



STOCK CODE : 8404

PAIHO SHIH HOLDINGS CORPORATION

2024 Annual Report **(Translation)**

**Annual Reprot is available at [https : //mops.twse.com.tw](https://mops.twse.com.tw)
[http : //www.kypaiho.com](http://www.kypaiho.com)**

Printed on April 30, 2025

1.1 Spokesman

Name : Yu-Min Chang

Title : Manager/ Financial Management Center

Tel : +886-4-7561340

E-mail : f182@paiho.com

Deputy Spokesman

Name : Shu-Ling Huang

Title : Manager/ Audit Office

Tel : +886-4-7561340

E-mail : f240@paiho.com

Litigation and Non-Litigation Agent within R.O.C

Name : Kuo-Ian Cheng

Title : Chairman

Tel : +886-4-7561340

E-mail : f182@paiho.com

1.2 Address and Telephone Number of Head Office, Subsidiaries and Factories

1.2.1 Head Office

Name : Paiho Shih Holdings Corporation Tel : +886-4-7561340

Address : The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, P.O. Box 32052, Grand Cayman KY1-1208, Cayman Islands.

Address of Taiwan office : No.575, Ho Kang Rd., Ho Mei Township, Changhua County 508, Taiwan.

1.2.2 Operation Headquarters & Wuxi Subsidiary Company

Name : Thomas Dynamic Material (Jiangsu) Co., Ltd. Tel : +86-510-88261688

Address : No.18, Hexin Rd., Xishan Economic Development District, Wuxi City, Jiangsu, China.

1.2.3 Dongguan Subsidiary Company

Name : Dongguan Paihong Industry Co.,Ltd. Tel : +86-769-88745111

Address : No.17, Huanbao Mid Road, Shatian Town, Dongguan City, Guangdong, China.

1.2.4 Shanghai Subsidiary Company

Name : Shanghai Best Expectation Textile Trading Limited. Tel : +886-510-88261688

Address : Room 328, Floor 3, Unit 2, No.231 Shibocun Road, China (Shanghai) Pilot Free Trade Zone, China.

1.2.5 Hong Kong Subsidiary Company

Name : Hong Kong Antex Limited. Tel : +86-852-23802376

Address : Unit B & C ,16/F, Mai Luen Industrial Building, 23-31, Kung Yip St., Kwai Chung, NT, Hong Kong.

1.2.6 Hong Kong Subsidiary Company

Name : Hong Kong Best Expectation International Trading Limited.

Tel : +886-510-88261688

Address : Room 4, 16th Floor, Haojing Commercial Center, 2-16 Garden Street, Mongkok, Kowloon, Hong Kong

1.2.7 Vietnam Subsidiary Company

Name : Vietnam Paihong Limited Company. Tel : +84-274-6272288

Address : Lot C_6A_CN, Bau Bang Industrial Zone Extension, Lai Uyen Town, Bau Bang District, Binh Duong Province, Vietnam.

1.2.8 Wuxi Subsidiary Company

Name : Wuxi Paihong Real Estate Co.,Ltd. Tel : +86-510-88789866

Address : No.1399, Dongxiang Rd., Anzhen St. , Xishan District, Wuxi City, Jiangsu , China.

1.2.9 Wuxi Subsidiary Company

Name : Wuxi Paiwei Biotechnology Co.,Ltd. Tel : +86-510-88263199

Address : No.18, Hexin Rd., Xishan Enconomic Development District, Wuxi City, Jiangsu, China.

1.2.10 Samoa Subsidiary Company

Name : Hon Shin Corp.

Tel : +84-274-6272288

Address : Portcullis Chambers, P.O. Box 1225, Apia, Samoa.

1.3 List of Board of Directors

Title	Name	Nationality	Major Experience
Chairman	Kuo-Ian Cheng	R.O.C	Please refer to page 9-11 for details.
Director	Representative of Paiho Int'l Limited. : Shih -Chao Huang	R.O.C	
Director	Lien-Fa Tsai	R.O.C	
Director	Cheng-Chu Lin	R.O.C	
Director	Yong-Jen Tsao	R.O.C	
Director	Shih-Chang Ko	R.O.C	
Independent Director	Yung-Fu Wu	R.O.C	
Independent Director	Wen-Chang Chen	R.O.C	
Independent Director	Yuh-Ching Tsai	R.O.C	
Independent Director	Kai-Li Wang	R.O.C	

1.4 Stock Transfer Agent

Name : The Transfer Agency Department of CTBC Bank

Tel : +886-2-6636-5566

Address : 5F, No.83, Sec. 1, Chung-Ching S. Rd., Taipei 100003, Taiwan

Website : <https://www.ctbcbank.com>

1.5 CPAs for Recent Annual Financial Statements

Name of CPAs : Ting-Chien Su
Shao-Chun Wu

Taichung office :
22F, No. 88, Sec. 1, Huizhong Rd., Xitun Dist., Taichung, 40756, Taiwan

Accounting Firm's Name:

Tel : +886-4-3705-9988

Deloitte Touche Tohmatsu Limited.

Address : 20F, No.100, Songren Rd., Xinyi Dist., Taipei, 110016, Taiwan

Website : <https://www.deloitte.com.tw>

Tel : +886-2-2725-9988

1.6 Name of Any Overseas Securities Trading Agency and Method for Searching the Information of the Overseas Securities : Not applicable.

1.7 Corporate Website : [http : //www.kypaiho.com](http://www.kypaiho.com)

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I. Letter to Shareholders

First, we appreciate your attendance at the present shareholders' meeting and your long-term support and care of our Company.

We sincerely look forward to all shareholders' continuous great encouragement and support for Paiho Shih Holdings Corporation. The Company's 2024 business report and 2025 business plan overview are reported as follows:

1.1 2024 Business Report

1.1.1 Business Implementation Outcome

Unit : NT\$ thousands

Item	2024	2023	Difference Amount	Difference %
Net Sales	7,000,097	5,269,433	1,730,664	32.84
Gross Profit	2,606,605	1,550,747	1,055,858	68.09
Profit from Operations	998,064	(66,668)	1,064,732	1,597.07
Profit Before Income Tax	539,953	(581,774)	1,121,727	192.81
Net Profit	368,347	(627,318)	995,665	158.72
Change and Difference Analysis: The increase in net operating revenue in 2024 was mainly due to rising overall market demand and the continued development of new products. In addition, higher production volume and effective control over personnel and service costs led to a reduction in unit fixed production costs. As a result, gross profit, operating profit, profit before tax, and net profit for the period all increased compared to the same period last year.				

1.1.2 Budget Execution: For the year of 2024, the Company has not established a financial forecast.

1.1.3 Financial Revenue/ Expenditure and Profitability Analysis

Item		2024	2023
Capital Structure(%)	Debt Ratio	63.71	73.07
	Long-term Fund to Property, Plant and Equipment Ratio	115.02	92.47
Liquidity(%)	Current Ratio	82.75	76.61
	Quick Ratio	44.07	38.30
Profitability(%)	Return on Total Assets	4.02	(0.33)
	Return on Equity	6.44	(12.06)
	Net Profit Margin	5.26	(11.90)
	Earnings Per Share Attributable to Shareholders of the Parent (NT\$)	0.93	(1.90)

1.1.4 Status of Research and Development

The Company and subsidiaries are established with a dedicated research and development department or design center, in charge of the research and development of all products and manufacturing processes. The annual research and development budget invested accounts for 5% of the net sales. The Company and subsidiaries will continue to develop and innovate based on each brand style or demand, as well as popular trends, to upgrade added value, satisfy the personalized needs of different customers, and improve the corporate economic efficiency.

The annual planned development in 2025 for new products and research of the Company and subsidiaries include: Flat bottom and surface fluorescent wrinkle elastic band; rope arranged alternately by two separated flat straps and a integrated cylinder along its length direction; three color concave and convex jacquard webbing with the longitudinal strip edges of protruding rope patterns and longitudinal strip middles of non perforated meshes; Terry velcro with the flashes of black and white two colors; durable anti-static velcro; dumbbell shaped cross-section warp tape with the function of anti-static, antibacterial and not easily pressed-flat; double-needle-bed warp-knitted fabrics with concealed-stripe ink-wash effect; micro-relief two-color mesh warp-knitted fabrics; warp-knitted mesh fabrics with a stacked structure of varying densities; two-color pile-raised warp-knitted fabrics; warp-knitted mesh fabric with one waterproof side and one moisture-management side; mildew-resistant antibacterial skin-friendly magnetic-function webbing; micro-elastic three-dimensional bubble-textured fabric; segmented-

insertable elastic fabric for electronic devices; three-dimensional corrugated-edge dynamic mother-and-child elastic fabric; spacing-adjustable flower-arranging perforated anti-slip and anti-detachment webbing; flexible and high-peel-strength hook-and-loop fastener tape, etc.

1.2 2025 Business Plan Overview

1.2.1 Operational Strategy

Integrity and cooperation, commitment to innovation, sustainable operations, and shared growth.

1.2.2 Expected Sales Quantity and Its Basis

The Company actively develops new products and expands their application scope. These products are widely used across various industries, and our customers span a broad range of sectors. However, due to differing measurement units across product categories, a consolidated total cannot be calculated. The continued development of new products and applications, along with the strategic expansion into China and Southeast Asian markets, has provided steady momentum for the Company's ongoing growth.

1.2.3 Important Production and Marketing Policies

1. To deploy the online selling platform, we have created a mobile digital catalog with an interactive search engine to enable total and integrated solutions for the customers of different sectors.
2. By integrating resources within the Group, and leveraging intelligent upgrades and digital transformation, the Company has optimized process design, strengthened quality awareness, reduced production costs, and improved production efficiency.
3. The Company is committed to deepening its presence in target markets, continuously developing innovative products, expanding its customer base, and enhancing partnerships with more brands. These efforts aim to lay a solid foundation for brand sales and establish the Company as a long-term strategic partner.
4. The Company will comprehensively enhance its marketing capabilities, strengthen overseas production and sales operations, and accelerate the deployment of its international marketing network to respond swiftly to market changes.
5. The Company continues to invest in various environmental protection initiatives, enhance the eco-friendliness of its "Green Factories" and products, deepen its commitment to the circular economy, implement carbon emissions inventories and energy management systems, and strengthen corporate governance. At the same time, the Company actively engages in social participation and prioritizes employee well-being, laying a solid foundation for sustainable development.

1.2.4 The Company's Future Development Strategy

1. We continue to strengthen the layout in Mainland China and Southeast Asia; strengthen the R&D, production, and sales capabilities in various regions to serve customers close-by and meet customer needs.
2. The Company consistently elevates its standards of production management, integrating digital and innovative technologies into manufacturing processes to comprehensively advance its level of intelligent operations.
3. Upholding a leading role in research and development, the Company deepens industry-academia research collaboration to enhance product quality. It also provides customized design solutions, helping clients realize their creative ideas and establishing the Company's unique service advantages.
4. We continue to strengthen product development, manufacturing, and sales capabilities, aiming to deliver high-quality, innovative, and differentiated products that align with market demands.
5. The Company reinforces its internal control management to promote healthy operations, enhance risk prevention capabilities, and elevate the standardization of operations, ensuring continuous improvements to its management system.
6. To meet future strategic needs, the Company continues to attract top talent, enhancing its competitive edge in human resources. It is also committed to building diverse talent pipelines to support long-term sustainable development.
7. The Company is dedicated to advancing all aspects of ESG, implementing environmental protection practices, strengthening corporate governance, and fulfilling social responsibilities through green initiatives – further laying the groundwork for sustainable growth.

1.2.5 Impacts of External Competitive Environment, Regulatory Environment, and Overall Operating Environment

In recent years, the global landscape has been impacted by a range of factors, including geopolitical conflicts, intensifying inflation, US-China trade tensions, and the restructuring of global supply chains. Amid this complex and dynamic economic environment, the Company remains agile in adjusting its global presence in response to external changes. Through continuous innovation and timely adjustments to its product portfolio, the Company integrates resources to focus on developing high value-added products and services. It also strengthens corporate governance and fulfills its social responsibilities, fully embracing the values of technology, health, sustainability, and shared prosperity – realizing its vision of sustainable operations and continued growth.

Chairman : Kuo-Ian Cheng General Manager : Hsin-Jung Cheng Accounting Officer : Yu-Min Chang

II. Company Profile

2.1 Company & Group Introduction

2.1.1 Date of Establishment & Group Introduction

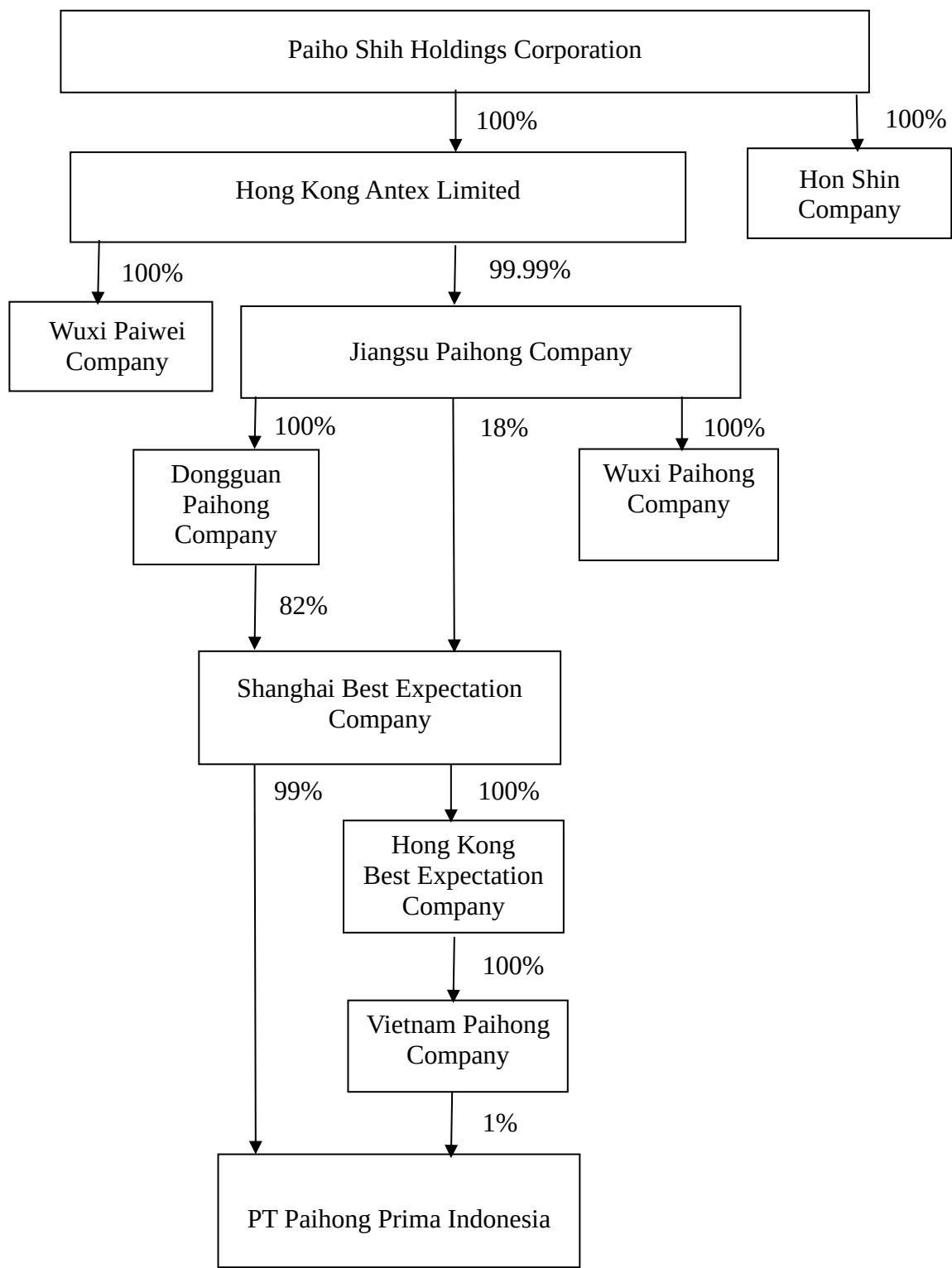
PAIHO SHIH HOLDINGS CORPORATION was established on November 6, 2006 in Cayman Islands. The Company's main business items are the production and sale of touch fastener, webbing (shoelaces), elastic, jacquard engineered mesh, etc., supplemented by other work in sales of apartments, offices or parking lots. Its main market is in China and the business is operated by Thomas Dynamic Material (Jiangsu) Co., Ltd. (Jiangsu Paihong Company) and Dongguan Paihong Industry Co., Ltd. (Dongguan Paihong Company). In order to build the layout of Southeast's market, in 2016, Vietnam Paihong Limited Company. (Vietnam Paihong Company) was established and planed to establish PT Paihong Prima Indonesia. (Paihong Indonesia Company) in indonesia.

Besides, to take the opportunity of domestic market growth in China, the Company established Wuxi Paihong Real Estate Co., Ltd. (Wuxi Paihong Company) in 2013. The Company set up Wuxi Paiwei Biotechnology Co.,Ltd. (Wuxi Paiwei Company) in 2017.

