of Turvo International Co., Ltd. Corporate director of TURVO INTERNATIONAL CO., LTD. Representative of Zeng HSING Industrial Co., Ltd Member of the ESG Committee, Zeng Hsing Industrial Co., Ltd. Deputy Chairman, TAIWAN CHEER CHAMP CO., LTD.	None	None	None	
Deputy General Manager, Strategic Development Division	Taiwan	JUN- SHEN ZHOU	Male	11/01/2016	31,658	0.05%	0	0.00%	0	0.00%	Graduated from National Chung Hsing University, Department of Accounting Master of Executive Master of Business Administration (Enterprise Management Group), National Chung Hsing University Assistant general manager of Financial Department and Spokesperson of Bai Sha Printing, Taiwan	Director of Mitsumichi Industrial Co., Ltd. Supervisor of Zhangjiagang Free Trade Zone Cheau Hsing Machinery & Electronics Co., Ltd. Director of Taiwan Carbon Technology Co., Ltd. Director of Taiwan Cheer Champ Co., Ltd.	None	None	None	

Title (Note 1)	Nationality/ Country of Origin	Name	Sex	Effective Date	Shareholding percentage		Spouse & Minor Shareholding percentage		Shareholding by Nominee Arrangement		Experience/ Education (Note 2)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remarks (Note 3)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Associate General Manager, Strategic Development Division	Taiwan	QIONG- MEI CHEN (Note 6)	Female	05/01/2016	N/A	N/A	N/A	N/A	N/A	N/A	Master of Institute of Human Resource Management, National Sun Yat-sen University	None	None	None	None	
Deputy Manager, Audit Office	Taiwan	JIA-JUN XIE	Female	03/10/2023	2,000	0.00%	0	0.00%	0	0.00%	Master of University of Southampton International Financial Markets (MSc)	None	None	None	None	
Associate General Manager, Finance & Accounting Division	Taiwan	TZU-HO CHUANG	Male	07/01/2020	58,021	0.09%	0	0.00%	0	0.00%	Institute of Department of Accounting & Finance, Feng Chia University Senior manager of Ernst and Young	None	None	None	None	
Associate General Manager, Engineering and Technology, R&D Technology Division	Taiwan	MING-TA LI (Note 7)	Male	03/01/2021	45,000	0.07%	7,553	0.01%	0	0.00%	Graduated from EMBA of Technology industrial Engineering & Management, National Chin-Yi University of Technology	None	None	None	None	
Manager, Quality Assurance Division	Taiwan	JIN-SIOU SYUE	Female	03/01/2024	2,197	0.00%	0	0.00%	0	0.00%	Department of Foreign Languages and Literature, Providence University	None	None	None	None	

Title (Note 1)	Nationality/ Country of Origin	Name	Sex	Effective Date	Shareholding percentage		Spouse & Minor Shareholding percentage		Shareholding by Nominee Arrangement		Experience/ Education (Note 2)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remarks (Note 3)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Associate General Manager, R&D and Technology Division	Taiwan	CHIEH- YUAN TSAI (Note 8)	Male	01/01/2026	0	0.00%	0	0.00%	0	0.00%	Department of Mechanical Engineering, National Chin-Yi University of Technology Senior Associate General Manager, R&D Division, DURQ MACHINERY CORP.	None	None	None	None	

Note 1: It shall include the information of the general managers, Deputy General Managers, assistant managers, and heads of all departments and branches; regardless of their title, the information has to be disclosed as long as their ranking is equivalent to that of a general manager, Deputy General Manager or assistant manager.

Note 2: For the experience relevant to the current position, such as employment at an audit certification accounting firm or an associated enterprise during the said period, the title and responsibilities shall be specified.

Note 3: Where the chairperson of the board of directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (For example, increase the number of independent directors, and there should be more than half of the directors who do not serve as employees or managers, etc.).

The director of the Company is also the CEO of the Company, because of the executive has a great influence on the Company's operations and cultivate an executive need to step by step. In order to strengthen the standing of board of directors, inside the Company has been training the fit person actively after considered the efficiency of the Company's operations and decision execution. Furthermore, the Director is closely and fully communicated about the Company's state of operation and planning policy with each director to implement corporate governance. The Company will plan to use the way of increase the number of independent directors in the future, to enhance the function of the board of directors and strengthen the function of supervision. At present, the Company has the following specific measures.

Among the members of the board of directors, except the CHUNG-TING TSAI, who is concurrently the Senior Deputy General Manager, Office of the General Manager, concurrently serving as Division Head of the Marketing and Sales Division, the other directors are not employees concurrently. There is no relationship of spouse or within one degrees of kinship among all directors.

Note 4: TUNG-LIANG LIU was reassigned on 1 April 2025 to serve as General Manager and concurrently as Division-level Head of the Engineering and Technology Division, and ceased to concurrently serve as Division-level Head of the Engineering and Technology Division on 1 January 2026.

Note 5: CHUNG-TING TSAI was reassigned on 1 April 2025 to serve as Senior Deputy General Manager of the General Manager's Office and concurrently as Division-level Head of the Marketing and Sales Division, and was appointed Deputy Chairman of TAIWAN CHEER CHAMP CO., LTD. on 1 January 2026.

Note 6: QIONG-MEI CHEN resigned effective 1 July 2025.

Note 7: MING-TA LI was reassigned on 1 January 2026 from Associate General Manager of the R&D and Technology Division to Associate General Manager of the Engineering and Technology Division.

Note 8: CHIEH-YUAN TSAI was reassigned on 1 January 2026 from Special Assistant to the General Manager's Office to Associate General Manager of the R&D and Technology Division.

Note 9: The Company repurchased 2,000,000 treasury shares on 6 January 2026, completed the change registration on 17 March 2026, and following the cancellation, the total number of issued shares was 64,535,631, and the shareholding ratios are calculated based on the number of shares held at the time of election and the current number of shares held.

## 2.2 Remuneration of Directors, General Manager, and Deputy General Manager

### 2.2.1 Remuneration of general and independent directors

Unit: thousands of dollars; thousand shares

Title	Name	Remuneration								Ratio of Total Remuneration (A+B+C+D) to Net Income (%) (Note 10)		Remunerations Received by Directors Who are Also Employees								Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%) (Note 10)		Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary (Note 11)		
		Base Compensation (A) (Note 2)		Severance Pay (B)		Bonus to Directors (C) (Note 3) (Proposed figure)		Allowances (D) (Note 4)				Salary, Bonuses, and Allowances (E) (Note 5)		Severance Pay (F)		Profit Sharing- Employee Bonus (G) (Note 6) (Proposed number)								
		The company	All companies in the consolidated financial statements (Note 7)	The company	Companies in the consolidated financial statements (Note 7)	The company	Companies in the consolidated financial statements (Note 7)	The company	Companies in the consolidated financial statements (Note 7)	The company	Companies in the consolidated financial statements (Note 7)	The company	Companies in the consolidated financial statements (Note 7)	The company	Companies in the consolidated financial statements (Note 7)	The company	Companies in the consolidated financial statements (Note 7)	The company		Companies in the consolidated financial statements (Note 7)			The company	Companies in the consolidated financial statements (Note 7)
																		Cash	Stock	Cash	Stock			
Independent Director	YOUNG-YAW PAI	780	780	0	0	0	0	20	20	800	800	0	0	0	0	0	0	0	0	800	800	None		
										0.22%	0.22%								0.22%	0.22%				
Independent Director	HUI-YU HUANG	780	780	0	0	0	0	25	25	805	805	0	0	0	0	0	0	0	805	805	None			
										0.22%	0.22%								0.22%	0.22%				
Independent Director	YUNG-SHENG HSU	780	780	0	0	0	0	30	30	810	810	0	0	0	0	0	0	0	810	810	None			
										0.22%	0.22%								0.22%	0.22%				
Chairman	CHIH-CHENG LIN	5,657	5,778	0	0	2,200	2,800	30	70	7,887	8,648	0	0	0	0	0	0	0	7,887	8,648	None			
										2.15%	2.36%								2.15%	2.36%				
Director	RUEI-YI HONG	0	0	0	0	1,100	1,100	30	30	1,130	1,130	0	0	0	0	0	0	0	1,130	1,130	None			
										0.31%	0.31%								0.31%	0.31%				
Director	SU-CHEN LIAO	0	0	0	0	1,100	1,100	30	30	1,130	1,130	0	0	0	0	0	0	0	1,130	1,130	None			
										0.31%	0.31%								0.31%	0.31%				
Director	CHIN-TAN LEE	0	0	0	0	1,100	1,100	30	30	1,130	1,130	0	0	0	0	0	0	0	1,130	1,130	None			
										0.31%	0.31%								0.31%	0.31%				
Director	CHUNG-TING TSAI	0	0	0	0	1,100	1,400	30	70	1,130	1,470	3,513	3,513	108	108	467	0	467	0	5,217	5,557	None		
										0.31%	0.40%								1.42%	1.52%				
Director	MENG-CHUNG HO	0	0	0	0	1,100	1,100	30	30	1,130	1,130	0	0	0	0	0	0	0	1,130	1,130	None			
										0.31%	0.31%								0.31%	0.31%				

1. The Company's directors and independent directors' remuneration payment policies, systems, standards and structure, and state the relevance to the amount of remuneration according to the responsibilities, risks, time invested, etc.:

- In accordance with the provisions of the Company's Articles of Incorporation, the remuneration of the Company's directors is determined based on the value of their contributions to the Company's performance and the level of individual performance achievement, with reference to prevailing industry standards, and is authorized by resolution by the Board of Directors.
- The Articles of Incorporation further stipulate that directors' remuneration shall not exceed 4% of the Company's annual profits. Such remuneration is determined in compliance with the Company's "Directors' and Senior Management Compensation Management Policy" and the "Board Performance Evaluation Guidelines" as the basis for assessment. In addition to considering the Company's overall operating performance, future industry risks, and development trends, individual performance achievement and contribution to the Company's performance are also taken into account to provide reasonable remuneration.
- Relevant performance evaluations and the reasonableness of remuneration are reviewed and approved by the Remuneration Committee and the Board of Directors. The remuneration system is reviewed and adjusted in a timely manner based on the Company's actual operating conditions and applicable laws and regulations, with the objective of balancing sustainable business development and risk management.

2. Apart from the aforementioned disclosure, the remunerations for directors of the Company providing services (such as serving as a consultant, not concurrently an employee, in the parent company/ all companies included in the financial statements /reinvestment business) to consolidated subsidiaries: None

Note 1: The names of directors should be listed separately, and the amount of each payment is disclosed in a summary.

Note 2: Refers to remuneration of directors in the most recent year (including directors' salary, duty allowance, severance pay, various bonuses, incentives, etc.)

Note 3: Refers to the amount of director's remuneration distributed by the board of directors in the most recent year.

Note 4: Refers to director's related expenses from professional practice in the most recent year.

Note 5: Refers to the collection includes salary, a duty allowance, severance pay, various bonuses, transportation allowance, special expenses, various allowances, dormitory, car, etc. for the person that are directors and are employee.

Note 6: Refers to employee compensation for persons who are concurrently directors and employees. The amount of compensation received as resolved by the board of directors in the most recent year should be disclosed. If it is not possible to estimate, the estimated amount of this year will be calculated based on the proportion of the actual distribution amount last year.

Note 7: The total amount of remuneration paid by the Company to all directors of the Company stated in the consolidated report should be disclosed.

Note 8: The total remuneration the Company pays to each director should be disclosed along with the names of the directors in the designated bracket.

Note 9: The total remuneration of each director of the Company paid by all companies in the consolidated report should be disclosed and disclose the name of the directors in the designated bracket.

Note 10: Net profit after tax refers to net profit after tax in the most recent parent company only financial statement.

Note 11: a. This column should clearly fill in the amount of remuneration received by the Company's directors from a reinvestment business outside the subsidiary or the parent company (if not, please fill in "NA").

b. If a director of a company receives remuneration from an invested entity other than a subsidiary, such remuneration received from the invested entity other than a subsidiary shall be consolidated into column I of the remuneration range table and change the name of the column to "all investment business".

c. Remuneration refers to the remuneration, wage, employee profit sharing, and allowances paid by non-consolidated affiliates to directors who are also their directors, supervisors, or managers.

Note 12: The information in the above table is the remuneration of directors in 2025. The amount of directors' remuneration approved by the board of directors on 6 March 2026 is expected to be distributed in June 2026. The remuneration of employees who served as directors in 2025 is the amount proposed for distribution.

Note 13: Elected on 29 May 2025 as the representatives of the corporate director of TURVO INTERNATIONAL CO., LTD., namely Director CHIH-CHENG LIN and Director CHUNG-TING TSAI; the information presented above includes the directors' remuneration and business execution expenses paid by TURVO INTERNATIONAL CO., LTD. to Director CHIH-CHENG LIN and Director CHUNG-TING TSAI.

\*The remuneration disclosed in this form is different from that required by the Income Tax Act. Therefore, the purpose of this form is for information disclosure and is not intended for taxation purposes.

## 2.1.2 Remuneration of the General Manager and Deputy General Manager

Unit: thousands of dollars; thousand shares

Title	Name	Salary (A) (Note 2)		Severance Pay (B)		Bonuses and Allowances (C) (Note 3)		Profit Sharing- Employee Bonus (D) (Note 4)				Ratio of total compensation (A+B+C+D) to net income % (Note 8)		Compensation paid to the President and Vice President from an Invested Company Other Than the Company's Subsidiary (Note 9)
		The company	Companies in the consolidated financial statements (Note 5)	The company	Companies in the consolidated financial statements (Note 5)	The company	Companies in the consolidated financial statements (Note 5)	The company		Companies in the consolidated financial statements (Note 5)		The company	Companies in the consolidated financial statements (Note 5)	
								Cash	Stock	Cash	Stock			
General manager	TUNG-LIANG LIU (Note 12)	2,736	2,736	108	108	2,130	2,470	798	0	798	0	5,772	6,112	0
												1.58%	1.67%	
Senior Deputy General Manager and concurrently Division-level Head of the Marketing and Sales Division	CHUNG-TING TSAI (Note 12) (Note 13)	2,199	2,199	108	108	2,185	2,525	467	0	467	0	4,959	5,299	0
												1.35%	1.45%	
Deputy General Manager	JUN-SHEN ZHOU	1,653	1,653	103	103	623	623	306	0	306	0	2,685	2,685	0
												0.73%	0.73%	
	Total	6,588	6,588	319	319	4,938	5,618	1,571	0	1,571	0	13,416	14,096	0
												3.66%	3.85%	

\* Regardless of their title, the information has to be disclosed as long as their ranking is equivalent to that of a general manager or Deputy General Manager (e.g. president, chief executive officer, general director, etc.).

Note.1: Names of general managers and Deputy General Managers shall be listed separately, and individual payments made shall be disclosed through a summary. If the director is also a general manager or Deputy General Manager, this table and the above table (1-1 or 1-2-1 and 1-2-2) shall be completed.

Note.2: Salaries, additional pay, and service pay for general managers and Deputy General Managers in the latest year.

Note.3: Various prizes, awards, transportation, special expenditure, various allowances, dormitory, cars, and other actual items provided and other compensations for general managers and Deputy General Managers in the latest year. For housing, automobiles and other transportation tools or expenses that are specific to individuals, the nature and cost of the assets provided, the actual or market-value-based rental, the cost of gasoline and other payments shall be disclosed. If a driver is assigned, please indicate the pay available for the driver but it may not be included in the calculation of remunerations. In addition, salaries recognized in accordance with IFRS 2: stock-based payment transaction, including employee stock option certificates, restricted employee shares, and participation in subscribing shares in cash capital increase, shall also be included as part of the remunerations.

Note.4: Employee remunerations (including stock and cash) distributed to general managers and Deputy General Managers as approved by the Board of Directors in the latest year. If it is impossible to estimate the value planned to be distributed this year, follow the actual value distributed last year and calculate proportionally. In addition, the attached Table 1-3 shall be completed.

Note.5: The total value of remunerations paid to general managers and Deputy General Managers of the Company by all companies in the consolidated report (including the Company) shall be disclosed.

- Note.6: For the total value of various remunerations paid to each general manager and Deputy General Manager by the Company, disclose the name of the general manager and the Deputy General Manager in the respective bracket.
- Note.7: For the total value of various remunerations paid to each general manager and Deputy General Manager of the Company by all companies (including the Company) in the consolidated report, disclose the name of the general manager and Deputy General Manager in the respective bracket.
- Note.8: Net profit after tax refers to net profit after tax in the most recent individual or individual financial report.
- Note.9: a. The value of related remunerations claimed by general managers and Deputy General Managers of the Company from reinvested businesses other than subsidiaries shall be specified in this column.
- b. In the event that general managers and Deputy General Managers of the Company claim related remunerations from reinvested businesses other than subsidiaries, the said remunerations shall be combined in Column E of the remuneration bracket table and the name of the column shall be changed to “all re-invested businesses.”
- c. Remunerations are the compensation, rewards (including rewards for employees, directors, and supervisors) and operational expenses, among others, claimed by general managers and Deputy General Managers of the Company who serve as the director, supervisor, or manager at a reinvested business other than the subsidiary.
- Note.10: The amount of the pension field shall refer to the amount set aside in 2025.
- Note.11: The above table shows the employee remuneration for 2025, which is expected to be distributed in August 2026. The proposed distribution amount is based on the actual distribution amount of last year.
- Note.12: Elected on 29 May 2025 as the representative of TURVO INTERNATIONAL CO., LTD.: TUNG-LIANG LIU, General Manager, and CHUNG-TING TSAI, Deputy General Manager, and the information presented above includes the directors’ remuneration and business execution expenses paid by TURVO INTERNATIONAL CO., LTD. to TUNG-LIANG LIU and CHUNG-TING TSAI.
- Note.13: On 1 April 2025, CHUNG-TING TSAI, Deputy General Manager, was reassigned to Senior Deputy General Manager of the General Manager’s Office and concurrently assumed the position of Division-level Head of the Marketing and Sales Division.

\* The remunerations disclosed in this table is different from that required by the Income Tax Act. Therefore, the purpose of this table is for information disclosure and is not intended for taxation purposes.

### 2.1.3 Names of managerial officers who received employees' bonuses in the preceding year and the distribution

Unit: thousands of dollars

	Title (Note1)	Name (Note1)	Employee Bonus - in Stock (Fair Market Value)	Employee Bonus - in Cash	Total	Ratio of Total Amount to Net Income (%)
Manager	General Manager	TUNG-LIANG LIU	0	2,359	2,359	0.64%
	Senior Deputy General Manager of the General Manager's Office and concurrent Head of the Marketing and Sales Division	CHUNG-TING TSAI				
	Deputy General Manager	JUN-SHEN ZHOU				
	Assistant General Manager	QIONG-MEI CHEN (Note 7)				
	Assistant General Manager	TZU-HO CHUANG				
	Assistant General Manager	MING-TA LEE				

Note.1: The name and title of the individual shall be disclosed but distribution of profits may be disclosed through a summary.

Note.2: Employee remunerations (including stock and cash) distributed to managers resolved by the Board of Directors in recent years. If it is impossible to estimate the value planned to be distributed this year, follow the actual value distributed last year and calculate proportionally. After-tax net earnings shall refer to the amount in the most recent year. When the International Financial Reporting Standards are adopted, after-tax net earnings are those indicated in the entity or individual financial report from the most recent year.

Note.3: Pursuant to Tai-Cai-Zheng-San-Zi No. 0920001301 Letter dated 27 March 2003, managers shall refer to the following positions:

- (1) General Managers and people of equivalent ranking
- (2) Deputy General Managers and people of equivalent ranking
- (3) Assistant managers and people of equivalent ranking
- (4) Head of Department of Finance
- (5) Head of Accounting Department
- (6) Other people handling corporate affairs and signature rights

Note.4: If directors, general managers, and Deputy General Managers receive employee remunerations (including stock and cash), this table needs to be completed in addition to Exhibit 1-2.

Note.5: The table above indicates 2025 employee remuneration, which is expected to be paid in August 2026. The amounts are the numbers potentially may be distributed this year referencing the actual amount distributed last year.

Note.6: On April 1, 2025, the individual was reassigned to Senior Deputy General Manager of the General Manager's Office and concurrently assumed the position of Division-level Head of the Marketing and Sales Division.

Note.7: QIONG-MEI CHEN, Associate General Manager, resigned effective 1 July 2025.

#### 2.1.4 Remuneration Policy

- (1) Analysis of total remuneration paid to the Company's directors, general managers, and Deputy General Managers in the consolidated financial statements over the last two years as a percentage of the individual or individual financial reports' net profit after tax:

Total Directors' Remuneration and Ratio of Directors' Remuneration to Net Profit After Tax:

The standards for the payment of directors' remuneration are established in accordance with the Company's Directors' and Senior Management Compensation Management Policy and serve as the basis for evaluation. Directors' remuneration is allocated based on fixed amounts or ratios according to the Company's profitability for the year. The relationship between changes in net profit after tax and directors' remuneration is considered reasonable.

Compared with 2024, total directors' remuneration in 2025 increased, primarily due to adjustments to the fixed remuneration structure of directors in response to corporate governance requirements and prevailing market practices among industry peers. Such adjustments are of a structural and institutional nature and are not fully linked to short-term operating performance. As net profit after tax for the year decreased compared with the prior year, the ratio of directors' remuneration to net profit increased accordingly.

Compared with 2024, the total remuneration of the General Manager and Deputy General Managers in 2025 increased, mainly as a result of adjustments made in accordance with the Company's established compensation policies and prevailing market standards for senior management. Such adjustments reflect institutional considerations and long-term human resource planning. As net profit after tax for the year decreased compared with the prior year, the ratio of remuneration to net profit increased correspondingly.

Criteria  Title	The Company				Consolidated Financial Statements			
	2024 (Note 1)		2025 (Note 2)		2024 (Note 1)		2025 (Note 2)	
	Total amount	Percentage of remunerations of supervisors to net income after tax	Total amount	Percentage of remunerations of supervisors to net income after tax	Total amount	Percentage of remunerations of supervisors to net income after tax	Total amount	Percentage of remunerations of supervisors to net income after tax
Director remuneration	17,126	3.78%	20,040	5.47%	18,327	4.04%	21,141	5.77%
General manager and deputy general manager remuneration	11,907	2.63%	13,416	3.66%	12,557	2.77%	14,096	3.85%
After-tax net profit	453,188		366,154		453,188		366,154	

Note 1: The directors' remuneration disclosed in the 2024 Annual Report reflects the first-stage reported amounts for 2024. The amounts disclosed in the 2025 Annual Report have been updated to the second-stage reported amounts for 2024, i.e., the actual amounts disbursed in 2025.

Note 2: The directors' remuneration disclosed in the 2025 Annual Report reflects the first-stage reported amounts for 2025, in which the employee compensation amounts are proposed figures. Such information will be updated in the 2026 Annual Report to the second-stage reported amounts for 2025, i.e., the actual amounts disbursed in 2026.

Note 3: Appointed as the representative designated by the corporate shareholder of the subsidiary, TURVO INTERNATIONAL CO., LTD., the appointment date, and the list of directors' remuneration received from TURVO are as follows:

The general manager, TUNG-LIANG LIU of the Company on 29 May 2025.

The senior deputy general manager of the general manager's office and concurrently as division head of the marketing and sales Division, CHUNG-TING TSAI of the Company on 29 May 2025.

## (2) Remuneration Policy, Standards and Structure, Procedures for Determining Remuneration, and the Linkage with Operating Performance and Future Risks

### A. Remuneration Policy, Standards and Structure:

In accordance with Article 35 of the Company's Articles of Incorporation, the remuneration of the Company's directors is determined by the Board of Directors based on each director's level of participation and value of contribution, with reference to prevailing industry standards. Where the Company generates profits in a given year, an amount not exceeding 4% of annual profits shall be appropriated as directors' remuneration and administered in accordance with the Directors' and Senior Management Compensation Management Policy. Independent directors do not participate in the distribution of directors' remuneration.

The reasonableness of directors' remuneration is periodically evaluated in accordance with the Board Performance Evaluation Guidelines and other relevant management regulations, and is reviewed and approved by the Remuneration Committee and the Board of Directors.

Senior management remuneration is determined with reference to the scope of duties, level of responsibility, annual operating performance and individual performance achievement, taking into account the Company's overall operating results and prevailing market compensation levels for comparable positions. Variable bonuses are granted based on the Company's annual operating results, financial condition and individual performance.

With respect to employee compensation, where the Company generates profits in a given year, an amount ranging from 2% to 6% of profits is appropriated in accordance with the Articles of Incorporation. The performance evaluation framework for management personnel consists of the following components:

- Departmental operating performance: Based on departmental key performance indicators (KPIs) derived from the Company's annual strategic objectives, including ESG-related performance indicators.
- Individual performance: Based on a comprehensive personal performance evaluation combined with departmental KPIs.

The overall remuneration structure comprises fixed remuneration, variable remuneration, holiday bonuses, retirement contributions and other forms of compensation. The scope of remuneration items is consistent with the Regulations Governing Information to be Published in Annual Reports of Public Companies.

### B. Procedures for Determining Remuneration

The Company adopts an institutionalized process to ensure the independence and objectivity of remuneration decisions. The remuneration of directors and managerial officers is determined based on the respective evaluation results in accordance with the Board Performance Evaluation Guidelines and the Performance Evaluation Management Policy.

The remuneration of the Chairman and the General Manager is explicitly linked to the Company's operating performance indicators. The performance evaluation of the Chairman focuses on operating results, financial performance and governance indicators, and the scope of evaluation includes pre-tax net profit, customer satisfaction and corporate governance assessments. The performance evaluation of the General Manager centers on key responsibilities, including operational safety, execution of financial plans, revenue management, internal control systems, and quality management.

In 2025, the performance evaluation results of the Board of Directors, various functional committees and managerial officers all met the established standards, and the Company's annual operating performance indicators also achieved their target levels.

The reasonableness of remuneration for all directors and managerial officers is reviewed by the Remuneration Committee and submitted to the Board of Directors for confirmation. In determining remuneration, comprehensive consideration is given to individual performance achievement and substantive contributions, the Company's overall operating results, industry risks and corporate governance development trends, in order to balance incentive effectiveness with risk management.

The actual remuneration amounts paid to directors and managerial officers in 2025 were reviewed and determined in accordance with the above procedures.

### C. Correlation with Operating Performance and Future Risks

The Company's remuneration system is primarily based on overall operating results and is directly linked to performance achievement and contribution levels, with the objective of enhancing the organizational effectiveness of the Board of Directors and the management team.

At the same time, market compensation levels are taken into consideration to maintain the competitiveness of the management team and ensure the retention of key talent.

Risk management dimensions are incorporated into the performance objectives of managerial officers, with operating risks, financial risks and the effectiveness of internal controls included in the evaluation framework. Major decisions made by the management team are executed only after prudent assessment of relevant risk factors. The outcomes of such decisions are directly reflected in the Company's profitability and are further incorporated into the remuneration assessment mechanism.

Through this system design, the Company ensures that remuneration maintains a positive linkage with long-term operating performance and risk management, thereby supporting steady growth and sustainable development.

## 2.3 Implementation of Corporate Governance

### 3.1.1 Board of Directors

The 19th board of directors met 7 (A) times in 2025. Attendance of directors and supervisors in the meetings is as follows:

Term of office: 21 June 2024 to 20 June 2027

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【B/A】 (Note 2)	Remarks
Chairman	CHIH-CHENG LIN	7	0	100%	Re-elected on 21 June 2024 (Elected and appointed as chairman on 21 June 2024)
Director	RUEI-YI HONG	7	0	100%	Re-elected on 21 June 2024
Director	SU-CHEN LIAO	7	0	100%	Re-elected on 21 June 2024
Director	CHUNG-TING TSAI	7	0	100%	Re-elected on 21 June 2024
Director	MENG-CHUNG HO	7	0	100%	Re-elected on 21 June 2024
Director	CHIN -TAN LEE	7	0	100%	Re-elected on 21 June 2024
Independent director	YOUNG-YAW PAI	7	0	100%	Re-elected on 21 June 2024
Independent director	HUI-YU HUANG	7	0	100%	Newly elected on 21 June 2024
Independent director	YUNG-SHENG HSU	7	0	100%	Newly elected on 21 June 2024

Other items required to be stated:

1. Where any of the following circumstances occurs with respect to the operation of the Board of Directors, meeting dates, sessions, contents of resolutions, opinions of all independent directors, and actions taken by the Company in response to opinions of independent directors shall be noted: None

(1) Items referred to in Article 14-3 of the Securities and Exchange Act.

(2) Except for the matters mentioned in the preceding paragraph, matters resolved by the Board of Directors, to which an independent director has a dissenting or qualified opinion that is on record or stated in a written statement.

2. For any recusal of directors due to conflict of interests in certain proposals, the director's name, the content of the motion, the reason for the refusal and the participation in voting shall be noted:

(1) 13 June 2025

Proposal: To establish the “Management Regulations for Chairman and General Manager Severance Benefits”.

Explanation: 1. In order to establish a sound severance (retirement) system for the Company, safeguard the post-retirement livelihood of appointed senior executives, and encourage their continued commitment and contribution, these Regulations have been formulated.

2. Pursuant to these Regulations, the term “senior executives” refers to positions including the Chairman and the General Manager. For detailed provisions, please refer to Appendix II: 2P-HR-31 Management Regulations for Chairman and General Manager Severance Benefits.

3. These Regulations shall apply to Chairmen and General Managers appointed in the future and shall serve as the standard basis for determining severance benefits for senior executives.

4. As the incumbent Chairman previously held employee status, the calculation of the incumbent Chairman's future severance benefits shall take into account contributions and years of service during the period of employment, and the calculation method shall be separately negotiated. The incumbent Chairman shall not be subject to these newly established Regulations.
5. The incumbent General Manager currently participates in the Labor Pension Act defined contribution plan pursuant to the existing employment contract, and severance benefits shall be calculated in accordance with the Company's prevailing practices.
6. This proposal was reviewed and approved by the Remuneration Committee and is hereby submitted to the Board of Directors for deliberation and resolution.

- Resolution:
1. In accordance with the principle of conflict-of-interest avoidance, Chairman CHIH-CHENG LIN and General Manager TUNG-LIANG LIU recused themselves and were absent from the meeting during the deliberation and resolution of this matter.
  2. The resolution was unanimously approved by all attending directors upon the the inquiry of the Acting Chairperson, Independent Director YUNG-SHENG HSU.
  3. The listed company shall disclose the evaluation period and period, scope, manner and content of the evaluation of the board's self (or peer) assessment, etc. and fill in Schedule II (2) the board of directors to assess the implementation of the situation.

#### Performance Evaluation of the Board of Directors and Functional Committees

The Company has adopted the Board Performance Evaluation Guidelines, which have been approved by the Board of Directors, in order to encourage self-discipline among Board members and enhance the effectiveness of Board operations. Under the Board performance evaluation system, an evaluation conducted by an external professional and independent institution is performed once every three years, while internal self-evaluations of the Board and self-assessments of individual directors are conducted annually. The performance evaluation of the Board of Directors covers the following five aspects: (1) Participation in the operations of the Company (2) Improvement of the quality of the board of directors' decision making (3) Composition and structure of the board of directors (4) Election and continuing education of the directors (5) Internal control; The self-assessment of individual directors includes the following six aspects: (1) Mastery of company's objectives and tasks (2) Awareness of the duties and responsibilities of directors (3) Participation in the Company's operations (4) Management of internal relationships and communication (5) The director's professionalism and continuing education (6) Internal control; The performance evaluation of functional committees covers the following aspects: (1) Participation in the Company's operations (2) Understanding of the responsibilities of the Remuneration Committee (3) Improvement in the decision-making quality of the Remuneration Committee (4) Composition of the Compensation Committee and selection of its members (5) Internal Control; The relevant evaluation and self-assessment results are reported to the Board of Directors and are disclosed in the Company's Annual Report and on the Company's official website.

The evaluations are carried out by the Finance and Accounting Department, the Human Resources Department, and the Sustainability Development Office through internal questionnaire surveys. The evaluation framework consists of five parts, covering the operation of the Board of Directors, the level of director participation, and the operation of the Remuneration Committee, the Audit Committee, and the ESG Committee. The evaluation methods include directors' evaluation of Board operations, directors' self-assessment of their participation, and committee members' evaluation of the operation of the Remuneration Committee, the Audit Committee, and the ESG Committee, respectively.

After all questionnaires are collected each January, the Finance and Accounting Department, the Human Resources Department, and the Sustainability Development Office analyze the evaluation results and submit a report to the Board of Directors. Based on the directors' feedback, improvement measures are proposed for areas requiring further enhancement. The performance evaluation results also serve as reference information for the selection or nomination of directors and as a basis for determining the individual remuneration of directors and members of functional committees.