To meet the future business needs, a subsidiary in Shanghai Pilot Free Trade Zone, Shanghai Best Expectation Textile Trading Limited (Shanghai Best Expectation Company), dedicating to international investment and trading was established in 2021. Followed by the venture above, a Hong Kong subsidiary, Hong Kong Best Expectation International Trading Limited (Hong Kong Best Expectation Company), was created by Shanghai Best Expectation Company to conduct international investment and trading.

2.1.2 Group Structure

April 30, 2025



2.1.3 Risk Analysis : Please refer to page 140-144 of this annual report.

III. Corporate Governance Report

3.1 Background Information of Directors, General Manager, Vice General Managers, Senior Managers, and the Chiefs of All the Company's Departments and Branch Offices

3.1.1 Information of the Directors

April 12, 2025

Title	Nationality	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse and Minor Shareholding		Shareholding by Nominee Arrangement	
							Shares	%	Shares	%	Shares	%	Shares	%
Chairman	R.O.C.	Kuo-Ian Cheng	Male 66-70	2022.06.22.	3Years	2006.11.06 (Note 3)	25,554,482	8.11%	34,966,301	8.74%	663,276	0.17%	0	0
Director	R.O.C.	Paiho Int'l Limited.	-	2022.06.22.	3Years	2022.06.22	162,632,396	51.6%	199,247,299	49.82%	0	0	0	0
		Representative : Shih -Chao Huang	Male 66-70				639,760	0.20%	529,748	0.13%	0	0	0	0
Director	R.O.C.	Lien-Fa Tsai	Male 66-70	2022.06.22.	3Years	2013.06.20	25,660	0.01%	31,437	0.01%	0	0	0	0
Director	R.O.C.	Cheng-Chu Lin	Male 81-85	2022.06.22.	3Years	2010.05.07	0	0	0	0	0	0	0	0
Director	R.O.C.	Yong-Jen Tsao	Male 61-65	2022.06.22.	3Years	2010.05.07	0	0	0	0	0	0	0	0
Director	R.O.C.	Shih-Chang Ko	Male 71-75	2022.06.22.	3Years	2010.05.07	0	0	0	0	0	0	0	0
Independent Director	R.O.C.	Yung-Fu Wu	Male 56-60	2022.06.22.	3Years	2010.05.07	0	0	0	0	0	0	0	0
Independent Director	R.O.C.	Wen-Chang Chen	Male 66-70	2022.06.22.	3Years	2022.06.22.	170,673	0.05%	209,097	0.05%	0	0	0	0
Independent Director	R.O.C.	Yuh-Ching Tsai	Female 51-55	2022.06.22.	3Years	2022.06.22.	11,000	0	13,476	0	0	0	0	0
Independent Director	R.O.C.	Kai-Li Wang	Male 61-65	2022.06.22.	3Years	2022.06.22.	5,000	0	6,125	0	0	0	0	0

Title	Name	Education & Secleted Past Positions	Current Positions at the Company and Other Companies	Directors and Managerial Officers who are Spouses or within Two Degrees of Kinship			Note
				Title	Name	Relation	
Chairman	Kuo-Ian Cheng	• Dep. of Auto Mechanics, Chia-Yang Industrial High School • Chairman, Song Dian Vehicle Co., Ltd. • Vice Chairman, Taiwan Paiho Limited.	Note 1	• General Manager, Dongguan Paihong Company • Executive Vice General Manager, Jiangsu Paihong Company	Chen-Chia Cheng	The First Degree	Note 2
				• General Manager, Paiho Shih Holdings Corporation	Hsin-Jung Cheng	The First Degree	
Director	Representative of Paiho Int'l Limited. : Shih -Chao Huang	• Bachelor of Architecture, Chinese Culture University	• A responsible person, Standford Kindergarten (Changhua branch and Hemei branch) • Chairman, Beijing Jing Yua Mao Trading Co., Ltd. • Chairman, Shandong Hua Hua Trading Co., Ltd.	None	None	None	None
Director	Lien-Fa Tsai	• Bachelor of Accounting, Fu Jen Catholic University • Certified Public Accountant • Vice General Manager, Mega Securities Co., Ltd.	• Vice General Manager and Financial Officer, Tripod Technology Co., Ltd. • Director, Trison Technology Corporation. • Director, Tripod Nano Technology Corporation.	None	None	None	None
Director	Cheng-Chu Lin	• Bachelor of Accounting and Statistics, Overseas Chinese University • Bachelor of Economics (incompleted), Feng Chia University • Revenue Officer, Subsection Chief, Section Chief, Chief Secretary, Bureau of Taxation • Outstanding Revenue Agent Award (Ministry of Finance)	None	None	None	None	None
Director	Yong-Jen Tsao	• Master of Accounting, SooChow University • Certified Public Accountant • Completed arbitrator training at the Ministry of Justice, Taiwan • Director of EnWise CPAs & Co.	• Partner and Chief Financial Officer of EnWise CPAs & Co. • Independent Director and member of Audit Committee and Compensation Committee, Ability Opto-Electronics Technology Co., Ltd. • Independent Director and member of Audit Committee and Compensation Committee, Fu Hua Innovation Co., Ltd. • Supervisor, YungFa Steel Co., Ltd. • Director, Wharton International Consulting Co., Ltd. • Reorganizer of Wintek Corporation. • Supervisor, Sinwell Technology Company Limited.	None	None	None	None

Title	Name	Education & Secleted Past Positions	Current Positions at the Company and Other Companies	Directors and Managerial Officers who are Spouses or within Two Degrees of Kinship			Note
				Title	Name	Relation	
Director	Shih-Chang Ko	· Bachelor of Accounting, National Chung Hsing University · Vice General Manager, Crowe Horwath (TW) CPAs	· Consultant, Crowe Horwath (TW) CPAs.	None	None	None	None
Independent Director	Yung-Fu Wu	· Master of Accounting, National Chengchi University · Business Manager, Yuanta Securities · Deputy Manager, Audit Departpement, KPMG International Cooperative	· Financial Senior Manager, Sunspring Metal Co., Ltd. · Supervisor, Sunspring Industrial Co. Ltd. · Supervisor, Sunspring Metal(Zhuhai) Co., Ltd. · Supervisor, Sunspring Automation Corp. · Independent Director and member of Audit Committee and Compensation Committee, Koan Hao Techconology Co., Ltd.	None	None	None	None
Independent Director	Wen-Chang Chen	· International Trade Department, Overseas Chinese University	· Director of Lee Bou International Co., Ltd. · Chairman of Dongguan Lee Fong Label Manufacture Ltd. · Chairman of Lee Bou International (Hong Kong) Co., Ltd. · Chairman of Wuxi Lide Garment Accessory Manufacturing Company Limited · Director of Vietnam Lee Bou International Co., Ltd. · Chairman of Lee Bou International Binh Duong Company Limited. · Chairman of Sixup Corporation. · Chairman of Chang Tai Chemical (Huizhou) Co., Ltd.	None	None	None	None

Title	Name	Education & Secleted Past Positions	Current Positions at the Company and Other Companies	Directors and Managerial Officers who are Spouses or within Two Degrees of Kinship			Note
				Title	Name	Relation	
Independent Director	Yuh-Ching Tsai	• Master Degree in Accounting, National Taiwan University. • Certified Public Accountant. • Manager, Audit Department, PricewaterhouseCoopers Taiwan.	• Partner of Everwell &Co., CPAs. • Independent Director and member of Audit Committee and Compensation Committee, Apex Dynamics, Inc. • Independent Director and member of Audit Committee and Compensation Committee, Formosa Optical Technology Co.Ltd. • Independent Director and member of Audit Committee and Compensation Committee, Auden Techno Corp. • Member of Compensation Committee, Aker Technology Co., Ltd. • Supervisor, Chuan Da Technology Co., Ltd.	None	None	None	None
Independent Director	Kai-Li Wang	• Ph.D., Economics, Utah State University. • Director of EMBA, College of Management, Tunghai University. • Director, Graduate Institute of Finance and Department of Finance, Tunghai University. • Consultant and Review Member of advance of individual manpower, Ministry of Labor of Executive Yuan, Taiwan. • Initiator of Taiwan Mergers & Acquisitions and Private Equity Council and Vice Chairman of its Academic Research Committee.	• Professor, Department of Finance, Tunghai University. • Dean, College of Management, Tunghai University. • Independent Director and member of Audit Committee and Compensation Committee, Dyaco International Inc. • Independent Director and member of Audit Committee and Compensation Committee, Aker Technology Co., Ltd. • Independent Director and member of Audit Committee and Compensation Committee, Sheh Kai Precision Co., Ltd. • Chairman of Taiwan Financial Development Association. • Supervisor, Financial Engineering Association of Taiwan.	None	None	None	None

Note 1 : Chairman of the Company; Chairman of Dongguan Paiho Business Service Co., Ltd; Chairman and General Manager of Jiangsu Paihong Company; Chairman of Dongguan Paihong Company; Director of Hong Kong Antex Company; Chairman of Wuxi Paihong Company; Director of Hon Shin Company; Company Chairman and General Manager of Vietnam Paihong Company; Director of Shanghai Best Expectation Company; Director of Hong Kong Best Expectation Company.

Note 2 : The chairman and general manager are relative within the first degree of kinship, as the group is in the expanding phrase, consideration is given to the inheritance of the Group's operations, which requires reinforced operation efficiency and execution. The total seat number of independent directors has increased to four in 2022. All board members are specialists in their individual professional fields. Other than the chairman, no directors are an employee or top manager of the Company to ensure corporate governance.

Note 3 : A Director of the Company representing Paiho Int'l Limited.

Major Shareholder of the Institutional Shareholder

April 12, 2025

Name of the Institutional Shareholder	Major Shareholder	Shareholding Ratio
Paiho Int’l Limited	Taiwan Paiho Company	100%

Major Shareholder

April 13, 2025

Name	Top 10 Shareholders of Taiwan Paiho Company	Shareholding Ratio
Taiwan Paiho Company	Everise Investment Co.,Ltd.	4.34%
	Chunghwa Post Co., Ltd.	3.31%
	Capital Securities Corporation in custody for Unicorn Securities Company Limited.	3.20%
	Cheng-Wei Cheng	2.32%
	Cheng-Tsung Cheng	2.24%
	Nan Shan Life Insurance Co., Ltd.	1.91%
	New Labor Pension Fund.	1.79%
	Chih-Yu Cheng	1.77%
	Citibank Taiwan in custody for Norges Bank.	1.74%
	Sen-Mei Cheng	1.66%

Directors' (including Independent Directors) Professional Qualification and Independent Information

Requirements Name	Professional Qualification and Experiences	Independent Status	Number of Other Public Companies Concurrently Serving as an Independent Director
Kuo-Ian Cheng	46 years of industrial experience which is needed by the Company. (Specialized in corporate management and marketing, as well as experience in manufacturing and real estate from the Group.) - Current Chairman of the Company. - Not been a person of any conditions defined in Article 30 of the “Company Act”.	Not applicable	None
Representative of Paiho Int’l Limited. : Shih -Chao Huang	- An architecture degree from Chinese Culture University. A current responsible person, Standford Kindergarten (Changhua branch and Hemei branch) and a current Chairman of Beijing Jing Yua Mao Trading Co., Ltd. and Shandong Hua Hua Trading Co., Ltd. - Specialized in corporate management, architecture and marketing. - Not been a person of any conditions defined in Article 30 of the “Company Act”.	Not applicable	None
Lien-Fa Tsai	- An accounting degree from Fu Jen Catholic University and certified C.P.A. in the Republic of China. - A former Vice General Manager of Mega Securities Co., Ltd. A current Vice General Manager and Financial Officer of Tripod Technology Co., Ltd. - Specialized in corporate management, accounting and finance, laws and marketable securities. - Not been a person of any conditions defined in Article 30 of the “Company Act”.	Not applicable	None
Cheng-Chu Lin	- Has an accounting& statistics degree from Overseas Chinese University and received qualified results from standard examinations on taxation, accounting and auditing. - A former employee in governmental taxation bureau for 39 years with experience from basic clerk to chief secretary. - Specialized in corporate management, accounting and finance, and taxation matters in the Taiwan area. - Not been a person of any conditions defined in Article 30 of the “Company Act”.	Not applicable	None
Yong-Jen Tsao	- Has a master degree in accounting from Soochow University and certified C.P.A. in Republic of China with the completed arbitrator training from the Ministry of Justice. - An inspector for the restructuring of Chungyo Department Store and an auditing lead at Deloitte & Touche. - A former lecturer in accounting for Chaoyang University of Technology and National Taichung University of Science and Technology, in corporate management for National Yunlin University of Science and Technology, and in taxation for Feng Chia University. - A current partner and chief financial officer at EnWise CPAs & Co., an independent director and member of the Compensation committee in other listed companies, and reorganizer of Wintek Corporation, etc. - Specialized in corporate management, accounting and finance, and laws. - Not been a person of any conditions defined in Article 30 of the “Company Act”.	Not applicable	2

Requirements Name	Professional Qualification and Experiences	Independent Status	Number of Other Public Companies Concurrently Serving as an Independent Director
Shih-Chang Ko	1. An accounting degree from National Chung Hsing University and a Vice General Manager in Crowe Horwath (TW) CPAs with years of accumulated professional experience. A current consultant of the firm. 2. Specialized in corporate management, accounting and finance, and laws. 3. Not been a person of any conditions defined in Article 30 of the “Company Act”.	Not applicable	None
Yung-Fu Wu	1. Has a master degree in accounting from National Chengchi University. 2. A former business manager of Yuanta Securities and a former deputy manager of audit department at KPMG International Cooperative. 3. A former accounting lecturer at Overseas Chinese University. 4. A current financial senior manager of the finance department at Sunspring Metal Co., Ltd (with 21 years of service) and an independent director and member of the Compensation committee in other listed companies. 5. Specialized in corporate management, accounting and finance, and marketable securities. 6. Not been a person of any conditions defined in Article 30 of the “Company Act”.	The four independent directors listed on the left have the qualifications and independence required in Article 2 and Article 3 of the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies” promulgated by the Financial Supervisory Commission during the two years prior to their assumption of office, and the qualification requirements stipulated in Article 14-2 of the “Securities and Exchange Act”. Furthermore, the independent directors have been given the right to participate in decision-making and express opinions in accordance with Article 14-3 of the “Securities and Exchange Act”, so that they can independently perform relevant powers.	1
Wen-Chang Chen	1. Has an international trade degree from Overseas Chinese University. 2. 35 years of industrial experience which is needed by the Company. (Specialized in corporate management and marketing.) 3. Currently a director and CEO of Lee Bou International Co., Ltd. and its associated entities. 4. Not been a person of any conditions defined in Article 30 of the “Company Act”.		0
Yuh-Ching Tsai	1. Has a master degree in accounting from National Taiwan University and certified C.P.A. in the Republic of China. 2. A former manager of audit department at PricewaterhouseCoopers Taiwan. 3. A former lecturer in accounting for National Taichung University of Science and Technology and Da-Yeh University, and in corporate management for Chung Chou University of Science and Technology. 4. A current partner and chief financial officer at Everwell &Co., CPAs. (with 20 years of service), an independent director and member of the Compensation committee in other listed companies, and a supervisor of Chuan Da Technology Co., Ltd., etc. 5. Specialized in corporate management, accounting and finance, and laws. 6. Not been a person of any conditions defined in Article 30 of the “Company Act”.		3

Requirements Name	Professional Qualification and Experiences	Independent Status	Number of Other Public Companies Concurrently Serving as an Independent Director
Kai-Li Wang	- Has a Ph.D. in economics from Utah State University and special talents rewarded by MOST. - A former consultant and review member of advance of individual manpower at Ministry of Labor of Executive Yuan in Taiwan, and an initiator of Taiwan Mergers & Acquisitions and Private Equity Council and a Vice Chairman of its Academic Research Committee. - A former professor in EMBA for National Cheng Kung University, National Chung Hsing University, and Feng Chia University. - A current dean of college of management and professor of finance at Tunghai University (with 22 years of service), an independent director and member of the Compensation committee in other listed companies, a Chairman of Taiwan Financial Development Association, and a supervisor of Financial Engineering Association of Taiwan, etc. - Specialized in corporate management, accounting and finance, laws and marketable securities. - Not been a person of any conditions defined in Article 30 of the “Company Act”.	The four independent directors listed on the left have the qualifications and independence required in Article 2 and Article 3 of the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies” promulgated by the Financial Supervisory Commission during the two years prior to their assumption of office, and the qualification requirements stipulated in Article 14-2 of the “Securities and Exchange Act”. Furthermore, the independent directors have been given the right to participate in decision-making and express opinions in accordance with Article 14-3 of the “Securities and Exchange Act”, so that they can independently perform relevant powers.	3

Diversity and Independence of the Board of Directors：

1. Board Diversity：The Company specifies in the “Procedures for Governing the Election of Directors ” and “Corporate Governance Best Practice Principles” that the composition of the Board of Directors shall be determined by taking diversity into consideration, and shall establish an appropriate policy on diversity based on the Company's business operations, operating dynamics, and development needs, which will be formulated and include, without being limited to, the following two general standards: 1. Basic Requirements and Values: Gender, age, nationality, and culture, etc. 2. Professional Knowledge and Skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience, etc. Furthermore, the members of the directors should generally have the ability to perform their duties as follows: 1. Operation judgment ability, 2. Accounting and financial analysis ability, 3. Business management ability, 4. Crisis handling ability, 5. Industry knowledge, 6. International market outlook, 7. Leadership ability, 8. Decision-making ability. The Company has also established a board performance evaluation system. The internal performance evaluation of the board of directors shall be conducted once a year, and an external professional independent institution or teams of experts and scholars shall be commissioned to conduct external evaluations at least once every three years. The result will be used as a reference for director elections or nominations.