The board of directors to assess the implementation of the situation

Assessment cycle (Note 1)	Assessment time (Note 2)	Assessment scope (Note 3)	Assessment (Note 4)	Assessment content (Note 5)
Once a year	01/01/2025-12/31/2025	Board of directors	Performance evaluation of the board of directors	<p>1. The five major assessment dimensions of performance evaluation of the board of directors with a total of 45 measurement items</p> <p>(1) Participation in the operations of the Company</p> <p>(2) Improvement of the quality of the board of directors' decision making</p> <p>(3) Composition and structure of the board of directors</p> <p>(4) Election and continuing education of the directors</p> <p>(5) Internal control</p> <p>2. Evaluation Result for the Year: Excellent (4.71 out of a maximum score of 5)</p> <p>Scoring Range: A score of 4 indicates “Excellent”; a score of 5 indicates “Outstanding”.</p> <p>3. Operational assessment of the board of directors by self-assessment is conducted by the Finance and Accounting Department</p> <p>4. A ESG Committee was newly established in 2025, and the Company plans to establish a Risk Management Committee in 2026.</p> <p>5. Evaluation Results: Based on the self-assessment results of individual directors, the Board of Directors received an average score of 4.71 out of 5, indicating that the overall operation of the Board is sound and meets the requirements of corporate governance. The Company will continue to enhance the effectiveness of Board operations and promote directors’ participation in, and communication regarding, the Company’s operations going forward.</p>
Once a year	01/01/2025-12/31/2025	Individual board members	Self-assessment by board members	<p>1. The six major assessment dimensions of self-assessment’s performance evaluation of members of the board of directors with a total of 23 measurement items</p> <p>(1) Mastery of company's objectives and tasks</p>

Assessment cycle (Note 1)	Assessment time (Note 2)	Assessment scope (Note 3)	Assessment (Note 4)	Assessment content (Note 5)
				<p>(2) Awareness of the duties and responsibilities of directors</p> <p>(3) Participation in the Company's operations</p> <p>(4) Management of internal relationships and communication</p> <p>(5) The director's professionalism and continuing education</p> <p>(6) Internal control</p> <p>2. Evaluation Result for the Year: Excellent (4.80 out of a maximum score of 5)</p> <p>Scoring Range: A score of 4 indicates "Excellent"; a score of 5 indicates "Outstanding".</p> <p>3. The assessment is conducted by the Finance and Accounting Department, utilizing a questionnaire approach. It is self-assessed by board members. 9 questionnaires were expected to be received, and 9 were received.</p> <p>4. Evaluation Results: Based on the Board members' evaluation of the Board's operating performance, the Board of Directors received an average score of 4.80 out of 5. The performance evaluation results will serve as reference for the nomination of directors and for determining their individual remuneration.</p>
Once a year	01/01/2025-12/31/2025	Remuneration Committee	Self-assessment by Remuneration Committee members	<p>1. The four major assessment dimensions of performance evaluation of Remuneration Committee with a total of 20 measurement items</p> <p>(1) Participation in the Company's operations</p> <p>(2) Understanding of the responsibilities of the Remuneration Committee</p> <p>(3) Improvement in the decision-making quality of the Remuneration Committee</p> <p>(4) Composition of the Compensation Committee and selection of its members</p> <p>2. Evaluation Result for the Year: Excellent (5 out of a maximum score of 5)</p>

Assessment cycle (Note 1)	Assessment time (Note 2)	Assessment scope (Note 3)	Assessment (Note 4)	Assessment content (Note 5)
				<p>Scoring Range: A score of 4 indicates “Excellent”; a score of 5 indicates “Outstanding”.</p> <p>3. The evaluation is conducted by the responsible unit - Human Resources Department - responsible for scoring. It is self-assessed by board members. 3 questionnaires were expected to be received, and 3 were received.</p> <p>4. The performance evaluation result of the Remuneration Committee members will be used as a reference for nominating directors and determining their individual compensation.</p>
Once a year	01/01/2025-12/31/2025	Audit Committee	Self-assessment by Audit Committee members	<p>1. The five major assessment dimensions of performance evaluation of Audit Committee with a total of 22 measurement items</p> <p>(1) Participation in the Company's operations</p> <p>(2) Understanding of the responsibilities of the Audit Committee</p> <p>(3) Improvement in the decision-making quality of the Audit Committee</p> <p>(4) Composition of the Audit Committee and selection of its members</p> <p>(5) Internal control</p> <p>2. Evaluation Result for the Year: Excellent (4.98 out of a maximum score of 5)</p> <p>Scoring Range: A score of 4 indicates “Excellent”; a score of 5 indicates “Outstanding”.</p> <p>3. The evaluation was conducted via an online questionnaire completed independently by the independent directors. A total of 3 responses were expected, and 3 were received.</p> <p>4. The Company provides a comprehensive evaluation process for all major investment decisions, with responsible personnel attending board meetings to present explanations.</p> <p>5. To ensure that professional and objective recommendations are submitted for board discussion, independent directors communicate and consult with the Company in</p>

Assessment cycle (Note 1)	Assessment time (Note 2)	Assessment scope (Note 3)	Assessment (Note 4)	Assessment content (Note 5)
				<p>advance when necessary. The Company is able to provide thorough explanations accordingly.</p> <p>6. Evaluation Results: Based on the self-assessment results of individual committee members, the Audit Committee received an average performance score of 4.98 out of 5. The overall operation of the functional committees was assessed as sound and in compliance with corporate governance requirements. The evaluation results will serve as reference for the nomination of directors and for determining their individual remuneration.</p>
Once a year	11/06/2025-12/31/2025 (Committee newly established on 6 November 2025)	ESG Committee	Self-assessment by ESG Committee members	<p>1. Five Key Evaluation Dimensions of the ESG Committee Performance Assessment</p> <p>The performance evaluation of the ESG Committee consists of five key evaluation dimensions, comprising a total of 20 assessment items, as follows:</p> <ul style="list-style-type: none"> <li>(1) Degree of participation in the Company’s operations.</li> <li>(2) Understanding of the duties and responsibilities of the ESG Committee.</li> <li>(3) Enhancement of the decision-making quality of the ESG Committee.</li> <li>(4) Composition of the ESG Committee and selection of its members.</li> <li>(5) Internal control.</li> </ul> <p>2. Evaluation Result for the Year: Good Scoring Range: (4.65 out of a maximum score of 5)</p> <p>Scoring Range: A score of 4 indicates “Excellent”; a score of 5 indicates “Outstanding”.</p> <p>3. The evaluation was conducted via an online questionnaire completed independently by the independent directors. A total of 3 responses were expected, and 3 were received.</p> <p>4. The Board of Directors approved the establishment of the ESG Committee on 6 November 2025. During 2025, the ESG Committee convened two meetings. Going forward, the Committee will set sustainability</p>

Assessment cycle (Note 1)	Assessment time (Note 2)	Assessment scope (Note 3)	Assessment (Note 4)	Assessment content (Note 5)
				<p>objectives on an annual basis, conduct semi-annual tracking of implementation effectiveness, and publish regulatory updates on a quarterly basis. Commencing in 2026, consensus meetings will be held to report annual regulatory updates to the Committee. All sustainability reports are reviewed and approved by the ESG Committee, and the results of sustainability objectives are reported in closing review meetings.</p> <p>5. Evaluation Results: Based on the self-assessment results of individual committee members, the ESG Committee received an average operating performance score of 4.98 out of 5. The overall operation of the functional committees was assessed as sound and in compliance with corporate governance requirements.</p>
Once every three years	09/01/2022-08/31/2023	Board of directors	External evaluation: Taiwan Corporate Governance Association (The institution and the experts conducting the evaluation have no business dealings with the Company and maintain independence.)	<p>In accordance with the composition, guidance, authorization, supervision, communication, internal control, risk management, self-discipline of the board of directors, and other eight aspects such as board meetings and support systems, etc., the effectiveness of the board of directors is assessed through open-ended questionnaires and video interviews with relevant members.</p> <p>Assessment Results:</p> <p>A. Overall assessment of the institution</p> <p>1. The chairman of your company respects the diverse expertise of the directors. Significant board meeting agendas are thoroughly discussed, and consensus is reached before the meetings. Communication with board members is smooth, facilitating effective leadership and governance. Independent directors demonstrate professionalism and extensive experience, actively expressing their opinions at the board meetings and engaging positively with the management team and providing consultation and guidance.</p> <p>2. Your company places emphasis on the trends of sustainable development. Since 2014, it has been preparing Corporate Social Responsibility (CSR) reports. In 2024, it renamed the</p>

Assessment cycle (Note 1)	Assessment time (Note 2)	Assessment scope (Note 3)	Assessment (Note 4)	Assessment content (Note 5)
				<p>“CSR Office” and “CSR Committee” to “Sustainable Development Office” and “Sustainable Development Committee”, respectively. It has advanced the schedule outlined in the Financial Supervisory Commission's “Sustainable Development Roadmap for Listed Companies”, initiating greenhouse gas inventories and verifications ahead of schedule. The progress on ESG-related matters is regularly reported to the board of directors to demonstrate your company's effort in promoting ESG issues.</p> <p>3. Your company conducts regular annual discussions starting from July each year, involving the Strategic Development Department and unit managers, to formulate future operational policies, outline strategic maps, and establish short, medium, and long-term goals and strategies that can be implemented. The business plan policy is announced in October. Reporting to the board of directors at the end of each year facilitates board members’ understanding of the overall strategic direction Zeng Hsing.</p> <p>4. Your company has established a “Risk Management Committee” under the jurisdiction of the general manager in accordance with actual operational needs. This committee is responsible for supervising risk management policies and frameworks, conducting an inventory of the Company's overall operational policies, identifying potential impacts on operations and profitability, initiating various risk projects for risk assessment, reviewing various risk management mechanisms, and implementing response measures for risk loss events, etc. Additionally, preliminary considerations for addressing recent emerging risks (such as climate change and geopolitical risks) have been incorporated into the strategic planning. Regular reporting of the risk management situation to the board of directors demonstrates your company's commitment to implementing risk and crisis management effectively.</p>

Assessment cycle (Note 1)	Assessment time (Note 2)	Assessment scope (Note 3)	Assessment (Note 4)	Assessment content (Note 5)
				<p>B. Suggestions</p> <ol style="list-style-type: none"> <li>1. Your company currently has 10 directors (including 3 independent directors and 2 seats of independent directors have served three terms. It is recommended that your company consider best practices in corporate governance. For the composition of the next board of directors, factors such as the tenure of independent directors, the proportion of seats, and gender diversity should be taken into account to enhance the diversity and independence of the overall board of directors.</li> <li>2. Your company places emphasis on sustainable operations and development. Currently, it has established a “Sustainable Development Committee”, with the chairman serving as the steering committee. To deepen and systematically implement the vision of corporate sustainable development, it is suggested that your company consider elevating the “Sustainable Development Committee” to the functional committee level of the board of directors. This committee would be responsible for coordinating corporate social responsibility, supervising the direction of sustainable development, and implementing specific action plans. This elevation would enhance the communication and execution efficiency of strategies and actions related to corporate sustainability and social responsibility across your company's various units.</li> <li>3. Your company has formulated executive compensation indicators, which have been discussed by the Compensation Committee and approved by the board of directors. It is recommended that your company gradually incorporate key ESG performance into the executive compensation indicators, in alignment with future ESG initiatives and work, to facilitate the Company's future sustainable operations and development.</li> </ol>

Assessment cycle (Note 1)	Assessment time (Note 2)	Assessment scope (Note 3)	Assessment (Note 4)	Assessment content (Note 5)
				<p>C. Improvement in implementation status</p> <p>1. <u>Increasing a female director in 2024:</u> Considering factors such as the tenure of independent directors, proportion of seats, and gender diversity, to enhance the overall diversity and independence of the board of directors.</p> <p>2. <u>Incorporating ESG performance into the KPI targets of executives in 2024:</u> In alignment with ESG initiatives, integrating key ESG performance into the executive compensation indicators to facilitate the Company's future sustainable operation and development.</p>

Note 1: The implementation cycle of the board evaluations, e.g. once a year.

Note 2: The period covered by the board evaluation, e.g. to evaluate the performance of the board from 1 January 2019 to 31 December 2019.

Note 3: The scope of the evaluation includes performance evaluations of the board of directors, individual board members and functional committees.

Note 4: The manner in which the assessment is conducted includes internal self-assessment of the board of directors, self-assessment of board members, peer evaluation, assessment by external experts, professional institutions appointed, or other appropriate manner for performance evaluation.

Note 5: The assessment content includes at least the following items according to the assessment scope:

- (1) Performance evaluation of the board of directors: including at least the degree of participation in the Company's operations, the quality of the board's decision-making, the composition and structure of the Board of Directors, the selection and continuous training of directors, internal control, etc.
- (2) Performance evaluation of individual directors: including at least the Company's objectives and tasks, directors' recognition of responsibilities, participation in the Company's operations, internal relationship management and communication, professional and continuous training of directors, internal control, etc.
- (3) Performance evaluation of functional committees: the degree of participation in the Company's operations, the responsibility recognition of the functional committees, the quality of the functional committee's decision-making, the composition of the functional committee and the selection of members, internal control, etc.

4. The objectives of enhancing the function of the board of directors for the year and the most recent year (such as the establishment of an Audit Committee, the promotion of information transparency, etc.) and the implementation assessment:

(1) Enhancing the functions

The current directors of the Company were elected on 21 July 2024. Among them, the independent directors were selected through the nomination system of candidates. None of the directors of the Company have a kinship relationship within the scope of spouse or second parent. On 12 August 2020, the Company adopted a resolution of the board of directors to revise the board meeting rules in accordance with the “Measures for the board of directors of the Public Offering Company”. Subsequent operations of the board of directors shall be governed by the “Code of Procedures for Board Meetings”. In addition, the Company approved to include the purchase of directors and supervisors' liability insurance in the Company's Articles of Incorporation on 13 June 2007 through the resolution of the shareholders' general meeting and enroll the directors and supervisors in liability insurance every year from 1 February 2015, the latest policy renewal was on 1 February 2026. In addition, during the tenure of the board members of the Company, they regularly participate in the training courses related to the topics of corporate governance organized by the institutions designated by the “Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies”.

The Company has formulated rules for the scope of duties of independent directors. The 19th board of directors (term: from 21 June 2024 to 20 June 2027) is composed of YOUNG-YAW PAI, HUI-YU HUANG and YUNG-SHENG HSU and their attendance was normal. As of 31 December 2025, the three independent directors have not served more than three consecutive terms. Their professional knowledge, accounting and financial analysis, and other professional capabilities provided the board with good recommendations on the related proposals on internal control system implementation, business and finance in the board meeting.

The Company has formed an Audit Committee from all independent directors from 20 July 2021 to assist the board of directors in supervising the Company's meetings. The Audit Committee is responsible for overseeing the operation and quality of the Company's accounting, auditing, and financial reporting processes, as well as considering the risks and reasonableness of significant financing for funds, endorsements and guarantees, and transactions to acquire or dispose of assets.

(2) Promoting information transparency

The Company and the Board of Directors approved that the financial statements of the Company and its subsidiaries are audited by Ernst & Young, and all the information required by the law is disclosed and completed correctly in time. On 13 March 2009, the board of directors approved the “Internal Material Information Processing Procedures” and on 22 December 2022, the board approved to update the “Internal Material Information Processing Operation Procedures” and appoint a dedicated staff to be responsible for the collection and disclosure of Company information, establish a spokesperson and deputy spokesperson system to ensure that all major information can be disclosed in a timely and appropriate manner. The website set up by the Company can be linked to MOPS (Market Observation Post System, TWSE) for shareholders and interested parties to access the related business and financial information of the Company.

(3) Effective exercise of the functions of the board of directors

1. The Company purchases directors' liability insurance for all directors to enable them to fulfill their duties wholeheartedly and create the best interests for the Company and shareholders.
2. As of 31 December 2025, none of the three independent directors in the Company have served for more than three consecutive terms.
3. The Company has established a corporate governance supervisor approved by the board of directors and formulated a “Standard Operating Procedures for Handling Requests Made by Directors” to assist directors in performing their duties and enhancing the efficiency of the board of directors.
4. The Company has established the “Board Performance Evaluation Guidelines” and conducts performance evaluations of the Board of Directors at least once a year. In addition, performance evaluations are also implemented for the Remuneration Committee, the Audit Committee, and the ESG Committee.

### 3.2 Information on the operation of the Audit Committee

In accordance with Article 14-4 of the Securities and Exchange Act, the Company established the Audit Committee on 20 July 2021, which consists of all independent directors.

#### 1. Professional qualifications and experience of audit committee members

Member	Professional Qualifications and Experience
Independent director YOUNG-YAW PAI	<p>At least 5 years of work experience in business, finance, accounting, corporate business, specializing in the work experience such as corporate operations, management administration, crisis management ability, industry knowledge, possession of international perspective, global market assessment and decision-making and leadership ability.</p> <ul style="list-style-type: none"> <li>• Experience: Chairman of Precision Motion Industries, Inc./ Corporate representative director (chairman) of Chensu Plastics Co., Ltd. (Representative director: Precision Motion Industries, Inc.)/ Corporate representative director of Chanson Metal Profiling Co., Ltd. (Representative director: Precision Motion Industries, Inc.)/ Corporate representative director of Millennium Vee Hotel Taichung (Representative director: Apex Dynamics, Inc.)/ Corporate representative director of Yun Tan Technologies Co., Ltd. (Representative director: Precision Motion Industries, Inc.)/ Corporate representative director of Exfiro Co., Ltd. (Representative director: Precision Motion Industries, Inc.)/ Corporate representative director of UNION MECHATRONIC INC. (Representative director: Precision Motion Industries, Inc.)/ Chairman of Yuanzhou Co., Ltd./Independent director and Member of Remuneration Committee and Audit Committee of the Company For details of YOUNG-YAW PAI's professional qualifications and experience, please refer to this Annual Report, "I. Directors and Management Team - (I) Board of Directors - 2. Disclosure of Directors' Professional Qualifications and Independence of Independent Directors" (pp. 12-17).</li> </ul>
Independent director HUI-YU HUANG (Convener)	<ul style="list-style-type: none"> <li>• Possesses over five years of professional experience in accounting and has passed the national CPA qualification examination. Equipped with business judgment, industry expertise, leadership, and decision-making capabilities.</li> <li>• Experience: CPA, Yangtze CPAs and Co., Supervisor, Hungkuang University, Independent Director / Member of the Remuneration Committee / Member of the Audit Committee, the Company, Independent Director / Member of the Remuneration Committee / Member of the Audit Committee, GENEREACH BIOTECHNOLOGY CORPORATION.</li> </ul> <p>For details of HUI-YU HUANG's professional qualifications and experience, please refer to this Annual Report, "I. Directors and Management Team - (I) Board of Directors - 2. Disclosure of Directors' Professional Qualifications and Independence of Independent Directors" (pp. 12-17).</p>
Independent director YUNG-SHENG HSU	<ul style="list-style-type: none"> <li>• Possesses over five years of experience as a professor in accounting and information management at public universities. Demonstrates strong business judgment, global market insight, and expertise in financial and accounting planning, with leadership and decision-making capabilities. Provides financial advisory support to the Company and offers professional insights for future development.</li> <li>• Experience: Professor, Department of Finance, National Chung Hsing University, Independent Director / Member of the Remuneration Committee / Member of the Audit Committee, Giantplus Technology Co., Ltd., Independent Director / Member of the Remuneration Committee / Member of the Audit Committee / Member of the Risk Management Committee, Adimmune Corporation, Corporate Director, Ideal Bike Corporation (Representative of Guoling Investment Co., Ltd.), Independent Director / Convener of the Remuneration Committee / Member of the Audit Committee, the Company.</li> </ul> <p>For details of YUNG-SHENG HSU's professional qualifications and experience, please refer to this Annual Report, "I. Directors and Management Team - (I) Board of Directors - 2. Disclosure of Directors' Professional Qualifications and Independence of Independent Directors" (pp. 12-17).</p>

2. Main job content:

The matters considered by the Audit Committee mainly include:

- (1) Financial reports;
- (2) Audit and accounting policies and procedures;
- (3) Internal control system and related policies and procedures;
- (4) Significant asset or derivative transactions;
- (5) Significant loans, endorsements or guarantees of funds;
- (6) The raising or issuance of securities;
- (7) Derivative financial instruments and cash investment status;
- (8) Legal compliance;
- (9) Whether there are related-party transactions and potential conflicts of interest involving managers and directors;
- (10) Report of complaints;
- (11) Anti-fraud plan and fraud investigation report;
- (12) Qualifications, independence, and performance evaluation of certified public accountant;
- (13) The appointment, dismissal or compensation of a certified public accountant;
- (14) Appointment or removal of the head of finance, accounting or internal audit;
- (15) Performance of the audit committee's responsibilities;
- (16) Self-assessment questionnaire of Audit Committee's performance evaluation; and
- (17) Other matters in accordance with laws, or the articles of incorporation to be reviewed by this committee, or significant matters as stipulated by competent authorities.

The Audit Committee met 6 times (A) in 2025, and the independent directors were present as follows.

Title	Name	Attendance in Person (B)	By proxy	Attendance Rate (%) 【B/A】 (Notes 1 and 2)	Remarks
Convener	HUI-YU HUANG	6	0	100%	Newly appointed on 21 June 2024
Member	YOUNG-YAW PAI	6	0	100%	Re-elected on 21 June 2024.
Member	YUNG-SHENG HSU	6	0	100%	Newly appointed on 21 June 2024

Note 1: In the event an independent director of the committee resigns before serving a full year, the resignation date should be indicated in the remarks column. The actual attendance rate (%) is calculated based on the actual number of meetings held by the committee and the actual number of attendances by such members.

Note 2: If there is a reelection of any independent director before the end of the year, the outgoing and elected members should be added to the list and indicate whether a member is incumbent, newly-elected or reelected and the reelection date. Their attendance rate (%) should be based on the actual number of meetings held by the committee and the actual number of attendances by such members.

**Other matters shall be recorded:**

1. In the event the Audit Committee has any of the following occurrences, must state the date and term of the meeting, the content of the resolutions, the dissenting opinions, reservations, or significant recommendations of the independent directors, the results of the Audit Committee's resolutions, and the Company's handling of the Audit Committee's opinions.

(1) The matters listed in Article 14-5 of the Securities and Exchange Act.

Audit Committee Meeting Date	Resolution's content	Results of Audit Committee Resolutions and the Company's Handling of Audit Committee Opinions	Independent directors' dissenting opinions, reservations or significant recommendations
2nd term, 4th meeting on 07 March 2025	A. Approval of the 2024 Statement on Internal Control System	All motions were unanimously approved by the Audit Committee, and the board of directors approved all motions on the Audit Committee's recommendation.	None.
	B. Approval of the 2024 Parent-Only and Consolidated Financial Statements		
	C. Approval of the 2024 Earnings Distribution Plan		
	D. Approval of the Change in the Company's CPA		
	E. Approval of the Appointment and Periodic Evaluation of the Independence and Competency of the Company's Certified Public Accountant		
	F. Approval of the General Policy for Pre-Approval of Non-Assurance Services		
	G. Approval of the Amendments to the Articles of Incorporation		
2nd term, 5th meeting on 09 April 2025	A. Approval of the Sale of Land Use Rights and Buildings (Including Infrastructure) of Shinco Technologies Ltd. (VN), a Wholly-Owned Subsidiary of the Company	All motions were unanimously approved by the Audit Committee, and the board of directors approved all motions on the Audit Committee's recommendation.	None.
2nd term, 6th meeting on 09 May 2025	A. Approval of the Company's Consolidated Financial Statements for the First Quarter of 2025	All motions were unanimously approved by the Audit Committee, and the board of directors approved all motions on the Audit Committee's recommendation.	None.
	B. Approval of the Endorsement and Guarantee by the Company for Zeng Hsing Industrial Co., Ltd. (VN), a 100% Owned Subsidiary, in its Application for Credit Facilities from CTBC Bank Co., Ltd.		
2nd term, 7th meeting on 07 August 2025	A. Review of the Company's consolidated financial statements for the second quarter of 2025.	All motions were unanimously approved by the Audit Committee, and the board of directors approved all motions on the Audit Committee's recommendation.	None.
	B. Prior approval policy for non-assurance services - investment strategy consulting services.		

Audit Committee Meeting Date	Resolution's content	Results of Audit Committee Resolutions and the Company's Handling of Audit Committee Opinions	Independent directors' dissenting opinions, reservations or significant recommendations
2nd term, 8th meeting on 06 November 2025	A. Review of the Company's consolidated financial statements for the third quarter of 2025.	All motions were unanimously approved by the Audit Committee, and the board of directors approved all motions on the Audit Committee's recommendation.	None.
	B. Discussion of the proposed share repurchase plan.		
	C. Review of audit fees for the Company's certifying certified public accountants.		
	D. Provision of endorsement and guarantee for the Company's 100%-owned subsidiary, Zeng Hsing Industrial Co., Ltd. (VN), to apply for credit facilities with Mega International Commercial Bank.		
	E. Provision of endorsement and guarantee for the Company's 100%-owned subsidiary, Zeng Hsing Industrial Co., Ltd. (VN), to apply for credit facilities with Taipei Fubon Commercial Bank.		
	F. Provision of endorsement and guarantee for the Company's 100%-owned subsidiary, Zeng Hsing Industrial Co., Ltd. (VN), to apply for credit facilities with SinoPac Bank.		
2nd term, 9th meeting on 24 December 2025	A. Review of the Company's 2026 internal audit plan.	All motions were unanimously approved by the Audit Committee, and the board of directors approved all motions on the Audit Committee's recommendation.	None
	B. Review of the upper limit for the Company's 2026 transactions in derivative financial instruments.		
	C. Review of the upper limit for transactions in derivative financial instruments by the Company's investee entities for 2026.		
	D. Provision of endorsement and guarantee for the Company's investee enterprise, TAIWAN CHEER CHAMP CO., LTD., to apply for credit facilities with Taipei Fubon Commercial Bank.	<p>1. After the Chair consulted with all attending members, all three Audit Committee members did not approve the motion; therefore, the motion was not submitted to the Board of Directors for resolution.</p> <p>2. Company's handling of the Audit Committee's opinion: As the motion was not approved by the Audit Committee, it was therefore not submitted to the Board of Directors for resolution.</p>	TAIWAN CHEER CHAMP CO., LTD. is not a wholly-owned subsidiary and is currently in a loss-making position. Providing endorsement and guarantee would expose the parent company to excessive risk. It is recommended that the subsidiary use its own real property as collateral for bank borrowings, and that the parent company should not provide endorsement and guarantee.

Audit Committee Meeting Date	Resolution's content	Results of Audit Committee Resolutions and the Company's Handling of Audit Committee Opinions	Independent directors' dissenting opinions, reservations or significant recommendations
2nd term, 10th meeting on 22 January 2026	A. Amendment to the Company's Articles of Incorporation.	All motions were unanimously approved by the Audit Committee, and the board of directors approved all motions on the Audit Committee's recommendation.	None.
	B. Private placement of common shares through cash capital increase.		
2nd term, 11th meeting on 06 March 2026	A. Issuance of the Statement of Internal Control System for 2025.	All motions were unanimously approved by the Audit Committee, and the board of directors approved all motions on the Audit Committee's recommendation.	None.
	B. Review of the Company's 2025 financial statements and consolidated financial statements.		
	C. Cancellation of treasury shares and determination of the capital reduction record date.		
	D. Capital reduction and refund of capital by the Company's indirectly 100%-owned subsidiary, Zhangjiagang Zeng Hsing Machinery & Electronics Co., Ltd., to the parent company.		
	E. Amendment to the Company's Articles of Incorporation.		
	F. Profit distribution proposal for 2025.		
	G. Appointment of the certifying certified public accountants and regular evaluation of their independence and suitability.		
	H. Establishment of general principles for the pre-approval policy on non-assurance services.		

(2) Other than the preceding matters, other matters not approved by the Audit Committee and approved by two-thirds or more of all directors: None.

2. For any recusal of independent directors due to conflict of interests in certain proposals, name of the independent director, contents of resolutions, reasons for the recusal and participation in the voting shall be noted: None.
3. Communication between independent directors and internal auditors and accountants (shall include the significant matters, manner and results of communication regarding the Company's financial and business conditions).
  - (1) At the quarterly audit committee meeting, the Company's internal audit supervisor communicates the audit report results to the audit committee members on a regular basis and presents an internal audit report. If there are any unusual circumstances, they will immediately notify the audit committee members. There were no such occurrences in 2025. The Company's audit committee and the head of internal audit have a good working relationship.
  - (2) At the quarterly audit committee meeting, the Company's certified accountants will present the results of the quarterly financial statement audit or review, as well as any other information required by applicable laws. If there are any unusual circumstances, they will immediately notify the audit committee members. There were no such occurrences in 2025. The company's audit committee and certified accountants communicated effectively.

The communication matters between independent directors and the head of internal audit or with the CPAs are as follows:

<b>Audit Committee Meeting Date</b>	<b>Attendees</b>	<b>Significant matters communicated with the head of internal audit</b>	<b>Significant matters communicated with the CPAs</b>
2 <sup>nd</sup> term, 4 <sup>th</sup> meeting on 07 March 2025	INDEPENDENT DIRECTORS: YUNG-YAO PAI, HUI-YU HUANG, YUNG-SHENG HSU Attendees: CHIH-CHENG LIN (Chairman), TUNG-LIANG LIU (General Manager), TZU-HO CHUANG (Associate General Manager), CHIA-CHUN HSIEH (Deputy Manager) Ernst & Young: CHING-YA HUANG (CPA), CHEN-EN HSIAO (Manager)	Review of internal audit business reports	<ul style="list-style-type: none"> <li>● The CPAs discussed the 2024 audit of the consolidated financial statements, including the audit results and key audit matters. And the communication with corporate governance and management team.</li> <li>● Recent legal updates and key corporate governance measures explained by CPAs</li> <li>● Explanation of EY's Audit Quality Indicators (AQI) Information</li> <li>● Pre-approval explanation for non-assurance services</li> </ul>
2 <sup>nd</sup> term, 6 <sup>th</sup> meeting on 09 May 2025	INDEPENDENT DIRECTORS: YUNG-YAO PAI, HUI-YU HUANG, YUNG-SHENG HSU Attendees: TUNG-LIANG LIU (General Manager), TZU-HO CHUANG (Associate General Manager), CHIA-CHUN HSIEH (Deputy Manager)	Review of internal audit business reports	<ul style="list-style-type: none"> <li>● None</li> </ul>
2 <sup>nd</sup> term, 7 <sup>th</sup> meeting on 07 August 2025	INDEPENDENT DIRECTORS: YUNG-YAO PAI, HUI-YU HUANG, YUNG-SHENG HSU Attendees: CHIH-CHENG LIN (Chairman), TUNG-LIANG LIU (General Manager), TZU-HO CHUANG (Associate General Manager), CHIA-CHUN HSIEH (Deputy Manager) Ernst & Young: CHING-YA HUANG (CPA), CHEN-EN HSIAO (Manager)	Review of internal audit operations report.	<ul style="list-style-type: none"> <li>● The auditors provided explanations on matters relating to the review of the Company's consolidated financial statements for the second quarter of 2025.</li> <li>● The auditors also explained key recent regulatory updates.</li> </ul>
7 August 2025 (Exclusive)	INDEPENDENT DIRECTORS: YUNG YAO PAI, HUI-YU	<ul style="list-style-type: none"> <li>● Report on the execution of group internal audit</li> </ul>	<ul style="list-style-type: none"> <li>● None</li> </ul>

Audit Committee Meeting Date	Attendees	Significant matters communicated with the head of internal audit	Significant matters communicated with the CPAs
Meeting)	HUANG, YUNG SHENG HSU AUDIT PERSONNELS: CHIA-CHUN HSIEH, YU-CHING HUANG, Mei-Wen Shih	operations. ● Report on the independence and objectivity of internal audit personnel. ● Other matters for communication.	
7 August 2025 (Exclusive Meeting)	INDEPENDENT DIRECTORS: YUNG YAO PAI, HUI-YU HUANG, YUNG SHENG HSU Ernst & Young: CHING-YA HUANG (CPA), CHEN-EN HSIAO (Manager)	None	● The auditors provided explanations on matters relating to the review of the Company's consolidated financial statements for the second quarter of 2025. ● The auditors explained recent regulatory updates.
2 <sup>nd</sup> term, 8 <sup>th</sup> meeting on 06 November 2025	INDEPENDENT DIRECTORS: YUNG YAO PAI, HUI-YU HUANG, YUNG SHENG HSU Attendees: CHIH-CHENG LIN (Chairman), TUNG-LIANG LIU (General Manager), TZU-HO CHUANG (Associate General Manager), CHIA-CHUN HSIEH (Deputy Manager)	Review of internal audit operations report.	● None
2 <sup>nd</sup> term, 9 <sup>th</sup> meeting on 24 December 2025	INDEPENDENT DIRECTORS: YUNG YAO PAI, HUI-YU HUANG, YUNG SHENG HSU Attendees: CHIH-CHENG LIN (Chairman), TUNG-LIANG LIU (General Manager), TZU-HO CHUANG (Associate General Manager), CHIA-CHUN HSIEH (Deputy Manager)	Review of internal audit operations report.	● None
<b>Results:</b> The Audit Committee reviewed or approved the above matters, and the independent directors had no objection.			

(3) Corporate Governance Implementation Status and Deviations from “the Corporate Governance Best-Practice Principles”

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
I. Does the Company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”?	V		The Company formulated a formal code of practice for corporate governance according to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and disclosed on TWSE and the Company’s website in accordance with regulations.	No discrepancy.
II. Shareholding structure & shareholders’ rights				
(I) Does the Company establish an internal operating procedure to deal with shareholders’ suggestions, doubts, disputes and litigations, and implement based on the procedure?	V		(I) The Company set up a spokesperson and a deputy spokesperson to deal with proposals or disputes from shareholders.	The Company set up a spokesperson and a deputy spokesperson as a conduit for communication between the Company and stakeholders.
(II) Does the Company possess the list of its major shareholders as well as the ultimate owners of those shares?	V		(II) The Company keeps track of any changes to the list of the major shareholders and the ultimate owners of those shares through reporting.	No discrepancy.
(III) Does the Company establish and execute the risk management and firewall system within its conglomerate structure?	V		(III)The Company set forth “Subsidiary Supervision and Management Practices” and “Relationship and Group Enterprise Transactions Procedures” to regulate related matters accordingly, and the subsidiaries implement the relevant internal control measures. The Company conducts regular and ad-hoc audits by the Audit Department, the Financial Department or the accountant. The Company’s the Strategic Development Department and the Financial Department keep track of any regulation updates and control system from time to time.	No discrepancy.
(IV) Does the Company establish internal rules against insiders trading with undisclosed information?	V		(IV) The Company has enacted and complied with “Procedures for Handling Material Insider Information” and “Code of Ethical Conduct” to regulate the Company’s stakeholders.	No discrepancy.

Evaluation Item	Implementation Status (Note 1)		Summary	Deviations from “the Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
<p>III. Composition and Responsibilities of the board of directors</p> <p>(I) Does the board of directors have a diversity policy, specific management objectives and implementation?</p>	V		<p>(I)</p> <p>a. The board enacted a policy on diversity based on the composition of the members. The related information is disclosed on the Company’s website and TWSE.</p> <p>b. The Company adopted the “Corporate Governance Principles” at the board meeting of 30 October 2014 and amended the regulations that develop a diversified policy in Chapter 3, “Strengthening Board Functions” on 30 April 2015, 9 November 2016, 12 August 2020, 10 March 2022, 22 December 2022 and 10 March 2023.</p> <p>The nomination and selection of members of the Company’s board of directors are in accordance with the Company’s articles of association. In order to ensure the diversity and independence of directors, the nomination will evaluate the qualifications of each candidate’s academic experience, refer to the opinions of stakeholders, and abide by the “Director and Supervisor Election Measures” and “Corporate Governance Principles”.</p> <p>c. The diversification of the members of the board: According to the management objectives on diversity, the entire board of directors’ specialty will need to include business strategy, finance &amp; accounting and administration and production management. Their professional background covers a wide range of industry, accounting, technology and management, etc., and has the knowledge, skills and literacy necessary to perform duties. Each director’s industry experience and expertise are diverse and complementary. Implementation situation of members of board of directors’ diversification policy:</p> <p>Please refer to pages 18 to 20 of this Annual Report under “II. Corporate Governance Report – I. Directors and Management Team - (I) Board of Directors – 4. Diversity and Independence of the Board of Directors: (4.1) Description of Board Member Diversity.”</p>	No Discrepancy.
<p>(II) Does the Company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?</p>	V		<p>(II) The Company has established a Remuneration Committee. An Audit Committee was established on 20 July 2021, and an ESG Committee was established on 6 November 2025. The Company plans to establish a Risk Management Committee in 2026. Thereafter, the Company will assess the necessity of establishing other functional committees based on actual operational needs.</p>	No Discrepancy.

Evaluation Item	Implementation Status (Note 1)		Summary	Deviations from “the Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
(III) Does the Company establish a standard to measure the performance of the board, implement it annually, report the results of the performance evaluation to the board of directors, and applies it to individual directors’ remuneration and nomination renewal?	V		<p>(III) The board of directors of the Company passed the “Board of Directors Performance Evaluation Method” on 10 August 2016 to enhance the functionality of the board’s operations by promoting self-motivation among its members. The performance evaluation of the board of directors, board members, Remuneration Committee, Audit Committee and ESG Committee should be conducted at least once a year. The internal evaluation should conduct an annual performance assessment at the end of each year. The board of directors, board members, Remuneration Committee, and Audit Committee and the board of directors’ external evaluation for 2025: Taiwan Corporate Governance Association performed the performance assessment and submitted the performance evaluation results to the board of directors on 6 March 2026.</p> <p>Performance Evaluation Implementation Report Please refer to pages 39-49 of this Annual Report under “III. Information Required to Be Disclosed by Listed and OTC Companies Regarding the Evaluation Cycle and Period, Scope, Method, and Content of Board Self-Evaluation (or Peer Evaluation), and the Implementation Status of Board Evaluation: Implementation Status of Board Evaluation.”</p>	No Discrepancy.
(IV) Does the Company regularly evaluate the independence of CPAs?	V		<p>(IV) The Company's Audit Committee evaluates the independence and competence of its CPAs on an annual basis. In addition to requiring auditors to provide a “Statement of Independence” and “Audit Quality Indicators (AQIs),” which include five aspects and 13 indicators such as professionalism, independence, quality control, supervision, and innovation ability, the Committee confirms that the auditors and their family members have no other financial interests or business relationships with the Company other than the fees for auditing and taxation. The Committee also refers to AQI information, including external and internal inspection results, performance milestones, employee satisfaction surveys, and personnel turnover rates, to confirm that the auditors and their firm have superior audit experience and training hours compared to the industry average. Furthermore, the Company will continue to introduce four digital audit tools, including an audit knowledge base system, an audit collaboration platform, digital analysis tools, and digital audit methodology support, to enhance audit quality, including a strong focus on professionalism by delivering high-quality services through a skilled team, maintaining globally consistent quality control systems with sufficient resource investment, ensuring independence through reinforced measures, strengthening supervision by learning from internal and external inspections with thorough root cause analysis, and driving innovation through continuous development of audit technologies and talent investment to uphold its commitment to excellence. The most recent evaluation result was discussed and approved by the Audit Committee on 7 March 2025 and 6 March 2026, and was submitted to and approved by the board of directors on the same day. Please refer to Note 3 for the independence and suitability evaluation criteria for CPA.</p>	No discrepancy.

Evaluation Item	Implementation Status (Note 1)		Summary	Deviations from “the Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
IV. Does the Company deploy qualified and appropriate number of corporate governance personnel and appoint personnel responsible for corporate governance matters (including but not limit to providing information for directors to perform their functions, handling work related to meetings of the board of directors and the shareholders' meetings, assisting directors and supervisors to follow laws, filing company registration and changes to company registration, and producing minutes of board meetings and shareholders' meetings)?	V		<p>The Company sets up the Finance &amp; Accounting Division as a corporate governance secondary unit. On 3 March 2021, the board of directors of the Company resolved to appoint Finance &amp; Accounting department assistant general manager TZU-HO CHUANG, as the dedicated officer (supervisor) in corporate governance, who is a qualified CPA, and meets the requirements under Article 3-1 of “The Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”. The main duties of corporate governance officers and units are to provide information for directors to perform their functions, help directors and supervisors comply with laws and regulations, handling work related to board meetings and the shareholders' meetings.</p> <p>The tasks undertaken in 2025 are as follows:</p> <ol style="list-style-type: none"> <li>1. Assisting independent directors and general directors in performing their duties, providing required information and arranging training for directors. <ol style="list-style-type: none"> <li>a. Providing board members with the latest laws and regulations regarding the Company's business areas and corporate governance-related amendments and updating them regularly.</li> <li>b. Assisting the independent directors and general directors to formulate annual refresher plans and arrange courses according to the Company's industrial characteristics and directors' academic and experience background.</li> </ol> </li> <li>2. Assisting with the legal procedures and compliance of the board meetings and shareholders' meetings. <ol style="list-style-type: none"> <li>a. Report to the board of directors, independent director, audit committee or supervisor of the Company's corporate governance operation status and confirm whether the Company's board meetings and shareholders' meetings are in compliance with relevant laws and rule of corporate governance.</li> <li>b. To assist and remind directors the legal compliance requirements when they perform business or formal resolution and make a suggestion when the board of directors will make an illegal resolution.</li> <li>c. After the meeting, check the release of material information of the board of directors' important resolution and confirm the legality and correctness of material information's content.</li> </ol> </li> </ol>	No discrepancy.

Evaluation Item	Implementation Status (Note 1)		Summary	Deviations from “the Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies” and Reasons																								
	Yes	No																										
			<p>3. Formulating the agenda of the board meeting and notifying the directors 7 days prior to the meeting date. Convening a meeting and providing documents. Reminding meeting members of potential conflict of interest issues in advance if they have to recuse themselves from the meeting. The board meeting minutes should be completed within 20 days after the meeting.</p> <p>4. Registering in advance the date of the shareholders' meeting as required by relevant law. Producing meeting notice, manual and minutes within the statutory period. Registering for amendments to the Articles of Incorporation or results of the election of directors.</p> <p>5. The situation of the Company corporate governance executive training in 2025 are as follows:</p> <table border="1"> <thead> <tr> <th>Date</th> <th>Course Title</th> <th>Course Provider</th> <th>Hours</th> </tr> </thead> <tbody> <tr> <td>13 June 2025</td> <td>“Trump 2.0” and the Disruption of the Global Economic Order: Impacts and Response Strategies</td> <td>Securities and Futures Market Development Foundation of the Republic of China</td> <td>3</td> </tr> <tr> <td>22 September 2025 - 23 September 2025</td> <td>Recent ESG Regulatory Updates in Taiwan and Potential ESG-Related Risks to Corporate Operations</td> <td>Securities and Futures Market Development Foundation of the Republic of China</td> <td>3</td> </tr> <tr> <td>22 September 2025 - 23 September 2025</td> <td>Legal Liabilities Related to Corporate ESG Sustainability: Case Analysis on “Gender Equality” and “Financial Misrepresentation”</td> <td>Securities and Futures Market Development Foundation of the Republic of China</td> <td>3</td> </tr> <tr> <td>6 November 2025</td> <td>Sustainability Strategies Driven by Core Competencies: How Companies Build Long-Term Resilience and Competitive Advantage through ESG</td> <td>Securities and Futures Market Development Foundation of the Republic of China</td> <td>3</td> </tr> <tr> <td colspan="3">Total (hours)</td> <td>12</td> </tr> </tbody> </table>	Date	Course Title	Course Provider	Hours	13 June 2025	“Trump 2.0” and the Disruption of the Global Economic Order: Impacts and Response Strategies	Securities and Futures Market Development Foundation of the Republic of China	3	22 September 2025 - 23 September 2025	Recent ESG Regulatory Updates in Taiwan and Potential ESG-Related Risks to Corporate Operations	Securities and Futures Market Development Foundation of the Republic of China	3	22 September 2025 - 23 September 2025	Legal Liabilities Related to Corporate ESG Sustainability: Case Analysis on “Gender Equality” and “Financial Misrepresentation”	Securities and Futures Market Development Foundation of the Republic of China	3	6 November 2025	Sustainability Strategies Driven by Core Competencies: How Companies Build Long-Term Resilience and Competitive Advantage through ESG	Securities and Futures Market Development Foundation of the Republic of China	3	Total (hours)			12	
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Evaluation Item	Implementation Status (Note 1)		Summary	Deviations from “the Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
V. Does the Company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?	V		<p>The ESG Committee conducts stakeholder identification and surveys stakeholders’ issues of concern in accordance with the Committee Charter and the ESG Management Policy. Furthermore, in order to ensure the effective implementation of management policies for material ESG issues, the ESG Committee holds annual consensus meetings and target review meetings to engage with relevant departments on the implementation status of ESG-related policies and the formulation of future development directions. The outcomes of stakeholder engagement, the implementation performance of ESG objectives, and future ESG development strategies are reviewed by the Chairperson and Supervising Committee Members, and are submitted to the Board of Directors for reporting and confirmation on an annual basis.</p> <p>The status of stakeholder engagement was reported to the Board of Directors on 7 March 2025 and 6 March 2026. Please refer to Zeng Hsing Industrial Co., Ltd.’s 2025 Sustainability Report for further details.</p> <p>The Company has established a communication channel with stakeholders and set up a stakeholder zone on the Company’s website to respond appropriately to important CSR issues that stakeholders concern about. The communication channel is as follows:</p> <ol style="list-style-type: none"> <li>1. The Company’s switchboard 04-2278-5177#9</li> <li>2. Spokesman, Associate General Manager: TZU-HO CHUANG 04-2278-5177#182 spokesman@zenghsing.com.tw</li> <li>3. Deputy Spokesman, Deputy General Manager: JUN-SHEN ZHOU 04-2278-5177#885 Sam_chou@zenghsing.com.tw</li> <li>4. Business Customer Service, Manager: JIA-YING LIN 04-2278-5177#151 sales@zenghsing.com.tw</li> <li>5. ESGO, Deputy Manager: SHAN-MEI ZENG 04-2278-5177#589 csr@zenghsing.com.tw</li> <li>6. Administration Department, Special Assistant: Wei-Cheng Chen 04-2278-5177#158 william_chen@zenghsing.com.tw</li> </ol>	No Discrepancy.
VI. Does the Company	V		The Company appointed the Stock Agent Department of SinoPac	No Discrepancy.

Evaluation Item	Implementation Status (Note 1)		Summary	Deviations from “the Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
appoint a professional shareholder service agency to deal with shareholder affairs?			Securities Co., Ltd. as the Company's stock agency to handle the related matters of the shareholders' meeting.	
VII. Information Disclosure				
(I) Does the Company have a corporate website to disclose both financial standings and the status of corporate governance?	V		(I) The Company has disclosed related financial business and corporate governance information on TWSE and the Company's website.	No Discrepancy.
(II) Does the Company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	V		(II) The Company assigns a dedicated employee to be responsible for the collection and disclosure of company information and designates someone who has a full understanding of the Company's finances, business or can coordinate the departments to provide related information as the Company spokesperson and deputy spokesperson that speak on behalf of the Company to ensure the information that may affect the decisions of shareholders and stakeholders is disclosed appropriately and timely. In the future, if an investor conference is held, the related information will also be uploaded to TWSE and the Company's website for investors' reference.	No Discrepancy.
(III) Does the Company publish and report its annual financial report within two months after the end of a fiscal year, and publish and report its financial reports for the first, second and third quarters as well as its operating status for each month before the specified deadline?	V		(III) The Company's 2025 annual financial report was published in March 2026. It did not publish and report the annual financial report within two months after the end of the fiscal year. The financial reports for the first, second, and third quarters have been published and reported its financial reports for the first, second and third quarters as well as its operating status for each month before the specified deadline.	No Discrepancy.
VIII. Is there any other	V		(I) Employee rights and employee wellness	No Discrepancy.

Evaluation Item	Implementation Status (Note 1)		Summary	Deviations from “the Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
important information to facilitate a better understanding of the Company’s corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors’ training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors)?			<p>The Company employs employees without gender or racial discrimination. The Company considers whether the person has the professional knowledge and skills required and provides fair opportunities for applicants. In order to provide employees with a comfortable and safe working environment, the Company attaches importance to pre-employment training for employees, including workplace safety courses. In addition, the Company arranges a health check for all employees every year to fully understand the health of employees and reduce occupational injuries.</p> <p>The Company implements employee welfare measures in accordance with the Labor Standards Act and relevant regulations. It also sets up an employee welfare committee, which provides subsidies for employees' weddings, funerals, illnesses and births, and holds various outings and community activities regularly to promote employees’ physical and mental health and enhance the bonding among employees. The committee also implements employees' annual surplus earnings distribution and festival bonuses, which fully reflect the management philosophy of “striving for wellbeing”.</p> <p>In order to secure employees’ life after retirement, the Company has an employee retirement policy. The policy provides that 6% of the total salary paid must be appropriated to a pension reserves fund and deposited in the dedicated account of the Supervisory Committee of Workers’ Retirement Preparation Fund. After Labor Pension Act became effective on 1 July 2005, the Company appropriates 6% of employee salary to the labor pension reserve fund each month and deposits the fund into individual labor pension accounts for employees covered by the Act. The purpose is to provide employees maximum security for retirement.</p> <p>Labor Standards Act is applicable to the Company, and all operations must comply with the act. In order to promote labor-management cooperation and improve work efficiency, the Company regularly convenes labor-management meetings in accordance with Regulations for Implementing Labor-Management Meeting to communicate and cooperate with employees. In addition, the Company emphasizes talent training and encourages employees to participate in various internal and external training courses. The internal training courses aim at the internal professional technology exchange to improve employee productivity; the external training courses provide professional training opportunities for employees, and employees are appointed to participate in these courses when needed.</p>	
			(II) Investor relations	

Evaluation Item	Implementation Status (Note 1)		Summary	Deviations from “the Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
			<p>The Company treats all shareholders with fairness and openness. The shareholders' meeting is held every year and a notice to convene a shareholders' meeting is given to each shareholder in accordance with the Company Act and relevant laws and regulations. The Company submits reports to the shareholders' meeting when making major financial and business decisions, such as acquiring or transferring assets and endorsement or guarantees.</p> <p>The Company not only gives shareholders the opportunity to ask questions or propose for discussion at shareholders' meetings but also sets up the regulation of shareholders' meeting proceedings in accordance with the law, which provides that the Company has to properly keep the meetings minutes and fully disclose related information on TWSE. In addition, the Company sends meeting notices and annual reports to shareholders before the annual shareholders' meeting, as well as setting up a spokesperson and deputy spokesperson as a channel for the Company to communicate with shareholders, investors and stakeholders, in order to ensure the right of shareholders to be fully aware of the major issues of the Company.</p> <p>Based on the principle of information disclosure, the Company establishes online reporting system of public information, appointed financial department personnel to be responsible for the collection and disclosure of company information, and handle related information announcement reporting matters in accordance with the principle of information disclosure, “List concerning what information public companies should announce to the public or report to the FSC” and “Taiwan Stock Exchange Corporation Rules Governing Information Filing by Companies with TWSE Listed Securities and Offshore Fund Institutions with TWSE Listed Offshore Exchange-Traded Funds”. After being reviewed and confirmed by the competent authority and responsible officer, the Company will proceed with related information announcements and declarations and provide timely information that may affect investors' decision-making. In addition, the Company sets up a company website to introduce the products and the scope of business for the public to understand the Company.</p> <p>(III) Supplier relations The Company has been deeply engaged in the field of sewing machine products for decades. Due to the long-term relationship with upstream key component suppliers, the Company has formed a stable and close production and marketing partnership with upstream key raw material suppliers. The Company also sends staff to help suppliers to improve their product quality and upgrade technology. In recent years, the supplier association has been held annually to strengthen interaction with third parties and enhance cooperation.</p> <p>(IV) Rights of stakeholders</p>	

Evaluation Item	Implementation Status (Note 1)		Summary	Deviations from “the Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
			<p>While pursuing company growth, the Company also considers stakeholders’ opinions and suggestions. In order to achieve effective communication with stakeholders, the Company adopts different communication methods.</p> <p>Within the organization, the Company announces employee-related pay and benefits, environmental safety and health, and company policies through various office meetings or factory weekly meetings. So, employees will understand their rights and interests. In addition, the Company also has an employee welfare committee to improve benefits for employees.</p> <p>Outside the organization, upstream suppliers can learn about relevant laws and regulations of products through supplier assembly; downstream customers often learn about the status of the Company and products through customer service mailbox/telephone/dealer conference; other stakeholders such as investors/banks/government agencies, etc. can check the latest information through the official website of the Company, television interviews, and magazine reports, etc.</p> <p>(V) Directors’, managers’, and corporate governance executive’s training records in 2025 Please refer to pages 23-25 of this annual report under “II. Corporate Governance Report - I. Directors and Management Team - (I) Board of Directors - 5. Continuing Education of the 19th-Term Directors in 2025 (Training Hours).”</p> <p>Please also refer to page 63 of this Annual Report under “IV. Whether TWSE/ TPEX Listed Companies Have Appointed Qualified and Adequate Corporate Governance Personnel and Designated a Chief Corporate Governance Officer Responsible for Corporate Governance Matters - 5. Continuing Education of the Chief Corporate Governance Officer in 2025.”</p> <p>(VI) The implementation of risk management policies and risk evaluation measures In order to strengthen corporate governance and establish sound risk management operations, the Company analyzes and responds to high-probability and high-impact risk events related to operating objectives, correctness of financial reporting and fraud prevention in operations, and records, keeps tracks of and systematically manages by the Company’s risk management system. Operational status of risk management policy The Company has been actively promoting the implementation of its risk management mechanism, holding regular meetings of the risk management, and reporting to the board of directors once a year. The operational highlight status for 2025 are as follows: 1. Risk Management Meetings</p>	

Evaluation Item	Implementation Status (Note 1)		Summary	Deviations from “the Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
			<p>Risk management meetings were held on June 26, 2025 and November 27, 2025, and the status of risk management implementation was reported to the Board of Directors on December 24, 2025.</p> <p>2. Identification of High-Risk Items</p> <p>In 2025, a total of nine high-risk items (risk index above 8) were identified.</p> <p>Implementation Status: Through routine self-management by respective departments and self-inspection procedures conducted in May, all identified risks were effectively controlled and did not materialize.</p> <p>In 2026, two high-risk items (risk index above 8) were identified, relating to financial risks and quality risks. These items have been incorporated into the 2026 audit scope to ensure the effectiveness of corresponding risk mitigation measures.</p> <p>3. Risk Management Self-Inspection in 2025</p> <p>Risk management self-inspections were conducted by each department through internal review mechanisms. A total of seven inspection items were covered, including:</p> <p>Risk analysis and assessment, risk response (treatment), monitoring and review mechanisms (risk monitoring), risk drills, crisis response and communication, experience learning, and risk management organization and processes</p> <p>Implementation Status: All departments completed self-assessments for the above inspection items.</p> <p>4. Crisis Management</p> <p>Period: October 2024 to October 2025</p> <p>Crisis events during the period included: Vietnam taxation issues (customs and transfer pricing), customer accounts receivable, U.S. tariff issues, and corporate income tax audits in Taiwan for fiscal year 2023</p> <p>The General Manager (as convener) promptly convened meetings with relevant department heads to discuss and formulate response measures. Responsible department heads then carried out subsequent actions.</p>	

Evaluation Item	Implementation Status (Note 1)		Summary	Deviations from “the Corporate Best- Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
			<p>The handling results of crisis events were reported during risk management meetings, and experience-sharing presentations were prepared for internal learning, with the purpose of enhancing employees’ risk awareness.</p> <p>5. Risk Drills</p> <p>Risk drills were conducted to verify that relevant processes complied with applicable procedures and to make appropriate adjustments to preventive measures, thereby continuously reducing the likelihood of risk occurrence.</p> <p>Implementation Status: All identified information security risks, operational risks, quality risks, and disaster risks were implemented and managed in accordance with established procedures by the respective departments.</p> <p>6. Education and Training</p> <p>Training was provided to enhance employees’ understanding of the importance of trade secrets to the Company and to raise awareness of infringement and confidentiality risks.</p> <p>Implementation Status: In July 2025, an online course on “Trade Secrets” was conducted. A total of 262 employees were required to attend, and 262 employees successfully completed the training. The Company will continue to strengthen employees’ awareness of trade secrets and intellectual property rights and will arrange in-person seminars as appropriate.</p> <p>7. Key Focus Areas for 2026</p> <p>On-site reviews of integrity management risks: focusing on integrity management practices and the management and implementation of intellectual property rights.</p> <p>Disaster risks: continuing to enhance employees’ emergency response capabilities through annual key drills to improve preparedness in the event of disasters.</p> <p>(VII) Execution status of customer policies The Company has maintained stable and good relationships with its customers and uphold a quality policy of “customer satisfaction, quality first, continuous improvement, and sustainable management.” The Company provides high-quality products that meet customer needs and offer great value for their money, in order to create profits for the Company.</p> <p>(VIII) Purchasing insurance for directors</p>	

Evaluation Item	Implementation Status (Note 1)		Summary	Deviations from “the Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
			<p>The Company has passed the resolution of the regular shareholders’ meeting on 13 June 2007 to include the purchase of directors’ and supervisors’ liability insurance into the Company’s Articles of Incorporation and began annually covering the directors’ liability insurance from 1 February 2010. On 1 February 2026, the director and supervisor liability insurance were renewed.</p> <p>(IX) Professional qualification of personnel related to financial information transparency  Certified Internal Auditor: 2 people  Certificate of competency for stock personnel: 2 people  R.O.C. CPA: 2 persons</p> <p>(X) The Company regularly conducts employee satisfaction surveys and publicly discloses the implementation status and improvement plans.</p> <p>Creating a work environment in which employees can engage with confidence and commitment is a critical foundation for the Company’s sustainable development.</p> <p>To systematically understand employees’ actual experiences and needs in the workplace, the Company conducts employee satisfaction surveys on a regular basis and utilizes the survey results as an important reference for management enhancement and workplace optimization.</p> <p>In 2025, we partnered with the external recruitment platform “104 Job Bank” to complete a company-wide employee satisfaction survey. The implementation details are as follows:</p> <p>Survey Participants: All employees</p> <p>Survey Dimensions: Collaboration, Compensation, Job Content, Leadership, Culture, Advocacy, Development, Sustainability</p> <p>Number of Respondents: 249 employees</p> <p>Coverage Rate: 81%</p> <p>Responsible Department: Human Resources Department</p> <p>Survey Frequency: Once every two years</p> <p>Survey Period: 7 November 2025 to 14 November 2025</p> <p>Overall Satisfaction Score: 4.34 (Lowest score: 3.83; Highest score: 4.89)</p> <p>Survey Results and Key Findings</p>	

Evaluation Item	Implementation Status (Note 1)		Summary	Deviations from “the Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
			<p>Through a two-year comparative analysis, the survey enabled the Company to identify changes in employee needs, with particular attention to core issues such as compensation fairness, work-life balance, leadership and management capability, and employee engagement.</p> <p>The valid response rate reached 75%, demonstrating employees’ strong willingness to participate in Company-related matters. The overall satisfaction score of 4.34 reflects employees’ recognition of the Company’s workplace environment and corporate culture.</p> <p>The survey results highlighted the following three areas as the Company’s overall strengths: Sustainability, Advocacy and Development</p> <p>First, sustainability was the strongest-performing dimension, achieving a PR score of 59. In particular, employees expressed a high level of recognition for the Company’s efforts in environmental protection and social contribution, with PR scores of 60 and 66, respectively, indicating strong employee affirmation of the Company’s commitment to ESG practices and corporate social responsibility. This dimension not only forms an important foundation of the Company’s corporate culture, but also represents a key strength in external communication.</p> <p>Second, advocacy recorded a PR score of 50, reflecting alignment between the Company’s vision and its overall core values. Within this dimension, the scores for value implementation and organizational communication reached 51 and 56, respectively, demonstrating employee recognition of the Company’s efforts in embedding corporate values and strengthening internal communication, which are critical to organizational cohesion and effective operational execution.</p> <p>Third, development achieved a PR score of 51, representing a mid-to-high level of performance. This result indicates that employees perceive positive support from the Company in areas related to performance management and career development, reinforcing the Company’s commitment to long-term talent growth and development.</p> <p>In terms of specific items, the scores for performance management and career development reached 53 and 56, respectively, indicating that employees have perceived positive impacts from the Company’s performance management system and career development support.</p> <p>This is further aligned with the Company’s achievement of the</p>	

Evaluation Item	Implementation Status (Note 1)		Summary	Deviations from “the Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
			<p>Gold Award certification under the TTQS Talent Quality-management System granted by Taiwan’s Ministry of Labor in 2024, highlighting the Company’s commitment and results in talent development.</p> <p>Overall, the three dimensions of Sustainability, Advocacy, and Development demonstrate strong competitiveness in market comparisons and high levels of employee recognition.</p> <p>Fourth, the survey results indicate that employee satisfaction has a direct impact on employee engagement, which encompasses value alignment, commitment of effort, and retention intention. Over the past two years, the PR score for value alignment increased from 38 to 45, the PR score for commitment of effort increased from 37 to 48, and the PR score for retention intention increased from 43 to 48. These improvements demonstrate that the Company’s improvement initiatives over the past two years have gradually enhanced employees’ identification with the Company and their willingness to remain with the Company over the long term.</p> <p>Improvement Initiatives: From Survey Insights to Action - 2026 Improvement Plan</p> <p>Based on the latest survey results, the Company has actively implemented improvement initiatives across four key areas, system optimization, compensation and benefits, leadership enhancement, and cross-departmental collaboration, as detailed below:</p> <p>I. Optimization of Management Systems and Processes</p> <p>To enhance consistency in management, the Company completed revisions to the Employee Satisfaction Survey Management Guidelines in early 2026, clearly defining standardized operating procedures (SOPs covering survey planning through information disclosure).</p> <p>For daily operations, the Company is promoting process simplification by reviewing existing administrative workloads, reducing ineffective procedures, and enhancing employees’ sense of achievement at work.</p> <p>II. Competitive Compensation and Diverse Benefits</p> <p>The Company conducts an annual market compensation survey every December to ensure salary levels remain competitive within the industry, and carries out annual promotion reviews each April.</p> <p>Regarding benefits, the Company has introduced the PayEasy</p>	

Evaluation Item	Implementation Status (Note 1)		Deviations from “the Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	
			<p>multi-point benefits platform, provides subsidies for employee clubs, and plans on-site employee travel activities. These flexible and diversified benefit programs are designed to strengthen talent retention and attraction.</p> <p>III. Strengthening Leadership Capabilities and Organizational Communication</p> <p>Briefing sessions on employee satisfaction survey results are held to communicate annual findings to first-level managers, serving as guidance for daily management. In parallel, management principles including the “3S (Simple, Smart, Speedy)” approach and the “Three Actuals” principle (actual site, actual item, actual condition) are implemented as managerial guidelines.</p> <p>Through quarterly town-hall meetings, labor–management meetings, regular departmental meetings, and one-on-one performance discussions, the Company reinforces two-way communication between managers and employees, thereby strengthening employee alignment with the Company’s vision and corporate culture.</p> <p>IV. Cross-Departmental Collaboration and Daily Management</p> <p>The Company is committed to promoting cross-departmental collaboration and communication by clearly defining roles and responsibilities. By embedding teamwork and customer orientation into daily management practices, the Company aims to further improve overall organizational efficiency.</p> <p>The Company believes that challenges represent opportunities for growth. With strong ambition and execution, the current improvement initiatives will comprehensively upgrade five key dimensions, culture, leadership, compensation, collaboration, and work design, creating a more attractive and competitive workplace and enabling employees and the Company to progress together toward excellence.</p> <p>(XI) Establishment of Personal Data Protection Policy and Disclosure of Its Implementation</p> <p>The Company has established and implemented the Personal Data Protection Management Policy, under which rigorous measures for personal data privacy protection and information security are enforced. A comprehensive data governance framework has been developed, including the establishment of data standards and classification schemes, strict access control mechanisms, and data owner review procedures, in order to ensure that data access and sharing are appropriately governed and protected, and that the availability, integrity, and confidentiality of data are safeguarded.</p> <p>The scope of application covers the Company’s headquarters in</p>

Evaluation Item	Implementation Status (Note 1)		Summary	Deviations from “the Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
			<p>Taiwan, its subsidiary in Vietnam, as well as customers and suppliers. With respect to the collection, processing, use, protection, and cessation of use of personal data involved in business operations, the Company complies with all applicable laws and regulations and uses personal data solely within the scope permitted by law. The Company does not provide, lease, or otherwise disclose personal data to third parties in any form and implements relevant internal policies to protect data security and privacy rights.</p> <p>With regard to the operations of the volunteer team, the Sustainability Development Office collects only necessary personal data during the period of volunteer participation and only with the consent of the volunteers. Such data is used exclusively for specific purposes such as volunteer insurance coverage. All related information is centrally managed by the ESG Office (ESGO) to ensure information security and compliant usage. Upon a volunteer’s withdrawal, personal data is destroyed in accordance with internal operating procedures to prevent improper retention or use, thereby safeguarding volunteers’ rights and ensuring effective implementation of personal data protection practices.</p> <p>In 2025, the Company conducted employee training programs related to personal data protection awareness. A total of 267 employees completed the training, achieving a 100% completion rate.</p> <p>During 2025, the Company completed revisions to the Personal Data Protection Management Policy and designated the Human Resources Department as the dedicated contact window for handling related requests. Clear and effective channels for complaints and the exercise of rights, including personal data protection grievance mechanisms, have been established to ensure that stakeholders’ rights are properly protected. In 2025, the Company received zero personal data-related complaints. Going forward, personal data protection training will continue to be incorporated into new employee orientation programs and company-wide training initiatives on an annual basis.</p> <p>(XII) Disclosure of Employee Turnover Rates by Gender and Age for the Past Two Years, and Analysis of Trends and Causes</p> <p>The Company regularly reviews employee turnover by gender and age group. In 2025, the overall turnover rate decreased compared with 2024, indicating improved workforce stability. In 2025, a total of 32 employees formally left the Company, with an average turnover rate of 13% (including two fixed-term contract employees). Compared with 2024, the turnover rate decreased by approximately 30%, primarily due to the relocation of production lines, which reduced the Company’s reliance on temporary and dispatch labor.</p> <p>Among different age groups, the turnover rate of employees</p>	

Evaluation Item	Implementation Status (Note 1)		Summary	Deviations from “the Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
			<p>under the age of 30 showed a notable improvement in 2025. This reflects enhanced onboarding effectiveness and improved employee retention, indicating progress in competency development, job understanding, and career development support for both new hires and existing employees. The Company will continue to strengthen training resources and development mechanisms to enhance employees’ willingness for long-term career development and overall organizational stability.</p> <p>The turnover rate of employees in the 30 to 50 age group, which represents the Company’s core workforce, also exhibited a downward trend, demonstrating the gradual effectiveness of the Company’s talent retention measures. Meanwhile, the turnover rate of employees aged 50 and above remained consistently low over the past two years, reflecting the stable contribution and retention of experienced personnel.</p> <p>Details of the proportion of employees leaving the Company in 2024 and 2025, categorized by gender and age group, are provided in Note 4.</p> <p>(XIII) Provision of a Family-Friendly Work Environment and Measures Supporting Marriage, Childbirth, and Family Care, and the Implementation Status and Effectiveness</p> <p>In response to the severe challenge of declining birth rates and in support of the government’s initiatives to promote childbirth subsidies, Zeng Hsing fulfills its corporate social responsibility by providing a family-friendly workplace environment. Since 2022, the Company has amended its Rules Governing Marriage, Bereavement, and Celebration Benefits to include a childbirth subsidy, providing NT\$20,000 for each newborn and NT\$40,000 for each set of twins, with the subsidy amount increasing accordingly for multiple births. These measures are intended to encourage employees to have children and to alleviate the financial burden on families with newborns. As of December 2025, a total of 22 employees have received childbirth subsidies.</p> <p>Implementation of Parental Leave Policy</p> <p>The implementation status of parental leave in 2025 is summarized as follows. During the year, three employees applied for parental leave, including two male and one female employees. The return-to-work rate of female employees after the completion of parental leave in 2025 was 100%. Employees who have not yet returned to work remain on parental leave, and the relevant analysis is presented in the table below.</p>	

Evaluation Item	Implementation Status (Note 1)						Deviations from “the Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies” and Reasons																																																														
	Yes	No	Summary																																																																		
			Parental Leave Status <table border="1"> <thead> <tr> <th rowspan="2">By Gender and Total Employees eligible for parental leave (A)</th> <th colspan="3">2024</th> <th colspan="3">2025</th> </tr> <tr> <th>Male</th> <th>Female</th> <th>Total</th> <th>Male</th> <th>Female</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Employees applying for parental leave during the year (B)</td> <td>6</td> <td>1</td> <td>7</td> <td>3</td> <td>1</td> <td>4</td> </tr> <tr> <td>Employees returning to work after parental leave during the year (C)</td> <td>1</td> <td>1</td> <td>2</td> <td>2</td> <td>1</td> <td>3</td> </tr> <tr> <td>Employees not returning to work after parental leave during the year (D)</td> <td>0</td> <td>1</td> <td>1</td> <td>0</td> <td>2</td> <td>2</td> </tr> <tr> <td>Employees from the previous year (2024) remaining employed after parental leave (E)</td> <td>0</td> <td>1</td> <td>1</td> <td>0</td> <td>2</td> <td>2</td> </tr> <tr> <td>Employees from the previous year (2024) remaining employed for at least one year after parental leave (F)</td> <td>0</td> <td>2</td> <td>2</td> <td>0</td> <td>2</td> <td>2</td> </tr> <tr> <td>Return-to-work rate after parental leave (C / B)</td> <td>0</td> <td>100%</td> <td>100%</td> <td>0</td> <td>100%</td> <td>100%</td> </tr> <tr> <td>One-year retention rate after return (F / E)</td> <td>0</td> <td>50%</td> <td>50%</td> <td>0</td> <td>50%</td> <td>50%</td> </tr> </tbody> </table>				By Gender and Total Employees eligible for parental leave (A)	2024			2025			Male	Female	Total	Male	Female	Total	Employees applying for parental leave during the year (B)	6	1	7	3	1	4	Employees returning to work after parental leave during the year (C)	1	1	2	2	1	3	Employees not returning to work after parental leave during the year (D)	0	1	1	0	2	2	Employees from the previous year (2024) remaining employed after parental leave (E)	0	1	1	0	2	2	Employees from the previous year (2024) remaining employed for at least one year after parental leave (F)	0	2	2	0	2	2	Return-to-work rate after parental leave (C / B)	0	100%	100%	0	100%	100%	One-year retention rate after return (F / E)	0	50%	50%	0	50%	50%	
By Gender and Total Employees eligible for parental leave (A)	2024			2025																																																																	
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IX. Please explain the improvements which have been made in accordance with the results of the Corporate Governance Evaluation System released by the Corporate Governance Center, Taiwan Stock Exchange, and provide the priority enhancement measures. As of the printing date of this Annual Report, the results of the 12th Corporate Governance Evaluation for the year 2025 have not yet been announced. Accordingly, the table below presents the Company's self-assessment and describes the improvement measures for the indicators on which no score was obtained.		
Number	Indicators	Improvements and measures
1.6	Does the Company convene the annual shareholders' meeting by the end of May?	The annual shareholders' meeting for 2026 will be convened by the end of May.
2.14	Does the Company establish functional committees, such as a nomination committee, risk management committee, or sustainable development committee, beyond those required by law, with at least three members, a majority of whom are independent directors, and at least one member possessing the professional expertise required by the committee, and disclose their composition, duties, and operations?	A Nomination Committee has not been established to date. The relevant nomination and oversight functions are currently performed by the Board of Directors.
2.22	Does the Audit Committee or a board-level functional committee (e.g., a Risk Management Committee) supervise risk management and establish board-approved risk management policies and procedures, with disclosure and at least annual reporting to the Board?	A Risk Management Committee has been established to promote risk management matters; however, it is not currently a board-level functional committee nor under the Audit Committee. To strengthen corporate governance, the Company plans to upgrade the Risk Management Committee to a board-level functional committee in 2026, formulate board-approved risk management policies and procedures, improve the risk management organizational structure and operating mechanisms, and regularly report to the Board of Directors.
2.27	Does the Company establish an intellectual property management plan linked to operating objectives and disclose its implementation, with at least annual reporting to the Board?	As of 2025, the Company has not yet established an intellectual property management plan linked to operating objectives. To strengthen intellectual property management, the Company plans to promote such a plan in 2026, establish an IP management framework aligned with operating objectives, disclose the implementation status in accordance with regulations, and regularly report to the Board of Directors.
3.13	Does the Company voluntarily disclose individual directors' remuneration in its annual report?	The Company does not voluntarily disclose individual directors' remuneration; therefore, no score was obtained for this indicator.
4.19	Does the Company invest in energy-saving or green-energy-related environmentally sustainable equipment, invest in domestic green energy industries (e.g., renewable energy power plants), or issue or invest in sustainability-related bonds, and disclose the investment status and specific benefits?	No such investments have been made to date.
4.22	Does the Company allocate resources to support domestic cultural development and disclose the methods of support and outcomes on the Company's website, annual report, or sustainability report?	No such resources have been allocated to date.
4.29	Does the Company introduce internal carbon pricing to estimate the financial impacts of climate change on the Company's operations?	There are currently no plans to introduce internal carbon pricing.

Note.1: Regardless of whether the evaluation item is achieved or not, the Company shall state an appropriate explanation.

Note.2: A self-evaluation report is defined as the Company assessing its corporate governance evaluation items with appropriate explanations on current corporate operations and implementation.

Note.3: Independence and suitability evaluation criteria of CPAs

The independence criteria are as follows:

	Evaluation item	Evaluation Results	Passed Independence Assessment
1	Whether the CPA has direct or indirect major financial stake in the Company.	No	Yes
2	Whether the CPA is involved in any financing or financial guarantee agreements involving the Company or Corporation directors.	No	Yes
3	Whether the CPA have any close business relationship or potential employment relationship with the Company.	No	Yes
4	Whether the CPA and members of the audit team hold shares in the Company.	No	Yes
5	Whether non-audit services provided by CPA to the Company have direct impact on the major items of audit services provided.	No	Yes
6	Whether the CPA sell shares or other securities issued by the Company.	No	Yes
7	Whether the CPA is representing the Company in litigation of a third party or other disputes.	No	Yes
8	Whether the CPA has familial relationships with directors, managers, or people in positions that has major impact on Corporation audits at the Company.	No	Yes
9	Whether the CPA has be appointment for audit services remained unchanged for 7 years.	No	Yes

The suitability criteria are as follows:

Evaluation item		Evaluation Results	Passed Independence Assessment
1	The formal financial statements for the first three quarters shall be completed within 45 days after the end of each quarter, or the annual financial statement shall be completed within three months after the end of the year. (Formal financial statements)	Yes	Yes
2	Whether the CPA engaged in appropriate interaction with the Audit Committee or independent directors and documented it before the audit planning and issuance of the audit opinion.	Yes	Yes
3	Whether the CPA provided constructive suggestions regarding the Company's systems and internal controls during the audit and documented them.	Yes	Yes
4	The annual tax filing and declaration form shall be completed by the end of May of the subsequent year.	Yes	Yes
5	Provide corporate tax consultation.	Yes	Yes
6	Offer tax compliance issue resolution.	Yes	Yes
7	Regularly provide proactive updates to the Company on tax regulations and securities laws, as well as updates and amendments to IFRS.	Yes	Yes
8	Communication and response to inquiries.	Yes	Yes
9	Assist in communication and coordination with competent authorities.	Yes	Yes

Note 4: Employee turnover rate as a proportion of total employees for 2024 and 2025.

Explanation: The total headcount includes Chairman CHIH-CHENG LIN, who does not hold an employee position, and Director CHUNG-TING TSAI, who concurrently serves as an employee, comprising two individuals. The seven directors who do not hold employee positions are excluded from this total.