The Board of the Company is composed of 10 directors (including 4 independent members). There are 10% of our directors are also employees of the Company; 40% are independent directors; 10% are female directors. Currently, four directors are aged above 70, followed by five aged between 60–69 and one aged under 60. Currently, there is only one female director, accounting for less than one-third of the board. This is due to the industry’s characteristics, making it challenging to find suitable candidates in a short period. To implement gender diversity and enhance corporate governance effectiveness, the Company plans to increase the number of female directors to at least two during the 2025 board election.

To ensure our Board of directors possesses the necessary knowledge, skills, and qualities to carry out their duties, we make timely revision to our diversity policy as it might require by the Board’s operation, operation status and development needs.

Diversity Core Items of the Board of Directors：

Title	Diversity Core Items Name of Director	Nationality	Gender	Age	Have employee identity	Business Management	Leadership Decision Making	Operation Judgment	Crisis Handling	International Market Outlook	Industry Knowledge	Accounting Finance	Law	Marketable Securities
Director	Kuo-Ian Cheng	R.O.C.	Male	66-70	V	V	V	V	V	V	V	-	-	-
Director	Representative of Paiho Int’l Limited.：Shih -Chao Huang	R.O.C.	Male	66-70	-	V	V	V	V	V	V	-	-	-
Director	Lien-Fa Tsai	R.O.C.	Male	66-70	-	V	V	V	V	V	V	V	V	V
Director	Cheng-Chu Lin	R.O.C.	Male	81-85	-	V	V	V	V	-	V	V	V	-
Director	Yong-Jen Tsao	R.O.C.	Male	61-65	-	V	V	V	V	V	V	V	V	-
Director	Shih-Chang Ko	R.O.C.	Male	71-75	-	V	V	V	V	V	V	V	V	-
Independent Director	Yung-Fu Wu	R.O.C.	Male	56-60	-	V	V	V	V	V	V	V	-	V
Independent Director	Wen-Chang Chen	R.O.C.	Male	66-70	-	V	V	V	V	V	V	-	-	-
Independent Director	Yuh-Ching Tsai	R.O.C.	Female	51-55	-	V	V	V	V	V	V	V	V	-
Independent Director	Kai-Li Wang	R.O.C.	Male	61-65	-	V	V	V	V	V	V	V	V	V

2. Independence of the Board of Directors：The board election is executed in accordance with the Articles of Association of the Company, “Procedures for Governing the Election of Directors,” “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies,” and Article 14-2 under the “Securities and Exchange Act.” Any shareholding of 1% or more of outstanding shares issued by the Company may submit to the Company in writing a roster of director candidates. The Company review candidate’s qualification according to related laws and regulation and whether article 30 under “Company Act” is violated. The Company currently has four independent directors (40%) and six regular directors (60%). Director Kuo-Ian Cheng is employed by a subsidiary and a top-5 shareholder of the Company. All other directors are not employees in the Company and are not related to one another. All directors, both regular and independent ones, are separate individuals who exercise their duties according to relevant regulations and are responsible to the shareholders and the Company. On each board meeting notice, reminding directors to recuse him/herself from participating in the discussion and resolution of the proposals are provided for matters where the director, his/her representing entity, spouse, blood relative within the second degree of kinship, or any company which he/she has a controlling or subordinate relation has interests under discussion. Directors encountering condition stated above have been excused from discussion and voting. Other than experience and professional knowledge, the Company continues taking into account the independency of directors when performing duties. We believe the Board of Directors has operated with independence.

3.1.2. Background Information of General Manager, Vice General Managers, Senior Managers, and the Chiefs of all the Company's Departments and Branch Offices

April 12, 2025

Current Serving as Titles	Nationality	Name	Gender	Date Effective	Current Shareholding		Spouse and Minor Shareholding		Shareholding by Nominee Arrangement	
					Shares	%	Shares	%	Shares	%
General Manager, Paiho Shih Holdings Corporation	R.O.C.	Hsin-Jung Cheng	Male	2015.03.03.	501,089	0.13%	0	0	2,534,927	0.63%
General Manager, Jiangsu Paihong Company, Vietnam Paihong Company and Wuxi Paihong Company	R.O.C.	Kuo-Ian Cheng	Male	2006.11.06.	34,966,301	8.74%	663,276	0.17%	0	0
• General Manager, Dongguan Paihong Company • Executive Vice General Manager, Jiangsu Paihong Company	R.O.C.	Chen-Chia Cheng	Male	2015.03.03.	102,126	0.03%	0	0	5,600,190	1.40%
• Vice General Manager, Jiangsu Paihong Company • Executive Vice General Manager, Dongguan Paihong Company	R.O.C.	Chiang-Tong Huang	Male	2004.05.01.	88,583	0.02%	0	0	0	0
Vice General Manager, Factory Department of Vietnam Paihong Company	R.O.C.	Guey-Huei Wang	Male	2018.03.16.	200,000	0.05%	34,314	0.01%	0	0
Executive Senior Manager, Sales Department of Dongguan Paihong Company	R.O.C.	Wen-Pin Tu	Male	2013.10.08.	116,762	0.03%	0	0	0	0
Executive Senior Manager, Sales Department of Jiangsu Paihong Company	R.O.C.	Yi-Chang Lin	Male	2011.08.01.	62,846	0.02%	0	0	0	0
• Executive Senior Manager, Dongguan Paihong Company • Executive Senior Manager, Administration Department and Procurement Department of Taiwan Branch of Hong Kong Best Expectation Company (R& D Officer)	R.O.C.	Yi-Liang Shih	Male	2011.08.01.	22,658	0.01%	0	0	0	0
Executive Senior Manager, Financial Department of Jiangsu Paihong Company	R.O.C.	Hsiu-Hsing Lin	Female	2021.08.25.	90,000	0.02%	0	0	0	0
Senior Manager, Administration Department of Dongguan Paihong Company	R.O.C.	Hsi-Tung Cheng	Male	2007.03.01.	50,392	0.01%	5,250	0.00%	0	0
Senior Manager, Information Technology Department of Dongguan Paihong Company	China	Zhi-Ming Ding	Male	2020.10.01.	0	0	0	0	0	0

Current Serving as Titles	Nationality	Name	Gender	Date Effective	Current Shareholding		Spouse and Minor Shareholding		Shareholding by Nominee Arrangement	
					Shares	%	Shares	%	Shares	%
Executive Senior Manager, Sales Department of Dongguan Paihong Company	China	Shu-Mei Yang (Note 5)	Female	2020.10.01.	0	0	0	0	0	0
Senior Manager, Sales Department of Jiangsu Paihong Company	R.O.C.	Chin-Hui Lin	Male	2005.04.01.	152,393	0.04%	0	0	0	0
Senior Manager, R & D Department of Jiangsu Paihong Company	R.O.C	Wen-Sou Yang	Male	2020.01.01.	0	0	0	0	0	0
Senior Manager, Hightec Jacquard Factory Department and R & D Department of Dongguan Paihong Company	R.O.C.	Hsiang-Lun Kung	Male	2015.10.12.	111,250	0.03%	22,800	0.01%	0	0
· Board Secretary of Jiangsu Paihong Company · Senior Manager, Legal Affairs Center of General Manager Office of Jiangsu Paihong Company	China	Jian-Fang Zhu	Male	2021.08.25.	0	0	0	0	0	0
Senior Manager, Audit Office of Jiangsu Paihong Company	R.O.C.	Mei-Hui Lin	Female	2008.09.26.	67,122	0.02%	0	0	0	0
Senior Manager, General Manager Office of Dongguan Paihong Company	R.O.C.	Chia-Yi, Yu	Female	2025.01.01	0	0	0	0	0	0
Manager, Financial Management Center (Financial Officer, Accounting Officer, and Corporate Governance Officer)	R.O.C.	Yu-Min Chang	Female	2007.03.30.	8,824	0.00%	0	0	0	0
Manager, Audit Office	R.O.C.	Shu-Ling Huang	Female	2008.09.26.	10,587	0.00%	0	0	0	0
· General Manager, Paihong Indonesia Company · General Manager, Indonesia Office of Hong Kong Best Expectation Company	Malaysia	Leong-Ching Tee	Male	2021.03.24	0	0	0	0	0	0

Current Serving as Titles	Name	Education & Secleted Past Positions	Current Positions at the Company and Other Companies	Managerial Officers who are Spouses or within Two Degrees of Kinship			Note
				Title	Name	Relation	
General Manager, Paiho Shih Holdings Corporation	Hsin-Jung Cheng	· Bachelor of Business (Management), Queensland University of Technology	Note 1	General Manager, Jiangsu Paihong Company, Vietnam Paihong Company and Wuxi Paihong Company	Kuo-Ian Cheng	The First Degree	Note 4
				· General Manager, Dongguan Paihong Company · Executive Vice General Manager, Jiangsu Paihong Company	Chen-Chia Cheng	The Second Degree	
General Manager, Jiangsu Paihong Company, Vietnam Paihong Company and Wuxi Paihong Company	Kuo-Ian Cheng	· Chairman of Paiho Shih Holdings Corporation	Note 2	· General Manager, Dongguan Paihong Company · Executive Vice General Manager, Jiangsu Paihong Company	Chen-Chia Cheng	The First Degree	Note 4
				General Manager, Paiho Shih Holdings Corporation	Hsin-Jung Cheng	The First Degree	
· General Manager, Dongguan Paihong Company · Executive Vice General Manager, Jiangsu Paihong Company	Chen-Chia Cheng	· Master of Marketing Management, Griffith University	Note 3	General Manager, Jiangsu Paihong Company, Vietnam Paihong Company and Wuxi Paihong Company	Kuo-Ian Cheng	The First Degree	None
				General Manager, Paiho Shih Holdings Corporation	Hsin-Jung Cheng	The Second Degree	
· Vice General Manager, Jiangsu Paihong Company · Executive Vice General Manager, Dongguan Paihong Company	Chiang-Tong Huang	· Mechanical Engineering Department, Zen Del Industrial & Commercial Vocational School	· Director of Dongguan Paihong Company	None	None	None	None
Vice General Manager, Factory Department of Vietnam Paihong Company	Guey-Huei Wang	· Textile Printing & Chemical Chemistry Department, Van Nung Institute of Technology	None	None	None	None	None
Executive Senior Manager, Sales Department of Dongguan Paihong Company	Wen-Pin Tu	· Mechanical Design Department , Lien Ho Junior College of Technology	· Supervisor of Dongguan Paihong Company	None	None	None	None

Current Serving as Titles	Name	Education & Secleted Past Positions	Current Positions at the Company and Other Companies	Managerial Officers who are Spouses or within Two Degrees of Kinship			Note
				Title	Name	Relation	
Executive Senior Manager, Sales Department of Jiangsu Paihong Company	Yi-Chang Lin	· Drafting Department, KaiNan Vocational High School	None	None	None	None	None
· Executive Senior Manager, Dongguan Paihong Company · Executive Senior Manager, Administration Department and Procurement Department of Taiwan Branch of Hong Kong Best Expectation Company (R& D Officer)	Yi-Liang Shih	· Mechanical Department, Nanya Polytechnic	· Director of Paihong Indonesia Company	None	None	None	None
Executive Senior Manager, Financial Department of Jiangsu Paihong Company	Hsiu-Hsing Lin	· Master of Innovation and Management, National Changhua University of Education	· Director of Jiangsu Paihong Company	None	None	None	None
Senior Manager, Administration Department of Dongguan Paihong Company	Hsi-Tung Cheng	· The Affiliated Industrial Vocational High School of NCUE	None	None	None	None	None
Senior Manager, Information Technology Department of Dongguan Paihong Company	Zhi-Ming Ding	· Electronic Engineering Department, Fudan University of Shanghai.	None	None	None	None	None
Executive Senior Manager, Sales Department of Dongguan Paihong Company	Shu-Mei Yang	· No.4 Cotton Mill School for Children of Workers Staff Members of Chongqing.	None	None	None	None	Note 5
Senior Manager, Sales Department of Jiangsu Paihong Company	Chin-Hui Lin	· Electronic Engineering Department, Southern Taiwan Institute of Technology	None	None	None	None	None

Current Serving as Titles	Name	Education & Secleted Past Positions	Current Positions at the Company and Other Companies	Managerial Officers who are Spouses or within Two Degrees of Kinship			Note
				Title	Name	Relation	
Senior Manager, R & D Department of Jiangsu Paihong Company	Wen-Sou Yang	· Textile Engineering Department, Feng Chia University	None	None	None	None	None
Senior Manager, Hightec Jacquard Factory Department and R & D Department of Dongguan Paihong Company	Hsiang-Lun Kung	· Mechanical Department, Dan Yung Senior Industrial Vocational School	None	None	None	None	None
· Board Secretary of Jiangsu Paihong Company · Senior Manager, Legal Affairs Center of General Manager Office of Jiangsu Paihong Company	Jian-Fang Zhu	· Bachelor of Finance, Shanghai Tong JI University	· Director of Jiangsu Paihong Company	None	None	None	None
Senior Manager, Audit Office of Jiangsu Paihong Company	Mei-Hui Lin	· Bachelor of Business, National Open University	· Supervisor of Jiangsu Paihong Company · Director of Wuxi Paihong Company	None	None	None	None
Senior Manager, General Manager Office of Dongguan Paihong Company	Chia-Yi, Yu	· Master Degree in Accounting, National Changhua University of Education	None	None	None	None	None
Manager Financial Management Center (Financial Officer, Accounting Officer, and Corporate Governance Officer)	Yu-Min Chang	· Bachelor of Business Education, National Changhua University of Education	None	None	None	None	None
Manager Audit Office	Shu-Ling Huang	· Bachelor of Accounting, Providence University	None	None	None	None	None
· General Manager, Paihong Indonesia Company · General Manager, Indonesia Office of Hong Kong Best Expectation Company	Leong-Ching Tee	· Master of Human Resource, Washington International University.	· Director of Paihong Indonesia Company · Consultant of Indonesia Footwear Manufacturers Association.	None	None	None	None

Note 1 : General Manager of the Company; Director of Paiho Group Company; Director of Paiho Holdings Ltd.; Chairman of Wuxi Paisen Commerce Co., Ltd.; Chairman and General Manager of Wuxi Paiwei Company; Chairman of Paihong Indonesia Company.

- Note 2 : Chairman of the Company; Chairman of Dongguan Paiho Business Service Co., Ltd.; Chairman and General Manager of Jiangsu Paihong Company; Chairman of Dongguan Paihong Company; Director of Hong Kong Antex Company; Chairman of Wuxi Paihong Company; Director of Hon Shin Company; Company Chairman and General Manager of Vietnam Paihong Company; Director of Shanghai Best Expectation Company; Director of Hong Kong Best Expectation Company.
- Note 3 : Director and General Manager of Dongguan Paihong Company (Took office on August 22, 2024.); Director and Executive Vice General Manager of Jiangsu Paihong Company; Director of Wuxi Paihong Company; Director of Hong Kong Antex Company; Supervisor of Paihong Indonesia Company.
- Note 4 : The chairman and general manager are relative within the first degree of kinship, as the group is in the expanding phrase, consideration is given to the inheritance of the Group's operations, which requires reinforced operation efficiency and execution. The total seat number of independent directors has increased to four in 2022. All board members are specialists in their individual professional fields. Other than the chairman, no directors are an employee or top manager of the Company to ensure corporate governance.
- Note 5 : Shu-Mei Yang was promoted on August 22, 2024.

3.1.3 The Remuneration Paid to Directors, Supervisors, General Manager, and Vice General Managers in the Recent Year

1.Remuneration Paid to Directors

December 31, 2024 ; Unit : NT\$ thousands

Title	Name	Directors' Remuneration								(A+B+C+D) and (A+B+C+D) as% of Net Profit (Note 2)		Compensation Earned as Employee of the Company or of the Company's Affiliates								(A+B+C+D+E+F+G) and (A+B+C+D+E+F+G) as % of Net Profit (Note 2)		Other Compensations from Non- consolidated Affiliates or Parent Company (H)
		Salary(A)		Pension (B)		Directors' Profit Distribution (C)(Note 1)		Allowance (D)				Salary, Bonus and Special Fees, etc. (E)		Pension (F)		Employees' Profit Distribution (G) (Note 1)						
		The Company	Consolidated Entities	The Company	Consolidated Entities	The Company	Consolidated Entities	The Company	Consolidated Entities	The Company	Consolidated Entities	The Company	Consolidated Entities	The Company	Consolidated Entities	The Company		Consolidated Entities		The Company	Consolidated Entities	
Director	Kuo-Ian Cheng	2,312	2,312	0	0	2,602	2,602	0	0	4,914 1.33%	4,914 1.33%	0	59,730	0	0	0	0	0	0	4,914 1.33%	64,644 17.55%	None
Director	Paiho Int'l Limited																					
	Shih -Chao Huang (Representative of Paiho Int'l Limited)																					
Director	Lien- Fa Tsai																					
Director	Cheng-Chu Lin																					
Director	Yong-Jen Tsao																					
Director	Shih-Chang Ko																					
Independent Director	Yung-Fu Wu	2,389	2,389	0	0	353	353	0	0	2,742 0.74%	2,742 0.74%	0	0	0	0	0	0	0	0	2,742 0.74%	2,742 0.74%	
Independent Director	Wen-Chang Chen																					
Independent Director	Yuh-Ching Tsai																					
Independent Director	Kai-Li Wang																					

Note 1 : Directors and employees’ profit distribution are based on the proposal approved by the Board of Directors.