#### Employee Turnover Rate Analysis - 2025

Age Group	Gender	No. of Employees in 2024	Number of employees Leaving (Including Temporary & Dispatched Workers)	Temporary Workers	Dispatched Workers	Number of employees Leaving (Excluding Temporary & Dispatched Workers)	Employee Turnover Rate	Employee Turnover Rate	(By Age Group)	(By Age Group)	(By Gender)	(By Gender)
							Number of Employees Leaving ÷ Total Employees for the Year (Including Temporary & Dispatched Workers)	Number of Employees Leaving ÷ Total Employees for the Year (Excluding Temporary & Dispatched Workers)	Average Turnover Rate (Including Temporary & Dispatched Workers)	Average Turnover Rate (Excluding Temporary & Dispatched Workers)	Average Turnover Rate (Including Temporary & Dispatched Workers)	Average Turnover Rate (Excluding Temporary & Dispatched Workers)
Under 30	Male	6	5	1	0	4	83%	67%	47%	33%	18%	17%
	Female	9	2	1	0	1	22%	11%				
30-50	Male	85	11	0	0	11	13%	13%	9%	9%	8%	8%
	Female	105	6	0	0	6	6%	6%				
50 and above	Male	28	5	0	0	5	18%	18%	18%	18%	8%	8%
	Female	17	3	0	0	3	18%	18%				
	Subtotal	250	32	2	0	30	13%	12%				

Employee Turnover Rate Analysis - 2024

Age Group	Gender	No. of Employees in 2024	Number of employees Leaving	Temporary Workers	Dispatched Workers	Number of employees Leaving	Employee Turnover Rate	Employee Turnover Rate	(By Age Group)	(By Age Group)	(By Gender)	(By Gender)
			(Including Temporary & Dispatched Workers)			(Excluding Temporary & Dispatched Workers)	Number of Employees Leaving ÷ Total Employees for the Year (Including Temporary & Dispatched Workers)	Number of Employees Leaving ÷ Total Employees for the Year (Excluding Temporary & Dispatched Workers)	Average Turnover Rate (Including Temporary & Dispatched Workers)	Average Turnover Rate (Excluding Temporary & Dispatched Workers)	Average Turnover Rate (Including Temporary & Dispatched Workers)	Average Turnover Rate (Excluding Temporary & Dispatched Workers)
Under 30	Male	12	9	6	0	3	75%	25%	126%	30%	32%	13%
	Female	11	20	6	10	4	182%	36%				
30-50	Male	98	34	5	14	15	35%	15%	43%	16%	54%	15%
	Female	108	54	24	13	17	50%	16%				
50 and above	Male	24	0	0	0	0	0%	0%	0%	0%	54%	15%
	Female	19	0	0	0	0	0%	0%				
	Subtotal	272	117	41	37	39	43%	14%				

(4) Composition, Responsibilities and Operations of the Remuneration Committee  
A. Remuneration Committee Member Information

Title/Name (Note 1)	Criteria	Professional Qualifications and Experience (Note 2)	Independent Status (Note 3)	Number of Other Public Companies in Which the Individual is Concurrently Serving as a members of the remuneration committees
Independent Director	YOUNG- YAW PAI (Re-elected on 21 June 2024)	<ul style="list-style-type: none"> <li>● At least 5 years of work experience in business, finance, accounting, corporate business, and specialized in process improvement of critical components in precision machinery, and enhancement of product accuracy and quality.</li> <li>● Experience: Chairman of Precision Motion Industries, Inc./ Corporate representative director (chairman) of Chensu Plastics Co., Ltd. (Representative director: Precision Motion Industries, Inc.)/ Corporate representative director of Chanson Metal Profiling Co., Ltd. (Representative director: Precision Motion Industries, Inc.)/ Corporate representative director of Millennium Vee Hotel Taichung (Representative director: Apex Dynamics, Inc.)/ Corporate representative director of Yun Tan Technologies Co., Ltd. (Representative director: Precision Motion Industries, Inc.)/ Corporate representative director of Exfiro Co., Ltd. (Representative director: Precision Motion Industries, Inc.)/ Corporate representative director of UNION MECHATRONIC INC. (Representative director: Precision Motion Industries, Inc.)/ Chairman, Yuanzhou Co., Ltd. / Independent director</li> </ul>	<p>None of the following has occurred in the two years prior to the election or during the term of office:</p> <ol style="list-style-type: none"> <li>1. An employee of the Company or any of its affiliates.</li> <li>2. A director or supervisor of the Company's affiliates.</li> <li>3. Not a natural person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of over 1% of the total number of outstanding shares of the Company or ranking in the top 10 in holdings.</li> <li>4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship of the managers listed in the first paragraph or the persons listed in the preceding two paragraphs.</li> <li>5. Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the Company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the Company under Paragraphs 1 or 2, Article 27 of the Company Act.</li> <li>6. More than half of the directors' seats or voting shares of the Company and other companies are controlled by the same person, the director, supervisor or employee of the other</li> </ol>	0

Title/Name (Note 1)	Criteria	Professional Qualifications and Experience (Note 2)	Independent Status (Note 3)	Number of Other Public Companies in Which the Individual is Concurrently Serving as a members of the remuneration committees
		<p>and Member of Remuneration Committee and Audit Committee of the Company</p> <ul style="list-style-type: none"> <li>• The individual is not subject to any of the circumstances prescribed in Article 30 of the Company Act.</li> <li>• For details of YUNG-YAW PAI's professional qualifications and experience, please refer to this Annual Report, "I. Directors and Management Team - (I) Board of Directors - 2. Disclosure of Directors' Professional Qualifications and Independence of Independent Directors" (pp. 12-17).</li> </ul>	<p>company.</p> <p>7.A chairman, general manager or equivalent position of the Company and other companies or institutions are the same person or spouse, and the directors, supervisors or employees of other companies or institutions.</p> <p>8.A director, supervisor, manager or shareholder holding of a certain company or institution who has financial or business dealings with the Company or who holds 5% or more of the total number of outstanding shares of the Company.</p> <p>9.Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides</p>	
Independent Director (Convener)	YUNG-SHENG HSU (Newly elected on 21 June 2024)	<ul style="list-style-type: none"> <li>• Possesses over five years of professional qualifications as a professor in the Department of Accounting and the Department of Information Management at public universities, with proven experience in operational decision-making, international market perspective, leadership, and decision-making capabilities. Specializes in financial and accounting planning, providing the Company with professional financial advisory services and strategic recommendations for future development.</li> <li>• Experience: Professor, Department of Finance, National Chung Hsing University, Independent Director / Member of the Remuneration Committee</li> </ul>	<p>auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Company Act or to the Business Mergers and Acquisitions Act or relevant laws or regulations.</p> <p>10.Not having a marital relationship, or a relative within the second degree of</p>	2

Title/Name (Note 1)	Criteria	Professional Qualifications and Experience (Note 2)	Independent Status (Note 3)	Number of Other Public Companies in Which the Individual is Concurrently Serving as a members of the remuneration committees
		<p>/ Member of the Audit Committee, CHIP HOPE CO., LTD., Independent Director / Member of the Remuneration Committee / Member of the Audit Committee / Member of the Risk Management Committee, ADIMMUNE CORPORATION, Corporate Director of IDEAL BIKE CORPORATION (Representative of GUOLING INVESTMENT CO., LTD.), Independent Director / Convener of the Remuneration Committee / Member of the Audit Committee, the Company</p> <ul style="list-style-type: none"> <li>● For details of YUNG-SHENG HSU's professional qualifications and experience, please refer to this Annual Report, "I. Directors and Management Team- (I) Board of Directors - 2. Disclosure of Directors' Professional Qualifications and Independence of Independent Directors" (pp. 12-17).</li> </ul>	<p>kinship to any other director of the Company 11. Not been a person of any conditions defined in Article 30 of the Company Act 12. Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act</p>	
Independent Director	HUI-YU HUANG (Newly appointed on 21 June 2024)	<ul style="list-style-type: none"> <li>● Possesses over five years of accounting experience and has passed the national CPA qualification examination, holding a valid certificate. Demonstrates sound operational judgment, industry knowledge, leadership, and decision-making capabilities.</li> <li>● Experience: CPA, Yangtze CPAs and Co., Supervisor, Hungkuang University, Member of the Remuneration Committee</li> </ul>		1

Title/Name (Note 1)	Criteria	Professional Qualifications and Experience (Note 2)	Independent Status (Note 3)	Number of Other Public Companies in Which the Individual is Concurrently Serving as a members of the remuneration committees
		/ Independent Director / Member of the Audit Committee, the Company, Independent Director / Member of the Remuneration Committee / Member of the Audit Committee, GENEREACH BIOTECHNOLOGY CORPORATION ● For details of HUI-YU HUANG's professional qualifications and experience, please refer to this Annual Report, "I. Directors and Management Team - (I) Board of Directors - 2. Disclosure of Directors' Professional Qualifications and Independence of Independent Directors" (pp. 12-17).		

Note 1. Please specify the relevant years of service, professional qualifications and experience, and independence of each member of the Remuneration Committee in the form. If they are independent directors, please refer to the directors and supervisor's information (1) on page 00. Please fill in the series as independent directors or others, respectively (if such person is the convener, please add a note).

Note 2. Professional qualifications and experience: Specify each member's professional qualifications and experience of the Remuneration Committee.

Note 3. Members of the Remuneration Committee should state their independence, including but not limited to whether they, their spouse or relatives within the second degree of kinship serve as directors, supervisors or employees of the Company or its affiliated companies; The number and proportion of the Company's shares held by relatives (or in the name of others); Whether to serve as a director, supervisor or employee of a company that has a specific relationship with the Company (refer to Subparagraphs 5 to 8, Paragraph 1, Article 6, of the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter"); The amount of remuneration received for providing business, legal, financial, accounting and other services to the Company or its affiliates in the last two years.

Note 4. Please refer to the best practice reference examples on the website of the Corporate Governance Center of the Taiwan Stock Exchange for disclosure methods.

## B. Information on the operation of the Remuneration Committee.

### (A) Review remuneration regularly.

The function of the Remuneration Committee of the Company is to be professional and objective, to evaluate the remuneration policies and systems of directors and managers of the Company at least 2 times a year, and to request the meeting to submit proposals to the board of directors for their decision-making if in need.

- a. The function of the Remuneration Committee of the Company
    - (a) Review remuneration regularly and propose amendments.
    - (b) Determine and regularly check the policies, systems and standards and structure of directors, supervisors and managers for their performance and remuneration.
    - (c) Evaluate remuneration of directors and managers of the Company regularly.
  
  - b. The Remuneration Committee Meetings shall perform functions as follows:
    - (a) Payroll management is in line with the Company's remuneration philosophy.
    - (b) Performance assessments and compensation levels of directors and managerial officers shall take into account the general pay levels in the industry, the time spent by the individual, also to be evaluated are the reasonableness of the correlation between the individual's performance and the Company's operational performance and future risk exposure.
    - (c) There shall be no incentive for the directors or managerial officers to pursue compensation by engaging in activities that exceed the Company's risk appetite.
    - (d) For directors and senior managerial officers, the percentage of bonus to be distributed based on their short-term performance and the time for payment of any variable compensation shall be decided with regard to the characteristics of the industry and the nature of the Company's business.
    - (e) No member of the Committee may participate in discussion and voting when the Committee is deciding on that member's individual compensation.
- (B) The Remuneration Committee of the Company is comprised of three members.  
 Committee members' tenure of the sixth term: From 21 June 2024 to 20 June 2027.  
 The Remuneration Committee held 2 meetings(A) in 2025, and members' qualifications and their attendance are listed below.

Title	Name	Attendance in Person (B)	Attendance by Proxy	Attendance rate (%) B/A (Note)	Remarks
Independent Director	YOUNG-YAW PAI	2	0	100%	Re-elected on 21 June 2024
Independent Director (Convener)	YUNG-SHENG HSU	2	0	100%	Newly elected on 21 June 2024
Independent Director	HUI-YU HUANG	2	0	100%	Newly elected on 21 June 2024

Notes regarding the Salary and Remuneration Committee:

1. If the Board of Directors does not agree with the recommendations of the Salary and Remuneration Committee, it should state the date of the board meeting, content of discussions and what the final resolution was: None.
2. Should there be objections regarding the decisions made by the Salary and remuneration committee, there should be a record or written statement of the event and there should be a record of the date, content of motion and all opinions of the members: None.

Note:

- (1) In the event any member of the committee resigns before serving a full year, the resignation date should be indicated in the remarks column. The actual attendance rate (%) is calculated based on the actual number of meetings held by the committee and the actual number of attendances by such member.
- (2) If there is a re-election of the members before the end of the year, the outgoing and elected members should be added to the list and indicating whether a member is incumbent, newly-elected or reelected and the reelection date. Their attendance rate (%) should be based on the actual number of meetings held by the committee and the actual number of attendances by such member.

### C. Major Resolutions of Remuneration Committee Meetings

Remuneration Committee	Motion and follow-up	Motion and follow-up	Motion and follow-up
6th Term, 2nd Meeting 7 March 2025	Proposal 1: Proposed allocation of directors' remuneration and employee compensation for fiscal year 2024, submitted for review.	Resolution: Upon consultation by the Chairperson, all attending members agreed to approve the proposals as submitted. In accordance with applicable laws, the proposals were submitted to the Board of Directors for approval.	Submitted to the Board of Directors and approved by all directors present.
6th Term, 3rd Meeting 24 December 2025	Proposal 1: Proposed budget for year-end bonuses for fiscal year 2025, submitted for review.  Proposal 2: Proposed ratios for employee compensation and	Resolution: Upon consultation by the Chairperson, all attending members agreed to approve the proposals as submitted. In accordance with applicable laws, the proposals were submitted to the Board of Directors for approval.	Submitted to the Board of Directors and approved by all directors present.

Remuneration Committee	Motion and follow-up	Motion and follow-up	Motion and follow-up
	directors' remuneration for fiscal year 2025, submitted for review. Proposal 3: Proposed compensation structure and salary standards for the newly appointed Associate General Manager of the R&D and Technology Division, submitted for review.		
6th Term, 4th Meeting 6 March 2026	Proposal 1: Proposed allocation of directors' remuneration and employee compensation for fiscal year 2025, submitted for review.  Proposal 2: Regular review of salary standards and compensation structure for managerial officers, submitted for review.	Resolution: Upon consultation by the Chairperson, all attending members agreed to approve the proposals as submitted. In accordance with applicable laws, the proposals were submitted to the Board of Directors for approval.	Submitted to the Board of Directors and approved by all directors present.

(5) Information on the members and operation of the ESG Committee

In April 2018, Zeng Hsing formally established the Corporate Social Responsibility Office (CSR Office) (hereinafter referred to as CSRO) and concurrently adopted a corporate social responsibility policy. A Corporate Social Responsibility Committee (CSR Committee) was also established to continuously strengthen the implementation of the Company's corporate social responsibility initiatives.

In response to international sustainability trends and relevant regulations in Taiwan, the CSRO was officially renamed the Sustainability Development Office (ESG Office) (hereinafter referred to as ESGO) in April 2023. At the same time, the CSR Committee was renamed the ESG Committee (hereinafter referred to as the ESG Committee). The ESG Committee operates under the Board of Directors.

- ① The ESG Committee consists of three members, who are appointed by resolution of the Board of Directors. The powers and responsibilities of the ESG Committee include the following:

- Formulation of the Company’s sustainability policies, objectives, strategies, and implementation plans. The Company’s sustainability development encompasses the environmental (E), social (S), and governance (G) dimensions.
- Review of the implementation status and effectiveness of the Company’s sustainability initiatives, revision of strategic objectives and related policies and regulations as necessary, and regular reporting to the Board of Directors.
- Other matters assigned to the Committee by resolution of the Board of Directors.

② Oversight of Sustainability Development

The Board of Directors serves as the highest governing body for the Company’s sustainability development. The ESG Committee regularly reports to the Board of Directors on the progress of sustainability policy implementation. The matters reported include the results of materiality assessments, the formulation of sustainability policies, the setting and achievement of sustainability objectives, due diligence outcomes, and the results of stakeholder engagement, thereby enabling effective oversight of impact management. The Board of Directors reviews the reasonableness of relevant strategies and the degree of achievement of established objectives, assigns responsible units as appropriate, and confirms alignment with the Company’s future development direction. Where necessary, the Board instructs adjustments or revisions to ensure continuous improvement and effective governance.

The ESGO annually collects and analyzes international sustainability trends and global risk topics. For example, ESGO regularly refers to the World Economic Forum’s Global Risks Report to understand future global risks and opportunities across various dimensions, enabling proactive planning to mitigate potential operational risks. Furthermore, after identifying material ESG topics each year, ESGO formulates analyses of the related risks and opportunities facing the Company and collaborates with the ESG Committee to develop corresponding strategies and implementation plans, with the aim of preventing or reducing potential operational impacts. Relevant objectives and performance indicators are planned on an annual basis and disclosed in the Company’s Sustainability Report, including the annual objective setting for material topics, implementation results, and variance analyses with explanations of improvement actions for any unmet targets.

At the end of each year, ESGO convenes an annual ESG objective consensus meeting to discuss the latest developments in sustainability-related initiatives and future directions. Through cross-departmental communication, coordination, and resource integration based on the nature and categories of ESG issues, ESGO oversees project implementation progress and promotional effectiveness. In the second quarter of each year, an objective review meeting is held, with all Committee members participating to jointly assess the achievement status of ESG objectives across departments. The review results are subsequently published in the Company’s internal ESG information platform for company-wide awareness.

- ③ The ESG Committee is composed of three members.
- ④ Term of Office: From 6 November 2025 to 20 June 2027.
- ⑤ In 2025, the ESG Committee convened a total of two (A) meetings. Details regarding the members' professional qualifications and experience, attendance records, and matters discussed are set out as follows.

Position	Name	ESG-Related Expertise and Competencies	Actual Attendance (B)	Proxy Attendance	Actual Attendance Rate (%) (B / A)	Remarks
Chairperson and Convener (Chairman of the Board)	CHIH-CHENG LIN	Possesses more than five years of experience in business management, finance, professional leadership, operations management, strategic planning, and risk management, with global perspectives and leadership capabilities for international market judgment, as well as relevant experience required for the Company's operations. Expertise in energy conservation, carbon reduction technologies, and energy management	2	0	100%	Newly-elected Appointed as Convener on 6 November 2025

Position	Name	ESG-Related Expertise and Competencies	Actual Attendance (B)	Proxy Attendance	Actual Attendance Rate (%) (B / A)	Remarks
		<p>practices.</p> <p>Experience:</p> <p>Chairman of the Company;</p> <p>Chairman of Zhangjiagang Zeng Hsing Machinery &amp; Electronics Co., Ltd.; Chairman of Zhangjiagang Zeng Hsing Trading Co., Ltd.; Director of ZENG HSING INDUSTRIAL CO., LTD. (BVI); Director of JETSUN TECHNOLOGY CO., LTD. (Seychelles); Chairman of Zeng Hsing Industrial Co., Ltd. (VN); Chairman of Shinco Technologies Ltd. (VN); General Manager of Jetsun Vietnam Technology Co., Ltd.; Corporate Director (Chairman as representative of</p>				

Position	Name	ESG-Related Expertise and Competencies	Actual Attendance (B)	Proxy Attendance	Actual Attendance Rate (%) (B / A)	Remarks
		<p>Zeng Hsing Industrial Co., Ltd.) of MITSUMICHI INDUSTRIAL CO., LTD.; Chairman of Zhangjiagang Free Trade Zone Cheau Hsing Machinery &amp; Electronics Co., Ltd.; Corporate Director (representative of Zeng Hsing Industrial Co., Ltd.) of Turvo International Co., Ltd.; Corporate Director (Chairman as representative of Zeng Hsing Industrial Co., Ltd.) of Taiwan Cheer Champ Co., Ltd.; Corporate Director (representative of Zeng Hsing Industrial Co., Ltd.) of Taiwan Carbon Technology Co., Ltd.; Member</p>				

Position	Name	ESG-Related Expertise and Competencies	Actual Attendance (B)	Proxy Attendance	Actual Attendance Rate (%) (B / A)	Remarks
		<p>and Convener of the ESG Committee of Zeng Hsing Industrial Co., Ltd.</p> <p>For further details on Mr. Lin's professional qualifications and experience, please refer to this Annual Report, "I. Directors and Management Team - (I) Board of Directors - 2. Disclosure of Directors' Professional Qualifications and Independence of Independent Directors" (pp. 12-17).</p>				
Member (Director)	CHUNG-TING TSAI	<p>Possesses more than five years of experience in business operations, operational judgment, risk management, leadership and</p>	2	0	100%	Newly-elected

Position	Name	ESG-Related Expertise and Competencies	Actual Attendance (B)	Proxy Attendance	Actual Attendance Rate (%) (B / A)	Remarks
		<p>decision-making, crisis management, industry knowledge, international market perspectives, and relevant experience required for the Company's operations.</p> <p>Expertise in energy conservation, carbon reduction technologies, and energy management practices.</p> <p>Experience: Senior Deputy General Manager of the General Manager's Office and concurrently Division-level Head of the Marketing and Sales Division / Director of the Company; Director of Can Xin</p>				

Position	Name	ESG-Related Expertise and Competencies	Actual Attendance (B)	Proxy Attendance	Actual Attendance Rate (%) (B / A)	Remarks
		<p>Investment Co., Ltd.; Member of the ESG Committee of Zeng Hsing Industrial Co., Ltd.; Deputy Chairman of TAIWAN CHEER CHAMP CO., LTD.</p> <p>For further details on Mr. Tsai's professional qualifications and experience, please refer to this Annual Report, "I. Directors and Management Team - (I) Board of Directors - 2. Disclosure of Directors' Professional Qualifications and Independence of Independent Directors" (pp. 12-17).</p>				
Member (General Manager)	TUNG-LIANG LIU	Possesses more than five years of experience in	2	0	100%	Newly-elected

Position	Name	ESG-Related Expertise and Competencies	Actual Attendance (B)	Proxy Attendance	Actual Attendance Rate (%) (B / A)	Remarks
		<p>business management, finance, professional leadership, operations management, strategic planning, and risk management, with global perspectives and leadership capabilities required for the Company's operations.</p> <p>Expertise in human rights protection and safeguarding employee rights and interests.</p> <p>Experience:  Division Director at PANASONIC TAIWAN CO., LTD.; General Manager of Zeng Hsing Industrial Co., Ltd. (VN);  Director of Zhangjiagang Zeng</p>				

Position	Name	ESG-Related Expertise and Competencies	Actual Attendance (B)	Proxy Attendance	Actual Attendance Rate (%) (B / A)	Remarks
		<p>Hsing Machinery &amp; Electronics Co., Ltd.; Director of Zhangjiagang Zeng Hsing Trading Co., Ltd.; Director of Shinco Technologies Ltd. (VN); Director of Zhangjiagang Free Trade Zone Cheau Hsing Machinery &amp; Electronics Co., Ltd.; Corporate Director (representative of Zeng Hsing Industrial Co., Ltd.) of TURVO INTERNATIONAL CO., LTD.; Member of the Sustainability Committee of Zeng Hsing Industrial Co., Ltd.</p> <p>For further details, please refer to this Annual Report, “Directors and Management Team” (pp. 26-29).</p>				

⑥ Information on ESG Committee Meetings

Date	Agenda and Follow-up Actions	Resolution
1st Term, 1st Meeting 6 November 2025	Election of the Convener of the ESG Committee for the current term.	Through mutual nomination by the members of the ESG Committee and without objection, Mr. CHIH-CHENG LIN, Chairman of the Board, was elected as the Convener of the ESG Committee. The election result was reported to the Board of Directors on 6 November 2025.
1st Term, 2nd Meeting 1 December 2025	Reporting matters.	The matters were submitted and reported to the Board of Directors on 24 December 2025.

⑦ Reporting of Sustainability Development Progress to the Board of Directors

The Chairperson of the ESG Committee reports to the Board of Directors on the implementation results of sustainability initiatives and future work plans on a quarterly basis.

During 7 March, 9 May, 7 August, 6 November and 24 December 2025, the matters reported to the Board of Directors included: (1) identification of sustainability issues requiring attention and the formulation of corresponding action plans; (2) revision of sustainability-related objectives and policies; (3) oversight of the implementation of sustainability management matters and evaluation of execution status; (4) review of the 2024 Sustainability Report; and (5) establishment of the ESG Committee, together with approval of its organizational charter and the appointment of its members.

(6) The state of the Company's promotion of sustainable development and any discrepancy from “the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and the reason for any such discrepancy

Promotion Items	Implementation Status (Note1)		Discrepancy from the “Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	
1. Does the Company set up a full-time (part-time) unit that promote sustainable development, and the board of directors authorizes the senior management to handle it, and reports the handling situation to the board of directors?	V		<p>1. Sustainability Governance Structure</p> <p>The Company’s Taiwan headquarters has established a Sustainability Committee (hereinafter referred to as the ESG Committee), which consists of three members appointed by resolution of the Board of Directors. In accordance with its organizational charter and the ESG Management Policy, the ESG Committee is responsible for conducting stakeholder identification and identifying material issues of concern to stakeholders.</p> <p>To ensure the effective implementation of management approaches for material issues, the ESG Committee convenes annual consensus meetings and target review meetings to jointly review the implementation results of ESG policies with relevant departments and to formulate future action directions.</p> <p>The ESG Committee reports regularly to the Board of Directors on the progress of sustainability policy implementation. The reported content includes the results of material sustainability issue identification, the formulation of sustainability policies and objectives, and the status of implementation and performance. The Board of Directors oversees and reviews the appropriateness of related strategies and the achievement of established objectives to ensure alignment with the Company’s long-term development direction, and provides recommendations for adjustments where necessary.</p> <p>(Please refer to “VII. Other Important Information Helpful for Understanding the Implementation of Sustainable Development.”)</p>

Promotion Items	Implementation Status (Note1)		Discrepancy from the “Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	
		<p>2. Sustainability Committee Meeting Information</p> <p>In 2025, the ESG Committee convened a total of two meetings. Major agenda items included:</p> <p>(1) the election of Mr. CHIH-CHENG LIN, Chairman of the Board, as the Convener of the Sustainability Committee; (2) identification of material sustainability issues and formulation of corresponding action plans; (3) review and revision of sustainability-related objectives and policies; and (4) oversight of the implementation of sustainability management initiatives and evaluation of execution performance.</p> <p>3. Board of Directors’ Oversight of Sustainability Development</p> <p>The Board of Directors of the Company’s Taiwan headquarters regularly receives reports from the management team, including matters related to ESG. The management team submits the Company’s overall development strategies to the Board for deliberation. Through professional judgment, the Board evaluates the feasibility of achieving such strategies, continuously monitors implementation progress, and, where necessary, supervises the management team in making adjustments to ensure consistency between the Company’s operating direction and its sustainability development objectives.</p> <p>The Chairperson of the ESG Committee regularly reports to the Board of Directors on the status of sustainability development initiatives (on 7 March, 9 May, 7 August, 6 November and 24 December 2025), covering implementation results of sustainability strategies and future work plans.</p>	

Promotion Items	Implementation Status (Note 1)		Discrepancy from the “Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	
2. Does the Company conduct risk assessment of environmental, social and corporate governance issues concerning the Company's operations by the materiality principle and formulate relevant risk management policies or strategies? (Note 2)	V	<p>1. This disclosure covers the Company's sustainable development performance at its main locations from January 2025 to December 2025. The risk assessment boundary is primarily based on the Company and includes existing locations in Taiwan, mainland China, and Vietnam. Subsidiaries are included in the scope based on their relevance to the core business operations and the impact of significant themes.</p> <p>2. The Sustainable Development Committee conducts analysis based on the materiality principles of the sustainability report, communicates with internal and external stakeholders, and evaluates significant ESG issues by reviewing domestic and international research reports, literature, and integrating assessment data from various departments and subsidiaries. Based on this evaluation, effective risk management policies for identification, measurement, evaluation, monitoring, and control are established, along with concrete action plans to mitigate the impact of related risks.</p> <p>3. Zeng Hsing introduced a materiality analysis in the preparation of the ESG Report, hoping to identify the sustainable issues of interest / interests of stakeholders through a systematic analysis model, as a reference basis for the disclosure of information in the report, to facilitate effective communication with different stakeholders. The major analysis model of Zeng Hsing is divided into five major steps: 1. Identify stakeholders, 2. Collect issues of concern, 3. Engage experts and scholars with ESG expertise to assess Zeng Hsing's positive/negative, actual/potential impact and level of influence on the external ESG environment, and establish the prioritization of significant themes, 4. Determine the boundaries of significant themes, 5. Determine and execute response mechanisms. For more details, please refer to the Stakeholder Communication page on the ESG website.</p>	No discrepancy.

Promotion Items	Implementation Status (Note1)		Discrepancy from the “Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons	
	Yes	No		Summary
3. Environmental issues	V		(1) The Company's primary manufacturing sites, Zeng Hsing (VN) and China Zhangjiagang, have both obtained ISO 14001:2015 Environmental Management System certification.	No discrepancy.
(1) Does the Company establish an appropriate environmental management system according to its industrial characteristics?	V			
(2) Is the Company committed to improving the utilization efficiency of various resources and using recycled materials with low impact on environmental load?	V		(2) The Company complies with the requirements of EU environmental protection regulations, actively promotes the comprehensive control of the use of hazardous substances, ensures that the raw materials provided by the suppliers can meet the relevant regulations, and implements the product greening design to provide consumers with safe products and avoid causing environmental damage.	No discrepancy.
(3) Does the Company assess the potential risks and opportunities of climate change to the Company now and in the future, and take measures to deal with climate-related issues?	V		(3) Since 2011, the Company has referenced the framework of the Task Force on Climate-related Financial Disclosures (TCFD) to systematically identify climate-related risks and opportunities, and to assess their likelihood of occurrence and potential impact. Based on these assessments, the Company has developed a materiality matrix for climate-related risks and opportunities and formulated corresponding response strategies and management measures. The relevant assessment results are disclosed in the Company’s annual Sustainability Report. In addition, the Company conducts a comprehensive re-identification of climate-related risks and opportunities every three years to ensure that the risk management framework remains up to date and responsive to evolving conditions.	No discrepancy.
				No discrepancy.

Promotion Items	Implementation Status (Note 1)		Discrepancy from the “Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons	
	Yes	No		Summary
(4) Does the Company count greenhouse gas emissions, water consumption, and total weight of waste in the past two years, and formulate policies for energy conservation and carbon reduction, greenhouse gas reduction, water use reduction, or other waste management?	V		<p>(4) Greenhouse gas: Since 2016, the Company has introduced the greenhouse gas inventory system ISO 14064-1, and established organizational-level greenhouse gas inventory and verification specifications. The Company has conducted annual greenhouse gas inventories and internal audits and disclose emission levels in its CSR Report. China Zhangjiagang obtained third-party verification under ISO 14064-1 in 2025. The Company has scheduled external verification for all facilities across the Group in 2028 to ensure compliance with regulatory requirements. For details on energy reduction achievements, please refer to the Sustainable Environment section of the Company’s ESG website. Please refer to the Sustainability Environment page on our ESG website for information on its energy reduction achievements.</p> <p>Water resources and waste: The Company discloses total volume, reduction targets, and related management policies annually in its sustainability report.</p>	
4. Social issues (1) Has the Company formulated relevant management policies and procedures in accordance with relevant regulations and international human rights conventions?	V		<p>(1) Disclosure of Human Rights Due Diligence Processes and Implementation The Company acknowledges the international human rights standards such as the United Nations Universal Declaration of Human Rights, United Nations Guiding Principles on Business and Human Rights, the United Nations Guiding Principles on Business and Human Rights, and the International Labour Organization. Through the “Zeng Hsing Human Rights Policy”, the Company respects the protection established by the Universal Declaration of Human Rights and discloses it on the Company's website. The Company respects employees’ diversity, and recruits’ employees based on the principle of equal work pay for equal work without regard to their gender, age, or religion. The Company commits to creating a harmonious and supportive environment in accordance with Labor Standards Act, Act of Gender Equality in Employment, and People with Disabilities Rights Protection Acts. The Company regularly holds labor meetings every quarter to promote a harmonious and prosperous labor-management environment. Also, the Company regularly raises awareness of workers' rights and address issues such as workplace bullying and gender discrimination to foster a friendly workplace environment.</p>	No discrepancy.

Promotion Items	Implementation Status (Note1)		Discrepancy from the “Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	
			<p>The Summary of the Company’s human rights management policy and specific plans are as follows:</p> <p>1.Taiwan Headquarters  In accordance with the Employee Training Management Policy of the Taiwan headquarters, all newly hired employees are required to complete orientation training within 10 days of onboarding. The training content includes an introduction to the Company’s policies and systems, organizational structure and management team, talent development framework, internal communications and awareness programs, as well as information on a friendly workplace environment, including anti-discrimination measures. In 2025, a total of 9 newly hired employees (excluding dispatch and temporary workers) joined the Taiwan headquarters. The percentage of new employees receiving training related to human rights policies or procedures was 100%, with a total training duration of 105 minutes. In addition, company-wide training programs were conducted for all employees at the Taiwan headquarters. During 2025, a total of 16 training sessions were delivered, covering topics such as labor laws, sexual harassment prevention, ethical and integrity management, occupational safety and health on-the-job training, information security, and ethical business conduct. The total annual participation in human rights-related training amounted to 2,278 participant-sessions, with an aggregate training duration of 681.9 hours.</p> <p>Regarding human rights grievance cases in 2025, the Company recorded zero cases.</p> <p>2.Subsidiaries: Zeng Hsing (VN) and China  Zhangjiagang:  In line with requirements from the Taiwan headquarters, subsidiaries conduct annual human rights-related training programs through their respective human resources departments. The training content primarily focuses on human rights policies, non-discrimination principles, and grievance mechanisms. In 2025, the total human rights training hours completed by subsidiaries amounted to 12,481 hours.</p>

Promotion Items	Implementation Status (Note 1)		Discrepancy from the “Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons	
	Yes	No		Summary
(2) Does the Company formulate and implement reasonable employee welfare measures (including compensation, vacations and other benefits), and appropriately reflect operating performance or results in employee compensation?	V		<p>(2) The Company’s Taiwan headquarters conducts an annual salary survey and formulates a reasonable compensation policy based on the survey results, which is also integrated with the employee performance evaluation system. In addition, the Company has established relevant reward and disciplinary systems, such as work rules, proposal implementation and incentive measures, and model employee selection methods, all of which can be accessed through the Company's internal system.</p> <p>In 2025, the Company’s Taiwan headquarters reflected operating performance and results in employee remuneration. Where the Company generates annual profits, 2% to 6% of profits are appropriated as employee compensation, of which no less than 0.5% of profits is allocated to frontline employees, while directors’ remuneration shall not exceed 4% of profits.</p> <p>Collective Bargaining Agreement Signing Status: Overseas subsidiaries, Vietnam Responsibility and China Mechanical and Electrical, have both signed applicable collective bargaining agreements covering all employees. However, the agreement has not yet been signed by Shinco (VN) due to an ongoing merger. In addition, the labor union at the Taiwan headquarters is scheduled to begin negotiations in 2026, and the agreement has not yet been signed.</p> <p>The Company’s Taiwan headquarters has established workplace diversity or gender equality promotion policies. For implementation details, please refer to Note 3.</p>	No discrepancy.
(3) Does the Company provide employees with a safe and healthy working environment, with regular safety and health training?	V		<p>(3)1. The Company’s Taiwan headquarters has established a Safety and Health Management Committee, which holds regular meetings to review and implement employee training and education programs and continuously improve the working environment and safety measures. The Company aims to create a high-quality workplace.</p> <p>2. Certifications Obtained by the Company’s Taiwan headquarter (as of the date of printing of the annual report) and its scope are as follows:</p>	No discrepancy.

Promotion Items	Implementation Status (Note1)		Discrepancy from the “Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	
			<p><u>Occupational Safety and Health Management System</u></p> <p>2.1 In order to reduce occupational safety and health risks, prevent workplace accidents, and provide a safe and friendly working environment to safeguard the safety of employees and contractors, the Company has actively implemented the ISO 45001 Occupational Safety and Health Management System to ensure the effective operation of its safety management framework and compliance with relevant occupational safety and health regulations. The Company completed the transition to ISO 45001 and obtained certification in 2022.</p> <p>2.2 Healthy Workplace Certification - Health Promotion Mark: Valid from 1 January 2024 to 31 December 2026.</p> <p>2.3 Health Promotion Self-Assessment Qualification Certificate for 2025.</p> <p>3. The number of work-related accidents, the number of affected individuals, and the ratio to the total number of employees for the current year, along with relevant improvement measures:</p> <p><u>Occupational Safety Performance of the Taiwan Headquarters</u></p> <p>The Company implements occupational safety management measures in accordance with its occupational safety and health policy and annual safety objectives. Internal audits and management reviews are conducted on a regular basis to assess the effectiveness of occupational safety and health operations.</p> <p>Key occupational safety management measures include the following:</p> <p>Regulatory Compliance and Equipment Safety Management: Ensuring that machinery, facilities, and the working environment comply with applicable safety regulations, and implementing appropriate protective measures to reduce operational risks.</p> <p>Occupational Safety and Health Risk Mitigation: Conducting risk assessments and establishing suitable control measures for various work areas and high-risk operations in order to reduce occupational safety and health risks.</p>

Promotion Items	Implementation Status (Note1)		Discrepancy from the “Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	
			<p>Safety Education and Training: Regularly providing occupational safety and health training to ensure that employees possess the necessary safety knowledge and skills.</p> <p>Employee Participation and Continuous Improvement: Promoting a safety culture based on full employee participation through employee reporting mechanisms, safety improvement proposals, and Occupational Safety and Health Committee meetings. These efforts support continuous improvement in safety management and help ensure a safe and comfortable working environment.</p> <p>According to statistics for 2025, there were zero occupational injury incidents within the plant and one off-site traffic accident. The comprehensive injury index for on-site operations was zero, and no major occupational accidents occurred during the year. (Statistical basis: data reported to the Ministry of Labor.)</p> <p>The Company will continue to strengthen workplace safety measures to further reduce occupational safety risks.</p> <p>4.Number of Fire Incidents, Casualties, and the Ratio of Casualties to Total Employees During the Year, and Related Improvement Measures</p> <p><u>Fire Safety Management at the Taiwan Headquarters</u></p> <p>In 2025, there were no fire incidents at the Taiwan headquarters and no fatalities or injuries resulted from fire-related events. Consequently, the number of casualties and the ratio of casualties to the total number of employees were both zero for the year.</p> <p>Nevertheless, in order to strengthen emergency response capabilities for potential fire incidents, the Company conducts regular annual fire emergency response drills. These drills aim to enhance employees’ fire safety awareness and emergency response skills, ensuring prompt and effective action in the event of a fire. Such measures are intended to minimize potential impacts on employee safety, Company property, and business operations.</p>

Promotion Items	Implementation Status (Note1)		Summary	Discrepancy from the “Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons																				
	Yes	No																						
			<p><u>5. Health Promotion at the Taiwan Headquarters</u></p> <p>5.1.</p> <p>In 2025, a total of 95 employees participated in the “100 Days, One Million Steps” program. During the period from 1 July to 8 October 2025, participants collectively recorded 55,321,917 steps, resulting in an estimated reduction of approximately 7,855.44 kilograms of carbon emissions over the course of the program.</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Participants / Registrants</th> <th>Participation Rate</th> <th>Total Steps</th> <th>Total Carbon Reduction</th> </tr> </thead> <tbody> <tr> <td>2025</td> <td>68/95</td> <td>71.58%</td> <td>55,321,917</td> <td>7855.44 kg</td> </tr> <tr> <td>2024</td> <td>59/96</td> <td>61.64%</td> <td>52,117,882</td> <td>7400.74 kg</td> </tr> <tr> <td>Change</td> <td>-</td> <td>Increase of 10.12%</td> <td>Increase of 3,204,035 steps (+6.15% year-on-year)</td> <td>Increase of 897.55 kg of carbon reduction (+6.14% year-on-year)</td> </tr> </tbody> </table> <p>5.2.</p> <p><u>Health Seminars Organized by the Taiwan Headquarters</u></p> <p>In 2025, the Taiwan headquarters organized a series of health management seminars in March, April, June, July, September, October, and December to enhance employees’ health awareness, prevent ergonomic and human-factor hazards, and foster a culture of health management. A total of 144 participant-sessions were recorded during the year.</p> <p>In March, a 2-hour health seminar was conducted with 20 participants, totaling 40 participant-hours.  In April, a 2-hour health seminar was conducted with 21 participants, totaling 42 participant-hours.  In June, a 1-hour health seminar was conducted with 24 participants, totaling 24 participant-hours.</p>	Year	Participants / Registrants	Participation Rate	Total Steps	Total Carbon Reduction	2025	68/95	71.58%	55,321,917	7855.44 kg	2024	59/96	61.64%	52,117,882	7400.74 kg	Change	-	Increase of 10.12%	Increase of 3,204,035 steps (+6.15% year-on-year)	Increase of 897.55 kg of carbon reduction (+6.14% year-on-year)	
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Promotion Items	Implementation Status (Note1)		Discrepancy from the “Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	
(4) Has the Company established effective career development training plans?	V		<p>In July, a 2-hour health seminar was conducted with 25 participants, totaling 50 participant-hours.  In September, a 2-hour health seminar was conducted with 29 participants, totaling 58 participant-hours.  In October, a 1-hour health seminar was conducted with 7 participants, totaling 7 participant-hours.  In December, a 1-hour health seminar was conducted with 18 participants, totaling 18 participant-hours.</p> <p>(4)The Taiwan headquarters has formulated the Talent Development Quality Management Manual in accordance with the Education and Training Management Policy under ISO 9001:2015 and the TTQS training framework, which serves as the highest guiding principle for education and training. This manual ensures the institutionalization and continuous improvement of the talent development quality management system. To effectively promote education and training initiatives, the Company has established an Education and Training Committee, composed of first-level unit heads at the department level or above, to coordinate the overall training direction and allocation of training resources.</p> <p>1. Since 2016, the Company has established a comprehensive education and training platform named “Hsing Learning Academy”, which systematically plans the training blueprint and adopts a blended learning approach to develop a diversified talent development system. Through the Hsing Learning Academy, employees can access a wide range of internal and external learning resources, facilitating professional depth and cross-disciplinary capability development. In addition, through the “training–certification–application integration” mechanism, learning outcomes are effectively translated into practical job performance.</p> <p>The Company has further integrated education and training, competency and capability assessments, job descriptions, and performance evaluation systems into the Hsing Learning Academy, forming an integrated “select, develop, deploy, and retain” talent development strategy. This approach effectively enhances organizational learning capability and strengthens the foundation for sustainable development.</p>

Promotion Items	Implementation Status (Note1)		Discrepancy from the “Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	
			<p>2. From a curriculum perspective, the Company has established nine competency-based training systems to provide employees with diversified learning pathways, with the objective of cultivating talent equipped with both professional expertise and management capabilities.</p> <p>2.1.Core Competency Training: To strengthen the Company’s core competencies, establish a high-quality corporate culture, and foster organizational cohesion and shared values.</p> <p>2.2.General Competency Training: To develop general competencies required for cross-departmental job rotation, promote job enrichment, and support diversified career development.</p> <p>2.3.Occupational Safety and Health Training: To comply with government regulations, implement occupational safety and health practices and risk management measures, and ensure employee safety in the workplace.</p> <p>2.4.New Employee Orientation Training: To assist new employees in understanding the Company’s history, corporate culture, organizational structure, and internal policies and regulations, thereby facilitating workplace adaptation and a sense of belonging.</p> <p>2.5.Professional Competency Training: To provide specialized skills training tailored to the requirements of different job roles, enabling employees to acquire the necessary professional competencies.</p> <p>2.6.Newly Appointed Manager Training: To support managers in completing role transitions and enhancing management capabilities, including management knowledge, attitudes, and tools.</p> <p>2.7.Management Competency Training: To establish a structured advancement roadmap for managers at all levels and cultivate competencies in decision-making, leadership, and performance management.</p> <p>2.8. On-the-Job Training: To develop job-specific skills through guidance provided by experienced employees, conducted in actual or simulated work environments in accordance with established on-the-job training procedures.</p>

Promotion Items	Implementation Status (Note1)		Discrepancy from the “Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	
			<p>2.9.General Education and Self-Development Training: To offer general courses organized by the Human Resources Department aimed at enhancing employees’ ability to manage people or tasks. In addition, employees may initiate self-development plans, including academic advancement and reading programs. The Human Resources Department provides support through subsidies, learning materials, reference resources, and other assistance.</p> <p>3. Training Outcomes in 2025</p> <p>3.1.In 2025, the Company achieved a total of 5,364 training hours, with 5,412 participant-sessions. The average training hours per employee reached 20.55 hours, and the overall average course satisfaction score was 4.75 out of 5, demonstrating the Company’s continued investment in promoting a culture of organizational learning and sustainable talent development.</p> <p>3.2.The Company further optimized the training framework and apprenticeship program for newly hired employees by incorporating quality management systems, information security, ethical and integrity management policies, and sewing machine as a second foreign language (Japanese/Vietnamese) into the orientation curriculum. In addition, job-specific cross-functional professional competency courses were arranged according to job categories, covering areas such as product design, engineering technology, quality inspection, and customer service. The training hours per participant were 31.5 hours for R&amp;D and technical positions, 30 hours for quality assurance positions, 18 hours for sales positions, and 13 hours for administrative and support staff. In 2025, the number of participants included three employees in R&amp;D and technical roles and three employees in sales roles.</p>

Promotion Items	Implementation Status (Note1)			Discrepancy from the “Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
(5) Does the Company comply with relevant regulations and international standards and formulate policies to protect customer rights and complaint procedures concerning the health and safety of the customers of the products and services, client privacy, marketing and labels?	V		<p>3.3.To strengthen employees’ ability to apply acquired knowledge and skills in practice and to achieve effective integration of training, certification, and application, the Company continued to conduct sewing skill certification programs. For Sewing Skill Certification Level A, two classes were held with a total of 18 participants, achieving a 100% pass rate. For Sewing Skill Certification Level B, a new training curriculum was adopted to enhance practical teaching cases across multiple machine models. A total of four classes were conducted with 55 participants, and the pass rate reached 96%.</p> <p>3.4. Adopting a people-oriented approach to foster a friendly workplace environment and strengthen organizational communication, the Company held 1 new employee forum during the year.</p> <p>(5) The Company complies with the requirements of international regulations, standards and environmental protection standards, and its products comply with relevant regulations such as RoHS and CE. It is also certified by EMC, GS, UL and other products. In addition, the legal requirements of customers in different countries are different. Therefore, according to the needs of customers, Zeng Hsing provides the highest degree of cooperation and exposes relevant service information and labels in products / user manuals / outside boxes. In order to assist domestic and foreign agents to have a full understanding and application of the Company's product functions, and then to troubleshoot and improve maintenance technology, irregularly provide technical service training and product training courses to domestic and foreign customers, and according to actual needs in the domestic, Hold product briefings and technical seminars outside. For consumer complaints, the Company's Customer Service Section will handle related customer complaint cases according to customer complaints.</p> <p>To ensure that product quality meets customer requirements and to enhance customer service quality, the Company has established the “Customer Feedback Management Procedure”, which sets up a comprehensive process to handle any customer requests or complaints regarding products, services, or transactions. This ensures timely responses and proper resolution of customer issues.</p>	No discrepancy.

Promotion Items	Implementation Status (Note 1)		Discrepancy from the “Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	
(6) Does the Company formulate supplier management policies that require suppliers to follow relevant regulations on environmental protection, occupational safety and health or labor human rights, and their implementation?	V		<p>1. The Company provides multiple feedback channels, including online systems, customer emails, online/offline meetings, product shipment inspections, and repair reports, to collect customer opinions. The Customer Service Department immediately verifies information and clarifies issues upon receipt to ensure complete documentation of feedback and initiate subsequent investigations.</p> <p>2. For cases involving customer complaints, the Company classifies and manages them according to severity levels. An initial response with preliminary investigation results is provided within the first reporting timeframe, and a detailed “Quality Investigation Report” is delivered within 7 working days. In 2025, the complaint handling timeliness achievement rate reached 96%.</p> <p>3. A regular monitoring and tracking mechanism is established to periodically review the progress and effectiveness of unresolved cases. Improvement suggestions are proposed for design or component-related issues and incorporated into relevant specifications to prevent recurrence.</p> <p>4. A regular monitoring and tracking mechanism is established to periodically review the progress and effectiveness of unresolved cases. Improvement suggestions are proposed for design or component-related issues and incorporated into relevant specifications to prevent recurrence.</p> <p>(6) According to the procurement and supplier management measures, the supplier assessment mechanism includes environmental protection, labor practices and human rights assessment items, with a score of 10% of the total score. Investigation items such as restricted substance management and control, labor practice + human rights + environmental protection compliance, etc. The supplier needs to attach relevant supporting documents or check the actual records before scoring.</p>

Promotion Items	Implementation Status (Note1)		Discrepancy from the “Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons	
	Yes	No		Summary
5. Does the Company refer to the internationally prepared reporting standards or guidelines for preparing corporate social responsibility reports and other reports that disclose the Company's non-financial information? Did the pre-report report obtain the confidence or assurance opinion of the third-party verification unit?	V		<p>This report is prepared based on the Global Reporting Initiative (GRI) Standards, with material sustainability topics, related strategies, goals, and measures identified and disclosed in accordance with the relevant guidelines and framework. It also refers to the United Nations Sustainable Development Goals (SDGs), the Sustainability Accounting Standards Board (SASB), and the Task Force on Climate-Related Financial Disclosures (TCFD) as long-term development references. The content is derived from a systematic analysis to identify and prioritize sustainability concerns of stakeholders, serving as a basis for information disclosure in the report. The report is compiled in accordance with the GRI Standards and has been verified by an independent third-party assurance provider, TUV, based on the AA1000 standard.</p>	No discrepancy.
<p>6. If the Company has established its Sustainable Development Best Practice Principles according to “the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” please describe the operational status and differences:</p> <p>Although the Company has not set up Corporate Social Responsibility Best Practice Principles, the Company implements CSR step by step taking into consideration its current status and regulations. The Company will enhance its CSR operation through amending relevant articles, strengthening and promoting corporate ethics-related training.</p>				
7. Other important information to facilitate better understanding of the Company’s implementation of promoting				

Promotion Items	Implementation Status (Note 1)		Discrepancy from the “Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	

sustainable development:

**Zeng Hsing ESG policy:**

Promote circular economy, reduce energy use and carbon emissions, and foster environmental sustainability. Care for employee welfare, ensure workplace safety and health, and support long-term growth. Practice sound corporate governance, strengthen information disclosure, and ensure sustainable operations. Maintain high product quality, deliver reliable products, and enhance customer satisfaction. Build a responsive supply chain, foster partnership relationships, and achieve shared prosperity. Promote cultural heritage, support public welfare, and contribute to local communities.

**Overview of ESG Office Operations at Zeng Hsing**

Zeng Hsing officially established its ESG Office (ESGO) in April 2018, concurrently formulating its Sustainability Policy, the Charter of the ESG Committee, and ESG Management Guidelines. A ESG Committee (ESG Committee) was also formed to continuously strengthen the Company’s sustainability governance and policy framework.

The ESG Committee consists of three members, who are appointed by resolution of the Board of Directors. Functional units nominate department heads to serve as ESG coordinators, who are responsible for promoting ESG policies within their respective units. In addition, one Chief Executive Officer (Secretary-General) and one Secretary are appointed to consolidate relevant information and implement sustainability objectives in accordance with approved action plans. Each year, ESGO collects and analyzes international sustainability trends and global risk issues, and conducts stakeholder needs assessments. Based on these analyses, the Company evaluates its risks and opportunities related to sustainability issues, and collaborates with the ESG Committee to formulate corresponding strategies and implementation plans to mitigate potential operational impacts. Relevant objectives and performance outcomes are fully disclosed on an annual basis in the Company’s Sustainability Report, ensuring transparency of information and effective stakeholder communication.

**Sustainability Decision-Making and Goal Setting:**

- Annual Sustainability Goal Consensus Meeting (Year-End): Convened by the ESG Office (ESGO), this meeting reviews the latest progress in sustainability initiatives, sets future directions, and facilitates cross-departmental coordination and resource integration. It also oversees project execution progress and performance.
- Mid-Year Goal Review Meeting (Q2): Participated by all members, this meeting evaluates the implementation status of sustainability goals across departments. Results are published on the Company’s internal ESG platform to ensure company-wide awareness and engagement.
- Annual Sustainability Goal Setting: In September 2025, ESGO confirmed the Company’s future ESG development

Promotion Items	Implementation Status (Note 1)		Discrepancy from the “Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	

direction with the Chief Commissioner and Supervisory Commissioner, based on the six core pillars of the Company’s sustainability policy. Subsequently, ESGO conducted a 14-hour series of group discussions with the highest-ranking executives of 13 functional departments, along with the Executive Secretary and Administrative Secretary, to conduct in-depth planning of departmental sustainability goals. In October of the same year, the ESG Committee held the Annual Sustainability Consensus Meeting, which lasted 2 hours and finalized the 2026 ESG objectives. A total of 56 sustainability management goals were established across the 13 functional departments, with a primary focus on environmental and employee-related initiatives, ensuring steady progress on the Company’s sustainable development path.

As part of its social contribution efforts, Zeng Hsing is committed to supporting under-resourced rural communities and focuses on public welfare initiatives that care for disadvantaged groups. The Company supports local long-term care centers to help improve the quality of life for the elderly and ensure better care. In partnership with the Taiwan Class-A Tailoring Technician Association, Zeng Hsing launched a rural elementary school sewing skill transmission program in 2022. As of 2025, the association has reached 17 remote schools, with approximately 1,229 student participations in sewing courses, providing children with practical skills and expanding opportunities for learning and future development. Zeng Hsing also participates in the “Embroidery for a New Life Project” organized by Tainan University of Technology. Using the university as a central hub, the program extends sewing and embroidery training to the community. Guided by the university’s embroidery center faculty and student teams, participants learn and practice hand-embroidery techniques to create unique personal works. In 2025, a total of eight sessions were held, with cumulative participation of approximately 520 person-times. Furthermore, Zeng Hsing established the “Reach Out with Love” volunteer team in 2020, recruiting current employees, retired employees, and family members to participate in volunteer services. The service categories include public-interest sewing instruction, production of charitable goods, and environmental protection activities. In 2025, the Company organized 26 volunteer activities, including environmental clean-up campaigns at Sacred Love Mountain Villa, sewing classes for elderly residents in Taiping and Xinglong communities, and sewing experience activities for Girls’ Home, accumulating a total of 1,468 volunteer service hours. In addition, the Company provided one advanced sewing training course and one wellness lecture for volunteers and participants. In 2025, the total training hours related to these activities amounted to 374 hours.

The following table indicated the results of the donation of cash or sewing machine in 2025:

Promotion Items	Implementation Status (Note1)			Discrepancy from the “Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	

Item	Organization	Amount
Sewing Machines / Overlock Machines	<ol style="list-style-type: none"> <li>1. The Clothes Association with Technical Degree A, R.O.C.</li> <li>2. Tainan University of Technology</li> <li>3. Miaoli County Women's Welfare Service Center</li> <li>4. Miaoli Hakka Culture Promotion Association</li> <li>5. The Mustard Seed Mission</li> <li>6. The Carpenter's House</li> <li>7. Kawagoe Cultural and Artistic Association</li> <li>8. Miaoli County Yi-Qi Association</li> <li>9. Ping-an Community Development Association</li> </ol>	67 units
Cash	<ol style="list-style-type: none"> <li>1. Tainan University of Technology – Sewing New Life Project</li> <li>2. The Carpenter's House</li> <li>3. Miaoli Hakka Culture Promotion Association</li> <li>4. Miaoli County Yi-Qi Association</li> <li>5. Kawagoe Cultural and Artistic Association</li> <li>6. Xinglong Community Development Association</li> <li>7. Taichung City Greater Taichung Police Friendship Association</li> <li>8. Taichung City Volunteer Fire Brigade Women's Fire Prevention Promotion Corps, Taiping Division Taichung Friendship Association for the Rehabilitation</li> <li>9. Love Binti</li> <li>10. The Mustard Seed Mission</li> <li>11. Catholic Villa of Divine Love</li> </ol>	693 thousand

The following table indicated the results of the volunteer team's service in 2025:

Promotion Items	Implementation Status (Note 1)			Discrepancy from the “Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	

Items	Name of the event	Service Target	Service attendance	Hours	Number of volunteers
Charity Crafts	1. Charity Crafts – Bibs 2. Genesis Social Welfare Foundation Charity Tote Bags 3. Genesis Social Welfare Foundation Double-Layer Hand Grips 4. Huashan Social Welfare Foundation Cross-Body Bags 5. Production of Teaching Material Kits	None		471	54
Environmental Activities	1. Cleaning the Saint Eva Hill (organized by Takuai) 2. Takuai Beach Cleanup Activity(organized by Takuai) 3. Cleaning the Saint Eva Hill	None		477	92
Sewing Teaching	1. Taiping Seniors Activity Center Sewing Experience (*3 sessions) 2. Xinglong Community Elderly Sewing Course (*3 sessions) 3. Huashan Elderly Sewing Instruction 4. Miaoli Girls’ Home Summer Sewing Program (*2 sessions) 5. Mustard Seed Mission – Advanced Sewing Training (2 sessions) 6. Tainan University of Technology – Embroidery Workshop 7. Mustard Seed Mission & Women’s Center Overlock Machine Basic Training 8. Social Affairs Bureau One-Day Volunteer Experience 9. Zhuzaishan Community Elderly Sewing Classes (2 sessions)	Seniors, teenagers, women	387	376	75
Other	1. Huashan Charity Meal Delivery Activity (organized by Huashan) 2. Huashan “Caring for Seniors” Sports Event (organized by Huashan)	Seniors	60	144	1
	Total		447	1,468	222

The Company conducts risk assessment on important issues with the materiality principle of ESG to formulate a

Promotion Items	Implementation Status (Note 1)		Discrepancy from the “Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	
risk management policy as follows. For detailed management policies, please refer to the rated chapters of the report:			
Major considerations	Management policy		
Corporate Governance	<p>Zeng Hsing Group adheres to the principle of ethical business conduct and has established the Work Rules Management Regulations, Code of Ethical Conduct, Ethical Corporate Management Best Practice Principles, and Procedures for Ethical Management and Guidelines for Conduct to ensure that all directors, managers, and employees comply with the highest standards of ethical behavior. The Company strictly prohibits any illegal acts such as corruption, bribery, or extortion. Any employee found to have violated these rules upon investigation will be dismissed in accordance with the law without tolerance.</p> <p>(For more details, please refer to the Sustainability Report – Implementation of Ethical Corporate Management.)</p>		
Legal compliance	<p>Zeng Hsing Group strictly complies with all applicable local laws and regulations, including the Company Act, Securities and Exchange Act, Business Accounting Act, Political Donations Act, Anti-Corruption Act, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest, regulations governing listed companies, and other relevant statutes. These measures ensure that business operations align with legal requirements and uphold the fundamental principles of ethical corporate management. Furthermore, Zeng Hsing has obtained international certifications including ISO 9001, ISO 14001, and ISO 45001 to ensure that its management systems meet both regulatory standards and customer expectations. System management units in the Taiwan headquarters, China (Electromechanical), Shinco (VN), and Zeng Hsing Industrial Co., Ltd. (VN) formulate annual audit plans to review operational procedures across departments. In addition, regular internal and external audits on environmental protection and occupational health and safety regulations are conducted to ensure compliance and enhance the Group’s operational stability and regulatory adherence.</p>		

Promotion Items	Implementation Status (Note1)			Discrepancy from the “Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
Environmental protection			<p>Zeng Hsing’s Taiwan headquarters, Zeng Hsing Industrial Co., Ltd. (VN), and Zeng Hsing Electromechanical (China) have developed Quality and Environmental Management Manuals based on the ISO 14000 series standards (CNS 14001 and CNS 14004). By establishing and implementing management procedures for environmental policies and objectives, and conducting regular performance evaluations, the Group ensures that its operations align with its sustainability vision and environmental policies. The Company is committed to pollution prevention and environmental stewardship while balancing ecological protection and economic needs, actively fulfilling its corporate environmental responsibilities. Additionally, all subsidiaries have formed Greenhouse Gas Inventory Task Forces in accordance with ISO 14064-1, responsible for planning and implementing related activities. Zeng Hsing engages external consultants annually to conduct training sessions to develop certified inventory and verification personnel. Greenhouse gas inventories and carbon reduction management are carried out in line with the Greenhouse Gas Management Guidelines to ensure compliance and transparency in carbon governance. Regarding energy management, Zeng Hsing Industrial Co., Ltd. (VN) has adopted an Energy Management System (EMS), implemented monitoring hardware and software, and obtained ISO 50001 certification to improve energy efficiency and strengthen the Group’s sustainability performance.</p>	
Training and education			<p>Talent is the cornerstone of a company’s growth, and the cultivation of human capital is a critical long-term investment. Through a well-structured talent development system, the Company provides employees with clear career development paths while building a robust talent pool to support its long-term strategic goals.</p> <p>Since 2015, the Taiwan headquarters has been implementing a Human Resources Development (HRD) system to enhance management effectiveness in four key areas: recruitment, utilization, development, and retention. The HRD system comprises five core modules: competencies, functional skills, performance, training, and talent dynamics. By evaluating competencies and job functions, the system identifies individual development needs and links them to the training system, offering targeted educational programs to strengthen employees' knowledge and skills.</p> <p>In addition, all Zeng Hsing Group subsidiaries are committed to providing diverse learning opportunities to ensure continuous professional growth and personal development for every employee—creating a win-win situation for both the organization and its people.</p>	

Promotion Items	Implementation Status (Note1)			Discrepancy from the “Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
Occupational safety and health			Zeng Hsing Group is committed to providing a safe and friendly working environment that enables employees to work with peace of mind, while reducing occupational health and safety risks and promoting a strong safety culture and a supportive workplace. To effectively protect employee well-being, both the Taiwan headquarters and the Vietnam site have implemented the ISO 45001 Occupational Health and Safety Management System. Through the operation of the Occupational Health and Safety Committee and regular Safety Management Review Meetings, the Company systematically evaluates safety performance across departments. In addition to strictly complying with occupational health and safety regulations, Zeng Hsing actively enhances workplace and equipment safety, continuously optimizing the occupational health and safety environment. These efforts ensure that employees work in a healthy and secure setting, reinforcing the Company’s commitment to sustainable development.	
<p>Reporting on the Implementation of “ESG Committee” to the Board of Directors.</p> <p>The Chairperson of the “ESG Committee” reports to the Board of Directors on the progress of sustainability initiatives, including implementation results and future work plans, on a quarterly basis.</p> <p>In 2025, the Sustainability Committee submitted matters for approval to the Board of Directors on five occasions, namely March 7, May 9, August 7, November 6, and December 24, 2025. The matters reported included: (1) Identification of sustainable issues requiring attention and development of action plans; (2) Revision of goals and policies related to sustainability issues; (3) Monitoring the implementation of sustainable business matters and assessing execution status; (4) Sustainability Report.</p> <p>To strengthen awareness of ESG development among senior management and all employees, Zeng Hsing Group has established the following strategies to gradually incorporate ESG indicators into its performance evaluation system, ensuring that sustainability goals are embedded in the Company’s culture and management decisions:</p> <p>Short-term Goal: In 2024, the Company began piloting the inclusion of ESG performance metrics in the performance evaluations of senior managers, as part of the appraisal conducted by the General Manager and Chairman. This approach emphasizes the importance of ESG targets in corporate performance assessment and reinforces management’s focus and commitment to ESG initiatives.</p> <p>Mid-term Goal: Starting in 2025, ESG indicators will be formally integrated into the performance evaluations of mid- and senior-level managers, with a designated weight of 5% in the overall assessment. Evaluation outcomes will also be directly linked to compensation, thereby further incentivizing active participation in ESG promotion and ensuring that ESG strategies are truly incorporated into corporate management practices.</p>				

Promotion Items	Implementation Status (Note 1)		Discrepancy from the “Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	
<p>Long-term Goal: The Company will continue to monitor the effectiveness of ESG implementation and assess, based on actual outcomes, the feasibility of extending ESG-linked performance assessments to all employees making ESG a core corporate goal shared across the entire organization.</p> <p>Note: The above information has not yet been verified by an external assurance body. The externally assured data in the 2025 ESG Report shall prevail. “Information with reasonable assurance will be disclosed in the Sustainability Report.”</p>			

Note 1: “Yes” is selected for implementation, please describe the key policies, strategies, and measures that were adopted, as well as their current status. If “No” is selected, please explain the “Discrepancy from the Code of Practice for Sustainable Development of Listed Companies and Reasons for Discrepancy” column, as well as the future plans for the implementation of relevant policies, strategies, and measures. For promoting projects 1 and 2, listed companies shall disclose their governance and supervisory framework for sustainable development, including but not limited to management policies, strategy and goal-setting, and review measures. They shall also describe their policies or strategies for managing risks related to environmental, social, and corporate governance issues related to their operations, as well as their evaluation status.

Note 2: The materiality principle refers to environmental, social, and corporate governance issues that affect the Company's investors and other stakeholders.

Note 3: Gender Equality and Diversity at the Taiwan Headquarters in 2025

Our company's gender equality and diversity policy aim to foster an open, inclusive corporate culture, eliminate gender discrimination, and promote diversity. We are committed to providing equal opportunities and treatment, ensuring that every employee is treated fairly regardless of gender, race, religion, or other characteristics. This commitment reflects our dedication to fair employment practices while fostering diversity within our teams.

#### Employee Ethnicity Indicators

Category	Percentage of total employees (%)	Percentage of managerial positions (%)
Republic of China (ROC) nationality	98.00%	98.15%
Foreign nationality	1.60%	1.85%
Indigenous	0.4%	0.0%

#### Gender Diversity Indicators

Category	Percentage (%)
Percentage of female employees (%)	52.21%
Percentage of female executives (%)	40.74%
Percentage of female frontline supervisors (%)	46.43%
Percentage of female senior executives (%)	34.62%

#### Other Diversity Indicators

Category	Percentage (%)
Persons with disabilities	0.40%
Persons without disabilities	99.60%
Total	100%

Category	Percentage (%)	
All employees	Age group: Under 30 years old	6.02%
	Age group: 30~50 years old	78.72%
	Age group: Over 50 years old	15.26%
	Total	100%

#### Pay Equity.

The company has established a “Compensation Committee” to provide employees with competitive compensation, and operates under a transparent and equitable compensation policy to reward employees based on operational performance.

For frontline specialists in the same job category, new hires receive the same starting salary. Additionally, for employees with relevant expertise and work experience, compensation is determined based on factors such as the individual's educational background, skills, and certifications, without regard to gender or ethnicity.

Pay Equity Indicators	Gap
Gender pay gap in average salary	24.62%
Gender pay gap in median salary	18.51%
Gender pay gap in average variable bonus	27.08%
Gender pay gap in median variable bonus	15.78%

## Climate-related Information of Listed Companies

### 1. Implementation Status of Climate-related Information

Item	Implementation Status				
<ol style="list-style-type: none"> <li>1. Describe the supervision and governance of climate-related risks and opportunities by the Board of Directors and management.</li> <li>2. Explain how the identified climate risks and opportunities affect the Company's operations, strategies, and finances (short-term, medium-term, long-term).</li> <li>3. Describe the financial impact of extreme weather events and transition actions.</li> <li>4. Explain how the process of identifying, assessing, and managing climate risks is integrated into the overall risk management system.</li> <li>5. If scenario analysis is used to assess resilience to climate change risks, explain the scenarios, parameters, assumptions, analysis factors, and key financial impacts used.</li> <li>6. If there are transition plans to manage climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical and transition risks.</li> </ol>	<p>To strengthen climate governance, the Company assigns members of the Sustainability Committee to oversee and implement climate-related financial disclosure activities. The Committee convenes at least four meetings annually to review sustainability development plans and to report implementation status and outcomes to the Board of Directors. With respect to climate change-related issues, the Company has established a mechanism to identify climate-related risks and opportunities once every three years. In 2024, following discussions by the TCFD task force members for the year, the Company identified one climate-related opportunity and two physical risks requiring action, based on which corresponding management policies have been formulated. (For details of the risk and opportunity materiality matrix, please refer to Section 3.4 Risk Management of the Company's Sustainability Report.)</p> <table border="1" data-bbox="804 949 1437 1503"> <thead> <tr> <th data-bbox="804 949 1123 990">Opportunities:</th> <th data-bbox="1123 949 1437 990">Risks:</th> </tr> </thead> <tbody> <tr> <td data-bbox="804 990 1123 1503"> <ol style="list-style-type: none"> <li>1. Adopting more efficient transportation methods: Green packaging design with reduced materials can not only lower paper consumption but also enhance transportation efficiency and reduce carbon emissions.</li> </ol> </td> <td data-bbox="1123 990 1437 1503"> <ol style="list-style-type: none"> <li>1. Extreme temperature changes: May intensify climate-related disasters, resulting in operational disruptions and associated losses.</li> <li>2. Changes in average temperature: May also intensify climate-related disasters, leading to production halts and potential losses.</li> </ol> </td> </tr> </tbody> </table> <p>Countermeasures Overview</p> <p>Since 2014, Zeng Hsing Group has progressively implemented ISO 14064-1 greenhouse gas (GHG) inventory standards across its four manufacturing sites, conducting annual GHG inventories and internal verifications to ensure effective analysis and management of carbon emissions. In response to Taiwan Stock Exchange (TWSE) requirements, the Group began obtaining third-party verification statements for all four sites starting in 2023, thereby enhancing the accuracy, credibility, and transparency of its carbon management practices.</p> <p>Following the implementation of GHG inventories, results identified the Vietnam-based Zeng Hsing (VN) facility as the Group's primary source of emissions. To optimize energy use and reduce carbon output, the Company adopted the ISO</p>	Opportunities:	Risks:	<ol style="list-style-type: none"> <li>1. Adopting more efficient transportation methods: Green packaging design with reduced materials can not only lower paper consumption but also enhance transportation efficiency and reduce carbon emissions.</li> </ol>	<ol style="list-style-type: none"> <li>1. Extreme temperature changes: May intensify climate-related disasters, resulting in operational disruptions and associated losses.</li> <li>2. Changes in average temperature: May also intensify climate-related disasters, leading to production halts and potential losses.</li> </ol>
Opportunities:	Risks:				
<ol style="list-style-type: none"> <li>1. Adopting more efficient transportation methods: Green packaging design with reduced materials can not only lower paper consumption but also enhance transportation efficiency and reduce carbon emissions.</li> </ol>	<ol style="list-style-type: none"> <li>1. Extreme temperature changes: May intensify climate-related disasters, resulting in operational disruptions and associated losses.</li> <li>2. Changes in average temperature: May also intensify climate-related disasters, leading to production halts and potential losses.</li> </ol>				

Item	Implementation Status
	<p>50001 Energy Management System in 2017 and obtained third-party certification in 2018. Additionally, the facility is equipped with an energy monitoring system, enabling digitalized tracking and analysis of energy consumption to improve energy efficiency and support both emission reduction and energy-saving goals.</p> <p>Each year, the ESG Committee mandates each sites to establish environmental objectives, including emissions intensity management, carbon reduction, waste minimization, and water conservation. Through accurate data tracking, the Group ensures efficient use of resources, minimizes waste, and fulfills its commitment to environmental sustainability. In terms of green energy development, the Taiwan headquarters proactively installed a solar power generation system during the construction of new facilities. The system is capable of generating approximately 100,000 kWh of renewable electricity per year. In line with government green energy policies, the system has adopted a self-generation and self-consumption model since July 2025, directly supplying electricity for on-site operations. During the second half of 2025, solar electricity consumption amounted to 56,585 kWh, resulting in an estimated reduction of approximately 26.8 metric tons of CO<sub>2</sub>e emissions. The system is also expected to generate annual electricity cost savings of approximately NT\$500,000, providing the Company with stable and long-term green economic benefits. Furthermore, Zeng Hsing actively promotes eco-friendly product design to reduce environmental impact during manufacturing, including the use of sustainable packaging and reduced mold steel consumption, underscoring its long-term commitment to sustainable operations.</p>
<p>7. If internal carbon pricing is used as a planning tool, the basis for price determination should be explained.</p>	<p>The Company does not utilize internal carbon pricing as a planning tool.</p>
<p>8. If climate-related targets are set, information should be provided on the activities covered, scope of greenhouse gas emissions, planning schedule, progress achieved annually, etc. If carbon offsetting or Renewable Energy Certificates (RECs) are used to meet these targets, details should be given regarding the source and quantity of carbon offsets or the number of RECs exchanged.</p> <p>9. Greenhouse gas inventory and confirmation status, along with reduction targets, strategies, and specific action plans (to be filled out in sections 1-1 and 1-2).</p>	<p>Energy conservation and carbon reduction:  Medium to long-term goal: Based on the 2020 baseline year, reduce total group greenhouse gas emissions (Category 1+2) by -42% by 2030.  2025 target: Replacement of solar-powered street lights, and the establishment of improvement measures for the maintenance and operation of air compressors and dryers.  2025 implementation status: Use of solar energy, replacement of solar-powered street lights, and successful implementation of efficiency improvement plans for air compressors and dryers, resulting in an approximately 50% reduction in electricity consumption by air compressors.  Other ongoing initiatives include controlling the temperature and activation time of chillers, regular maintenance of air conditioners to improve efficiency, and turning off lights for one hour during lunch breaks.</p>

1-1 Company's Greenhouse Gas Inventory and Confirmation Status for the Past Two Years.

1-1-1 Greenhouse Gas Inventory Information.

Provide details on the greenhouse gas emissions for the most recent two years, including the emissions volume (metric tons CO<sub>2</sub>e), intensity (metric tons CO<sub>2</sub>e per million dollars), and the scope of data coverage.

	Data for 2023	Data for 2024	Data Scope
Category 1 emissions (tons CO <sub>2</sub> e)	2,805	3,412	Consolidated Financial Statements of Parent and Subsidiary Companies Information Restatement: In November 2024, the Zeng Hsing Group completed an external greenhouse gas verification at Zeng Hsing (VN). Based on recommendations from the verification body, the Group adjusted the LPG emission factors in accordance with local conditions in Vietnam and revised the refrigerant calculation methodology from a charging-based approach to a leakage-rate-based approach, thereby further improving the accuracy of the greenhouse gas inventory. As a result, the emission data for the years 2020 to 2023 were restated accordingly.
Category 2 emissions (tons CO <sub>2</sub> e)	11,297	11,990	
Category 3+4+5 emissions (tons CO <sub>2</sub> e)	52,733	52,519	
Category 1~5 total emissions (tons CO <sub>2</sub> e)	66,835	67,921	
Intensity (tons CO <sub>2</sub> e / NT\$ million revenue)	1.8658	1.8474	

Note:

1. The greenhouse gas inventory results for 2025 are expected to be finalized in June 2026 (please refer to the 2025 Sustainability Report of Zeng Hsing Industrial Co., Ltd.). Accordingly, only data for 2023 and 2024 are disclosed at this stage.
2. Information Restatement: In November 2024, the Zeng Hsing Group completed an external greenhouse gas verification at Zeng Hsing (VN). Based on recommendations from the verification body, the Group adjusted the LPG emission factors in accordance with local conditions in Vietnam and revised the refrigerant calculation methodology from a charging-based approach to a leakage-rate-based approach, thereby further enhancing the accuracy of the greenhouse gas inventory. As a result, the emission data for the years 2020 to 2023 were restated accordingly.

Note 1: Direct emissions (Scope 1, emissions directly from sources owned or controlled by the Company), energy indirect emissions (Scope 2, emissions from purchased electricity, heat, or steam), and other indirect emissions (Scope 3, emissions from activities not classified as energy indirect, but from sources owned or controlled by other companies).

Note 2: The scope of direct emissions and energy indirect emissions data shall be determined in accordance with Article 10(2) of this Standard, while information on other indirect emissions may be disclosed voluntarily.

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

Note 4: The intensity of greenhouse gas emissions may be calculated per unit of product/service or revenue, but data calculated based on revenue (in millions of New Taiwan Dollars) should be disclosed at least.

## 1-1-2 Greenhouse Gas Assurance Information

This section provides an explanation of the assurance status for the most recent two years up to the date of the annual report printing, including the assurance scope, assurance provider, assurance standard, and assurance opinion.

Facility	Assurance Status in the Past 2 Years	Assurance Provider	Assurance Standard & Assurance Level
Taiwan Headquarters	In August 2023, the Company conducted a trial external verification to assess the integrity of its carbon inventory system. The audit confirmed that the inventory mechanism met relevant requirements and demonstrated stable operational capabilities. Moving forward, the Company will continue to implement regular GHG inventories and internal verifications to ensure data accuracy and ongoing management optimization. Starting in 2027, the Company plans to carry out external verification across all Group facilities to further enhance the transparency and credibility of its carbon emissions management.	TUV Rheinland Germany	ISO14064-3:2019, Reasonable assurance
Zeng Hsing (VN)	First external verification conducted in November 2024. Verified information will be disclosed in the sustainability report.	TUV Rheinland Germany	ISO14064-3:2019, Reasonable assurance
China Zhangjiagang	First external verification conducted in September 2025. Verified information will be disclosed in the sustainability report.		

Note 1: In accordance with the provisions of Article 10(2) of this Standard, if the Company has not obtained a complete greenhouse gas assurance opinion by the printing date of the annual report, it should be noted that “Complete assurance information will be disclosed in the sustainability report.” If the Company has not prepared a sustainability report, it should be noted that “Complete assurance information will be disclosed on the Market Observation Post System,” and complete assurance information should be disclosed in the subsequent year's annual report.

Note 2: The assurance provider should comply with the relevant regulations of the Taiwan Stock Exchange Corporation and the Taipei Exchange regarding assurance providers for sustainability reports.

Note 3: Disclosure content can refer to the best practice examples on the Corporate Governance Center website of the Taiwan Stock Exchange.

## 1-2 Greenhouse Gas Reduction Targets, Strategies, and Specific Action Plans

This section outlines the baseline year and data, reduction targets, strategies, and specific action plans for greenhouse gas reduction, as well as the progress towards achieving these reduction targets.

	<b>Baseline Year and Expectation</b>	<b>Achievement in 2024</b>	<b>Action Plan</b>
Cat ory 1+2	Baseline year set at 26,170 tons of CO <sub>2</sub> e in 2020, with an expected reduction of 42% by 2030.	A 41% reduction was achieved in 2024 compared to the 2020 baseline year. Excluding the impact of decreased production volume, the Company has made significant efforts in recent years to replace outdated equipment, such as chillers and dryers, and has implemented energy-saving measures including the installation of variable-frequency air compressors and injection molding machines, and installing solar-powered street lights, resulting in notable improvements.	Conducting annual greenhouse gas inventories for the group, assessing improvement plans for major emissions, and developing carbon reduction plans. The ESG committee requires each plant to set carbon reduction targets annually to ensure that the -42% carbon emission reduction target for 2030 can be achieved.