Note 2 : Net profit of 2024 finicial statements is NT\$368,319 thousand.

Note 3 : Independent directors’ remuneration policies, procedures, standards and structure, as well as the linkage to responsibilities, risks and time spent: In accordance with the Articles of Association of the Company, the board of directors is authorized to determine the remuneration of directors based on the general standards of the industry. In addition to the fixed monthly remuneration, the directors' remuneration is also paid in accordance with the “Regulations for Payment of Remuneration of Directors” and “Regulations for Performance Evaluation of the Board of Directors and Functional Committees”. Each year, appropriate remuneration to directors is set aside based on business performance, and performance evaluations are conducted for individual directors, the Board of Directors, and various functional committees. The remuneration to individual directors is allocated with reference to their participation in the Company's management, the situation of endorsements/guarantees and performance. The attendance, participation and continuing education of independent directors are implemented in accordance with the rules of the scope of duties of independent directors.

Note 4 : Other than disclosure in the above table, directors remunerations earned by providing services (e.g. serving as a consultant who is not an employee in the parent company, all consolidated entities, or non-consolidated affiliates) in the 2024 financial statements: None.

Range of Remuneration

Range of Remuneration	Name of Directors			
	Aggregate amount of the preceding four remuneration items (A+B+C+D)		Remuneration Items (A+B+C+D+E+F+G)	
	The Company	Consolidated Entities	The Company	Consolidated Entities
Less than NT\$1 million	Paiho Int'l Limited. Shih-Chao Huang (Representative of Paiho Int'l Limited) Lien- Fa Tsai/ Cheng-Chu Lin Yong-Jen Tsao/ Shih-Chang Ko Yung-Fu Wu/ Wen-Chang Chen Yuh-Ching Tsai/ Kai-Li Wang	Paiho Int'l Limited. Shih-Chao Huang (Representative of Paiho Int'l Limited) Lien- Fa Tsai/ Cheng-Chu Lin Yong-Jen Tsao/ Shih-Chang Ko Yung-Fu Wu/ Wen-Chang Chen Yuh-Ching Tsai/ Kai-Li Wang	Paiho Int'l Limited. Shih-Chao Huang (Representative of Paiho Int'l Limited) Lien- Fa Tsai/ Cheng-Chu Lin Yong-Jen Tsao/ Shih-Chang Ko Yung-Fu Wu/ Wen-Chang Chen Yuh-Ching Tsai/ Kai-Li Wang	Paiho Int'l Limited. Shih-Chao Huang (Representative of Paiho Int'l Limited) Lien- Fa Tsai/ Cheng-Chu Lin Yong-Jen Tsao/ Shih-Chang Ko Yung-Fu Wu/ Wen-Chang Chen Yuh-Ching Tsai/ Kai-Li Wang
NT\$1 million (included) ~ \$2 million (excluded)	None	None	None	None
NT\$2 million (included) ~ \$3.5million (excluded)	Kuo-Ian Cheng	Kuo-Ian Cheng	Kuo-Ian Cheng	None
NT\$3.5 million (included) ~ \$5 million (excluded)	None	None	None	None
NT\$5 million (included) ~ \$10 million (excluded)	None	None	None	None
NT\$10 million (included) ~ \$15 million (excluded)	None	None	None	None
NT\$15 million (included) ~ \$30 million (excluded)	None	None	None	None
NT\$30 million (included) ~ \$50 million (excluded)	None	None	None	None
NT\$50 million (included) ~ \$100 million (excluded)	None	None	None	Kuo-Ian Cheng
Above NT\$100 million	None	None	None	None
Total	10 people	10 people	10 people	10 people

2.Remuneration Paid to Supervisors : The Company does not have a supervisor, so it's not applicable.

3. Remuneration Paid to the General Manager and Vice General Managers

December 31, 2024 ; Unit : NT\$ thousands

Title	Name	Salary (A)		Pension (B)		Bonus and Special Fees, etc. (C)		Employees' Profit Distribution (D) (Note2)				(A+B+C+D) and (A+B+C+D) as % of Net Profit (Note 1)		Other Compensations from Non-consolidated Affiliates or Parent Company (E)
		The Company	Consolidated Entities	The Company	Consolidated Entities	The Company	Consolidated Entities	The Company		Consolidated Entities		The Company	Consolidated Entities	
								Cash	Stock	Cash	Stock			
General Manager, Paiho Shih Holdings orporation	Hsin-Jung Cheng	2,700	14,971	0	0	10,000	89,081	205	0	205	0	12,905 3.5%	104,257 28.31%	None
General Manager, Jiangsu Paihong Company, Vietnam Paihong Company and Wuxi Paihong Company	Kuo-Ian Cheng													
· General Manager, Dongguan Paihong Company · Executive Vice General Manager, Jiangsu Paihong Company	Chen-Chia Cheng (Note 3)													
· Vice General Manager, Jiangsu Paihong Company · Executive Vice General Manager, Dongguan Paihong Company	Chiang-Tong Huang													
· Vice General Manager, Jiangsu Paihong Company · Vice General Manager, Sales Department of Dongguan Paihong	Min-Nan Tu (Note 4)													
Vice General Manager, Factory Department of Vietnam Paihong Company	Guey-Huei Wang													

Note 1 : Net profit of 2024 finicial statements is NT\$368,319 thousand.
Note 2 : Employees’ profit distribution are based on the proposal approved by the Board of Directors.
Note 3 : Appointed as General Manager of Dongguan Paihong Company on August 22, 2024.
Note 4 : Resignation on August 22, 2024.

Range of Remuneration

Range of Remuneration	Name of General Manager and Vice General Managers	
	The Company (A+B+C+D)	Consolidated Entities (A+B+C+D)
Less than NT\$1 million	Kuo-Ian Cheng/ Chen-Chia Cheng Chiang-Tong Huang/ Guey-Huei Wang/ Min-Nan Tu	Min-Nan Tu
NT\$1 million (included) ~ \$2 million (excluded)	None	None
NT\$2 million (included) ~ \$3.5 million (excluded)	None	None
NT\$3.5 million (included) ~ \$5 million (excluded)	None	None
NT\$5 million (included) ~ \$10 million (excluded)	None	Chiang-Tong Huang/ Guey-Huei Wang
NT\$10 million (included) ~ \$15 million (excluded)	Hsin-Jung Cheng	Hsin-Jung Cheng
NT\$15 million (included) ~ \$30 million (excluded)	None	Chen-Chia Cheng
NT\$30 million (included) ~ \$50 million (excluded)	None	None
NT\$50 million (included) ~ \$100 million (excluded)	None	Kuo-Ian Cheng
Above NT\$100 million	None	None
Total	6 people	6 people

3.1.4 Separately Compare and Describe Total Remuneration, as a Percentage of Net Profit (Loss) Stated in the Financial Reports, as Paid by This Company and by Each Other Company Included in the Consolidated Financial Statements in the Past Two Years to Directors, General Manager and Vice General Managers, etc. and Analyze and Describe Remuneration Policies, Standards, and Packages, the Procedure for Determining Remuneration, and Its Linkage to Operating Performance and Future Risk Exposure

1. Analyze Total Remuneration, as a Percentage of Net Profit Stated in the Financial Reports, as Paid by This Company and by Each Other Company Included in the Consolidated Financial Statements in the Past Two Years to Directors, General Manager and Vice General Managers

Unit : NT\$ thousands; %

Item	2024				2023			
	Amount		Ratio of Total Amount to Net Profit (Loss)		Amount		Ratio of Total Amount to Net Profit (Loss)	
	The Company	Consolidated Entities	The Company	Consolidated Entities	The Company	Consolidated Entities	The Company	Consolidated Entities
Directors	7,656	67,386	2.07	18.29	4,561	48,622	(0.73)	(7.75)
General Manager and Vice General Managers	12,905	104,257	3.50	28.31	5,700	78,125	(0.91)	(12.46)
Net profit (Loss)	368,319		-	-	(627,254)		-	-

2. Policy, Standard, and Combination for Payment of Remuneration, Establishment of Procedures of Remuneration, and Correlation between the Business Performance and Future Risk

- (1) The Company's independent directors also serve as members of the Audit Committee and the Compensation Committee. In accordance with the Company's Articles of Association, the remuneration to directors, regardless of operating profit or loss, is determined by the Compensation Committee based on their participation in the Company's operations and the value of their contributions, and by reference to the industry standard. The Company's operating performance and the rationality of the connection between future risks are considered, and the implementation is carried out after approval by board resolution.

Furthermore, according to Articles of Association of the Company : The Company may allocate directors' profit distribution no more than 3% of profit before income tax before deduction of directors' and employees' profit distribution in the year to pay to the directors in cash. The Company has also established the “Regulations for Payment of Remuneration of Directors” and the “Regulations for Performance Evaluation of the Board of Directors and Functional Committees”. Each year, appropriate remuneration to directors is set aside based on the operating performance. The remuneration of individual directors is allocated based on the participation and performance of individual directors in the Company's operation management, their participation in providing endorsements/guarantees, and performance. The attendance, participation and continuing education of independent directors are implemented in accordance with the rules of the scope of duties of independent directors.

- (2) Managers' compensation of the Company is according to the Articles of Association of the Company : Employees' compensation in cash or shares shall not lower than 0.1% of the profit before income tax before deduction of directors' and employees' profit distribution in the year. Employees' compensation shall be distributed to the employees of the Company and its affiliates qualifying for a certain criterion. The General Manager, and Vice General Manager have the management and operation responsibilities of the Company, and their remuneration includes salary and bonus. The salary (monthly) is based on the industry standard and the Company's “Managerial Officers Salary Standard” according to their job titles, rank, professional ability and responsibilities. The year-end bonus is based on various indicators, and the evaluation items include a comprehensive evaluation of the weights of revenue indicators, profit indicators, business indicators, and key tasks (task nature and work performance). Factors that are not directly and are directly linked to the current year's operating performance but contribute to the Company as a whole are considered (such as new product development, new business layout, integration of group affairs, etc.), and appropriate review of the managerial officer remuneration system conducted at any time depending on the actual operations and relevant laws.
- (3) Due to the overall increase in company profits in 2024, the profit sharing to directors, general manager, and vice general manager has increased compared to 2023.

3.1.5 Profit Distribution to Managerial Officers :

December 31, 2024 Unit : NT\$ thousands

	Title	Name	Amount of stock	Amount of cash	Total	Ratio of Total Amount to Net Profit (Note 1)
Manager	General Manager, Paiho Shih Holdings Corporation	Hsin-Jung Cheng	0	375	375	0.10%
	General Manager, Jiangsu Paihong Company, Vietnam Paihong Company and Wuxi Paihong Company	Kuo-Ian Cheng				
	• General Manager, Dongguan Paihong Company • Executive Vice General Manager, Jiangsu Paihong Company	Chen-Chia Cheng				
	• Vice General Manager, Jiangsu Paihong Company • Executive Vice General Manager, Dongguan Paihong Company	Chiang-Tong Huang				
	Vice General Manager, Factory Department of Vietnam Paihong Company	Guey-Huei Wang				
	• Executive Senior Manager, Dongguan Paihong Company • Executive Senior Manager, Administration Department and Procurement Department of Taiwan Branch of Hong Kong Best Expectation Company (R& D Officer)	Yi-Liang Shih				
	Executive Senior Manager, Sales Department of Dongguan Paihong Company	Wen-Pin Tu				
	Executive Senior Manager, Sales and R & D Department of Jiangsu Paihong Company	Yi-Chang Lin				
	Executive Senior Manager, Financial Department of Jiangsu Paihong Company	Hsiu-Hsing Lin				
	Senior Manager, Administration Department of Dongguan Paihong Company	Hsi-Tung Cheng				
	Senior Manager, Information Technology Department of Dongguan Paihong Company	Zhi-Ming Ding				
	Executive Senior Manager, Sales Department of Dongguan Paihong Company	Shu-Mei Yang				
	Senior Manager, Sales Department of Jiangsu Paihong Company	Chin-Hui Lin				

	Title	Name	Amount of stock	Amount of cash	Total	Ratio of Total Amount to Net Profit (Note 1)
Manager	Senior Manager, R & D Department of Jiangsu Paihong Company	Wen-Sou Yang				
	• Board Secretary of Jiangsu Paihong Company • Senior Manager, Legal Affairs Center of General Manager Office of Jiangsu Paihong Company	Jian-Fang Zhu				
	Senior Manager, Hightec Jacquard Factory Department and R & D Department of Dongguan Paihong Company	Hsiang-Lun Kung				
	Senior Manager, Audit Office of Jiangsu Paihong Company	Mei-Hui Lin				
	• General Manager, Paihong Indonesia Company • General Manager, Indonesia Office of Hong Kong Best Expectation Company	Leong-Ching Tee				
	Manager Financial Management Center (Financial Officer, Accounting Officer, and Corporate Governance Officer)	Yu-Min Chang				
	Manager Audit Office	Shu-Ling Huang				

Note 1 : Net profit of 2024 financial statements is NT\$368,319 thousand.

Note 2 : Employees' profit distribution is based on the proposal approved by the Board of Directors.

3.2 The State of the Company's Implementation of Corporate Governance

3.2.1 The State of Operations of the Board of Directors

1. 9(A) Meetings of the Board of Directors Were Held in 2024. The Attendance Status of the Directors Is As Follows:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Attendance Rate in Person (%) (B/A)	Note
Chairman	Kuo-Ian Cheng	9	0	100.0	Renewal of office on June 22, 2022.
Director	Representative of Paiho Int'l Limited. : Shih -Chao Huang	8	1	88.9	Assume office on June 22, 2022.
Director	Lien-Fa Tsai	9	0	100.0	Renewal of office on June 22, 2022.
Director	Cheng-Chu Lin	9	0	100.0	Renewal of office on June 22, 2022.
Director	Yong-Jen Tsao	9	0	100.0	Renewal of office on June 22, 2022.
Director	Shih-Chang Ko	8	1	88.9	Renewal of office on June 22, 2022.
Independent Director	Yung-Fu Wu	9	0	100.0	Renewal of office on June 22, 2022.
Independent Director	Wen-Chang Chen	8	1	88.9	Assume office on June 22, 2022.
Independent Director	Yuh-Ching Tsai	9	0	100.0	Assume office on June 22, 2022.
Independent Director	Kai-Li Wang	9	0	100.0	Assume office on June 22, 2022.

2. Other Matters to Be Noted

(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.

A. Matters prescribed under article 14-3 of the “Securities and Exchange Act” :

Board Meeting Dates and Sessions in 2024	Contents of Resolutions	Opinions of All Independent Directors, and the Company's Response to the Opinions of Independent Directors
2024 17 th meeting of the 6 th Board January 18	The loan of funds to its affiliates.	All independent directors did not have a dissenting opinion or qualified opinion. Board resolution: The proposal passed without demur from all attending directors.
2024 18 th meeting of the 6 th Board March 05	The loan of funds to its affiliates.	All independent directors did not have a dissenting opinion or qualified opinion. Board resolution: The proposal passed without demur from all attending directors.
2024 19 th meeting of the 6 th Board March 13	1. Proposed revision of some of the operations and provisions of the Group’s ”Internal Control System”.	All independent directors did not have a dissenting opinion or qualified opinion. Board resolution: The proposal passed without demur from all attending directors.
	2. The assessment of the independence and competency of the certified public accountants.	
	3. 2024 CPAs’ audit fees.	
	4. To make endorsements and guarantees for its affiliates.	
	5. The loan of funds to its affiliates.	
	6. The termination of the absorption and merger of Wuxi Paihong Company by Jiangsu Paihong Company.	All independent directors did not have a dissenting opinion or qualified opinion. Board resolution: The proposal passed without demur from all attending directors.
	7. The remuneration structure table for managers and directors who are also the Company's employees and directors.	

Board Meeting Dates and Sessions in 2024	Contents of Resolutions	Opinions of All Independent Directors, and the Company's Response to the Opinions of Independent Directors
		except the recusing members.
2024 20 th meeting of the 6 th Board April 9	The loan of funds to its affiliates.	All independent directors did not have a dissenting opinion or qualified opinion. Board resolution: The proposal passed without demur from all attending.
2024 21 th meeting of the 6 th Board May 9	1. To make endorsements and guarantees for its affiliates.	All independent directors did not have a dissenting opinion or qualified opinion. Board resolution: The proposal passed without demur from all attending directors.
	2. The loan of funds to its affiliates.	
2024 22 th meeting of the 6 th Board August 22	1. To make endorsements and guarantees for its affiliates.	All independent directors did not have a dissenting opinion or qualified opinion. Board resolution: The proposal passed without demur from all attending directors.
	2. The discharge, appointment and salary adjustment of directors and managers of Dongguan Paihong Company.	
	3. To lift the non-competition restrictions for managers.	
2024 23 th meeting of the 6 th Board September 23	1. The Company plans to issue its first secured convertible bonds in Taiwan.	All independent directors did not have a dissenting opinion or qualified opinion. Board resolution: The proposal passed without demur from all attending directors.