Note 1: Compliance should be carried out in accordance with the regulations set forth in Paragraph 2, Article 10 of this guideline.

Note 2: The base year should be the year in which the greenhouse gas inventory is completed based on the boundary of the consolidated financial statements. For example, according to Paragraph 2, Article 10 of this Guideline, companies with a capital of over NT \$10 billion are required to complete the greenhouse gas inventory for 2024 by 2025. Therefore, the base year is 2024. However, if a company completes the greenhouse gas inventory for the consolidated financial statements earlier, the base year may be the earlier year. Additionally, data for the base year may be calculated as a single year or as an average of multiple years.

Note 3: Disclosure content can be referred to on the website of the Corporate Governance Center of the Taiwan Stock Exchange for best practice examples.

(7) Ethical Corporate Governance Implementation Status and Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies

Evaluation Item	Implementation Status (Note 1)		Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	
I. Establishment of ethical corporate management policies and programs			
(I) Does the Company formulate the integrity management policy approved by the board of directors, and state in the regulations and external documents the policies and practices of integrity management, and the board and management's commitment to actively implement the operation policy?	V		(I) Integrity has been the Company’s business philosophy and essential core functions for all employees. The Company has formulated “Code of Ethics”, “Code of Integrity Management”, “Procedures and Conduct Guidelines for Integrity Management” and “Employee Handbook”, which specifically regulates behavior indicators that should be paid attention to by directors, supervisors, managers, and employees of the Company and group companies and organizations when they are performing their businesses. No discrepancy.
(II) Does the Company have established an assessment mechanism for the risk of dishonesty, regularly analyzes and evaluates business activities with a high risk of dishonesty in the business scope, and accordingly formulates a plan to prevent dishonesty, and at least covers the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies” Article 7, paragraph 2 of the prevention measures?	V		(II) The Company has formulated the “Procedures and Conduct Guidelines of Integrity Management” for business activities or other business areas that have high risk for unethical conducts in Paragraph 2, Article 7 of the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, to take individual precautionary measures for individual operations. No discrepancy.

Evaluation Item	Implementation Status (Note 1)		Abstract Illustration	Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
(III) Does the Company specify the operating procedures, behavior guidelines, disciplinary penalties and grievance system in the plan to prevent dishonesty, and implement it, and regularly review and revise the pre-disclosure plan?	V		(III)The Company’s “Procedures and Conduct Guidelines for Integrity Management” clearly sets out plans to prevent unethical conduct, including identification standards and procedures, and handling of violations of the” Code of Integrity Management”. Integrity management sets clear and effective reward and punishment and the appeal system is incorporated into employee performance reviews and human resources policies.	No discrepancy.
II.Fulfill operations integrity policy (I) Does the Company evaluate business partners’ ethical records and include ethics-related clauses in business contracts?	V		(I) Before establishing a business relationship with others, the Company should first evaluate the legality of agents, suppliers, customers or other business associates, the integrity of their business policies, and whether they have records of dishonesty to ensure that their business practices are fair, transparent and will not ask for or accepting bribes. When signing a contract with others, the Company should fully understand the integrity of the other party and include compliance with business integrity in the contract. It should be clearly stated in the contract that if any party engages in unethical conduct in the course of business operation, the other party may terminate or cancel the contract at any time without any condition.	No discrepancy.
(II) Does the Company set up a special unit under the board of directors to promote the integrity management of the enterprise, and regularly (at least once a year) report to the board of directors on its integrity management policies and plans to	V		(II) The Company operates in accordance with the management of integrity. The Strategic Development Division serves as the dedicated unit to promote integrity management and is responsible for the formulation and supervision of the implementation of the integrity management policy and prevention plan. It irregularly checks and evaluates whether the preventive measures established for integrity management are operating effectively and	No discrepancy.

Evaluation Item	Implementation Status (Note 1)		Abstract Illustration	Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
<p>prevent dishonest behaviors and supervision and implementation?</p> <p>(III) Does the Company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?</p>	V		<p>evaluates the compliance status of the relevant business processes, prepares reports, and reports to the Board of Directors. The dedicated unit reported its implementation to the Board of Directors on 24 December 2025.</p> <p>(III) The Company has a “Code of Ethics” in place, setting forth the conflict prevention policy and reporting channels.</p> <p>To implement the integrity management policy, the Company has established a “Whistleblowing Management Policy” and reporting channels to reduce the occurrence of fraud and corrupt or unethical conduct.</p> <p>Implementation Status:</p> <ul style="list-style-type: none"> <li>The whistleblowing system has been officially implemented.</li> </ul> <p>Internal: The Whistleblowing Management Policy was issued in May 2025.</p> <p>External: A whistleblower mailbox is available on the Company’s official website under the Investor Relations section for external parties to submit reports.</p>	No discrepancy.
<p>(IV) Has the Company established an effective accounting system and internal control system for the implementation of integrity management, and the internal audit unit has formulated relevant audit plans based on the results of the assessment of the risk of dishonesty, and checked the compliance with the plan to prevent dishonesty, or entrust CPAs to perform the audit?</p>	V		<p>(IV) The Company shall establish an effective accounting system and internal control system for business activities with a higher risk of unethical conduct and review it at any time to ensure that the design and implementation of the system are continuously effective. The Internal Audit Office regularly checks the compliance with the system and prepares an audit report to be submitted to the board of directors. The Internal Audit Office can also appoint a CPA accountant or professional to provide assistance if necessary.</p>	No discrepancy.

Evaluation Item	Implementation Status (Note 1)		Abstract Illustration	Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
(V) Does the Company regularly hold internal and external educational trainings on operational integrity?	V		<p>(V) The Company implements the integrity management policy, and the relevant implementation status in 2025 is as follows:</p> <p>Operating Implementation Status in 2025</p> <p>1. Implementation of Integrity Management and Anti-Corruption Policies:</p> <p>(1) Promotion of integrity management policies</p> <p>To enhance directors’, management personnel’s, and employees’ awareness of professional ethics and regulatory compliance, and to require suppliers to comply with the Company’s policies.</p> <p>■ Status of training courses / awareness promotion:</p> <p>1) Directors: In April 2025, the policy was promoted to the members of the Board of Directors by the Associate Manager, Mr. Chuang.</p> <p>2) Headquarters and BU management personnel in Taiwan and Mainland China: A total of 261 personnel completed the training courses.</p> <p>■ Status of training sessions for supervisors at section-chief level and above at headquarters:</p> <p>1) Legal counsel was invited to conduct seminars on contracts and intellectual property rights for a total of 65 headquarters personnel at section-chief level and above.</p>	No discrepancy.

Evaluation Item	Implementation Status (Note 1)		Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	
			<p>■ Promotion of the Supplier Code of Ethics:</p> <p>Promotional materials were prepared by the Strategic Development Department and provided to Group procurement units to notify suppliers. Implementation status is as follows:</p> <p>1) In November 2025, promotional materials on integrity management and anti-corruption policies were provided, and the Group’s procurement units at each plant promoted the integrity management and anti-corruption policies during supplier conferences.</p> <p>2) As of September 2025, promotional materials were distributed via email to a total of 237 suppliers engaged with the Group to promote integrity management principles and anti-corruption policies (88 in Taiwan, 86 in China, and 113 in Vietnam).</p> <p>Note: Questionnaires will be distributed to suppliers in 2026 to further understand suppliers’ views on integrity and anti-corruption.</p> <p>■ Implementation Status of Group-wide Integrity and Anti-Corruption Awareness Promotion:</p> <p>Posters on integrity management and anti-corruption policies were displayed at bulletin boards, offices, elevators, and other locations at the headquarters and plants in Mainland China and Vietnam.</p>

Evaluation Item	Implementation Status (Note 1)		Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	
			<p>■ Implementation Status of Strengthening Risk Prevention and Control to Prevent Significant Operational Losses Arising from Integrity Risks:</p> <p>In 2025, nine risk items were identified, all with risk indices below 6 points, and are currently subject to daily self-management by the respective units.</p> <p>No abnormalities were identified in the risk items managed by each unit.</p> <p>■ Measures to Prevent Employees from Obtaining Kickbacks or Engaging in Illegal Activities through Donations in Violation of the Company’s Integrity Management Policy:</p> <p>Scope: Taiwan</p> <p>Implementation status: Confirm that annual cash donation planning is implemented by the ESG unit in accordance with Company regulations and approved by the Chairman; recipient organizations also provide receipts to confirm that the donated amounts are accurate.</p> <p>Note: The Company has no dealings with political parties or government agencies; therefore, no political donations were made.</p> <p>■ To implement the integrity management policy, anonymous reporting channels are provided to reduce the occurrence of fraudulent and corrupt practices:</p> <p>Reporting mailbox: Recipients are the Group General Manager and the Manager of the Audit Office to ensure independence and protect whistleblowers.</p>

Evaluation Item	Implementation Status (Note 1)		Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	
			<p>Implementation status: No internal or external reports of illegal conduct were received in 2025.</p> <p>■ Integrity Commitment Letter and Training for New Employees:</p> <p>Period: October 2024 to October 2025 Signing of Integrity Commitment Letters:</p> <p>Number of new hires: Headquarters - 12 persons; Mechanical &amp; Electrical Plant - 3 persons; Responsibility Plant - 2,578 persons. All new hires signed integrity commitment letters.</p> <p>Training (Headquarters): A total of 12 persons completed the online training courses.</p> <p>■ Review of Integrity Clauses in Contracts to Safeguard Company Interests:</p> <p>Integrity, anti-corruption, and confidentiality clauses are required to be included in contracts to ensure that contracts executed are implemented in accordance with policy requirements and to protect company interests.</p> <p>■ Enhancement of Integrity Management Awareness:</p> <p>Continue to conduct courses or seminars on integrity management-related topics to strengthen awareness among all employees.</p> <p>■ Board of Directors Reporting: On 24 December 2025, report to the Board of Directors on the operation and implementation status of integrity management policies in 2025.</p>

Evaluation Item	Implementation Status (Note 1)		Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	
<p>III. Operation of the integrity channel</p> <p>(I) Does the Company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow up?</p>	V		No discrepancy.

Evaluation Item	Implementation Status (Note 1)		Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	
		<p>(3) Written reports may be mailed to the designated receiving unit. If received by other personnel, the report shall be forwarded to the appropriate unit based on the level of involvement.</p> <p>3. Disciplinary Actions and Rewards:</p> <p>(1) If an investigation confirms that any employee has engaged in misconduct in violation of the Company’s integrity policies, a Personnel Review Committee shall be convened to decide on the disciplinary action. Penalties, including dismissal, shall be imposed in accordance with relevant laws or the Company’s “Work Rules.” If the person involved holds a position of General Manager or above, the disciplinary decision shall be made by the Board of Directors.</p> <p>(2) If an external whistleblower is found to have fabricated or made false accusations with significant impact and damage to the Company, the Company reserves the right to pursue legal action.</p> <p>(3) If internal personnel are found to have made false accusations, deceived others, or intentionally disrupted operations, the matter shall be submitted to the Personnel Review Committee for disciplinary review.</p> <p>(4) If a whistleblower's report is verified to be factual following investigation, the Personnel Review Committee may issue a reward depending on the nature of the case, while ensuring the whistleblower’s identity is protected.</p>	

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(II) Does the Company set the standard operating procedures for the investigation of the complaint, the follow-up measures to be taken after the investigation is completed, and the relevant confidentiality mechanism?	V		<p>(II) Reporting and Case Acceptance Authority: The designated unit responsible for managing the whistleblower system under the Whistleblower Policy is the Strategic Development Department, which handles all administrative aspects of whistleblower case management. The General Manager and the Head of the Audit Office serve as the designated case acceptance units. Upon receiving a whistleblower report, these units will determine whether to proceed with an investigation based on the nature of the report and any supporting evidence provided. If the case is accepted, the designated unit will establish an investigation team and proceed with a fact-based inquiry into the allegations of misconduct. If the report involves the General Manager, the Head of the Audit Office shall escalate the matter to the Chairman of the Board before initiating the investigation. If the report concerns the Chairman or members of the Board of Directors, the case shall be reported to the Audit Committee for further investigation.</p> <p>1. Handling Procedures and Recordkeeping: (1) Upon receiving a whistleblower report, the designated unit shall determine whether to accept the case based on the content and evidence provided. The whistleblower will be informed of the acceptance decision. (2) Once a case is accepted, an investigation team will be formed to conduct a thorough inquiry. A written investigation report shall be prepared and submitted to the designated unit for a decision on the follow-up actions. After the investigation report is finalized, the designated unit will notify the accused party. If the accused party disagrees with the findings, they may submit a rebuttal along with supporting evidence.</p>	No discrepancy.

Evaluation Item	Implementation Status (Note 1)		Abstract Illustration	Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
(III) Does the Company provide proper whistleblower protection?	V		<p>(3) If it is proved that the reported person has indeed violated relevant laws and regulations or the Company’s integrity management policies and regulations, he should immediately request the reported person to stop the relevant behavior, and to deal with it appropriately, and if necessary, request damages through legal procedures to protect the Company’s reputation and rights of the Company.</p> <p>(4) The acceptance, investigation process, and results of whistleblower reports must all be documented in writing. All related documents shall be sealed and transferred to the designated unit for proper safekeeping and archiving. These records must be retained for a minimum of ten years; if the case involves legal proceedings, the relevant materials shall be preserved permanently.</p> <p>(5) When the report is verified to be true, relevant units of the Company should review the relevant internal control system and operating procedures and propose improvement measures to prevent the same behavior from happening again.</p> <p>(6) The unit responsible for handling whistleblower reports shall report the whistleblowing case, its handling process, and any subsequent review and improvement measures to the Board of Directors.</p>	Comply with the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies.

Evaluation Item	Implementation Status (Note 1)		Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	
			<p>Policy,” the Company and the investigators responsible for handling such cases must uphold principles of fairness and impartiality throughout the investigation and reporting process. It is strictly prohibited for any employee or external party entrusted by the Company to engage in acts of coercion, insult, harassment, or any retaliatory actions that result in disadvantageous changes to the whistleblower’s position, compensation, or job responsibilities. The Company is committed to safeguarding the whistleblower’s life, physical safety, property, and employment rights, and any violations will be subject to disciplinary action. The identity of the whistleblower and the content of the report will be kept strictly confidential, and protection is ensured against any improper treatment due to the report. However, if a whistleblower is found to have made a false report intentionally, such conduct shall not be protected under this policy.</p> <p>No internal, external, or direct employee whistleblower reports were received in 2025.</p>
<p>IV. Strengthening information disclosure</p> <p>(I) Does the Company disclose its ethical corporate management policies and the results of its implementation on the Company’s website and MOPS?</p>	V	(I) The Company’s “Ethical Corporate Management Best Practice Principles”, “Procedures and Conduct Guidelines of Integrity Management” and “Code of Ethics” are disclosed on the MOPS. The ESG section, corporate governance and the implementation of integrity management are disclosed on the Company’s website.	No discrepancy.

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
<p>V. If the Company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancy between the policies and their implementation:  The Company has formulated “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies”, “Ethical Corporate Management Best Practice Principles”, “Ethical Corporate Management Best Practice Principles”, “Employee Handbook”, “ Whistleblowing Management Guidelines” and “Administrative Measures on Employee Opinion Appeals” based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies. Every director and employee shall follow the rules and the operating conditions are in compliance.</p>				
<p>VI. Other important information to facilitate a better understanding of the Company’s ethical corporate management policies (e.g., review and amend its policies).:  Please refer to the Company’s website (<a href="http://www.zenghsing.com.tw/csr/?lang=zh-hant">http://www.zenghsing.com.tw/csr/?lang=zh-hant</a>) of ESG category and “ZHENG HSING ESG Report” for reviewing the results of ethical corporate management policy implementation.</p>				

Note 1: Regardless of whether “yes” or “no” is selected for operational status, it should be described in the summary explanation field.

## (8) Corporate Governance Guidelines and Regulations

Please refer to the Company website. ([www.zenghsing.com.tw](http://www.zenghsing.com.tw))

## (9) Other Important Information Regarding Corporate Governance

### 1. Continuing Education Status of Managers for the Year 2025

Title	Name	Course Name	Length of the curriculum	Period
Associate General Manager, Finance and Accounting Department (Head of Accounting Department)	TZU-HO CHUANG	Continuing Education Program for Accounting Officers of Issuers, Securities Firms, and the Stock Exchange	12	22 September 2025 to 23 September 2025
Section Chief, Finance and Accounting Department (Accounting Supervisory Agent)	YI-WEI, HUANG	Continuing Education Program for Accounting Officers of Issuers, Securities Firms, and the Stock Exchange	12	6 June 2025 to 6 June 2025
Deputy Manager of Audit Office	JIA-JUN XIE	Focus and Cross-Cycle Integration of Operational System Audits	6	9 September 2025
		Key Practices and Discussion on “Sustainability Information Management” and Internal Control & Internal Audit	6	9 December 2025

(10) Internal Control System

- A. Statement of Internal Control System: Please refer to the Market Observation Post System (MOPS) at [<https://mops.twse.com.tw/mops/#/web/t06sg20>> Listed Companies > Corporate Governance > Company Regulations/Internal Control > Internal Control System Statement Announcement]. Enter the year and company code to search for the internal control system statement.
- B. Companies which CPAs professionally review the internal control system shall disclose the review report provided by the CPAs: None.

(11) Material resolutions of a shareholders meeting or a board of directors meeting during 2025 or during the current fiscal year up to the date of publication of the annual report:

1. Material resolutions from the 2025 Shareholders' Meeting and Implementation Status

Date	Category	Material Resolutions
13 June 2025	Shareholders' Meeting	<ol style="list-style-type: none"><li>1. Approval of the 2024 Business Report and Financial Statements. Implementation result: Approved.</li><li>2. Approval of the 2024 Earnings Distribution Proposal. Implementation result: 2 August 2025 was set as the ex-dividend record date, and 29 August 2025 as the dividend payment date. (Cash dividend of NT\$6 per share)</li><li>3. Approval of the amendments to the Company's "Articles of Incorporation," "Procedures for Acquisition or Disposal of Assets," "Procedures for Lending of Funds to Others and Endorsements/Guarantees," and "Procedures for Election of Directors." Implementation result: Handled in accordance with the amended procedures and disclosed on the Market Observation Post System or the Company's website.</li></ol>

## 2. Material Resolutions from the Board of Directors:

Date	Category	Material Resolutions
07 March 2025	Board of Directors	<ol style="list-style-type: none"> <li>1. Approval of the Company’s Statement on Internal Control System for 2024.</li> <li>2. Approval of the Company’s 2024 standalone and consolidated financial statements.</li> <li>3. Approval of the Company’s definition of grassroots employees.</li> <li>4. Approval of the abolition of the “2P-HR-24 Performance Evaluation Measures for Directors and Managers” and its related forms.</li> <li>5. Approval of the Company’s 2024 distribution plan for directors’ and employees’ compensation.</li> <li>6. Approval of the Company’s 2024 earnings distribution plan.</li> <li>7. Approval of the convening of the Company’s 2025 Annual General Shareholders’ Meeting.</li> <li>8. Approval of matters regarding the acceptance of shareholder proposals for the 2025 Annual General Shareholders’ Meeting.</li> <li>9. Approval of the report on the change of the Company’s certified public accountant.</li> <li>10. Approval of the appointment and regular assessment of independence and competence of the Company’s certified public accountant.</li> <li>11. Approval of the Company’s general policy on advance approval of non-assurance services.</li> <li>12. Approval of the renewal of banking arrangements with MEGA INTERNATIONAL COMMERCIAL BANK.</li> <li>13. Approval of the ESG Committee’s execution results and future work plan.</li> <li>14. Approval of the amendment to the Company’s Articles of Incorporation.</li> </ol>
09 April 2025	Board of Directors	<ol style="list-style-type: none"> <li>1. Approval of the Company’s proposed sale of the land use rights and buildings (including infrastructure) owned by its wholly owned subsidiary, SHINCO TECHNOLOGIES LTD. (VN)</li> </ol>
09 May 2025	Board of Directors	<ol style="list-style-type: none"> <li>1. Approval of the Company’s consolidated financial statements for the first quarter of 2025.</li> <li>2. Approval of the renewal of business engagement with Grand Bills Finance Corporation.</li> <li>3. Approval of the renewal of business engagement with Bank of Taiwan.</li> <li>4. Approval of the renewal of business engagement with E.SUN Commercial Bank.</li> <li>5. Approval of the renewal of business engagement with Mega Bills Finance Co., Ltd.</li> <li>6. Approval of the renewal of business engagement with CTBC Bank Co., Ltd.</li> <li>7. Approval of the renewal of business engagement with Taishin International Bank.</li> </ol>

Date	Category	Material Resolutions
		<ol style="list-style-type: none"> <li>8. Approval of the renewal of business engagement with Chang Hwa Bank.</li> <li>9. Approval of the Company’s endorsement and guarantee for its wholly owned subsidiary, ZENG HSING INDUSTRIAL CO., LTD. (VN), in favor of CTBC Bank Co., Ltd.</li> <li>10. Approval of the amendments to the “Risk Management Policy.”</li> </ol>
13 June 2025	Board of Directors	<ol style="list-style-type: none"> <li>1. Approval of the amendments to the Company’s “Regulations Governing the Management of Directors’ and Managers’ Salaries and Remuneration.”</li> <li>2. Approval of the establishment of the Company’s “Regulations Governing the Management of Retirement Payments for the Chairman and President.”</li> </ol>
7 August 2025	Board of Directors	<ol style="list-style-type: none"> <li>1. Approval of the Company’s 2025 second-quarter consolidated financial statements.</li> <li>2. Approval of the Company’s 2024 Sustainability Report and the implementation status of the ESG Committee.</li> <li>3. Approval of the amendments to the Company’s “Subsidiary Supervision and Management Procedures.”</li> <li>4. Approval of the amendments to the Company’s “Corporate Governance Best Practice Principles.”</li> </ol>
6 November 2025	Board of Directors	<ol style="list-style-type: none"> <li>1. Approval of the Company’s 2025 third-quarter consolidated financial statements.</li> <li>2. Approval of the Company’s treasury share repurchase plan.</li> <li>3. Approval of the establishment of the “ESG Committee,” and approval of its organizational charter and the appointment of committee members.</li> <li>4. Approval of the review of audit fees for the Company’s certified public accountants.</li> <li>5. Approval of the Company’s provision of endorsements and guarantees for its 100%-owned investment subsidiary “Zeng Hsing Industrial Co., Ltd. (VN)” to apply for banking facilities with Mega Bank.</li> <li>6. Approval of the Company’s provision of endorsements and guarantees for its 100%-owned investment subsidiary “Zeng Hsing Industrial Co., Ltd. (VN)” to apply for banking facilities with Taipei Fubon Bank.</li> <li>7. Approval of the Company’s provision of endorsements and guarantees for its 100%-owned investment subsidiary “Zeng Hsing Industrial Co., Ltd. (VN)” to apply for banking facilities with SinoPac Bank.</li> <li>8. Approval of the ratification of the Company’s adjustment and changes to the appointment of directors of subsidiaries.</li> </ol>

Date	Category	Material Resolutions
24 December 2025	Board of Directors	<ol style="list-style-type: none"> <li>1. Approval of the Company’s 2026 internal audit plan.</li> <li>2. Approval of the Company’s 2026 operating plan and budget preparation.</li> <li>3. Approval of the Company’s 2025 year-end bonus budget.</li> <li>4. Approval of the proposed ratios for accrued employee compensation and directors’ remuneration in the Company’s 2025 financial statements.</li> <li>5. Approval of the salary standards and structure for the newly appointed Associate Vice President of the R&amp;D Division.</li> <li>6. Approval of the renewal of the Company’s banking relationship with SinoPac Bank.</li> <li>7. Approval of the renewal of the Company’s banking relationship with Taipei Fubon Bank.</li> <li>8. Approval of the Company’s application to Citibank (Taiwan) for short-term credit facilities, as well as foreign exchange and derivative financial instrument trading limits.</li> <li>9. Approval of the discussion on the maximum outstanding balance of financing facilities to be obtained from financial institutions for 2026.</li> <li>10. Approval of the maximum balance for the acquisition or disposal of derivative instruments for 2026.</li> <li>11. Approval of the maximum balance for the acquisition or disposal of derivative instruments for investee companies for 2026.</li> <li>12. Non-approval of the Company’s proposal to provide endorsements and guarantees for its investee company “TAIWAN CHEER CHAMP CO., LTD.” to apply for banking facilities with Taipei Fubon Bank.</li> </ol>
22 January 2026	Board of Directors	<ol style="list-style-type: none"> <li>1. Approval of the amendments to the Company’s “Articles of Incorporation.”</li> <li>2. Approval of the Company’s private placement of common shares through a cash capital increase.</li> </ol>
6 March 2026	Board of Directors	<ol style="list-style-type: none"> <li>1. Approval of the issuance of the Company’s “2025 Statement on Internal Control System.”</li> <li>2. Approval of the Company’s 2025 financial statements and consolidated financial statements.</li> <li>3. Approval of the cancellation of treasury shares and the establishment of a capital reduction record date.</li> <li>4. Approval of the capital reduction of the Company’s 100% indirectly owned subsidiary “Zhangjiagang Zeng Hsing Machinery &amp; Electronics Co., Ltd.” and the return of capital to the parent company.</li> <li>5. Approval of the amendments to the Company’s “Articles of Incorporation.”</li> <li>6. Approval of the distribution of directors’ remuneration and employee compensation for 2025.</li> <li>7. Approval of the 2025 earnings distribution proposal.</li> </ol>

Date	Category	Material Resolutions
		<p>8. Approval of the regular review of managers' salary standards and structure.</p> <p>9. Approval of the convening of the Company's 2026 Annual General Meeting of Shareholders.</p> <p>10. Approval of matters related to the acceptance of shareholders' proposals for the Company's 2026 Annual General Meeting of Shareholders.</p> <p>11. Approval of the appointment of the Company's certified public accountants and the periodic evaluation of their independence and competence.</p> <p>12. Approval of the proposed general principles for a pre-approval policy on non-assurance services.</p> <p>13. Approval of the renewal of the Company's banking relationship with Mega International Commercial Bank.</p> <p>14. Approval of the implementation results and future work plans of the Company's ESG Committee.</p>

(12) Major Issues of Record or Written Statements Made by Any Director or Supervisor  
Dissenting to Important Resolutions Passed by the Board of Directors:

Date	Category	Opinions on Material Resolutions with Records or Written Statements
24 December 2025	Board of Directors	<p>Item 12 (Discussion Item): Proposal for the Company to provide endorsements and guarantees for its investee company TAIWAN CHEER CHAMP CO., LTD. in connection with its application to Taipei Fubon Bank, submitted for deliberation.</p> <p>Opinion: As this proposal was not approved by the Audit Committee, it was therefore not submitted to the Board of Directors for discussion or resolution.</p>

## 2.4 CPA Professional Fee Range

Currency: NT\$ thousand

Accounting Firm	Name of CPA	Audit Period	Audit Fees	Non-audit Fees	Total	Remark
Ernst & Young	CHING-YA HUANG	1 January 2025 to 31	4,590	400	4,990	
	WEN-CHEN LO	December 2025				

Non-audit services: NT\$400 thousand for tax compliance audit.

Note: Audit period and reasons for replacement should be stated in the table separately if the Company replaces the CPA firm or CPA. The information such as the audit and non-audit fees paid shall be disclosed in appropriate spaces in the table. Non-audit fees should be accompanied by a description of the services provided.

- (1) Replacing the audit firm and the audit fee paid to the new audit firm was less than the amount paid in the previous year: None.
- (2) Audit fee reduced for more than 10% year over year, the reduced amount, proportion, and reason should be disclosed: None.

### 3.5 Replacement of CPA

#### 2.5.1 Regarding the previous CPAs

Date	Approved by the board of directors on 7 March 2025 for replacement with effect from the second quarter of 2025.		
Reason for change and explanation	To work in line with the competent authority to strengthen CPA independence and implement the accountant rotation mechanism. CPAs MING-HUNG CHEN and CHING-YA HUANG, who were previously in charge of the Company's financial statement audits, will be replaced by CPA CHING-YA HUANG and WEN-HEN LO in the first quarter report of 2025.		
Indicate whether the appointment is terminated or not accepted by the appointor or accountant	Criteria	Parties	CPAs
	Proactive termination of appointment	NA	
	No longer accept (continued) appointment		
Opinions on audit reports issued within the last two years without qualification and reasons	None		
Disagreement with the issuer	Yes		Accounting Principles or Practices
			Financial Report Disclosure
			Scope or steps of verification
			Other
	No	✓	
	Explain		
Other disclosures (Items 1.4 to 1.7 of paragraph 6 of Article 10 of this Standard should be disclosed)	No		

2.5.2 Regarding the succeeding CPAs

Accounting Firm	Ernst & Young
Name of CPA	WEN-CHEN LO
Date of Appointment	Approved by the board of directors on 7 March 2025 for replacement from the first quarter of 2025
Pre-appointment regarding the accounting treatment method or accounting principles for specific transactions, as well as the opinions and results that may be issued on the financial report	NA
Written opinions of the successor accountants on matters with which the predecessor accountants disagreed	NA

2.5.3 The previous CPA's response to the three items of Subparagraphs 1 and 2, Paragraph 6, Article 10 of the Guidelines Governing the Public Company's Annual Report: N/A.

2.6 The Company's Chairman, President, and managers in charge of its finance or accounting operations held positions in the Company's independent auditing firm or its affiliates in the most recent year: None.

2.7 Changes in Shareholding Percentages by Directors, Supervisors, Management and Shareholders with 10% Ownership or More

2.7.1 Changes in Shareholding Percentage of Directors, Managers and Major Shareholders

Please refer to the Market Observation Post System (MOPS) Equity Transfers:  
 [Website: [https://mops.twse.com.tw/mops/#/web/query6\\_1](https://mops.twse.com.tw/mops/#/web/query6_1)  
 Market Observation Post System > Single Company > Equity Changes / Securities Issuance > Equity Transfer Information Inquiry > Post-Event Reporting of Changes in Insider Shareholdings]  
 Enter the company code and the reporting period for inquiry.

Changes in Share Pledge Status:  
 [Website: [https://mopsov.twse.com.tw/mops/web/STAMAK03\\_1](https://mopsov.twse.com.tw/mops/web/STAMAK03_1)  
 Market Observation Post System > Single Company > Equity Changes / Securities Issuance > Insider Share Pledge and Release > Insider Share Pledge and Release Announcements]  
 Enter the company code and the reporting period for inquiry.

## 2.7.2 Shares Trading with Related Parties:

Unit: New Taiwan Dollar (NTD); Shares

Name (Note 1)	Reason for Equity Transfer (Note 2)	Transaction Date (Note 3)	Counterparty	Relationship between Counterparty and the Company, Directors, Supervisors, and	Number of Shares	Transaction Price
CHUNG-TING TSAI	Disposition (gift)	12 March 2025	HUI-YU KO	Spouse	23,000	104
CHUNG-TING TSAI	Disposition (gift)	12 March 2025	PO-FAN TSAI	Father-son	23,000	104
HUI-YU KO (Spouse of director, CHUNG-TING TSAI)	Disposition (gift)	12 March 2025	PO-FAN TSAI	Mother-son	23,000	104
RUEI-YI HONG	Disposition (gift)	12 May 2025	YU-TONG HONG	Father-daughter	17,000	89
RUEI-YI HONG	Disposition (gift)	12 May 2025	Deng-Ying Hung	Father-son	10,000	89

Note 1: Fill in the names of directors, supervisors, managers, and shareholders holding more than ten percent of the shares of the Company.

Note 2: Fill in acquisition or disposition.

Note 3: The transaction date is based on the reporting date.

## 2.7.3 Stock Rights Pledging with Related Parties: None.

## 2.8 The Information Show Name and Relationship between the Companies Top Ten Shareholders, or Spouses or Relatives within Two Degrees

The Information Show Name and Relationship between the Companies Top Ten Shareholders

Unit: shares

Name (Note 1)	Current Shareholding		Spouse's/ Children's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees (Note 3)		Remark
	Shares	%	Shares	%	Shares	%	Name	Relationship	
RUEI-YI HONG	1,952,129	3.02%	49,520	0.08%	0	0%	CHING- WEN HONG	Brother	
CHING-WEN HONG	1,500,540	2.33%	54,270	0.08%	0	0%	RUEI-YI HONG	Brother	
MENG-CHUNG HO	1,071,261	1.66%	83,500	0.13%	0	0%	None	None	
CHIH-CHENG LIN	1,033,080	1.60%	250,114	0.39%	0	0%	None	None	
Canxin Investment Co., Ltd.	976,369	1.51%	N/A	N/A	0	0%	YI-CHING TSAI	Chairman of Canxin Investment Co., Ltd.	
Canxin Investment Co., Ltd. Representative: YI- CHING TSAI	541,000	0.84%	0	0.00%	0	0%	1.CHUNG- TING TSAI 2.Canxin Investment Co., Ltd.	1. Sister and brother 2. Chairman of Canxin Investment Co., Ltd.	
TaiRui Capital Co., Ltd.	950,000	1.47%	N/A	N/A	0	0%	Yuan-Mei Lin	Chairman of TaiRui Capital Co., Ltd.	
TaiRui Capital Co., Ltd. Representative: Yuan-Mei Lin	0	0.00%	0	0.00%	0	0%	TaiRui Capital Co., Ltd.	Chairman of TaiRui Capital Co., Ltd.	
CHUNG-TING TSAI	904,305	1.40%	599,636	0.93%	0	0%	YI-CHING TSAI	Brother and sister	
Shareholdings in SinoPac Commercial Bank held by employees of Zeng Hsing Industrial Co., Ltd.	850,000	1.32%	N/A	N/A	N/A	N/A	N/A	N/A	
Universal Microelectronics CO., LTD.	792,986	1.23%	N/A	N/A	0	0%	SHEN- LING LIAO	Chairman of Universal Microelectroni s CO., LTD.	
Universal Microelectronics CO., LTD. SHEN-LING LIAO	419,592	0.65%	0	0.00%	0	0%	Universal Microelectro nics CO., LTD.	Chairman of Universal Microelectroni s CO., LTD.	
Vanguard Total International Stock Index Fund, A Series of Vanguard Star Funds	767,774	1.19%	N/A	N/A	N/A	N/A	N/A	N/A	

Note 1: All the top 10 shareholders shall be listed. The names of corporate shareholders and the name of their representatives shall be listed separately.

Note 2: The shareholding percentage is calculated separately based on the number of shares held in the name of the person, his/her spouse and minors, and through nominee arrangements.

Note 3: Relationships between the aforementioned shareholders, including corporate shareholders and natural person shareholders, shall be disclosed pursuant to the Regulations Governing the Preparation of Financial Reports by Securities issuers.

## 2.9 Ownership of Shares in Affiliated Enterprises

As of 31 December 2025 Unit: Shares

Affiliated Enterprises	Ownership by the Company		Direct or Indirect Ownership by Directors or Managers		Total Ownership	
	Share	Percentage	Share	Percentage	Share	Percentage
ZENG HSING INDUSTRIAL CO., LTD. (BVI)	7,750	100.00%	-	-	7,750	100.00%
ARCORIS PTE LTD.	4,500,000	100.00%	-	-	4,500,000	100.00%
TAIWAN CHEER CHAMP CO., LTD.	15,421,630	85.68%	-	-	15,421,630	85.68%
JETSUN TECHNOLOGY CO., LTD (SEYCHELLES)	1,200,000	100.00%	-	-	1,200,000	100.00%
JETSUN VIETNAM TECHNOLOGY CO., LTD.	-	100.00%	-	-	-	100.00%
ZENG HSING INDUSTRIAL CO., LTD (VN)	-	100.00%	-	-	-	100.00%
Zeng Hsing Vietnam Trading Co., Ltd. (VN)	-	100.00%	-	-	-	100.00%
SHINCO TECHNOLOGIES LTD. (VN)	-	100.00%	-	-	-	100.00%
TAIWAN CARBON TECHNOLOGY CO., LTD.	1,774,999	19.53%	-	-	1,774,999	19.53%
MITSUMICHI INDUSTRIAL CO., LTD.	1,378,000	53.00%	-	-	1,378,000	53.00%
FOREMOST GULF INTERNATIONAL CO., LTD.(BVI)	15,000	30.00%	15,000	30.00%	30,000	60.00%
FOREMOST GULF INTERNATIONAL CO., LTD. (VN)	-	100.00%	-	-	-	100.00%
ZHANGJIAGANG ZENG HSING MACHINERY & ELECTRONICS CO., LTD.	-	100.00%	-	-	-	100.00%
ZHANGJIAGANG FREE TRADE ZONE CHEAU HSING MACHINERY & ELECTRONICS CO., LTD.	-	100.00%	-	-	-	100.00%
ZHANGJIAGANG ZENGHSING TRADING CO., LTD.	-	100.00%	-	-	-	100.00%
TURVO INTERNATIONAL CO., LTD.	15,712,000	26.06%	-	-	15,712,000	26.06%
TIPO INTERNATIONAL CO., LTD.(SAMOA)	31,133,211	100.00%	-	-	31,133,211	100.00%
T&M JOINT(CAYMAN) HOLDING CO., LTD.	4,912,749	35.71%	560,720	4.08%	5,473,469	39.79%
HONG KONG XINFENG ENTERPRISE LIMITED	-	100.00%	-	-	-	100.00%
MATEC SOUTHEAST ASIA(THAILAND) CO., LTD.	216,276	99.99%	-	-	216,276	99.99%
DONGGUAN XIN FENG HARDWARE MACHINERY & PLASTICS INDUSTRY LTD.	-	100.00%	-	-	-	100.00%
TURVO INTERNATIONAL CO., LTD. (ZHEJIANG)	-	100.00%	-	-	-	100.00%
TUF TECHNOLOGY CO., LTD.	90,000	100.00%	-	-	-	100.00%

Note: The long-term investment using equity method adopted by the Company.