Board Meeting Dates and Sessions in 2024	Contents of Resolutions	Opinions of All Independent Directors, and the Company's Response to the Opinions of Independent Directors
2024 23 th meeting of the 6 th Board September 23	2. To increase the capital of Vietnam Paihong Company in cash.	All independent directors did not have a dissenting opinion or qualified opinion. Board resolution: The proposal passed without demur from all attending directors, except the recusing members.
	3. The loan of funds to its affiliates.	All independent directors did not have a dissenting opinion or qualified opinion. Board resolution: The proposal passed without demur from all attending directors.
2024 24 th meeting of the 6 th Board November 7	To make endorsements and guarantees for its affiliates.	All independent directors did not have a dissenting opinion or qualified opinion. Board resolution: The proposal passed without demur from all attending.
2024 25 th meeting of the 6 th Board December 24	1. To make endorsements and guarantees for its affiliates.	All independent directors did not have a dissenting opinion or qualified opinion. Board resolution: The proposal passed without demur from all attending.
	2. The loan of funds to Vietnam Paihong Company.	
	3. The loan of funds to Hong Kong Best Expectation Company.	
	4. The establishment of Paihong Indonesia Company.	All independent directors did not have a dissenting opinion or qualified opinion. Board resolution: The proposal passed without demur from all attending directors, except the recusing members.
	5. The appointment of directors, supervisors (including the Chairman and General Manager) for Paihong Indonesia Company.	
	6. To lift the non-competition restrictions for managers.	

Board Meeting Dates and Sessions in 2024	Contents of Resolutions	Opinions of All Independent Directors, and the Company's Response to the Opinions of Independent Directors
2024 25 th meeting of the 6 th Board December 24	7. To terminate the joint venture investment project with multiple parties in Vietnam for establishing a professional electric bicycle assembly and frame manufacturing plant, and to adjust the usage plan of related facilities accordingly.	All independent directors did not have a dissenting opinion or qualified opinion. Board resolution: The proposal passed without demur from all attending.
	8. Proposed revision of some of the operations and provisions of the Group's "Internal Control System".	
	9. The remuneration structure table for managers and directors who are also the Company's employees and directors.	All independent directors did not have a dissenting opinion or qualified opinion. Board resolution: The proposal passed without demur from all attending directors, except the recusing members.
	10. Distribution of 2024 estimated bonus of managerial officers.	

B. Written or otherwise recorded resolutions on which an independent director had a dissenting opinion or qualified opinion: None.

(2) For any recusal of directors due to conflict of interests in certain proposals for 2024, names of directors, contents of resolutions, reasons for the recusal and participation in the voting shall be noted

Name of Directors	The Contents of Resolutions	Reasons for the Recusal and Participation in the Voting
Kuo-Ian Cheng	1. On March 13, 2024, the Board of Directors resolved to terminate the absorption and merger of Wuxi Paihong Company by Jiangsu Paihong Company. 2. On September 23, 2024, the Board of Directors resolved to increase the capital of Vietnam Paihong Company in cash. 3. On December 24, 2024, the Board of Directors resolved to establish Paihong Indonesia Company.	Director Kuo-Ian Cheng serves as a board member for Jiangsu Paihong Company, Wuxi Paihong Company, Hong Kong Best Expectation Company, and Company Chairman of Vietnam Paihong Company. In order to avoid any conflict of interest, Director. Kuo-Ian Cheng had himself recused from participating in the discussion and resolution of the proposal.
	4. On December 24, 2024, the Board of Directors resolved distribution of 2024 estimated bonus of managerial officers.	Director Kuo-Ian Cheng also serves a manager of the Group. In order to avoid any conflict of interest, Director Kuo-Ian Cheng had himself recused from participating in the discussion and resolution of the proposal.
	5. On August 22, 2024, the Board of Directors resolved the discharge, appointment and salary adjustment of directors and managers of Dongguan Paihong Company.	The Board proposed to appoint Chen-Chia Cheng as a Director and General Manager of Dongguan Paihong Company, and to lift his non-compete restriction. Chen-Chia Cheng is a first-degree relative to Director Kuo-Ian Cheng. In order to avoid any conflict of interest, Director Kuo-Ian Cheng had himself recused from participating in the discussion and resolution of the proposal.
	6. On August 22, 2024, the Board of Directors resolved to lift the non-competition restrictions for managers.	
	7. On December 24, 2024, the Board of Directors resolved the appointment of directors, supervisors (including the Chairman and General Manager) for Paihong Indonesia Company.	The Board proposed appointing Hsin-Jung Cheng and Chen-Chia Cheng as Director (Chairman) and Supervisor of Paihong Indonesia Company respectively, and to lift their non-compete restrictions. Hsin-

Name of Directors	The Contents of Resolutions	Reasons for the Recusal and Participation in the Voting
Kuo-Ian Cheng	8. On December 24, 2024, the Board of Directors resolved to lift the non-competition restrictions for managers.	Jung Cheng and Chen-Chia Cheng is a first-degree relative to Director Kuo-Ian Cheng. In order to avoid any conflict of interest, Director Kuo-Ian Cheng had himself recused from participating in the discussion and resolution of the proposal.
Kuo-Ian Cheng Representative of Paiho Int'l Limited. : Shih -Chao Huang Lien-Fa Tsai Cheng-Chu Lin Yong-Jen Tsao Shih-Chang Ko Yung-Fu Wu Wen-Chang Chen Yuh-Ching Tsai Kai-Li Wang	1. On March 13, 2024, the Board of Directors resolved the table of remuneration to managerial officers, directors, and directors concurrently serving as employees.	Ten director candidates are currently the directors (including independent members) of the Company. To avoid conflict of interest, the ten directors voluntarily recused from the discussion and voting.
	2. On December 24, 2024, the Board of Directors resolved the table of remuneration to managerial officers, directors, and directors concurrently serving as employees.	

(3)The self-evaluation of the Board of Directors (including evaluation cycle, scope of evaluation, evaluation method and evaluation content, etc.) and implementation of the evaluations of the Board of Directors.

The Company formulated the " Rules for Performance Evaluation of Board of Directors and Functional Committees " in December 2019 and revised it in December 2021. The internal performance evaluation of the board of directors and functional committees shall be conducted once a year, and an external professional independent institution or teams of experts and scholars shall be commissioned to conduct external evaluations at least once every three years. In addition to the internal performance evaluation, the Company also commissioned the Taiwan Investor Relations Institute (hereinafter referred to as the "Institute") to perform the performance evaluation of the Board of Directors, functional committees (Audit Committee and Compensation Committee), and individual directors in October 2024. The Institute appointed three experts to conduct professional evaluations, and the "Board of Directors' Performance Evaluation Report" was issued on December 31, 2024. The company has submitted the evaluation report and the internal performance evaluation results of the board of directors and functional committees for the year 2024 to the board of directors on March 11, 2025.

A. The results of the 2024 Board of Directors and Functional Committee Internal Performance Evaluation as follows:

Evaluation Cycle	Evaluation Period	Scope of Evaluation	Evaluation Method	Evaluation Content	Evaluation Result
Once a year	2024	Board of Directors performance evaluation	Evaluation of Board of Directors by Board members	1. Participation in the operation of the Company. 2. 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 Board of Directors of the Company perform its functions in accordance with applicable laws. The performance was rated as outstanding.
Once a year	2024	Individual directors member performance evaluation	Self-evaluation by individual directors member	1. Alignment of the goals and missions of the Company. 2. Awareness of the duties of a director. 3. Participation in the operation of the Company. 4. Management of internal relationship and communication. 5. The director's professionalism and continuing education. 6. Internal control.	The individual directors member of the Company perform their functions in accordance with applicable laws. The performance was rated as outstanding.
Once a year	2024	Audit committee performance evaluation	Self-evaluation by individual functional committee members	1. Participation in the operation of the Company. 2. Awareness of the duties of the functional committee.	All members of the Audit Committee of the Company perform its functions

Evaluation Cycle	Evaluation Period	Scope of Evaluation	Evaluation Method	Evaluation Content	Evaluation Result
				3. The quality of decisions made by the functional committee. 4. Makeup of the functional committee and election of its members. 5. Internal control.	in accordance with applicable laws. The performance was rated as outstanding.
Once a year	2024	Compensation committee performance evaluation	Self-evaluation by individual functional committee members	1. Participation in the operation of the Company. 2. Awareness of the duties of the functional committee. 3. The quality of decisions made by the functional committee. 4. Makeup of the functional committee and election of its members.	All members of the Compensation Committee of the Company perform its functions in accordance with applicable laws. The performance was rated as outstanding.

B. Performance evaluation of the Board of Directors by an external institute

(a) Evaluation period : January 1, 2024 to December 31, 2024.

(b) Evaluation scope : The Board of Directors, functional committees (Audit Committee and Compensation Committee), and individual directors.

(c) Evaluation method :

- i Review the minutes of Board of Directors' meetings, internal current administration policies, other supporting documents, and public information.
- ii Self-evaluation questionnaire for all 10 directors (version by the Institute).
- iii On-site interviews were conducted with the Chairman, an Independent Director, the Corporate Governance Officer, and the Audit Officer.

(d) Evaluation standard :

- i The Board of Directors' evaluation standards cover five major aspects :
Formation of the Board of Directors and professional development; quality of the Board of Directors' decision-making; effectiveness of the Board of Directors' operations; internal control and risk management; and the level of the Board of Directors' participation in corporate social responsibility.
- ii The functional committees' evaluation standards cover five major aspects :
Participation in the operation of the Company; awareness of the duties of the functional committee; the quality of decisions made by the functional committee; makeup of the functional committee and election of its members; internal control.
- iii The individual directors' evaluation standards cover six major aspects :
Alignment of the goals and missions of the Company; awareness of the duties of a director; participation in the operation of the Company; management of internal relationship and communication; the director's professionalism and continuing education; internal control.

(e) Introduction of expert team members :

Unit/ Title	Name	Education and Secleted Past Positions	Expertise
Institute Supervisor	Hsin-Ning Wan	● Master of business management, National Chengchi University. ● Special assistant to the Chairman, spokesman, and corporate governance officer, T3EX Global Holdings Corp.	● Practice of Shareholders' Meetings, Board of Directors, and Corporate Governance ● Investor relations.
Institute Committee Member	Yu-Hsiang Wang	● Master of finance management, National Sun Yat-sen University. ● Senior manager, capital market department of KGI Securities.	● Equity planning. ● Risk management. ● Asset Inheritance.
Lawyer, Chien Yeh Law Offices	Shih-Hao Wang	● Master's program, graduate institute of financial and economic law, Feng Chia University. ● Secretary General and Chairman, Legal Risk Management Society of Taiwan.	● Intelligence property contract. ● Business secret litigation. ● Patent infringement Incident.

(f) Reasons for the independence of institutes and experts :

- i The Company has no business dealings with the Institute and maintains independence. The experts are responsible for assessing performance and are fair and objective, with no issues affecting their independence. The statement is as follows:
The members of the evaluation committee and their spouses and dependents do not have the following
 - There is a direct or indirect material financial interest with the subject company.
 - There is a business relationship with the evaluated company or its directors that is sufficient to affect the independence.
 - Significant gifts or presents from the evaluated company, its directors, managers, or major shareholders (the value of which does not exceed general social customs).
- ii The members of the evaluation committee do not have a relationship with the directors or managers of the Company that is a spouse, direct kin, direct kin in laws, or a relative within the second degree of collateral blood relationship.
- iii The members of the evaluation committee and their spouses and dependents are not directors, managers, or positions that have direct and significant influence on the evaluation company.

(g) Evaluation results :

The Board of Directors of the Company is diverse and well-structured, with members possessing various professional backgrounds. The Board of Directors, the Compensation Committee, and the Audit Committee hold regular meetings. All directors, including independent directors, are highly engaged in relevant meetings. They continuously stay up to date with the latest knowledge to enhance their responsiveness and fulfill their supervisory duties and obligations. The Company regularly conducts internal and external performance evaluations of the Board of Directors and functional committees to improve their operations. However,

improvements can still be made to enhance the corporate governance structure and corporate sustainability performance through the following recommendations.

Item	Evaluation Report Recommendations	Measures Expected to Be Adopted or Already Taken by the Company.
1	The Board of Directors is expected to re-elect in 2025, and it is recommended that female directors account for more than one-third of the board.	The Company intends to add two female directors in the 2025 board election, bringing the total number of female directors to three. Subsequently, the Company will consider increasing the number of female directors as needed to achieve gender equality.
2	Formulate the successor cultivation planning for the Board members and key management.	The Company has disclosed the information on the Company's website.
3	The "Sustainable Development Committee" was established as the functional committee.	The Company will have it handled in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and related law and regulations in the future depending on the requirements of the law and regulations or the needs of actual operation.
4	At least two institutional investor conferences are held every year	We will handle it according to the suggested matters.
5	The implementation of ethical corporate management by the Company's business integrity unit shall be reported to the Board of Directors at least once a year.	The Company has reported to the Company's Board of Directors on March 11, 2025.
6	The Company actively promotes the governance in the environmental and social aspects.	We will handle it according to the suggested matters.

(4) Strengthening the objectives and performance of the Board of Directors in the current year and the recent year

The Company has established an Audit Committee and a Compensation Committee, which are concurrently chaired by the four independent directors of the Company. The Board of Directors and the Audit Committee of the Company also invite CPAs to attend the meeting and provide advice every year. The CPAs also report the results of the audit (review) of the financial statements to the Audit Committee. The Board members have completed the required number of hours of continuing education in accordance with the "Directions for the Implementation of Continuing Education for

Directors and Supervisors of TWSE Listed and TPEX Listed Companies.” The number of hours and the contents of the continuing education are disclosed on the MOPS. Self-evaluation is conducted by the Board of Directors and functional committees to strengthen their functions.

3.2.2 The Composition, Duties and Operational Status of the Audit Committee

1.The Audit Committee Is Composed of the Entire Independent Directors. Please See Page 14-15 for the Relevant Qualification and Experience. The Main Responsibility Is :

- (1)The adoption or amendments to the internal control system, the assessment of the effectiveness of the internal control system, and the procedures for handling financial or business activities of a material nature, such as acquisition or disposal of assets, derivatives trading, loaning of funds to others, and endorsements or guarantees for others.
- (2)Matters in which a director is an interested party.
- (3)Asset transactions or derivatives trading of a material nature, and loans of funds, endorsements, or provision of guarantees of a material nature.
- (4)The offering, issuance, or private placement of equity-type securities.
- (5)The hiring or dismissal of a certified public accountant, or their compensation, and the appointment or discharge of a financial, accounting, or internal audit officer.
- (6)Annual financial reports and second quarter financial reports that must be audited and attested by CPAs.
- (7)Other material matters as may be required by the Company or by the competent authority.

2.The Operational Status of the Audit Committee

- (1) 9(A) meetings of Audit Committee were held in 2024. The attendance status is as follows:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Attendance Rate in Person(%) (B/A)	Note
Independent Director	Yung-Fu Wu	9	0	100.0	Renewal of office on June 22, 2022
Independent Director	Wen-Chang Chen	8	1	88.9	Assume office on June 22, 2022.
Independent Director	Yuh-Ching Tsai	9	0	100.0	Assume office on June 22, 2022.
Independent Director	Kai-Li Wang	9	0	100.0	Assume office on June 22, 2022.

The main matters include the following: :

A. Effectiveness evaluation of the internal control system:

The Audit Committee evaluates the effectiveness of the policy and procedures of internal control, and reviews the periodic reports of the Company's audit department, certified public accountants, and managerial departments. The Audit Committee believes that the Company's risk management and internal control systems are effective, and the Company has adopted necessary control mechanisms to monitor and correct any violations.

B. Review of financial statements:

The Board of Directors submitted the 2024 Business Report, Financial Report and earnings distribution proposal to the Audit Committee for audit and has found no non-conformity.

C. Appointment of CPAs:

To assure the independence of CPAs, the Audit Committee evaluates the independence, professionalism, and competency of CPAs, and evaluates whether they are related persons, have mutual business or financial interests with the Company. After approval by the Audit Committee, both Ting-Chien Su and Shao-Chun Wu of Deloitte Touche Tohmatsu Limited meet the independence evaluation standards and are qualified to be certified public accountants for financial compliance audit of the Company.

(2) Other matters to be noted

A. Where any of the following circumstances occurs with respect to the operation of the Audit Committee, dates of Audit Committee meetings, sessions, contents of resolutions, dissenting or qualified opinions or major proposals from independent directors, resolutions adopted by the Audit Committee, and actions taken by the Company in response to the opinion of the Audit Committee shall be noted:

(a) Matters prescribed under Article 14-5 of the "Securities and Exchange Act" :

Dates and Sessions of Audit Committee Meeting in 2024	Matters prescribed under Article 14-5 of the "Securities and Exchange Act"	Dissenting or qualified opinions or major proposals from independent directors	Resolution of the Audit Committee and the Company's Response to the Opinions of the Audit Committee
2024 17 th meeting of the 5 th Audit Committee January 18	The loan of funds to its affiliates.	None.	Approved by all members of the Audit Committee. Board resolution: The proposal passed without

Dates and Sessions of Audit Committee Meeting in 2024	Matters prescribed under Article 14-5 of the “Securities and Exchange Act”	Dissenting or qualified opinions or major proposals from independent directors	Resolution of the Audit Committee and the Company's Response to the Opinions of the Audit Committee
			demur from all attending directors.
2024 18 th meeting of the 5 th Audit Committee March 05	The loan of funds to its affiliates.	None.	Approved by all members of the Audit Committee. Board resolution: The proposal passed without demur from all attending directors.
2024 19 th meeting of the 5 th Audit Committee March 13	1. The Company's 2023 Business Report, and Consolidated Financial Statements	None.	Approved by all members of the Audit Committee. Board resolution: The proposal passed without demur from all attending directors.
	2. 2023 Statement of Internal Control System.		
	3. Proposed revision of some of the operations and provisions of the Group's "Internal Control System".		
	4. The assessment of the independence and competency of the certified public accountants.		
	5. 2024 CPAs' audit fees.		
	6. To make endorsements and guarantees for its affiliates.		
	7. The loan of funds to its affiliates.		
	8. The termination of the absorption and merger of Wuxi Paihong Company by Jiangsu Paihong Company.		Approved by all members of the Audit Committee. Board resolution: The proposal passed without demur from all attending directors, except the recusing members.
2024 20 th meeting of the 5 th Audit Committee April 9	The loan of funds to its affiliates.	None.	Approved by all members of the Audit Committee. Board resolution: The proposal

Dates and Sessions of Audit Committee Meeting in 2024	Matters prescribed under Article 14-5 of the “Securities and Exchange Act”	Dissenting or qualified opinions or major proposals from independent directors	Resolution of the Audit Committee and the Company's Response to the Opinions of the Audit Committee
			passed without demur from all attending directors.
2024 21 th meeting of the 5 th Audit Committee May 9	1. To make endorsements and guarantees for its affiliates.	None.	Approved by all members of the Audit Committee. Board resolution: The proposal passed without demur from all attending directors.
	2. The loan of funds to its affiliates.		
2024 22 th meeting of the 5 th Audit Committee August 22	1. To make endorsements and guarantees for its affiliates.	None	Approved by all members of the Audit Committee. Board resolution: The proposal passed without demur from all attending directors.
	2. The Company's 2024 Q2 Consolidated Financial Statements		
	3. The discharge, appointment and salary adjustment of directors and managers of Dongguan Paihong Company.	None.	Approved by all members of the Audit Committee. Board resolution: The proposal passed without demur from all attending directors, except the recusing members.
2024 23 th meeting of the 5 th Audit Committee September 23	1. The Company plans to issue its first secured convertible bonds in Taiwan.	None.	Approved by all members of the Audit Committee. Board resolution: The proposal passed without demur from all attending directors.
	2. To increase the capital of Vietnam Paihong Company in cash.		Approved by all members of the Audit Committee. Board resolution: The proposal passed without demur from all attending directors.

Dates and Sessions of Audit Committee Meeting in 2024	Matters prescribed under Article 14-5 of the “Securities and Exchange Act”	Dissenting or qualified opinions or major proposals from independent directors	Resolution of the Audit Committee and the Company's Response to the Opinions of the Audit Committee
			attending directors, except the recusing members.
	3. The loan of funds to its affiliates.		Approved by all members of the Audit Committee. Board resolution: The proposal passed without demur from all attending directors.
2024 24 th meeting of the 5 th Audit Committee November 7	To make endorsements and guarantees for its affiliates.	None.	Approved by all members of the Audit Committee. Board resolution: The proposal passed without demur from all attending directors.
2024 25 th meeting of the 5 th Audit Committee December 24	1. To make endorsements and guarantees for its affiliates.	None.	Approved by all members of the Audit Committee. Board resolution: The proposal passed without demur from all attending directors.
	2. The loan of funds to Vietnam Paihong Company.		Approved by all members of the Audit Committee. Board resolution: The proposal passed without demur from all attending directors.
	3. The loan of funds to Hong Kong Best Expectation Company.		Approved by all members of the Audit Committee. Board resolution: The proposal passed without demur from all attending directors.
	4. The establishment of Paihong Indonesia Company.		Approved by all members of the Audit Committee. Board resolution: The proposal passed without demur from all attending directors, except the recusing members.
	5. The appointment of directors, supervisors (including the Chairman and General Manager) for Paihong Indonesia Company.		Approved by all members of the Audit Committee. Board resolution: The proposal passed without demur from all attending directors, except the recusing members.
	6. To lift the non-competition restrictions for managers.		Approved by all members of the Audit Committee. Board resolution: The proposal passed without demur from all attending directors, except the recusing members.
	7. To terminate the joint venture investment project with multiple parties in Vietnam for establishing a professional electric bicycle assembly and frame manufacturing plant, and to adjust the usage plan of related facilities accordingly.		Approved by all members of the Audit Committee. Board resolution: The proposal passed without demur from all attending directors, except the recusing members.

Dates and Sessions of Audit Committee Meeting in 2024	Matters prescribed under Article 14-5 of the "Securities and Exchange Act"	Dissenting or qualified opinions or major proposals from independent directors	Resolution of the Audit Committee and the Company's Response to the Opinions of the Audit Committee
	8. Proposed revision of some of the operations and provisions of the Group's "Internal Control System".	None.	demur from all attending directors.

(b) Except for the matters in the preceding paragraph, matters not approved by the Audit Committee but approved by at least two thirds of all directors: None.

B. For any recusal of independent directors due to conflict of interests in certain proposals, names of independent directors, contents of resolutions, reasons for the recusal and participation in the voting shall be noted: None.

C. Descriptions of the communications between the independent directors, internal audit officer, and CPAs (including significant matters, methods, and results of communication on the Company's finance and operations, etc.):

(a) The internal audit officer shall regularly report separately the implementation of the auditing operation to the independent directors every year. An immediate reporting shall be made to the independent directors when there is a special matter. No special matters had occurred during the communication. The communication between the Company's independent directors and internal audit officer has been smooth and transparent.

(b) The CPAs shall attend meetings convened by the audit committee regularly every year, and explain separately to the independent directors regarding key audit matters, results of the financial statements (review) or audit, and any explanatory matters required by relevant authorities. An immediate reporting shall be made to the independent directors when there is a special matter. No special matters had occurred during the communication. The communication between the Company's independent directors and CPAs has been smooth and transparent.

The communications between the independent directors and CPAs are listed in the table below.

Date of Communication Meeting	Items of Communication	Results of Communication
March 13, 2024	1. The CPA explained the audit results of the 2023 consolidated financial statements and initiated a discussion on the audit findings. 2. Updates for key regulations. 3. The CPA discussed and communicated with the independent directors on the issues they consulted.	Independent directors raised no objection.

Date of Communication Meeting	Items of Communication	Results of Communication
August 22, 2024	1. The CPA explained the audit results of the 2024 Q2 consolidated financial statements and initiated a discussion on the audit findings. 2. The CPA discussed and communicated with the independent directors on the issues they consulted.	Independent directors raised no objection.
December 24, 2024	1. The CPA explained the Group's audit planning and materiality, and key audit matters. 2. The CPA discussed and communicated with the independent directors on the issues they consulted. 3. Updates for key regulations.	Independent directors raised no objection.

The communications between the independent directors and the internal audit officer are listed in the table below.

Date of Communication Meeting	Items of Communication	Results of Communication
March 13, 2024	1. The Internal Auditor's report from October 2023 to December 2023. 2. Matters related to the deficiencies of internal audit in 2023 and improvements.	Independent directors raised no objection.
August 22, 2024	The Internal Auditor's report from January 2024 to June 2024.	Independent directors raised no objection.
November 7, 2024	The Internal Auditor's report from July 2024 to September 2024.	Independent directors raised no objection.

3.2.3 Corporate Governance Operation Status and Discrepancies with the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons.

Assessment Item	Operation Status			Discrepancies with the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary Description	
I. Does Company follow “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” to establish and disclose its corporate governance practices?	✓		The Company has established the “Corporate Governance Best Practice Principles” and has disclosed such principles on the website of the Company and the Market Observation Post System.	No major difference.
II. Equity structure and shareholders’ equity i. Does the Company establish an internal operating procedure to deal with shareholders’ suggestions, concerns, disputes and litigations, and implement based on the procedure? ii. Does the Company possess the list of its major shareholders as well as the ultimate owners of those shares? iii. Does the Company establish and execute the risk management and firewall system within its between the Company and its affiliates ? iv. Does the Company establish internal rules against insiders trading with undisclosed information?	✓ ✓ ✓ ✓		i. The internal control system of the Group is established with the responsible matters for the shareholder services department, and the Group entrusts dedicated shareholder services agent “The Transfer Agency Department of CTBC Bank” to handle shareholder service affairs. The Company also establishes an office in Taiwan, and the spokesman and deputy spokesman handle the shareholders’ proposals, etc. ii. The Company obtains and updates the shareholding status of the directors, managerial officers, and shareholders with shareholding percentage above 10%. iii. The management authorities of the Company and affiliates are clearly defined, and the cooperate business dealings are executed according to relevant regulations of the internal control system of the Company. iv. The Group establishes the “Procedures for Handling Material Inside Information” and “Codes of Ethical Conduct” in order to regulate the directors, managers and employees to perform duties with ethics and to fulfill the non-disclosure obligation in order to prevent the pursuit of personal gains.	No major difference.
III. Composition and Responsibilities of the Board of Directors i. Whether the Board shall establish a diversity policy and specific management goals with the relevant execution plans? ii. Does the Company voluntarily establish other functional committees in addition to the Compensation Committee and the Audit Committee? iii. Does the Company establish a standard to measure the performance of the Board, implement it annually ,and submit the results of performance assessments to the Board of Directors ,and use as a reference for determining remuneration for individual directors and their nominations ? iv. Does the Company regularly evaluate the independence of CPAs?	✓ ✓ ✓ ✓		i. Please refer to annual report (Page 16) ii. Presently, the Company has established the Compensation Committee and the Audit Committee. In the future, the Company will further plan other types of functional committees depending upon the needs of business development. iii. The Company has established the “Regulations for Payment of Remuneration of Directors” in order to evaluate the individual performance and contribution of each director for the previous year annually as the basis for payment of remuneration according to different aspects of corporate business participation level of each director. The Company also has established the “Regulations for Performance Evaluation of the Board of Directors and Functional Committees”. The Company conducts internal assessments of the Board of Directors and individual directors based on performance indicators on a regular basis every year. At least one external professional independent organization or external expert team is commissioned to perform an external assessment every three years and submit the report to the Board of Directors. The results of performance assessments are used as a reference for selecting or nominating directors, while the performance evaluation results of individual directors are used to determine their remuneration. iv. The Company's Audit Committee evaluates the independence and suitability of the CPAs every year, and then submits the evaluation results to the Board of Directors for discussion. The most recent evaluation was approved by the Audit Committee and the Board of Directors on March 11, 2025. The evaluation is described as follows: 1. The Certified Public Accountant and its audit team issued a “Letter of Declaration of Independence”. (Please refer to note 1. (Page 54)) It was confirmed that the CPAs did not serve as the Company's directors, shareholders, or collect salaries from the Company, and it was confirmed that they were not related parties. The rotation of CPAs is also handled in compliance with relevant regulations.	No major difference.

Assessment Item	Operation Status			Discrepancies with the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons																			
	Yes	No	Summary Description																				
			2. The Company has obtained the “Audit Quality Indicator (AQI) Report” which is based on the 5 major dimensions and 13 AQI indicators published by the Financial Supervisory Commission, and the report has been provided to the Company's Board of Directors and Audit Committee for reference. After confirmation, the audit team has been found to have performed at a certain level, and continues to introduce digital technologies such as cloud audit platform, tools and applications, in order to improve audit quality and efficiency.	No major difference.																			
IV. Is the Company equipped with an adequate number of governance personnel with appropriate qualifications and appointed with a corporate governance officer to be in charge of corporate governance affairs (including but not limited to furnish information required for business execution by directors, assist for the legal compliance of directors, and engage in affairs relating to board meetings and meetings of shareholders, and creation of the minutes of such meetings, etc)?	✓		The company’s Board of Directors resolved to appoint Yu-Min Chang as the Corporate Governance Officer. Ms. Chang has worked as the manager of corporate governance in a public company for more than three years. The Corporate Governance Officer will provide the materials required by the directors to perform their duties, assist the directors in complying with the laws, conduct Board meetings and shareholders’ meetings in accordance with the law and produce the minutes of Board meetings and shareholders’ meetings. The duties include: i. Provide important and necessary information about the Company to the directors, maintain the smooth communications between the directors and the Company. ii. Arrange the communications between the independent directors and CPAs, the internal audit officer every year. iii. Arrange advance programs for directors according to the Company’s industry characteristics every year. iv. Verify the conformity of the procedures for holding and conducting shareholders’ meetings and director meetings to relevant corporate governance regulations. v. When the directors are performing their duties, or the Board is passing any resolution, assist them in and remind them of the mandatory regulations. vi. Handle administrative matters related to changes of directors. Continuing Management Education/Training on Corporate Governance, as of the printing of 2024 annual report:<table><tr><th>Study Date</th><th>Organizer</th><th>Courses</th><th>Study Hours</th></tr><tr><td>August 8, 2024</td><td>Taiwan Corporate Governance Association</td><td>How Corporates can Implement Energy Conservation and Carbon Reduction to Improve Corporate Profits.</td><td>3</td></tr><tr><td>September 10, 2024</td><td>Accounting Research and Development Foundation</td><td>ESG and New Value of Enterprises: Response to Business Challenges and Deployment.</td><td>3</td></tr><tr><td>September 20, 2024</td><td rowspan="2">Securities and Futures Institute</td><td>2024 Insider Trading Prevention Seminar.</td><td>3</td></tr><tr><td>November 15, 2024</td><td>2024 Insider Equity Transaction Legal Compliance Education Seminar.</td><td>3</td></tr></table>	Study Date	Organizer	Courses	Study Hours	August 8, 2024	Taiwan Corporate Governance Association	How Corporates can Implement Energy Conservation and Carbon Reduction to Improve Corporate Profits.	3	September 10, 2024	Accounting Research and Development Foundation	ESG and New Value of Enterprises: Response to Business Challenges and Deployment.	3	September 20, 2024	Securities and Futures Institute	2024 Insider Trading Prevention Seminar.	3	November 15, 2024	2024 Insider Equity Transaction Legal Compliance Education Seminar.	3	No major difference.
Study Date	Organizer	Courses	Study Hours																				
August 8, 2024	Taiwan Corporate Governance Association	How Corporates can Implement Energy Conservation and Carbon Reduction to Improve Corporate Profits.	3																				
September 10, 2024	Accounting Research and Development Foundation	ESG and New Value of Enterprises: Response to Business Challenges and Deployment.	3																				
September 20, 2024	Securities and Futures Institute	2024 Insider Trading Prevention Seminar.	3																				
November 15, 2024		2024 Insider Equity Transaction Legal Compliance Education Seminar.	3																				

Assessment Item	Operation Status			Discrepancies with the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary Description	
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, suppliers, etc.), as well as handle all the issues they care for in terms of corporate social responsibilities?	✓		The Company establishes a spokesman, deputy spokesman, and has disclosed their contact telephone and email address on the Company's website (http://www.kypaiho.com), and annual report and prospectus, etc. in order to establish a communication channel with stakeholders. In addition, the Company’s website sets up the “Stakeholders Section”, and forms relevant departments depending upon the issues of concern of stakeholders in order to establish communication channels with stakeholders.	No major difference.
VI. Does the Company appoint a professional shareholder service agency to deal with shareholder affairs?	✓		The Company entrusts the Transfer Agency Department of CTBC Bank to handle Shareholders’ Meeting affairs, and such Registrar Agency complies with the qualification for handling shareholders service agency matters according to the laws of the R.O.C.	No major difference.
VII. Information Disclosure i. Does the Company have a corporate website to disclose both financial standings and the status of corporate governance? 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)? iii Does the company publish and declare its financial statements within two months after the end of a fiscal year, and publish and declare in advance the financial statements of Q1, Q2, and Q3 as well as status of monthly operations?	✓ ✓	 ✓	i. The Company establishes the “Investor Relationship” of the Company’s website in order to disclose complete financial and business information, including corporate governance, revenue information, financial statements, and Shareholders’ Meetings, etc. In addition, the website also includes the English version of the Company Profile, Product Introduction, and “Investor Relationship”. In addition, the website is linked to the “Market Observation Post System” (MOPS) in order to provide information as a reference to shareholders and the general public in society. ii. The Company designates dedicated personnel to be responsible for the disclosure of material information and the input of such information on the MOPS for timely announcement. Furthermore, the Company organizes an investor conference annually, and lists it on the Company’s website. iii. Presently, the Company has announced its quarterly financial reports and operation status according to the time limit of laws.	No major difference. The Company will have it handled in accordance with the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and related law and regulations in the future depending on the requirements of the law and regulations or the needs of actual operation.
VIII. Is there any other 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)?	✓		i. Employee Rights and Benefits: The Company strictly follows all labor regulations. Unions have been formed under each subsidiary based on local laws to ensure labor’s legal rights. ii. Employee Care: Through an appropriate welfare system for stabilizing employees’ living and proper educational training system, an excellent relationship with mutual trust and dependence is established with the employees. For Example: 1. Employee medical insurance, occupational injury insurance, and group liability insurance, etc. are applied according to the laws. 2. Establish union organization according to the laws, arrange periodic employee health examination annually, and organize welfare measures of employee dancing activities, singing, and basketball, soccer competitions, etc. to enrich the employees’ living. 3. Irregularly organize fire prevention drills annually, and educate employees about labor safety and health knowledge at the morning meeting in order to prevent occupational disasters, and to protect the safety and health of employees. iii. Investor Relationship: The Company establishes the spokesman, deputy spokesman, and shareholder service handling personnel at the Taiwan office for handling proposals of shareholders.	No major difference.