### III. Capital Overview

#### 2.2 Capital and Shares

##### 3.1.1 Source of Capital

###### A. Issued Shares

Month/ Year	Par Value (NT\$)	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount (NT\$)	Shares	Amount (NT\$)	Sources of Capital (NT\$ thousand)	Capital Increased by Assets Other than Cash	Other
December 2008	10	55,000,000	550,000,000	43,464,809	434,648,090	Employee exercise the stock options in the amount of \$7,893 thousand	None	Note 1.
June 2009	10	55,000,000	550,000,000	43,478,809	434,788,090	Employee exercise the stock options in the amount of \$140 thousand	None	Note 1.
November 2009	10	55,000,000	550,000,000	46,978,809	469,788,090	Cash capital increase \$35,000 thousand	None	Note 2.
August 2010	10	55,000,000	550,000,000	48,388,173	483,881,730	Capital increase by retained earnings in the amount of \$14,094 thousand	None	Note 3.
December 2010	10	55,000,000	550,000,000	47,169,173	471,691,730	Treasury stock retired \$12,190	None	Note 4.
April 2012	10	65,000,000	650,000,000	51,669,173	516,691,730	Cash capital increase in the amount of \$45,000 thousand	None	Note 5.
July 2013	10	65,000,000	650,000,000	54,252,631	542,526,310	Capital increase by retained earnings \$25,835 thousand	None	Note 6.
December 2013	10	65,000,000	650,000,000	60,552,631	605,526,310	Cash capital increase in the amount of \$63,000 thousand	None	Note 7.
November 2018	10	85,000,000	850,000,000	60,535,631	605,356,310	Treasury stock retired \$170 thousand	None	Note 8.
November 2022	10	85,000,000	850,000,000	66,535,631	665,356,310	Cash capital increase in the amount of \$60,000 thousand	None	Note 9
March 2026	10	85,000,000	850,000,000	64,535,631	645,356,310	Cancellation of treasury shares with capital reduction of NT\$20,000 thousand	None	Note 10

Note 1: Jin-Guan-Cheng-Yi-Zi No. 0930152723 on 23 November 2004.

Note 2: Jin-Guan-Cheng-Fa-Zi No. 0980052873 on 16 October 2009.

Note 3: Jin-Guan-Cheng-Fa-Zi No. 1000031461 on 7 July 2011.

Note 4: Jin-Guan-Cheng-Jiao-Zi No. 1000053979 on 4 November 2011.

Note 5: Jin-Guan-Cheng-Fa-Zi No. 1010008472 on 21 March 2012.

Note 6: Jin-Guan-Cheng-Fa-Zi No. 1020024504 on 25 June 2013.

Note 7: Jin-Guan-Cheng-Fa-Zi No. 1020046047 on 22 November 2013.

Note 8: Jin-Guan-Cheng-Fa-Zi No. 1040044669 on 9 November 2015 (Because it is not transferred to the employee within 3 years from the date of purchase, it is cancelled.)

Note 9: Jin-Guan-Cheng-Fa-Zi No. 1110357685 on 5 October 2022.

Note 10: Jin-Guan-Cheng-Fa-Zi No. 1150330626 on 9 January 2026.

## B. Type of Stock

Share Type	Authorized Capital			Remarks
	Issued Shares	Unissued Shares	Total Shares	
Registered common shares	64,535,631	20,464,369	85,000,000	Listed shares, 5,000,000 shares of which are reserved for share subscription warrants, preferred shares with warrants, or warrant bonds.

C. Information relating to shelf registration system: None

### 3.1.2 List of Major Shareholders

As of 27 March 2026 Unit: Shares

Shareholder's Name	Shareholding	Shares	Percentage
RUEI-YI HONG		1,952,129	3.02%
CHING-WEN HONG		1,500,540	2.33%
MENG-CHUNG HO		1,071,261	1.66%
CHIH-CHENG LIN		1,033,080	1.60%
Canxin Investment Co., Ltd.		976,369	1.51%
TaiRui Capital Co., Ltd.		950,000	1.47%
CHUNG-TING TSAI		904,305	1.40%
Shareholdings in SinoPac Commercial Bank held by employees of Zeng Hsing Industrial Co., Ltd.		850,000	1.32%
Universal Microelectronics CO., LTD.		792,986	1.23%
Vanguard Total International Stock Index Fund, A Series of Vanguard Star Funds		767,774	1.19%
Total		10,798,444	16.73%

### 3.1.3 Dividend Policy and Implementation Status

#### A. Dividend Policy:

The Company operates in the traditional industry. It's life cycle is at maturity stage with stable profit and sound financial structure. In addition to be complaint with the Company Act and the Company's Articles of Incorporation, the Company determines its dividend distribution according to the capital planning and operation performance. The principle is to maintain a stable and balanced dividend policy. The board of directors will propose the earnings distribution (cash dividend or stock dividend) method and amount according to the operating performance, financial status and capital planning before the shareholders' meeting, but at least 50% dividends are paid out to shareholders, and the cash dividend ratio is not less than 30% of the total dividend. However, when the Company has no surplus, no dividend will be distributed.

B. Proposed dividend distribution at the shareholders' meeting:

2025 earning distribution was approved by the board of directors on 6 March 2026. The proposed distribution approved at the board meeting is as follows: Cash dividend in the amount of \$322,678, at \$5 per share. The proposal is pending approval at the 2026 shareholders' meeting.

C. The Company did not expect any major changes to the dividend policy.

3.1.4 Effect of stock grants planned at current shareholders' meeting on business performance and EPS: N/A.

3.1.5 The compensation of employee, directors and supervisor:

A. The Articles of Incorporation sets forth the ratio of and qualifications to receive compensation of employee, directors and supervisor:

If the Company is profitable, it will set aside 2% to 6% as employee compensation, of which at least 0.5% of the profits shall be allocated for distribution to non-managerial employees, and no more than 4% as remuneration to directors and supervisors. However, if the Company suffers loss, it will make up for the loss first. Employees' compensation may be distributed through shares of the Company or cash. The resolution shall be agreed by the majority of directors present at the board meeting with more than 2/3 of board members attending the meeting and report the resolution shall be report to the shareholders' meeting.

Employees who may receive share or cash dividend include those who are employees of affiliated companies meeting certain requirements.

B. The basis for estimating the amount of employee, director, and supervisor compensation, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period: None.

C. The Company's 2025 surplus distribution plan was approved by the board of directors on 6 March 2026. The board of directors approved the proposed distribution as follows:

- a. Employee profit and remunerations for directors the distribution of employee profit and remunerations for directors were passed by the board on 6 March 2026. According to the Company's Articles of Incorporation, NT\$20,000 thousand will be distributed as employee compensation, and NT\$7,700 thousand as director compensation.
- b. Employee remunerations distributed in stock and their ratio in the after-tax income indicated in the parent company only financial statement of the current term and their ratio in the overall remunerations assigned to employees: No stock compensation was distributed to employees this year.

D. The actual distribution of employee and director compensation for the previous fiscal year (including the number of shares distributed, monetary amounts and stock price), and, if there is any discrepancy between the actual distribution and the compensation recognized, the difference, reason and the treatment:

- a. The Company distributes compensation to employees at NT\$20,000 thousand, director and supervisor at NT\$8,250 thousand.
- b. The actual compensation distributed, and the amount proposed by the board of directors: There was no significant discrepancy between the actual amount distribution and the amount recognized.

### 3.1.6 Repurchase of Common Stock:

As of 31 March 2026 Unit: Shares

Repurchase tranche	Fifth Tranche
Purpose of repurchase	To maintain corporate credit and protect shareholders' interests
Repurchase Period	November 7, 2025 - January 6, 2026
Repurchase Price Range	NT\$80–120 (If the market price falls below the lower limit of the stated range, repurchase may continue)
Type and Number of Shares Repurchased	2,000,000 common shares
Total Amount of Shares Repurchased	NT\$201,919,398
Percentage of Shares Repurchased to Planned Repurchase Quantity (%)	100%
Number of Shares Cancelled and Transferred	2,000,000 shares
Cumulative Number of Shares Held by the Company	0 shares
Percentage of Cumulative Shares Held to Total Issued Shares (%)	0%

3.2 Bonds: None.

3.3 Preferred Shares: None.

3.4 Global Depository Receipts: None.

### 3.5 Employee Stock Options

- (1) The employee stock options the Company issued and were valid have all been exercised.
- (2) As of the printing date of the annual report, names of managers who attain employee stock options, and employees who attain the top ten numbers of stock option in the amount of over NT\$30 million and the acquisition: None.

The new restricted employee shares:

- (1) The Company did not issue new restricted employee shares.
- (2) As of the printing date of the annual report, names of managers who attain restricted employee shares, and employees who attain the top ten numbers of restricted shares: None.

### 3.6 Status of New Share Issuance in Connection with Mergers and Acquisitions

None.

### 3.7 Financing Plans and Implementation:

None.

## IV. Operational Highlights

### 4.1 Business content

#### 4.1.1 Business Scope

##### A. The main content of the Company's business

(A) The Company manufactures household sewing machines, sewing machine related parts, aluminum alloy die-castings, vacuum cleaner, and vacuum cleaner related parts and sales in the domestic market and foreign market.

(B) The Company handles general export trade and import trade and agency for the quotation and bidding business of products of domestic and foreign manufacturers that related to the preceding item. (Except those that are subject to special approval.)

(C) Processing, manufacturing, and trading of precision metal components for industries such as the automotive, medical, industrial, and bicycle industries. These activities are operated by the subsidiary, TURVO INTERNATIONAL CO., LTD. (hereinafter referred to as "TURVO INTERNATIONAL"; Stock Code:2233), in which the Company holds a 26.06 % equity interest as of 31 December 2025. For further details, please refer to Chapter V of TURVO INTERNATIONAL'S 2025 Annual Report for operational overview.

## B. Company's Current Major Products

Currency: NT\$ thousands

Major Products	2024		2025	
	Amount	%	Amount	%
Sewing Machines	4,099,884	49.18%	4,178,505	51.56%
Vacuum Cleaners	93,539	1.12%	98,644	1.22%
Precision Metal Parts	3,658,705	43.88%	3,274,939	40.41%
Other	485,099	5.82%	551,892	6.81%
Total	8,337,227	100.00%	8,103,980	100.00%

## C. What Zeng Hsing offers

The Company has provided troubleshooting and technical training to its domestic and foreign agents. This is to allow Zeng Hsing's domestic and foreign agents to understand the full functionality and uses of their products. Also, tutorials for its customers help them understand how the product can be used most effectively in their own home.

## D. The Company's Current Products and Upcoming Products

### (A) Current Product

The Company currently manufactures sewing machines, household vacuums, and related parts. Other than the domestic demand, the majority of the demand for products is overseas. To enhance the Company's competitiveness, Zeng Hsing attends many exhibitions worldwide. For example, the International Hardware Fair Cologne, Dubai Exhibition, El Salvador International Business exhibition, China International Sewing Machinery & Accessories Show, and other international exhibitions.

### (B) Plans for Future Products

The Company aims to integrate microcomputer and electromechanical technology to improve product quality and functionality. The Company aims to research and develop more portable products and professional sewing machines.

## 4.1.2 Industry Overview

### A. Current situation and development of industry

Sewing machines are a form of garment machinery. The machines are intensively used in the manufacturing process of cutting and sewing. It's used mostly to manufacture clothes, shoes, hats, handbags, etc. There are two types of sewing machines: domestic or industrial, depending on the requirements of the user. Industrial sewing machines require higher speed, high precision, reliability, durability, and unitary, etc. For home models, the emphasis is put on multifunctionality, portability, usability, standard appearance, and price. The focus of the development of household sewing machines is to simplify the mechanics and increase multifunctionality and automation. There is also a greater focus on integrating sewing machines with microprocessors to allow broader use for the machines. About the sales regions, the manufacturing plants for the sewing machines are located, nearby customers. This means that customers' proximity to the manufacturer allows for better post-sale maintenance and service.

In terms of product purpose, industrial sewing machines are single model machines. They are manufactured to meet the special requirement, fast, low noise, high precision, durable, and stable. The basic models are flat sewing machines and overlock sewing machines. While the household sewing machines are multifunctional, portable, and easy to use, suitable for everyday household tailoring.

Household sewing machines are technology and labor-intensive industry. Taiwan after years of hard work has reached a considerable scale. Aside from a few Japanese factories: JANOME, BROTHER, and HAPPY who have their own brands, most Taiwanese manufacturers operate under the ODM and OEM model. Most Japanese brands manufacture sewing machines that are outsourced by their parent companies. The outsourced products accounted for most of the domestic market. The manufacturers that are mainly owned by Taiwanese operators, for example, Zeng Hsing, SUNBEEN, SEWMASTER, PROCHEM PACIFIC, MERRYLOCK, and MITSUMICHI, have concentrated sales, which is due to competition between brands. Some of their ODM manufacturers may be the same but do not account for a large portion, or the ODM models are different.

Taiwanese sewing machines have always been mainly exported. The United States has steadily been the number one export destination. In 2025, the United States accounted for 29.50 % of all exported sewing machines followed by Japan, Germany, United Kingdom, Total and other countries. This indicates that the Company's sewing machines possessed high quality and value to receive recognition and affirmation from overseas sales.

Overall, the sewing machines are heading towards the middle price spectrum. From 2023 to 2025, the top 5 export destinations accounted for 65.14 %, 63.61 % and 68.62 % of all exports in their respective years. The Company can monitor whether it can keep up with the American, Japanese, and European market demands as shown below:

Table of top 5 Countries for Taiwan Household Sewing Machine Exports from 2023 to 2025

Currency: NT\$ thousands

Rank	2022			2024			2025		
	Country	Amount	%	Country	Amount	%	Country	Amount	%
1	U.S.A.	676,935	28.01%	U.S.A.	561,214	26.58%	U.S.A.	639,993	29.50%
2	Japan	398,705	16.50%	Japan	307,203	14.55%	Japan	378,944	17.47%
3	Germany	215,225	8.91%	Germany	221,501	10.49%	Germany	248,945	11.47%
4	Netherlands	144,541	5.98%	U.K.	128,086	6.07%	U.K.	127,175	5.86%
5	Estonia	138,667	5.74%	Australia	124,866	5.91%	Netherlands	93,880	4.33%
	Total	1,574,073	65.14%	Total	1,342,870	63.61%	Total	1,488,937	68.62%

Information Resource: Customs Administration, Ministry of Finance

Note: The statistical information includes export and re-export.

Since 1980, the government heavily promoted the information electronics and precision machinery industries to improve the industry structure and to replace the more labor-intensive industries, such as textiles, garments, and shoemaking. As the manufacturing environments changed, it was unsuitable for labor-intensive businesses to develop in Taiwan. The domestic textile industry shrunk, and production moved mainly to Vietnam. Therefore, the domestic demand for industrial and household use sewing machines started to show a downward trend.

In Taiwan, the sewing machine industry mainly produces household sewing machines, with only a few manufacturers engaging in the production and sales of industrial sewing machines.

The export amount of Taiwan sewing machines Comparison table of 2024 and 2025

HS Description		AMOUNT (NT\$ thousands)		
		2024	2025	Different Percent (%)
845210	Household Sewing Machine	2,111,152	2,169,706	2.77%

Information Resource: Customs Administration, Ministry of Finance

Note: The statistical information included export and re-export.

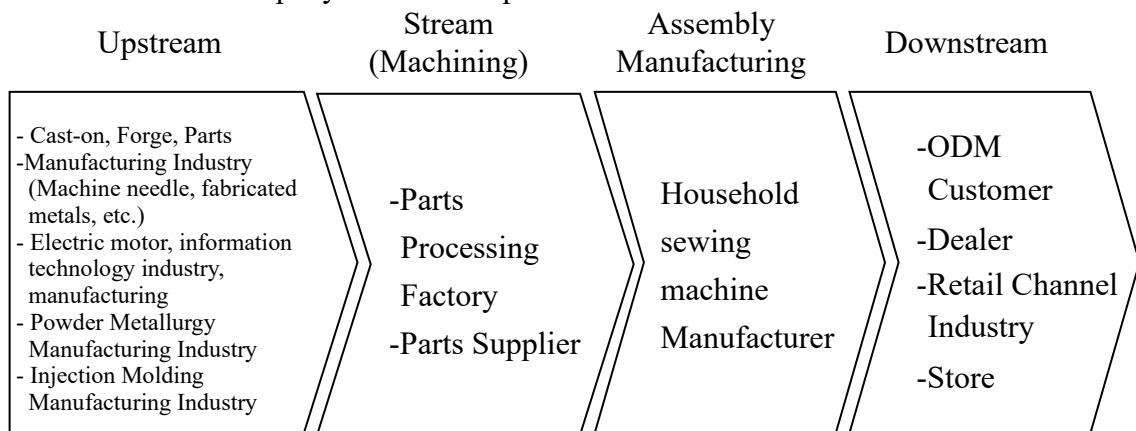
## B. Association of upstream, mid-stream, and downstream industries

We offer a variety of sewing machines and though the basic operating principle is not very different, the machines are composed of hundreds of parts and the mechanisms are just as complicated.

Mechanical sewing machines use CAM to produce a variety of patterns but the number of patterns that can be produced is limited. These machines and mechanisms require a high level of precision and complexity.

Computer-based machines use stepping motor to drive and generate patterns. This type of machine is easy to make. The number of patterns available relies on the memory space in the machine. In theory, if there is enough memory, the number of patterns is unlimited.

The Company's relationship with the chain is shown below:



## C. Development trend of products and market competition

Since the sewing machine was invented, the structure of the machines has not changed much. In recent years, the sewing patterns has become more intricate and diversified along with the development of technology. In household use, the popularity of fast fashion requires continuous change in design and thus computerized models are in increasing demand. In the future, the sewing patterns are expected to be more intricate taking advantage of the internet and computer technology. The use of the machine will be a step closer to a 'printing sewing machine'.

Household-use machine development aims to achieve automation, simplify the mechanical structure, increase multi-functionality and in particular, develop components with computer parts such as microprocessors and feed monitors, which is full of potential for development. Tradition machines are limited to 30 patters, whereas with computerized models, the options are ultimately limited. Since the use of technology can improve functionality so well, household models are able to reach similar capabilities to that of industrial models. Automated machines offer a large number of functions and as a result can produce higher value in the market.

Currently the domestic market has higher demand for household-use machines. Apart from Zeng Hsing, there are other Taiwanese companies such as Xun Jia, Guang Bai, Chang Yu, and Mitsumichi Industrial Co., Ltd, and Japanese-invested companies such as Janome, Brother, Happy, etc. In the international market, the major companies are SVP Group(U.S.), Janome(Japan), Brother(Japan), Bernina(Switzerland), Juki(Japan), Jaguar(Japan) and Fei Yue(China), Heng Qiang(China) and Wan Wei(China). SVP, Janome, Brother, Bernina, Juki and Jaguar are better-known manufacturers who have their own brands and marketing channels. They are still engaged in higher-margin models. Janome, Brother, Happy, Ruilang were reinvested by and established by Japanese companies in Taiwan. In addition to manufacturing products outsourced by the parent company, they also manufacture products for other globally-renowned companies. Xun Jia, Fei Yue, Wan Wei, Heng Qiang, and other manufacturers mainly operate under the ODM or OEM model.

The product development trend in the industry is as follows:

- (A) Automatic thread sewing and automatic thread replacement
- (B) Feeding mechanism that can reduce the problems of poor cloth feeding and sewing failure
- (C) Machines that can be more widely used for various materials
- (D) High-quality embroidery systems with input functions such as photos or paint.
- (E) Provide multiple forms of user services
- (F) Improve human-machine interface functions, such as dialog capabilities with high-function display
- (G) Strengthen mechanical and technological integration technology and development combining computer network or memory card.

In terms of competitiveness in the sewing machine industry among various countries, Japanese manufacturers have a higher market share due to their complete product lines and stable quality. The machines manufactured in China have a lower quality, sales price and profit. As a result, quality is a big part of the price of the product. Based on the current condition of the Taiwanese manufacturers, they need to take advantage of the pricing competitiveness, enhance their technology level and completeness of the product lines if it hopes to exceed Japanese standards.

### 4.1.3 Technology and R&D Overview

A. Research and development expenses for the most recent year and as of the printing date the end of the annual report:

Currency: NT\$ thousands

Year	2025	As of 31 March 2026 (Note)
Price of R&D	375,965	86,439

Note: R&D expenses as of 31 March 2026 were based on unaudited figures.

### B. Successful Developments

Year	Result of Research
2024	H7XJ(S) (Horizontal Full-Rotation Computerized Sewing Machine) HXXR (Horizontal Full-Rotation Computerized Sewing Machine) QM20AE2 (Horizontal Full-Rotation Electronic Sewing Machine) H72H / H75H (Horizontal Full-Rotation Computerized Sewing Machine) H21L (Horizontal Full-Rotation Computerized Sewing Machine) H43E (Horizontal Full-Rotation Computerized Sewing Machine)
2025	CH01CX (Wi-Fi Combo Computerized Embroidery and Sewing Machine) H71KS (Horizontal Full-Rotary Computerized Sewing Machine) KB75A (Vertical Semi-Rotary Mechanical Sewing Machine) KB75AE (Vertical Semi-Rotary Electronic Sewing Machine) Q60MP.D (Horizontal Full-Rotary Mechanical Sewing Machine) MAxxF (Vertical Semi-Rotary Mechanical Sewing Machine) QxxNST.D (Horizontal Full-Rotary Mechanical Sewing Machine) CJ05BX (Combo Computerized Embroidery and Sewing Machine) BJA (Upright Vacuum Cleaner) BPAE2 (Battery Backpack Vacuum Cleaner)

### 4.1.4 Long-term and Short-term Business Development

To respond to the future industrial development and the overall economic environment trends, the Company formulates long-term and short-term plans to guide the future direction of the Company's operations and thus enhance competitiveness. The following is a brief description of our short- and long-term plan.

#### A. Short-Term Business Development Plans

##### (A) Marketing Strategy

Strengthen existing product lines, cooperate with new product promotions and image building and continue to use the original channels to achieve synergy, develop new marketing channels to expand niche markets and overall market share.

(B) Production and Operation Strategy

- a. Production Strategy: In response to the business environment, effectively utilize the production base in China and Vietnam, and as a result increase product quality management.
- b. Purchasing Strategy: Gauge shifts in the business climate and market demand and adjust inventory according to the market. Avoid having to risk price fluctuation for slow moving inventory.

(C) R&D Strategy

Expand the size of the organization in order to accelerate the development of new products, Develop R&D staff to enhance talent pool.

(D) Operation Management and Financial Planning

The Company introduced the ERP and MES information system for more efficient and accurate collection of information. Other goals include strengthening after-sales service to maintain long-term business relationships with customers, ensuring that the Company maintains stable profits, a healthy financial accounting management system to manage the Company's funding planning, and provide comprehensive information for departments of the Company to improve their performance.

B. Long-Term Business Development Plans

(A) Marketing Strategy

- a. Improve product image and value
- b. Innovatively launching a variety of new products to meet the needs of different consumer groups
- c. Plan more diversified marketing channels to launch products
- d. Strengthen technical support for customers
- e. Establish a long-term sales network to generate synergy from different products

(B) Production and procurement Strategy

- a. Establish a flexible production process to regulate production capacity and shorten production cycles.
- b. Respond quickly to the market as changes in demand can increase risk of stockpiling, therefore creating slow moving inventory.
- c. Maintain a good long-term relationship with upstream entities to obtain a stable source of supply and bargaining space for procurement, thus allowing for a competitive advantage in procurement costs.

(C) R&D Strategy

- a. Integrate industry, government and academia to develop key component
- b. Plan core products based on product development trends
- c. Establish the Company's own key technology and patents
- d. Continue to invest in the R&D of next generation products in order to pursue technological advantages
- e. Establish modular and standardized development techniques in order to reduce development and research time, reduce cost and increase number of new products.

(D) Operation Management and Financial Planning

- a. To meet the needs of operational growth, expand into new overseas marketing channels and build a global marketing network
- b. Create a sound management system
- c. Implement an operating philosophy within the Company
- d. Create an outstanding work culture
- e. Strive for the vision of a sustainable development
- f. Strengthen the financial structure through diverse financing channels in the capital market to bring about growth across the Company
- g. Improve the Company's financial team and overall brand.

(E) Human Resources

- a. Recruit and train senior management and technical staff at all levels to meet the long term domestic and foreign demand
- b. Enhance the training for employees' diversified skills
- c. Use human resources effectively
- d. Improve the overall industry competitiveness

## 4.2 Market and Sales Overview

### 4.2.1 Market Analysis

#### A. Analyze the sales (provided) regions of the Company's main products (services)

The Company is mainly export-oriented, and the net sales in 2024 and 2025 were NT\$8,337,227 thousand and NT\$8,103,980 thousand, respectively.

Countries	2024	2025
China	2,254,021	1,845,101
Germany	816,996	1,248,343
U.S.A.	789,208	915,278
Turkey	627,827	582,567
Taiwan	446,950	402,293
Mexico	210,052	301,086
Japan	242,011	283,955
Others	2,950,162	2,525,357
Total	8,337,227	8,103,980

#### B. Market Share

At present, the household sewing machine market is mainly in higher-earning regions such as Western Europe, North America, Japan, and Australia, etc. In terms of sewing machine export market Europe has been the number one destination for Zeng Hsing Group, followed by Asia, North America and Central and South America. Overall, Taiwan exported the sewing machines are heading towards in the middle of the price range spectrum. From 2023 to 2025, the top 5 export destinations accounted for 65.14%, 63.61%, and 68.62% of all exports in their respective years. In addition to the lower product prices than the major Japanese manufacturers, the high quality and outstanding after-sales service allowed Taiwan's household sewing machine industry to occupy a certain position in the global market.

Domestically, the Company is the largest household sewing manufacturer and supplier. Other manufacturers include Janome and Brother. The Company's product mainly is a household type sewing machine and the competitive advantage is the Company's understanding of customer demand, the ability to control related-technology, and good command of the organization. The development of household computer sewing machines has established basic software electronic control capabilities, which will be actively integrated to develop high value-added products.

### C. Future Supply and Demand Conditions and Growth of the Market

The main uses of sewing machines are sewing household clothes, tablecloths, tapestry and home accessories. As national income increases, home decorations receive more attention in households. Sewing machines are continuously upgraded to be more multi-functional and convenient and the use is no longer limited to sewing and repairing garments. They can be used to make handbags, table mats, table towels, bed sheets and curtains. The demand for these products also continues to grow, which is favorable for the overall market growth in the future. Moreover, as a result of the economic growth in China, Indonesia and the third-world countries, which are also densely populated regions, the residents in these nations are looking to improve their quality of life therefore low-price range products are growing popular. In Europe and the US where there are aging population and focus on improving quality of life through leisure activities, the demand for sewing machines is increasing too.

In recent years, the emerging markets such as China, Russia, Eastern Europe, the Middle East, India and South America, have increasing demand for low-price range products as a result of the rapid economic development, higher national income and dense population. In markets like these, there is great potential. Computerized sewing machines are highly regarded in the market for their automatic thread tension adjustment function, LCD display function, and more. Smart computerized embroidery sewing machines can utilize microprocessors, mobile applications, and software to enhance functionality. They not only achieve high-quality embroidery comparable to industrial sewing machines but also greatly improve applicability and ease of operation. This integration of sewing and daily life is expected to create even more growth opportunities in the future market.

#### D. Niches in competition

##### (A) Forward looking business philosophy

The Company adheres to the principles of “honesty, teamwork, innovation, and community wellbeing” and instructs employees to be realistic while maintaining enthusiastic at Company holds the philosophy of searching for the truth, Ask the employee to have enthusiasm for work to which can help gain trust from the customers and coworkers partners. The employees will utilize their professionalism and continue to integrate the resources provided and strive for innovation. On one hand, the Company is to cultivates talents and on the other hand, it is to innovate innovation helps and to establish a stable operation.

##### (B) Professional ODM Factory, Product Line Completeness

Zeng Hsing has more than 50 years of valuable experience in the production and sales of household sewing machines. The production lines are flexible allowing for adaptation to the market when needed. The Company successfully changed from OEM to ODM format, and the customization capability was strong and thus was well-recognized in the industry globally.

The Company produces a wide variety of household sewing machines with a complete product line, ranging from low-priced mechanical models, overlock machines, to high-priced computerized embroidery sewing all-in-one machines. Regardless of product quality, functionality, or price, they are all highly competitive, satisfying the needs of different market customers, sales channels, and end consumers.

##### (C) Established a complete supply chain, effectively control raw materials or cost and ensure supply stability

The Company’s management team has deeply cultivated the production of household sewing machines. As a result, the Company has accumulated a complete set of upstream key components from reliable suppliers. The Company aims to keep healthy relationships with suppliers to form a stable and close relationship between the best production and sales partners, which overall will help control costs and ensure supply stability.

(D) Manufacturing Capability of China and Vietnam

Household sewing machines are a labor-intensive industry, and as a result of the rising domestic labor price, the Company invested in China and Vietnam in 1998 and 2005 respectively. The move aimed at achieving cost-effectiveness and division of labor and thus increasing production capacity and greatly enhancing the economy of scale and efficiency. In 2007, the Company invested in Vietnam to set up a die-casting factory to produce aluminum alloy metal parts to gain more competitive advantage.

(E) Improving R&D Innovation and Technology Application

The Company is focused on research and development and continuously invests in product development and quality improvement every year. The R&D teams conduct development and work using 3D design, modular design and a collaborative design platform. Hence, the Company introduced a PLM system as a product life cycle management system. The Company plans to utilize its collaboration with the industry, government and academia to develop new technology. These technologies include technological capabilities and components design to improve the technology level to produce advanced computer based sewing machines, providing high priced and high value products.

In response to the APP market trend, the Company's R&D team created an embroidery design APP that allows users to design embroidery on a phone or tablet, as well as WiFi connection technology that will enable users to transfer embroidery drawings to the embroidery machine via WiFi quickly. In addition, the Company has created a number of high-speed models to meet customer demands to bring the products closer to consumers' lives and increase customer stickiness.

(F) Product quality ensures customer satisfaction and therefore having long-term clients

The Company keeps track of developments of the industry through its strong manufacturing experience and operation capability. We aim to introduce new products to the market, meet consumer needs in real time and work closely with customers in order to understand customer needs, special specifications and production quality. Currently, the brand is leading in the industry in terms of number of customers globally and therefore we can create long-term partnerships with our customers. The Company has been working with US customers for more than 20 years and Japanese, North American and Swiss customers for nearly 40 years. We are confident we can keep constant growth of the Company.

(G) Sound Management Standard

To ensure the effective operation of its business activities, the Company has established sound internal control and management systems and implemented them in practice. In 1993, the Company obtained ISO 9002 quality certification, becoming the first sewing machine manufacturer in Taiwan to do so. In 2002, the Company obtained certification for the ISO 9001:2000 Quality Management System. As the organization continued to grow, the Company actively integrated internal resources and strengthened its overall operational structure, completing the implementation of an enterprise resource planning (ERP) system, which significantly enhanced its operational capability and logistics management. The Company has also implemented a green product management and monitoring system in compliance with European Union environmental regulations. In 2011, the Company obtained certification for the Occupational Safety and Health Management System, TOSHMS & OHSAS 18001. In 2016, the Company's Taiwan headquarters obtained certification for the revised ISO 9001 Quality Management System (2015 edition). In 2020, in response to the revision of OHSAS 18001:2007, the Company obtained certification for the ISO 45001 Occupational Health and Safety Management System (2018 edition).

E. Pros and cons to development and responsive measures

(A) Pros

a. Improvement of national income and quality of life

With the high level of national income, home decorations will receive more attention in households. The functions of sewing machines are continuously developing to become more diversified and user friendly. The use of sewing machines is no longer limited to making items of clothing or for professional use. Non-professionals can make their own handbags, tablecloths, bedsheets, curtains and whatever else they require. With the increasing popularity and creativity of embroidery functionality, sewing crafts are becoming more widely applied, enhancing the enjoyment of life and creating various business opportunities. This trend is a favorable factor for promoting future overall market growth.

- b. Low price strategy can stimulate market demand and economic growth in emerging regions

The domestic sewing machine market is mostly concentrated in Europe, the US and Japan. Domestic sewing machine retailers struggled when faced with customers who experienced economic depression, salary cuts and layoffs. For budget-conscious consumers, many vendors have adopted low prices to meet market demand. Demand for low- and mid-priced models has increased. In recent years, China, India and the third world countries have seen economic development and as a result they look to improve their livelihoods. Thanks to the economic development, the demand of low to medium priced sewing machines has also grown. The Company has comprehensive production lines and produces low to mid-priced models for both functionality and quality, which greatly meet consumer needs. The Company also uses a triangular marketing plan, operating at production bases allows for more flexible allocation and effective cost control which makes these models very competitive which makes these models very competitive, as a result, there is an increase in demand for mid to low-priced models in the market, favorable for the Company's future development.

- c. Raw Material Supplier Network

The Company's management team has been involved in the industry of sewing machine products for decades. It was over a long period of time that the key suppliers were connected to form a sincere and close partnership with these suppliers. The Company's raw materials suppliers are vital as when there are changes in the economic environment of the industry, it is down to these partnerships that the Company is able to control cost and guarantee stock for the customers.

- d. Overseas Factories and Global Division of Labor

The Group's focus is on Taiwan as the center for product research and development, design, and overall operational coordination. Additionally, the Group has production bases in Taiwan, mainland China, and Vietnam, allowing for flexible scheduling and optimal capacity allocation. Overseas production bases are essential for the manufacturing, outgoing shipments and human resources in overseas sites are mature, which boosted the Company's overall competitiveness against other companies.

(B) Cons

- a. Difficulty in creating a self-owned brand and marketing this brand.

As household sewing machines market channels are controlled by the larger brands, new products are hard to establish as customers are more accepting of brands they are familiar with. Japanese manufacturers have had good brand marketing, however most of their sales are within Japan. These brands struggled in the European and American sewing machine markets due to high cost and requires long-term operation of branding and establishing marketing channels. As a result, the Company currently operates the international manufacturer ODM model. The Company has entered the mainland China market to understand the markets access points while also actively training sales staff. Additionally, The Company will continue to increase the size of the R&D team and develop new product features to quickly respond to consumer needs and trends.

- b. Competitors price

Household sewing machines have already matured as a product and the market competition is saturated. When faced with customers with bargaining power and pricing pressure from competitors, the industry has now entered a micro-profit age. Apart from providing the customer with high quality and competitively priced products, manufacturers have to put themselves in customers' shoes to understand the needs of the customer, develop products that are suitable for the market, assist branded customers in acquiring orders from channel distributors, create customer value and provide a variety of customer service. Similarly, the Company needs to enhance its competitive in quality through increasing variety of product lines.

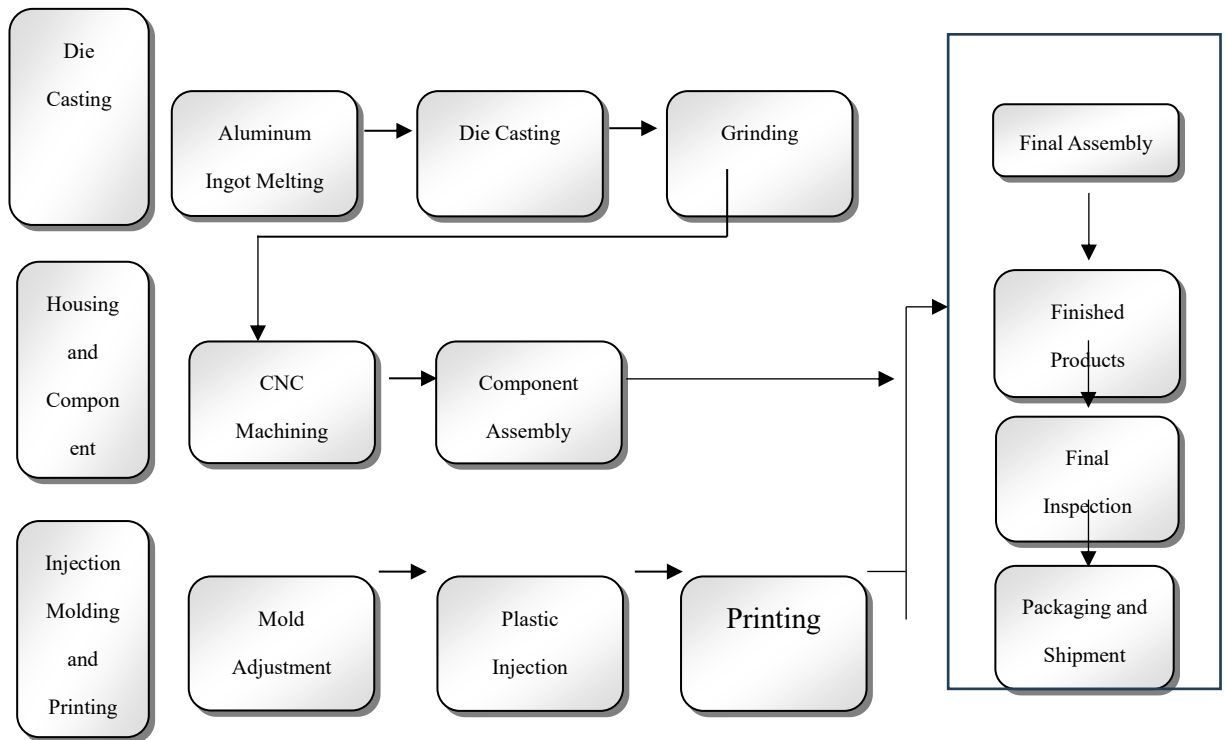
## 4.2.2 The products application and production process

### A. The products application

Household Sewing machine: Sew clothing, tablecloths, tapestries, and other home accessories.