Assessment Item	Operation Status			Discrepancies with the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary Description	
			iv. Supplier Relationship: The Company is committed to ethical management and implements requirements for the product quality, quantity, and delivery dates provided by the suppliers. In addition, payments to suppliers are made according to contracts. For contractors with technical obstacles, the Company also provides relevant technical assistance to contractors when it is considered necessary. v. Stakeholders’ Rights: The Company’s website (http://www.kypaiho.com) is established with the “Investor Relationship” and ‘Stakeholders Section’ in order to disclose financial, business related information as well as stakeholders’ proposals. In addition, the Company's website is also linked to the “MOPS” in order to provide reference and question feedback for stakeholders. In addition, the shareholders service agency “The Transfer Agency Department of CTBC Bank” also provides assistance on relevant matters. In the event a legal issue is encountered, professional attorneys or legal personnel will be entrusted to handle such issue in order to protect the rights and benefits of stakeholders. vi. Educational Training of Directors and Independent Directors: The Company actively encourages directors to participate in educational training courses in order to improve the professional skills of directors and to strengthen the execution of corporate governance. For the status on the educational training of directors of the Company, please refer to page 73-74 for details. vii. Implementation of risk management policy and risk measurement standards: Various internal regulations are established according to the laws in order to perform various risk management and assessment. viii. Implementation of Customer Policy: The Company maintains excellent communication with customers and provides quality services. ix. The liability insurance acquired for the directors and independent directors by the Company: The Company acquired a one-year insurance policy for a coverage amount of US\$5 million for the directors on August 11, 2024, which was reported to the Board of Directors on September 23, 2024.	No major difference.
IX. Please provide explanation on the improvement status of the corporate governance evaluation announced by the Taiwan Stock Exchange (TWSE) in the recent year, and provide priority enhancement for matters yet to be improved matters and measures: Indicators of enhancing the structure and operation of the board of directors and pushing sustainable development for the 11th term of Corporate Governance Evaluation (evaluation year 2024) of the Company are improved from the 10th Term. Matters yet to be improved will be planned consecutively according to the needs of laws or actual operation.				

Note 1 :

Assessment Item	Assessment Result	Whether it is Equipped with Independence
1. Are the CPAs directly or indirectly related to material financial benefits of the Company?	No	Yes
2. Are the CPAs in a business relationship with the Company or directors, supervisors, or managerial officers such that the independence thereof can be affected?	No	Yes
3. Do the CPAs as well as their spouses and dependents assume the positions of directors, supervisors, or managerial officers or job positions in direct relation with and having major impacts on the auditing work?	No	Yes
4. Are the CPAs a spouse or in a direct relative, direct relationship by marriage, or second-degree relative, etc. with the directors, supervisors, or managerial officers of the Company?	No	Yes
5. Do the CPAs receive gifts or presents of significant value from the Company or directors, supervisors, managerial officers, or major shareholders?	No	Yes

3.2.4 The Composition and Operational Status of the Compensation Committee

1. The Compensation Committee's Member is Composed of Independent Directors and Appointed by the Board of Directors. The Compensation Committee Evaluates the Salary and Compensation Policies and Systems of the Directors and Managerial Officers of the Company in a Professional and Objective Position, and Make Recommendations to the Board of Directors for Reference. The Main Responsibility is :

(1) Establish and periodically assess and review the performance of directors and managerial officers as well as the policy, system, standard, and structure for the remuneration.

(2) Regularly reviewing the compensation of directors and managerial officers.

2. The Company's Compensation Committee Member Counts 4 People.

3. The Operational Status of the Compensation Committee

(1) The term of office is from June 30, 2022 to June 21, 2025. 3(A) meetings of the Compensation Committee were held in 2024. The attendance status is as follows

Title	Name	Attendance in Person (B)	Attendance by Proxy	Attendance Rate in Person (%) (B/A)	Note
Convener	Yung-Fu Wu	3	0	100.0	Renewal of office on June 30, 2022.
Member	Wen-Chang Chen	3	0	100.0	Assume office on June 30, 2022.
Member	Yuh-Ching Tsai	3	0	100.0	Assume office on June 30, 2022.
Member	Kai-Li Wang	3	0	100.0	Assume office on June 30, 2022.

(2) In the recent year dates of Board meeting, sessions, contents of resolutions, resolutions adopted by the Compensation Committee, and actions taken by the Company in response to the opinion of the Compensation Committee shall be noted:

Dates and Sessions of Board Meeting	Dates and Sessions of Compensation Committee Meeting	Contents of Resolutions	Resolution of the Compensation Committee	The Company's response to the opinions of the Compensation Committee
2024 19 th meeting of the 6 th Board March 13	2024 6 th meeting of the 5 th Board March 13	1. Distribution of 2023 employees' compensation and remuneration for Directors.	Approved by all members of the Compensation Committee.	Board resolution: The proposal passed without demur from all attending directors.
		2. Calculation of bonuses (including air ticket stipend) for managers who did not take leave.		
		3. The table of remuneration to managerial officers, directors, and directors concurrently serving as employees.	Approved by all attending members of the Compensation Committee, except the recusing members.	Board resolution: The proposal passed without demur from all attending directors, except the recusing members.
2024 22 th meeting of the 6 th Board August 22	2024 7 th meeting of the 5 th Board August 22	The motion of the change of managerial officers and salary adjustment.	Approved by all members of the Compensation Committee.	Board resolution: The proposal passed without demur from all attending directors, except the recusing members.
2024 25 th meeting of the 6 th Board December 24	2024 8 th meeting of the 5 th Board December 24	1. Amendments to "Regulations for Payment of Remuneration of Directors".	Approved by all members of the Compensation Committee.	Board resolution: The proposal passed without demur from all attending directors.
		2. Salary approval for managers and calculation of air ticket subsidies.		
		3. The table of remuneration to managerial officers, directors, and directors concurrently serving as employees.	Approved by all attending members of the Compensation Committee, except the recusing members.	Board resolution: The proposal passed without demur from all attending directors, except the recusing

Dates and Sessions of Board Meeting	Dates and Sessions of Compensation Committee Meeting	Contents of Resolutions	Resolution of the Compensation Committee	The Company's response to the opinions of the Compensation Committee
		4. Distribution of 2024 estimated bonus of managerial officers.	Approved by all members of the Compensation Committee.	members.

(3)Other matters to be noted

A.If the Board of Directors rejects or amends the suggestions submitted by the Compensation Committee, there shall be elaborated with the meeting dates, sessions, contents of resolutions, resolution adopted by the Board of Directors and actions taken by the Company in response to the Compensation Committee's opinions: None.

B. If any member has expressed opposition or reservation with respect to the resolution of the Compensation Committee and there was a written record or written statement, there shall be elaborated with the meeting dates, sessions, contents of resolutions, the opinions of all members of the Compensation Committee and actions taken in response to the member's opinions: None.

4.Independent information of the Compensation Committee's member

Title	Requirements	Professional Qualification and Experiences	Independent Status	Number of other public companies Concurrently serving as a Compensation Committee's member
	Name			
Independent Director Convener	Yung-Fu Wu	Please refer to annual report. (Page 14-15)		1
Independent Director	Wen-Chang Chen			0
Independent Director	Yuh-Ching Tsai			4
Independent Director	Kai-Li Wang			3

5. The Company doesn't establish a nominating committee.

3.2.5 Sustainable Development Implementation Status and Discrepancies with the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons.

Assessment Item	Operation Status			Discrepancies With the “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons									
	Yes	No	Summary Description										
I. Does the Company have a governance structure for sustainability development and a dedicated (or ad-hoc) sustainable development organization with Board of Directors authorization for senior management, which is reviewed by the Board of Directors?		✓	Our general manager’s office and relevant functional departments of all subsidiaries work as the unit responsible for promotion of sustainable development. The impact of environmental, social, and corporate governance items on the operation and the corresponding strategies are followed by the implementation of tasks to implement sustainable operation in the Company. The Company’s “2023 Sustainability Report” was approved by the Board of Directors on August 22, 2024, including the relevant issues of concern to the Company’s operations and stakeholders, and the Company’s response management strategies and other non-financial information. The implementation of the greenhouse gas inventory and verification schedule plan of the Company and its subsidiaries is also reported to the Board of Directors on a regular basis.	The Company will have it handled in accordance with the “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and related law and regulations in the future depending on the requirements of the law and regulations or the needs of actual operation.									
II. Does the Company assess the risk of environmental, social, and governance issues in relation to company operations based on the materiality principles, and establish policies or strategies in relation to risk management?	✓		i. The risk assessment boundary mainly covers the sustainable development performance of the main operating locations from January to December 2024, including Jiangsu Paihong Company, Dongguan Paihong Company and Vietnam Paihong Company. ii. The responsible unit for promoting sustainable development identifies the impact of stakeholders on sustainable development and the degree of operational impact, and formulates major themes and corresponding risk management strategies as follows:<table><tr><th>Aspects</th><th>Major Themes</th><th>Risk Management Strategies</th></tr><tr><td>Corporate Governance</td><td>Corporate Ethics and Morality, and Sustainable Supply Chain Management, etc.</td><td>The Company has established the "Codes of Ethical Conduct", “Ethical Corporate Management Best-Practice Principles” and the “Procedures for Ethical Management and Guidelines for Conduct” to strengthen the Company's ethical and sound management and provide guidelines for the Company's directors, managers, and employees to engage in ethical behavior. The Company's subsidiaries have established supplier assessment and management procedures, and conduct reviews, assessments, and promotion management on suppliers' occupational safety and health, labor rights and environment.</td></tr><tr><td>Enviornment</td><td>Climate Change, Energy Management, and Pollution Prevention, etc.</td><td>All plants operated by the Company produced based on ISO14001, certification for environment management, ISO50001, certification for energy management, and related certifications from the third parties. In addition, carbon reduction measures have kept being implemented based on the carbon inventory result according to the ISO 14064 greenhouse gas emissions inventory. The installation of photovoltaic power plant at each</td></tr></table>	Aspects	Major Themes	Risk Management Strategies	Corporate Governance	Corporate Ethics and Morality, and Sustainable Supply Chain Management, etc.	The Company has established the "Codes of Ethical Conduct", “Ethical Corporate Management Best-Practice Principles” and the “Procedures for Ethical Management and Guidelines for Conduct” to strengthen the Company's ethical and sound management and provide guidelines for the Company's directors, managers, and employees to engage in ethical behavior. The Company's subsidiaries have established supplier assessment and management procedures, and conduct reviews, assessments, and promotion management on suppliers' occupational safety and health, labor rights and environment.	Enviornment	Climate Change, Energy Management, and Pollution Prevention, etc.	All plants operated by the Company produced based on ISO14001, certification for environment management, ISO50001, certification for energy management, and related certifications from the third parties. In addition, carbon reduction measures have kept being implemented based on the carbon inventory result according to the ISO 14064 greenhouse gas emissions inventory. The installation of photovoltaic power plant at each	No major difference.
Aspects	Major Themes	Risk Management Strategies											
Corporate Governance	Corporate Ethics and Morality, and Sustainable Supply Chain Management, etc.	The Company has established the "Codes of Ethical Conduct", “Ethical Corporate Management Best-Practice Principles” and the “Procedures for Ethical Management and Guidelines for Conduct” to strengthen the Company's ethical and sound management and provide guidelines for the Company's directors, managers, and employees to engage in ethical behavior. The Company's subsidiaries have established supplier assessment and management procedures, and conduct reviews, assessments, and promotion management on suppliers' occupational safety and health, labor rights and environment.											
Enviornment	Climate Change, Energy Management, and Pollution Prevention, etc.	All plants operated by the Company produced based on ISO14001, certification for environment management, ISO50001, certification for energy management, and related certifications from the third parties. In addition, carbon reduction measures have kept being implemented based on the carbon inventory result according to the ISO 14064 greenhouse gas emissions inventory. The installation of photovoltaic power plant at each											

Assessment Item	Operation Status					Discrepancies With the “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons												
	Yes	No	Summary Description															
					production base can improve energy independence, and reduce air pollution and carbon dioxide emissions. The Company has set zero-carbon emission and renewable energy adoption as its long-term goals.													
				Society	Human Rights Protection, Talent Cultivation and Development, Occupational Health and Safety, Social Engagement, etc. The Company's labor-management relations measures, in addition to complying with relevant labor laws and regulations, provide employees with a safe and healthy work environment, appropriate training and development, as well as reasonable remuneration and benefits, and set up an employee suggestion box and other feedback channels, so that employees can bring opinions to the Company anytime. The Company also values basic human rights, and has formulated policies to respect the human rights of employees, and ensure that employees are free from discrimination, strike and harassment. The Company actively participates in community activities and makes charitable donations every year, and it is committed to preserving the Earth's resources and mitigating the impact on the environment.													
III. Environmental Topic i. Does the Company establish proper environmental management systems based on the characteristics of their industries? ii. Is the Company committed to improving resource efficiency and to the use of renewable materials with low environmental impact? iii. Does the Company assess the present and future potential risks and opportunities of climate change on the Company and take action on related issues? iv. Did the Company produce statistics on the greenhouse gas emissions, water consumption, and total waste in the last two years? Has the Company established policies for greenhouse gas reduction, water conservation, and waste management?	✓ ✓ ✓ ✓		i. The Company’s production sites comply with local environmental protection regulations, industry emission standards (such as the Environmental Protection Act, Water Pollution Prevention Control Act and Effluent Permit Management Act) and have established environmental management measures. Certification expiration of ISO14001 and ISO50001 from each operating site in subsidiaries is as follows: <table><tr><th>Item</th><th>Company Name</th><th>Latest Validity Period</th></tr><tr><td rowspan="5">ISO 14001 : 2015</td><td rowspan="2">Jiangsu Paihong Company</td><td>2021.05.21. ~ 2024.05.20.</td></tr><tr><td>2024.05.28. ~ 2027.05.20.</td></tr><tr><td>Dongguan Paihong Company</td><td>2022.06.16. ~ 2025.06.25.</td></tr><tr><td rowspan="2">Vietnam Paihong Company</td><td>2022.03.19. ~ 2025.03.18.</td></tr><tr><td>2024.10.23. ~ 2027.10.22.</td></tr></table>			Item	Company Name	Latest Validity Period	ISO 14001 : 2015	Jiangsu Paihong Company	2021.05.21. ~ 2024.05.20.	2024.05.28. ~ 2027.05.20.	Dongguan Paihong Company	2022.06.16. ~ 2025.06.25.	Vietnam Paihong Company	2022.03.19. ~ 2025.03.18.	2024.10.23. ~ 2027.10.22.	No major difference.
Item	Company Name	Latest Validity Period																
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Assessment Item	Operation Status				Discrepancies With the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons												
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			<table><tr><th>Item</th><th>Company Name</th><th>Latest Validity Period</th></tr><tr><td rowspan="5">ISO 50001 : 2018</td><td rowspan="2">Jiangsu Paihong Company</td><td>2021.07.12. ~ 2024.09.11.</td></tr><tr><td>2024.08.20. ~ 2027.09.11.</td></tr><tr><td rowspan="2">Dongguan Paihong Company</td><td>2021.08.25. ~ 2024.08.14.</td></tr><tr><td>2024.07.24. ~ 2027.08.14.</td></tr><tr><td>Vietnam Paihong Company</td><td>2024.10.23. ~ 2027.10.22.</td></tr></table>	Item	Company Name	Latest Validity Period	ISO 50001 : 2018	Jiangsu Paihong Company	2021.07.12. ~ 2024.09.11.	2024.08.20. ~ 2027.09.11.	Dongguan Paihong Company	2021.08.25. ~ 2024.08.14.	2024.07.24. ~ 2027.08.14.	Vietnam Paihong Company	2024.10.23. ~ 2027.10.22.		
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		2024.07.24. ~ 2027.08.14.															
	Vietnam Paihong Company	2024.10.23. ~ 2027.10.22.															
			ii The Company and each operating entity take all possible initiatives to reduce energy usage, including adopting high-efficient energy saving facilities in each operating site, renewing and upgrading energy-intensive facility and expanding renewable energy to and cut down corporate energy consumption and maximize energy efficiency. The Company’s production sites continue to use environmental fabric as raw materials, and are committed to promoting environmental sustainability from the source. The Company also continues to pay attention to sustainable materials to increase the proportion of recycled materials used. Construction of photovoltaic power plants began in the production sites in Dongguan, Wuxi and Vietnam in 2022. The work was completed gradually in each plant and the facilities are in use. The estimated power generation for each future year is 8.217 million kWh. From 2023, the total power generation over the next five years will be 41.085 million kWh. If the electricity carbon emission coefficient published by each region is calculated, the total carbon reduction will be 26,300 tons from 2023 to 2027. Accumulated carbon reduction of 8,200 tons from 2023 to 2024. In addition, Dongguan Paihong Company installed solar power equipment in 2024, which was launched in November 2024. The estimated power generation every years is 2.83 million kWh, and based on the latest electricity carbon emission factor published locally, the total carbon reduction in the next five years is 8,300 tons. The self consumption of electricity generated during 2024 was 3.191 million kWh in Dongguan plant, 1.724 million kWh in Wuxi plant, and 1.622 million kWh in Vietnam plant, meaning a replacement of 6.42%–16.76% for the usage in each plant 2024. The electricity consumption for self-generation in 2024 is calculated based on the latest carbon intensity coefficients for each region. The carbon reduction achievement rate for 2024 is 74.4% compared to the expected target. iii. The Company evaluates the risks and opportunities of climate change on the Company with reference to the Task Force on Climate-Related Financial Disclosures (TCFD), and countermeasures. Please refer to page 67-69 for the execution status of climate-related Information. iv Resource system, including waste management, has been set up in our subsidiaries. <u>Greenhouse Gas Emissions in the Past Two Years</u> Please refer to III. Environmental Topic No.ii. "Energy Usage" on page 60 , and Paragraph IX. of Climate-Related Information Implementation (Page 69).		No major difference.												