Household vacuum cleaner: Clean carpets and floors.

### B. Production process



#### 4.2.3 Supply status of main raw materials

The Company has a complete satellite factory system, and most of the raw material suppliers are concentrated near the production factory and have good cooperative relations, so the supply of main raw materials is stable.

Main Raw Materials	Main Suppliers	Situation
Presser Foot	Yu Hsing	Good
Placode	TISM/ Li Yuan	Good
Motor	Fang Zheng	Good
Punch	Hua Sheng Wu Jin/ Cyuan Sheng/ Li jia	Good
Aluminum Ingot	Xin Guang / Yang Sin	Good
ABS Plastic	Hui Ye / UNIC TECHNOLOGY/ Tai Long /	Good

#### 4.2.4 Suppliers/customers who accounted for 10% or more of total purchase (sales) in one of the last two fiscal years and analysis of changes

##### A. Major Suppliers in the Last Two Calendar Years

Currency: NT\$ thousands; %

Item	2024				2025			
	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percentage	Relation with Issuer
1	Company A	238,546	5.67%	None	Company A	227,805	5.68%	None
2	Others	3,968,560	94.33%	-	Others	3,779,397	94.32%	-
	Net Purchase	4,207,106	100%		Net Purchase	4,007,202	100%	

Note 1: The name of the supplier with more than 10% of the total purchase amount in the last two years and the amount and proportion of the purchase are listed, however the names are coded because the contract provides that the supplier's identity shall not be revealed and the same shall apply if the transaction counterparty is an individual and a non-related party.

Description: In the most recent two fiscal years, there was only one supplier whose purchase amount accounted for more than 5% of total purchases, and the proportion of its net purchase amount did not fluctuate significantly. Suppliers accounting for less than 5% of total purchases represented approximately 90% of total suppliers. This indicates that the Company maintains good cooperation with its major suppliers, with stable sources of supply, and there is no situation of concentrated procurement.

## B. Major Clients in the Last Two Years

Currency: NT\$ thousands; %

Item	2024				2025			
	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percentage	Relation with Issuer
1	Company A	2,145,635	25.74%	None	Company A	2,647,480	30.45%	None
2	Others	6,191,592	74.26%	-	Others	5,636,500	69.55%	-
	Net Sales	8,337,227	100.00%		Net Sales	8,103,980	100%	

Note 1: The name of the customer and the amount and proportion of the total sales in the last two years are listed, however the names are coded because the contract provides that the customer's identity shall not be revealed and the same shall apply if the transaction counterparty is an individual and a non-related party.

Description: In the most recent two fiscal years, there was only one customer whose sales accounted for more than 10% of total sales, and the proportion of its net sales did not fluctuate significantly. Customers accounting for less than 10% of total sales represented approximately 70% of total customers. This indicates that the Company maintains stable and sound cooperative relationships with its major brand customers, and continues to actively develop new customers to address issues related to sales concentration.

## 4.3 Human Resources

Year		2024	2025	As of 31 March 2026
Number of Employees	Direct	2,052	1,992	2,065
	Indirect	1,075	1,038	1,028
	Management	651	581	598
	Total	3,778	3,611	3,691
Average Age		35.28	35.57	35.81
Average Years of Service		12.22	12.92	12.89
Education (%)	Ph.D.	0.11	0.14	0.14
	Masters	3.73	3.77	3.31
	Bachelor's	18.69	18.42	18.45
	Senior High	25.09	23.18	22.16
	Below Senior	52.38	54.49	55.94
	Total	100.00	100.00	100.00

#### 4.4 Environmental Protection Expenditure

- 4.4.1 Any losses suffered by the Company in the last two years and up to the annual report publication date due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in the environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None.
- 4.4.2 In response to the EU restricted substances regulations related information: the Company's products to the European Union have been in line with the European Union restricted substances regulations related norms.

#### 4.5 Labor Relations

##### 4.5.1 Employees' working environment and personal safety

The Company is committed to providing a safe and healthy work environment and has established an Occupational Safety and Health Committee that regularly convenes meetings to review current safety management measures, identify potential risks, and continuously improve the working environment and occupational safety.

The Company has obtained ISO 45001 certification for its occupational health and safety management system to ensure that all operational procedures comply with government regulations and international standards. We regularly conduct workplace risk assessments and implement safety improvement plans to enhance equipment safety management, establish standard operating procedures (SOPs), and enforce employee safety training. Through these measures, we aim to ensure that employees work in a healthy and safe environment and effectively reduce the risk of occupational accidents.

##### 4.5.2 Employees' behavior or code of ethics

The Company adheres to the principles of integrity and professionalism and has established the "Work Rules" and the "Performance Evaluation Management Guidelines" as behavioral standards for employees, ensuring that all personnel clearly understand and comply with relevant regulations. In addition, to recognize outstanding contributions and boost employee morale, the Company has formulated the "Model Employee Selection Management Guidelines" to foster a positive work environment.

At the same time, to ensure that the conduct of directors, managers, and all employees meets the highest ethical standards, the Company has adopted the "Code of Ethical Conduct" to guide senior management in upholding principles of integrity, fulfilling corporate responsibilities, and maintaining the Company's strong reputation. The main contents are as follows:

- A. To prevent conflicts of interest: Prevent conflicts of interest when personal interests are involved or may be involved in the overall interests of the Company.
- B. To avoiding making self-interest: avoid using company property, information or taking advantage of a job position for personal gain or making personal gain while competing with the Company.
- C. Confidentiality: should be liable for maintaining confidential the Company's related non-disclosed information.
- D. Fair trade: No information learned on the basis of his or her position may be manipulated, concealed, or misused to gain undue benefits by making false statements or other unfair transactions with respect to material matters.
- E. To protect and to use company assets appropriately: It is such person's responsibility to protect the Company's assets and ensure that they are used effectively and legally for official business.
- F. Compliance with laws and regulations: The Company management shall strengthen compliance with securities trading laws and other laws and regulations.
- G. To encourage reporting any illegal or unethical transactions in violation of the trading laws and other laws and regulations: In order to encourage employees to report violations, the Company, in accordance with the relevant processes or mechanisms, inform employees that the Company will do its utmost to protect the reporter from retaliation.

The abovementioned policies and procedures are available for employees to access via the Company's official website or internal document management system.

#### 4.5.3 Employee benefits measures and their implementation

In accordance with the Labor Standards Act and relevant regulations, the Company has established an Employee Welfare Committee and actively promotes various welfare initiatives. The main employee benefits include:

- A. Labor Insurance
- B. Employee group insurance
- C. Employee bonuses
- D. Festival allowance
- E. Monetary gifts for weddings, funerals, and other special occasions
- F. Scholarships for employees and their children
- G. Travel subsidies, festival events, and gift distributions
- H. Subsidies for various employee club activities
- I. Meal subsidies for employees
- J. Employee health check
- K. Family day
- L. Employee share ownership trust

#### 4.5.4 Further education and training and their implementation

In accordance with the “Training and Development Management Regulations,” the Company’s Human Resources Department coordinates and arranges pre-employment training for new employees. The training covers the Company's business philosophy, organizational policies, work environment, and employee rights and obligations to help new hires quickly adapt to the corporate culture.

For regular employees, the Company offers a diverse range of training programs based on job requirements, including on-the-job training, internal and external professional courses, seminars, and more. These programs aim to enhance employees’ professional competencies and job skills while fostering their personal growth and potential.

Additionally, to encourage continued education, the Company provides learning support programs. Employees who obtain a higher academic degree in accordance with Company policy are eligible to receive a fixed bonus as an incentive.

Training Results in 2025:

- Number of training participants: 12,048
- Training expenses: NT\$2,988 thousand

The Company remains committed to investing in talent development and fostering a learning organization, striving for excellence and shared growth with its employees.

#### 4.5.5 The retirement system and its implementation

In accordance with Article 56, Paragraph 1 of the Labor Standards Act, the Company allocates 2% of the total monthly salary to a retirement reserve fund for employees under the old pension system. These funds are deposited into a dedicated account to ensure the protection of employees' retirement rights.

Since the implementation of the Labor Pension Act on 1 July 2005, the Company has been contributing 6% of each eligible employee’s monthly salary to their individual pension accounts in compliance with the new pension system, helping employees accumulate retirement resources.

The Company remains committed to enhancing its retirement system, supporting employees in building secure careers and a stable post-retirement life.

#### 4.5.6 The labor-management agreements and employee rights and interests protection measures

The Company conducts all operations and management in accordance with the Labor Standards Act and other applicable regulations. To promote labor-management cooperation and enhance work efficiency, the Company holds regular labor-management meetings in accordance with the Regulations for Implementing Labor-Management Meetings. These meetings provide a platform for open communication, allowing both parties to exchange views, build consensus, and work together toward a harmonious and mutually beneficial work environment.

4.5.7 For the most recent year and as of the date of publication of the annual report, disclose the losses suffered as a result of labor disputes(including any violations of the Labor Standards Act found in labor inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the substance of the legal violations, and the content of the dispositions) and the estimated amount and response measures that may occur now and, in the future: None.

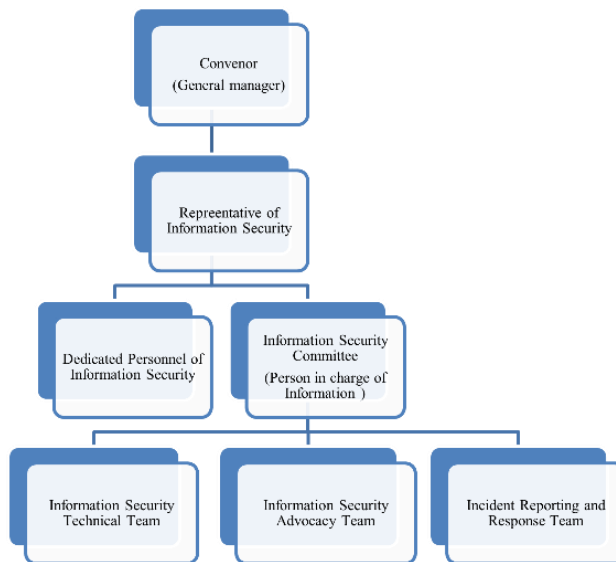
#### 4.6 Information security management.

4.6.1 Describe the risk management framework of information security, information security policy, specific management plan, and resources invested in information security management, etc.

The maintenance, confidentiality, and correctness of corporate information, if not protected, can cause great loss, so it is crucial for the Company to stipulate information security protocols. The Company hence set forth the Organization Rules of Information Security Committee and Regulations of Computer Information Management.

Based on the importance of information security, the responsible unit reports to the board of directors on the status of information security governance and implementation annually, with the most recent report due on 7 August 2025.

##### A. Information Security Committee Organizational Chart



## B. Information security policy and specific management plan

The Information Security Committee shall hold at least two information security meetings each year, attended by the information personnel, and may convene ad-hoc meetings as necessary.

To ensure that the employees have the ability to comply with the prevention and security of information system, follow network transmission information security, and manage crisis-related matters, the Company will conduct a factory-wide training for all employees with respect to information security every year to remind employees of information security risks and related operating procedures. The training includes promotion of the information security policy, legal requirements, operating procedures, safety responsibility, security precautions or data exchange of every information system, proper storage of confidential or sensitive information, correct use of information equipment and information management system, and training of processing procedures. The Company uses the online training materials so employees can access the information from time to time.

The Company has established a computer network system security control mechanism and uses anti-virus software internally to scan files daily to detect abnormal files so they can be cleared in real-time, while it is also forbidden to use certain applications.

Firewall intrusion prevention detection and anti-virus applications are also performed for protection and to block abnormal applications. The Company also uses a security system and adopts a policy of responsible use to manage specific applications and equipment allowing for real-time monitoring. The Company monitors the network to prevent the leakage of confidential and sensitive information or accessing abnormal websites that may lead to hacking.

## C. Information security related work report

- (A) Define and classify confidentiality of the working file: to implement the measures in line with AEO high quality enterprise project and group ISO method to integrate project schedule
- (B) Additional internal firewall equipment was installed to enhance the cybersecurity resilience of legacy systems.
- (C) Strengthen colleagues' information security concept
- (D) Authorization review of important systems (ERP, etc.) (to be implemented once a year): Confirmed and executed by information management audit personnel.

#### D. Social engineering exercise results

Threats from malicious emails and phishing attacks have become increasingly serious. At a minimum, such incidents may result in the disclosure of personal account credentials or malware infections; in more severe cases, they may cause significant financial losses and adversely affect the Company's reputation.

The information management unit periodically conducts email social engineering drills to test whether users are attracted by exaggerated or sensational email subject lines and subsequently open emails or click on phishing links. For users who click on such links, in-person training sessions are arranged to further strengthen information security awareness.

#### E. Operation of information security protection

The Group's current information security protection mechanisms include: Periodic information security awareness programs for all plant personnel (including periodic email social engineering drills); a spam email filtering system that blocks emails containing abnormal sources or suspicious attachments; and a WSG web security gateway that blocks network connections with potential information security risks.

#### F. Implementation in 2025

(A) In 2025, 2 Information Security Management Committee meetings were held to review the implementation of information security management.

(B) In 2025, 1 hour of online information security education and training for the entire factory were handled, with 255 people participated.

(C) In 2025, disaster recovery drills were conducted using an off-site backup data center.

4.6.2 State the losses, possible impacts and responsive measures information taken related to major information security incidents suffered in the most recent year and as of the date of printing of the annual report, and if it is not reasonably estimable, state the fact that it is not reasonably estimable: None.

#### 4.7 Material contracts

Type of contract	Parties	Period	Major contents	Restrictions
Loan Contract	Banking of Taiwan	December 2017- December 2032	Medium and long term loan	None

Note: For significant contracts of Turvo International Co., Ltd., a subsidiary included in the Company's consolidated financial statements, please refer to its 2025 annual report.

## V. Review of Financial Conditions, Financial Performance, and Risk Management

### 5.1 Analysis of Financial Status

Financial Standing Comparison and Analysis Table

Unit: NT\$ thousands

Item \ Year	2025	2024	Difference	
			Amount	%
Current Assets	6,334,973	6,494,159	-159,186	-2.45%
Fixed Assets	3,723,378	3,907,309	-183,931	-4.71%
Intangible Assets	1,483,801	1,534,238	-50,437	-3.29%
Other Assets	1,456,486	1,204,998	251,488	20.87%
Total Assets	12,998,638	13,140,704	-142,066	-1.08%
Current Liabilities	3,335,058	2,881,231	453,827	15.75%
Non-current Liabilities	1,109,055	1,181,362	-72,307	-6.12%
Total Liabilities	4,444,113	4,062,593	381,520	9.39%
Capital stock	665,356	665,356	0	0.00%
Additional paid-in capital	1,890,261	1,890,261	0	0.00%
Retained Earnings	3,159,772	3,209,633	-49,861	-1.55%
Other components of equity	(361,771)	(200,145)	-161,626	80.75%
Treasury stock	(182,045)	-	-	-
Non-controlling interests	3,382,952	3,513,006	-130,054	-3.70%
Total Stockholders' Equity	8,554,525	9,078,111	-523,586	-5.77%
<p>1. The reasons for the changes in the increase or decrease are as follows:</p> <p>(1) Other assets: Primarily attributable to an increase in financial assets measured at amortized cost - non-current, and other non-current assets.</p> <p>(2) Other equity: Primarily attributable to a decrease in exchange differences arising from the translation of the financial statements of foreign operations.</p> <p>2. Impact: No significant impact.</p>				

## 5.2 Analysis of Financial Performance

Financial Performance Comparison and Analysis Table

Currency: NT\$ thousands; %

Item	Year		Difference	
	2025	2024	Amount	%
Net Sales	8,103,980	8,337,227	-233,247	-2.80%
Gross Profit	2,182,305	2,455,681	-273,376	-11.13%
Operating Income	730,043	931,208	-201,165	-21.60%
Non-operating Income and Expenses	133,487	270,426	-136,939	-50.64%
Income from continuing operations before income tax	863,530	1,201,634	-338,104	-28.14%
Income from continuing operations, net of tax	630,351	920,353	-290,002	-31.51%
Income (Loss) from Discontinued Operation	-	-	-	-
Net Income	630,351	920,353	-290,002	-31.51%
Total other comprehensive income, net of tax	(205,538)	177,216	-382,754	-215.98%
Total comprehensive income	424,813	1,097,569	-672,756	-61.30%
Stockholders of the parent	366,154	453,188	-87,034	-19.20%
Non-controlling interests	264,197	467,165	-202,968	-43.45%
Stockholder of the parent	210,737	529,171	-318,434	-60.18%
Non-controlling interests	214,076	568,398	-354,322	-62.34%
Earnings per share-basic	5.52	6.81	-1.29	-18.94%

### 5.2.1 Analysis of changes in financial ratios

- A. Decrease in gross profit: Primarily due to the decrease in net sales.
- B. Decrease in non-operating income and expenses: Mainly attributable to a decrease in net foreign exchange gains.
- C. Decrease in income before tax: Same as items 1 and 2.
- D. Decrease in net income from continuing operations: Same as items 1 and 2.
- E. Decrease in net income (loss) for the period: Same as items 1 and 2.
- F. Decrease in other comprehensive income (net of tax) for the period: Primarily attributable to a decrease in exchange differences arising from the translation of the financial statements of foreign operations.
- G. Decrease in total comprehensive income for the period: Same as item 6.
- H. Decrease in net income attributable to non-controlling interests: Same as item 5.
- I. Decrease in total comprehensive income attributable to owners of the parent: Same as item 7.
- J. Decrease in total comprehensive income attributable to non-controlling interests: Same as item 7.

### 5.2.2 Sales Volume Forecast and Related Information:

The company has not disclosed its financial forecasts, this is not applicable.

### 5.2.3 The potential future impact upon the Company's financial operations as well as responsive measures:

The Company will monitor market trends from time to time, manage the production bases flexibly to adjust inventory to prevent slow-moving inventory and price fluctuation risk in raw materials, as well as keeping track of the economy and market demand to plan new product promotion, so as to expand market share and boost profit.

## 5.3 Analysis of Cash Flow

### 5.3.1 Liquidity Analysis of the most recent two years

Item \ Year	2025	2024	Variance (%)
Cash Flow Ratio (%)	37.83%	41.97%	-9.86%
Cash Flow Adequacy Ratio (%)	164.92%	117.77%	40.04%
Cash Reinvestment Ratio (%)	7.56%	7.96%	-5.03%
Analysis of financial ratio change:			
1. Cash flow ratio: The decrease was mainly due to an increase in net cash inflows from operating activities compared with 2025.			

### 5.3.2 Remedy for Liquidity Shortfall: None.

### 5.3.3 Cash Flow Analysis for the Coming Year

Currency: NT\$ thousands

Balance of cash at start of term (1)	Estimated Net Cash Flow from Operating Activities (2)	Estimated Net Cash Flow from Financing Activities (3)	Cash Surplus (Deficit) (1)+(2)+(3)	Leverage of Cash Surplus (Deficit)	
				Investment Plans	Financing Plans
\$2,670,322	1,387,890	(1,499,460)	2,558,752	-	-
Cash Flow Projection for Next Year:					
1. Operating activities: Operations are expected to remain stable in the coming year, with anticipated net cash inflows.					
2. Investing and financing activities: Based on the capital expenditure plan and dividend policy set for 2026, the Company expects to maintain sufficient funding. In the event of a temporary shortfall due to timing differences in receipts and payments or exchange rate fluctuations, the Company will address the gap through bank borrowings.					

### 5.4 Major Capital Expenditure Items

The major capital expenditure for 2025 to date has been attributed to the subsidiary, TURVO INTERNATIONAL CO., LTD., which has expanded its plant facilities and acquired new equipment to support future revenue growth.

### 5.5 Investment Policy in the Last Year, Main Causes for Profits or Losses, Improvement Plans and Investment Plans for the Coming Year

The Company's management make reinvestments based on factors such as the Company's operating needs, cost reductions, market share expansion, or the Company's global layout. An investment evaluation team was established by the Company's management to conduct a comprehensive evaluation of the Company's current conditions, future prospects and global trends, etc., and provide investment proposals for decision-makers.

Due to the higher manufacturing cost in the factories in China, certain products have been moved to the Vietnamese manufacturers. The Chinese factory is dedicated to improving efficiency, cut cost and as a result enhancing profit margins. In order to ensure a stable source of materials and reduce the cost of purchases to increase profits, in the future the Company will continue to improve the rationalization of production processes, increase the rate of manufacturing major parts by the Company itself, reduce costs, and strengthen the management of the supply chain. The Company's Vietnam plant has recently implemented a plant consolidation plan. Following the consolidation, capacity utilization benefits have gradually been realized. Going forward, the Company will continue to strictly control various production costs and enhance operational efficiency, with the aim of improving profitability.

## 5.6 Special Disclosure

### 5.6.1 Risk Assessment

#### A. Organizational Structure and Policies for Risk Management

Name of Group	Responsibilities
Board of Directors	<ol style="list-style-type: none"> <li>1. Approves the risk management policies, procedures, and framework.</li> <li>2. Ensures consistency between the operational strategy and risk management policies.</li> <li>3. Ensures the establishment of an appropriate risk management mechanism and culture.</li> <li>4. Oversees and ensures the effective operation of the overall risk management mechanism.</li> <li>5. Allocates sufficient and appropriate resources to support effective risk management.</li> </ol>
Audit Committee	<ol style="list-style-type: none"> <li>1. Reviews the risk management policies, procedures, and framework; regularly evaluates their applicability and effectiveness.</li> <li>2. Approves the risk appetite (tolerance) and guides resource allocation.</li> <li>3. Ensures that the risk management mechanism adequately addresses the risks faced by the Company and is integrated into daily operations.</li> <li>4. Approves the prioritization and classification of risk controls.</li> <li>5. Reviews the implementation of risk management, provides necessary improvement recommendations, and reports to the Board annually.</li> <li>6. Executes the risk management decisions made by the Board of Directors.</li> </ol>
Risk Management Task Force	<ol style="list-style-type: none"> <li>1. Formulates risk management policies, procedures, and framework.</li> <li>2. Defines the risk appetite and establishes qualitative and quantitative measurement standards.</li> <li>3. Analyzes and identifies sources and categories of risk; regularly reviews their applicability.</li> <li>4. Prepares and submits the annual risk management implementation report.</li> <li>5. Assists and supervises risk management activities within each department.</li> <li>6. Coordinates interdepartmental interaction and communication for risk management operations.</li> <li>7. Executes the risk management decisions of the Risk Management Committee.</li> <li>8. Plans training programs related to risk management to enhance overall risk awareness and culture.</li> </ol>
Business Units	<ol style="list-style-type: none"> <li>1. Responsible for risk identification, analysis, evaluation, and response within their respective departments.</li> <li>2. Submits annual risk management information to the Risk Management Task Force.</li> <li>3. Ensures effective implementation of risk management and control procedures to comply with the risk management policy.</li> <li>4. Oversees daily operations and establishes crisis management mechanisms as necessary.</li> </ol>
Emergency Response Task Force	<p>Formed on an ad hoc basis in response to major risks, crises, or irregular events. Convened by the General Manager to handle significant incidents and report to the Audit Office.</p>
Audit Office	<p>Conducts audits on risk management activities to ensure compliance with regulations and control procedures.</p>

## B. Risk Management Policy

The Company has established the “Risk Management Procedures,” which have been approved by the Board of Directors and serve as the Company’s highest guiding principles for risk management. Each year, the Risk Management Task Force conducts a comprehensive risk identification process to recognize potential risks that may affect the Company’s sustainable development. The task force selects the key risk categories and, in alignment with the latest developments and standards in internal audit practices, monitors potential risks and implements preventive measures to strengthen risk management. Risk management policies are formulated for each risk, encompassing management objectives, organizational structure, roles and responsibilities, and procedural mechanisms. These policies are thoroughly implemented to ensure that risks arising from business activities are maintained within acceptable levels.

Over the years of implementation, except for market risks which cannot be controlled in the macroeconomic environment, other risks such as financial risk, liquidity risk, credit risk, legal risk, strategic and operating risk, have all been controlled internally and effectively without faults.

### 5.6.2 Impact of changes in interest rates, exchange rates, and inflation on the Company’s profits and losses and future countermeasures.

To meet the short-term capital requirements, the Company will consider low-cost funding from the money market while also seeking financing from financial institutions. For the medium and long-term development and financial planning, capital market can be leveraged when appropriate.

Interest risk shall refer to the fluctuation of financial instruments’ fair value or future cash flow caused by changes in market interest rates. The Company’s interest rate risk mainly derives from the floating interest rates loans and fixed interest rate loans. In terms of financial commodity investment, the Company invests primarily in low-risk bank deposits, notes issued under repurchase agreement and money market or bond funds to ensure funds safety and keep liquidity.

The Company’s products are mainly exported overseas, and the main income is in US Dollars. The foreign currency income covers the foreign currency expenditure required for imports. In addition, financial analysts will constantly be updated on global markets information, be aware of the exchange rate trend and refer to the analysis and suggestions provided by banks. Depending on the actual funding needs and exchange rate changes, foreign exchange deposit positions may be adjusted when appropriate, and when there is greater exchange fluctuation, the Company will execute forward exchange, exchange agreement with banks to avoid further losses. The Company will keep observing the changes in the financial market, follow the Company's hedging principle to lower the aggregated exposure, and use the exchange hedging instrument properly to reduce the effect of exchange rate fluctuations on the Company’s profit/loss.

As the Company operates in an export-oriented industry, exchange rate changes may affect revenue and profits. The Company's hedging measures against exchange rate changes are described below:

- The export quotation considers the fluctuation of currency exchange rates and adjusts sale price timely to reflect cost.
- Establish dedicated foreign currency accounts to reduce the impact of exchange rate fluctuation and determine appropriate timing to settle currency exchange and goods payments.
- The finance department maintains close ties with the foreign exchange departments at banks in order to keep track of the global currency exchange changes and make foreign currency denominated asset /liability hedging assessment from time to time to reduce negative impact from exchange rate changes.
- Stipulated the "Process for obtaining or disposing of assets" in accordance with regulations set forth by the Securities and Futures Bureau, Financial Supervisory Commission to govern the procedures for trading, risk management, supervision and auditing of derivative financial products, and enhance risk control with respect to the Company's use of financial instrument to hedge against exchange rate risk.
- Always keep track of market exchange rate changes and negotiable favorable exchange rates with banks.

5.6.3 Policies of engaging in high risk and high-leverage investment, fund-lending, endorsement guarantees and derivative commodity transactions; main reasons for profit or loss and future responsive measures:

- The Company's policy is to focus on the operation of core business. In addition, the Company has established "Procedures for Acquisition or Disposal of Assets" and "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees" as guidelines for engaging in related activities. The Company has not engaged in high-risk or highly-leveraged investments.
- The Company lends money to external entities: Where there is necessary for business needs between the Company and its subsidiaries to conduct fund transfers, they will be handled in accordance with the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees" established by the Company and its subsidiaries. The information regarding each fund loan to others will be announced in a timely and correct manner in accordance with legal regulations. As the Company and its affiliated enterprises have sound financial management and operate in a prudent manner, there have been no losses incurred due to fund loans.

- The Company's endorsement guarantees for others: When necessary, the Company and its subsidiaries provide guarantees for third-party endorsements in accordance with the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees" between the Company and its subsidiaries. The Company also comply with legal regulations and promptly and accurately disclose information on all endorsement guarantees. Due to the sound financial management and prudent operations of our company and its related enterprises, the Company has never suffered losses due to endorsement guarantees.
- The Company engages in derivative transactions with a conservative and prudent approach, and all transactions are made for the purpose of hedging, and such transactions are treated in accordance with the 'Procedures for obtaining or disposing of assets.
- Future responsive measures: The Company has engaged in investing, lending money to others and the endorsement guarantee will be handled in accordance with the 'Procedures for Acquisition or Disposal of Assets' and 'Procedures for loaning funds and endorsement guarantee'. In the future, the Company will continue to strictly control derivatives transactions based on the exchange rate risk control principles in order to reduce exchange rate risk and hedge against foreign exchange losses.

#### 5.6.4 Future R&D Plan and Expected Costs

The Company's R&D team is focused on developing its own talents. It focuses on nurturing professionalism and skills, accumulating experience and expertise and initiate cooperation with the industry, government and academia therefore strengthening the technical capabilities and quality of the team. The Company aims to introduce 3D design software, modular design methods, collaborative design, design environment standards, and coordinated engineering. There are a number of advanced design methods such as mold flow analysis, stress analysis and motion analysis to speed up development time and enhance R&D quality so the Company can move towards developing more diversified products.

It is expected in 2026 that R&D manpower will increase. The estimated R&D expenditure is expected to account for about 3% to 5% of the revenue.

#### 5.6.5 Impact of foreign and domestic policy changes on the Company's financial operations and corresponding measures:

In recent years, the important changes of the domestic and foreign policies and laws have not affected the Company's finances. The Company always monitors the development of domestic and foreign political and economic situations and legal changes. Furthermore, the Company has fully understand the state of development and respond to changes in the market and always maintain a high level of vigilance and have the ability to respond appropriately to changes in the market environment. If needed, the Company will immediately consult with CPAs and lawyers, thus reducing the possible impact in the future.

5.6.6 The impact of technological changes (including information security risks) and industrial changes on the Company's financial operations and corresponding measures:

The Company is committed to the research, development and manufacturing of household sewing machines and has accumulated more than 50 years of rich experience in production, sales and building flexible strategy, which is able to stay with changes in market demand while actively investing in research and development. The OEM model was transformed into the ODM model, with strong customization capabilities and excellent product quality. Product quality has been receiving acknowledgement from the world's top manufacturers. In addition, the Company is developing its front-end process and business development. The Company actively carries out the process of restructuring and cooperation, improving each branch of the Company and raising the technology threshold.

Household sewing machines production is a labor-intensive industry, and as a result of the rising domestic labor price, the Company moved its production to China and Vietnam to establish overseas production bases. The move greatly increased the production capacity of sewing machines, and also increased the proportion of household use parts, reduced product costs and therefore faced the risk of risking initial costs.

In addition to possessing the same technical ability as the rest of the industry, the Company has also developed other advanced and unique techniques to manufacture household sewing machines. The most difficult part is the integration of mechanical structure and electrical control. The Company has accumulated many years of research and development experience, obtained a number of sewing machine patents, and is committed to the research and development of new products, from the simplification of mechanical structure and the modularization of the manufacturing process to the integration of computer and mechanical technology. The Company has many years of experience in departmental adjustment and connection. The connection between products is good and there are no major technical skills related risks.

5.6.7 The impact of change in corporate image and crisis management.

The Company has long been dedicated to corporate social responsibility, public welfare, and educational initiatives. Upholding the principles of integrity and pragmatism, the Company places great emphasis on its corporate image and risk control. In the event of any incident that may jeopardize the Company's operations or necessitate significant changes, the Emergency Response Team will promptly take the necessary actions. As of the most recent fiscal year and up to the date of this annual report, the Company maintains a positive corporate image, and no foreseeable crisis has been identified.

5.6.8 Expected benefits, possible risks and corresponding measure for mergers and acquisitions:

The Company has not engaged in any merger or acquisition plans in the most recent year and up to the printing date of the annual report. If the aforementioned plans are evaluated and executed in the future, they will be conducted in accordance with the Company's relevant regulations and laws.

5.6.9 Expected benefits, possible risks and corresponding measures for expanding the plant

The Company has no plans to expand the plants in the most recent year and up to the printing date of the annual report. If the aforementioned plans are evaluated and executed in the future, they will be conducted in accordance with the Company's relevant regulations and laws.

5.6.10 The risks and countermeasures faced in the purchase or sales concentration.

The Company's largest sales customer in 2025 had a total sales amount of NT\$2,467,480 thousand, accounting for 30.45% of total sales. The sales concentration decreased compared to 25.74% in the previous year.

Sales concentration of sewing machine occurred mainly because the customer is a globally celebrated sewing machine brand. The Company's product quality, research ability, available machine model, and production scale are recognized by the customer so that the Company becomes its main ODM outsourcing manufacturer. However, the Company is well aware that sales concentration will expose the Company to higher operation risk and will take the following countermeasures:

A. Maintain good supply relationship

Customer loyalty in the brand is high, therefore, downstream companies continue to order from The Company, every well-known household sewing machine brand needs to have stable product quality and timely delivery supplier, while maintaining a good supply relationship. At the current stage of household sewing machine production, judging by the industry development patterns, the household sewing machine market will be most competitive. Due to the complexity of the machine (requiring roughly 200 or more parts), the product requires precision in assembly and high quality. Various well-known brands are likely to have unstable supply risks if they look for suppliers that run small factories.

#### B. Strengthen customer dependency on the Company

The Company values communication with customers regarding market insights and product information, continuously monitoring industry trends and helping customers seize opportunities with a forward-looking approach. By deepening customized collaboration, the Company provides tailored products and solutions based on customers' market characteristics, pain points, and actual needs. Leveraging a comprehensive one-stop service, from product design and manufacturing to delivery, combined with a diverse product portfolio and flexible production capabilities, the Company serves as a solid support for customers in capturing market share and further strengthening long-term, stable, and strategic partnerships.

#### C. Actively develop high-end computerized sewing machines

At present, the Company's computer-integrated sewing machines are mainly medium and low-end models. But with the Company's continuous dedication, computerized sewing machines have been successfully developed, which are higher-end computerized sewing machines. The Company used mainly offer household-friendly machine. As sales of higher-end computerized sewing machines were divided among different customers, concentration of customers was reduced.

#### D. Customized products required by customers

The Company has strong customization capabilities and has provided many customers with customized products they needed. There is a high degree of dependence from customers on the Company, thereby mitigating the risk of the Company's concentration of certain sales.

#### E. Develop new products with customers

In addition to customizing the products required by customers, the Company also develops new products with customers. The products that the Company has developed with customers in the past were all mechanical models. However, during the cooperation process, customers gradually agree with the Company's development of computerized sewing machine technology.

F. Develop a market for secondary appliances

In order to avoid sales concentration on a single household sewing machine product, the Company proactively developed a second product for the home appliances market. We also increased engineering manpower in line with customers' transition and continue to develop a market for new home appliances.

G. Extend product line with existing equipment

Due to the gradual increase of production costs in mainland China and the implementation of the labor contract law, the Company transferred orders that were originally produced in China to a Vietnamese subsidiary. Its product line was extended via aluminum alloy die-casting equipment and processing and plastic injection equipment.

To sum up, the Company always has a large concentration of sales due to the fact that the customer is a leading household sewing machine manufacturer in the world. The Company aims to continually improve the existing customer satisfaction and enhance the competitive advantage and customer maintenance. In addition, we will actively develop new products and develop new capacity to diversify the Company's products.

5.6.11 Directors or large shareholders holding more than 10% of shares. Company influence, risk insurance and corresponding measures:

The Company's directors or major shareholders holding more than 10% of shares did not make any significant transfer of equity in the most recent year and as of the printing date of the report. The Company's operation was very stable.

5.6.12 The impact, risks and countermeasures of the change of management rights on the Company

The Company's operations are sound and profitable. The directors or large shareholders holding more than 10% of shares in the most recent one years and as of the printing date of the report did not engage in mass transfer of equity. The management right of the Company was very stable

5.6.13 Litigation or non-litigious events

- A. Any conclusive or pending significant litigious, non-litigious cases or administrative disputes of the Company: None.
- B. The situation where the Company's directors, general managers, the de facto responsible persons, major shareholders and associates holding more than 10% of shares who are involved in any significant litigation, non-litigious proceeding, or administrative dispute that was finalized or still pending, and the result of which could have material impact upon the shareholders' equity or prices for the Company's securities: None.

5.6.14 Other important risks: None.

5.7 Other important item: None

## **VI. Special Disclosure**

### 6.1 Information on Related Parties:

Please refer to the Market Observation Post System (MOPS).

[Website: [https://mopsov.twse.com.tw/mops/web/t57sb01\\_q10](https://mopsov.twse.com.tw/mops/web/t57sb01_q10)

Market Observation Post System >Individual Company > Electronic Document Download > Related Parties - Three Statements Section. Enter the company code (or abbreviation) to access related party information.

### 6.2 Any Private Placement of Securities for the Most Recent Fiscal Year and during the Current Fiscal Year up to the date of Publication of the Annual Report

Approved by the Board of Directors on January 22, 2026, and pending resolution by the shareholders' meeting.

### 6.3 Additional Information Required to be Disclosed

None.

## VII. Material Events Occurring in the Most Recent Year and up to the Date of the Annual Report Publication as Defined in Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act that Could Have a Significant Impact on Shareholders' Equity or Securities Prices: None.

Thank you for attending the shareholders' meeting,

Any suggestions and insights are welcome!

# MEMO

Zeng Hsing Industrial Co., Ltd.

Chairman: CHIH-CHENG LIN