Assessment Item	Operation Status			Discrepancies With the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons																					
	Yes	No	Summary Description																						
			<u>Water Usage in the Past Two Years</u> (Jiangsu Paihong Company, Dongguan Paihong Company, and Vietnam Paihong Company) Unit : Ton <table><tr><th>Year</th><th>Water Usage</th><th>Emission Intensity (Ton / Sales (NT\$ Millions))</th></tr><tr><td>2023</td><td>884,298</td><td>168.74</td></tr><tr><td>2024</td><td>1,167,056</td><td>170.23</td></tr></table> Note: The data in the table are calculated by each company themselves and has not been verified yet. The above water consumption is tap water, mainly used for domestic water and production water. Compared with 2023, aggregated water usage increased for a higher business production volume in 2024. The Company has been making efforts on waste water renewing, including recycling from production and other usages to cut down impacts to the environment. The Company has set optimizing water resource for better efficiency as one of its long-term goals. <u>Waste Quantity in the Past Two Years</u> (Jiangsu Paihong Company, Dongguan Paihong Company, and Vietnam Paihong Company) Unit : Ton <table><tr><th>Year</th><th>General Waste</th><th>Hazardous Waste</th><th>Emission Intensity (Ton / Sales (NT\$ Millions))</th></tr><tr><td>2023</td><td>4,642.67</td><td>120.82</td><td>0.91</td></tr><tr><td>2024</td><td>5,429.22</td><td>162.93</td><td>0.82</td></tr></table> Note: The data in the table are calculated by each company themselves and has not been verified yet. All major subsidiaries have received ISO14001 certification for environment management. Waste management is handled by qualified third parties and the procedures are closely monitored by the local environmental authorities and agencies. The Company and its subsidiaries will continue to reduce waste output through process technology improvement and raw material reduction and other source management measures. The priority is to achieve zero waste burial by recycling resources.	Year	Water Usage	Emission Intensity (Ton / Sales (NT\$ Millions))	2023	884,298	168.74	2024	1,167,056	170.23	Year	General Waste	Hazardous Waste	Emission Intensity (Ton / Sales (NT\$ Millions))	2023	4,642.67	120.82	0.91	2024	5,429.22	162.93	0.82	No major difference.
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IV. Social Topic			i. In addition to the labor contracts signed with employees in accordance with labor regulations, the Company and its subsidiaries also protect the legal rights of employees by referring to the “Universal Declaration of Human Rights” and following the United Nations “Guiding Principles on Business and Human Rights.” The Company has also developed policies to respect employees’ human rights, prevent discrimination, abuse, and harassment, and has disclosed them on the Company’s website.	No major difference.																					
i.Does the Company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	✓																								
ii. Has the Company established and implemented reasonable employee welfare measures (including remuneration, leave, and other benefits) and appropriately reflected business performance and achievements in its employee remuneration?	✓																								

Assessment Item	Operation Status			Discrepancies With the “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons	
	Yes	No	Summary Description		
iii. Does the Company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis? iv. Does the Company provide its employees with career development and training sessions? v. Does the Company comply with the related laws and regulations and international standards regarding customer health and safety, customer privacy, marking communication, and labeling of its products, and services and establish policies to protect the rights and interests of consumers or customers and provide procedures for grievances? vi. Has the Company established management policies to request that suppliers comply with the relevant laws and regulations of environmental protection, occupational safety and health, and labor human rights? Does the Company keep track of the implementation of such policies?	✓		Human Rights Management Policy	Specific Approaches	No major difference.
			Anti-discrimination, bullying and harassment.	Rules and regulation regarding anti-discrimination, bullying and harassment are detailed in the “Employee Handbook,” “Plant Operation Practice,” Anti-discrimination Rules.” In addition, the Company has established “Measures to Handle Reporting of Wrong Doings, Immoral and Unethical Conduct” with a reporting channel available on the stakeholder’s page under the Company’s website to properly handle associated matters.	
	✓		Child labor or coercive work is strictly prohibited.	All group companies strictly follow labor regulations from countries where they operate with adherence to “no child labor” rules, formulate reasonable working hour schedule (including regular and extended hours), care for employee well-being and attendance records and implement paid vacation to ensure healthy work-life balance for employees.	
	✓		Freedom of association and collective bargaining	The Company respects the freedom of assembly, association, and negotiation of all employees and is committed to complying with local laws and regulations while practicing its determination in corporate sustainability.	
			Sound and complete employee benefits.	Please see Page 62-63 for “Employee benefits” under Social Issue ii. in Section IV.	
			✓	Communication channels	
	ii. The employee benefit package includes: labor insurance, retirement benefits, traditional holiday cash/gift, birthday cash/gift, annual leave, paid bereavement, marriage and maternity leaves, health checkup, wedding and learning subsidies, employee cafeteria, etc. In addition, nursery rooms are made available for new-mother employees to care needs for their babies without stress. Long leave without pay, in the cases of child care, severe illness and major accidents, is also available to care for employees’ personal and family needs. Wage and promotion policies are carried out without gender difference. In 2024, female workers and managers accounted for 52.6% and 43.6% of total employee population and management team, respectively. Article 12(D) of the Articles of Association of the Company specifies that for the compensation of employees, an amount not less than 0.1% shall be appropriated from profit before income tax prior to the deduction of the remuneration of directors and employees, and distributed to the employees of the Company and affiliates qualifying for a certain criterion in the form of shares or cash. Please refer to annual report (Page 95) for 2024 appropriation of employee compensation. General salary policy: The Company references salary level from local peers and factors in employee performance and the Company’s policy to adjust employee salaries for maintaining the competency . The year-end bonus is appropriated to the entire employee body to motivate operational achievements, based on operating performance and future development, factored into individual performance and				

Assessment Item	Operation Status			Discrepancies With the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons											
	Yes	No	Summary Description												
			contribution. iii. The Company and its subsidiaries conduct regular maintenance and checks to all facilities. In addition, training programs on issues related to industrial safety and cleanliness are provided along with employee health checkups. In addition, all operating sites under the subsidiaries have received ISO 45001, certification for occupational safety and health management system, with expirations as follows: <table><tr><th>Company Name</th><th>Latest Validity Period</th></tr><tr><td rowspan="2">Jiangsu Paihong Company</td><td>2021.05.17.~ 2024.05.16.</td></tr><tr><td>2024.05.28.~ 2027.05.16.</td></tr><tr><td rowspan="2">Dongguan Paihong Company</td><td>2021.08.13.~ 2024.08.09.</td></tr><tr><td>2024.08.08.~ 2027.08.09.</td></tr><tr><td rowspan="2">Vietnam Paihong Company</td><td>2022.03.19.~ 2025.03.18.</td></tr><tr><td>2024.10.23. ~ 2027.10.22.</td></tr></table> There were no major industrial safety incidents or fire injuries during 2024. However, there were a total of 11 cases of occupational disasters involving 11 employees (accounting for 0.30% of the total number of employees at the end of 2024). The Company reviews and improves its response strategies, such as increasing the installation of safety warning labels, strengthening the training on machine safety operation, strengthening the concept of employee traffic safety and defensive driving, etc. In addition to continuously review and improvement, pay attention to the physical and mental state of employees to ensure their safety and health during their work. Other specific execution content includes: 1. The subsidiaries of the Company establish relevant regulations for machine safety, electric safety, facility safety, fire control training, and emergency handling, etc. In addition to posting such regulations at all workplaces, the responsible supervisors are also responsible for the promotion and education of employees in order to allow employees to comply with the operational regulations. 2. Fire control equipment of fire extinguishers, fire hydrants, emergency lamps, and smoke detectors, etc. are installed at each workplace and activity locations. In addition, periodic testing and maintenance are performed annually. 3. The Company’s subsidiaries have established the “Emergency Response Plan for Hazardous Chemicals” and hold fire and escape drills, disaster prevention training, and health education programs every year. This allows employees to familiarize themselves with escape routes, the operation and use of various equipment and facilities, and improves their ability to rescue and respond to disasters. Additionally, they record the results of drills and training to review and address deficiencies, reduce property loss and accidents, and mitigate the impact on the environment. 4. Periodically maintain elevators, freight elevators, machines, and transportation equipment, etc. as well as implement electric safety inspections annually. 5. The Company installs safety protection equipment according to the nature of works and needs. In addition, personnel receive special safety and health trainings prior to operation; for example, to perform dust or organic solvent operations, personnel are required to wear masks; in noisy	Company Name	Latest Validity Period	Jiangsu Paihong Company	2021.05.17.~ 2024.05.16.	2024.05.28.~ 2027.05.16.	Dongguan Paihong Company	2021.08.13.~ 2024.08.09.	2024.08.08.~ 2027.08.09.	Vietnam Paihong Company	2022.03.19.~ 2025.03.18.	2024.10.23. ~ 2027.10.22.	No major difference.
Company Name	Latest Validity Period														
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Assessment Item	Operation Status			Discrepancies With the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary Description	
			environments, personnel are required to wear ear covers, etc., in order to reduce the hazards of the operational environment to the employees’ health. 6. Chemicals management personnel and safety production management personnel participate in external educational training and obtain qualification certificates regularly according to the local regulations of the operational site. Dedicated personnel are assigned to use, manage, and handle chemicals as well as to establish chemicals management rules according to the local regulations of the operational sites and to comply with such rules properly. 7. The Company works with local hospitals to provide employees with annual health checkups and health checkups for prevention of occupational diseases, and emergency medical treatment. The Company has emergency response equipment, chemical boxes and medical personnel. 8. The Company establishes security guards to enhance access control and to strengthen the safety of the working environment. 9. The Company continues to promote the 7S of organizing, sorting, cleaning, sweeping, quality, safety, energy saving, strengthening employees’ health, and safety knowledge annually. iv. To improve professional techniques and work efficiency, the Company makes internal training plans every year for all management levels and employees, arranges external courses for suitable staff, as well as invites external training institutes to give necessary lectures, which cover new staff orientation, professional and management learning. The number of total participants for 2024 job training was 40,342 people, with a total of 126,367 hours. - New staff orientation : The training program for new employees includes an introduction to the organizational structure, regulations, and corporate culture, and also provides training courses based on their functional needs to help them familiarize themselves with work processes and communication skills. - Professional learning : Based on job duties and the need for professional skills, professional training courses for various functional attributes are arranged to enhance employees’ professional capabilities and help them achieve their work goals. - Management learning : According to the management competencies required for each level of supervisor, corresponding learning and development programs are planned. v. The Company’s “Ethical Corporate Management Best-Practice Principles” and “Procedures for Ethical Management and Guidelines for Conduct” outline that the Company shall adhere to relevant laws and international standards during product research and development, procurement, manufacturing, and sales processes. These measures ensure the transparency and safety of the products, protect customer rights, and prevent any direct or indirect harm to customers’ rights, health, or safety. If there is sufficient evidence suggesting that a product may pose a hazard to customer safety and health, the Company will immediately recall the affected batch of products as a general rule. All subsidiaries have obtained ISO 9001 quality management system certification and have established “Customer Complaint and Return Handling Procedures” to safeguard customer interests. The business unit processes customer complaints and communicates with customers through services such as the Company website consultation or by phone. The Company also holds regular production and sales meetings to review and improve processes on a monthly or quarterly basis. Annual customer questionnaires are carried out to obtain feedback, which will be used as the basis for future relationship developments. In addition, the Company has established the “Intellectual Property Rights Management Regulations” according to relevant laws, and the marketing and sale of relevant products also complies	No major difference.

Assessment Item	Operation Status			Discrepancies With the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons						
	Yes	No	Summary Description							
			with relevant laws and international standards. The registration of the trademark of the Company has been approved, and for the use of trademarks of brand makers, legitimate authorizations have also been obtained from the brand makers. vi. The Company’s subsidiaries have established supplier evaluation and management procedures: <table><tr><td>Supplier review and evaluation</td><td>Review regarding quality (including environmental materials and chemical test reports) and environment of the new suppliers and request supporting data to ensure the compliance of the restricted substance list and other related environmental regulations. Besides customers’ designated suppliers, the Company prioritizes suppliers certified under ISO 9001 quality management, ISO 14001 environmental management, and ISO 45001 occupational health and safety management systems.</td></tr><tr><td>Supplier Assessment</td><td>Each operating entity’s procurement department, together with relevant inspection units, regularly assesses suppliers based on the quality of materials received (including environmental, material safety, and chemical management), delivery timeliness, and cooperation. On-site inspections are also conducted as needed. Suppliers with good assessment results will be seen as long-term partners. Those who fail the assessment will be asked to make improvement within a time limit, which will be followed with improvement tracking to see if a termination of the relation is necessary. The Company conducts annual self-assessments of suppliers, considering quality and production management, social responsibility (occupational safety and health, labor rights), and environmental management in the supplier qualification review. In 2024, a total of 68 suppliers were randomly selected to conduct self-assessments. For suppliers that do not meet the standards, on-site audits will be conducted. If they continue to fail to improve, the business relationship will be terminated.</td></tr><tr><td>Supplier Communication and Training</td><td>The Company will hold communication sessions with and provide training to suppliers from time to time, with focused discussions on delivery time, quality, technology and facility. The Company requires its major suppliers to sign agreements ensuring they comply with sustainability management requirements, such as environmental, safety, health, and human rights. These</td></tr></table>	Supplier review and evaluation	Review regarding quality (including environmental materials and chemical test reports) and environment of the new suppliers and request supporting data to ensure the compliance of the restricted substance list and other related environmental regulations. Besides customers’ designated suppliers, the Company prioritizes suppliers certified under ISO 9001 quality management, ISO 14001 environmental management, and ISO 45001 occupational health and safety management systems.	Supplier Assessment	Each operating entity’s procurement department, together with relevant inspection units, regularly assesses suppliers based on the quality of materials received (including environmental, material safety, and chemical management), delivery timeliness, and cooperation. On-site inspections are also conducted as needed. Suppliers with good assessment results will be seen as long-term partners. Those who fail the assessment will be asked to make improvement within a time limit, which will be followed with improvement tracking to see if a termination of the relation is necessary. The Company conducts annual self-assessments of suppliers, considering quality and production management, social responsibility (occupational safety and health, labor rights), and environmental management in the supplier qualification review. In 2024, a total of 68 suppliers were randomly selected to conduct self-assessments. For suppliers that do not meet the standards, on-site audits will be conducted. If they continue to fail to improve, the business relationship will be terminated.	Supplier Communication and Training	The Company will hold communication sessions with and provide training to suppliers from time to time, with focused discussions on delivery time, quality, technology and facility. The Company requires its major suppliers to sign agreements ensuring they comply with sustainability management requirements, such as environmental, safety, health, and human rights. These	No major difference.
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Assessment Item	Operation Status					Discrepancies With the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary Description			
					include commitments such as the “Prohibition of Hazardous Substances Guarantee,” “EU REACH SVHC Declaration,” “Anti-Corruption and Anti-Bribery Commitment,” and the “Social Responsibility Commitment.” In addition, issues regarding banning child and forced labor, anti-discrimination and harassment, safety & health, as well as environmental protection will be reinforced to ensure the progress of the entire supply chain.	
V.Did the Company, following internationally recognized guidelines, prepare and publish reports such as its sustainability report to disclose non-financial information about the Company? Did the Company apply for assurance or guarantee of such reports to a third-party certification body?	✓		The Company prepares the “2024 Sustainability Report” in accordance with the Global Reporting Initiative (GRI Standards). The report includes the identification of material economic, environmental, and human rights topics, along with disclosure items and reporting requirements. It also references the Task Force on Climate-Related Financial Disclosures (TCFD) and the Sustainability Accounting Standards Board (SASB) industry-specific disclosure guidelines. The report will be verified by a third-party assurance provider and is expected to be disclosed externally by August 31, 2025.			No major difference.
VI. Where the Company establishes its sustainable development code of practice according to the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies”, please describe the discrepancy between its operation and the principles established: Not applicable.						
VII. Other important information to facilitate the understanding of the Company’s implementation of sustainable development: None.						

Climate-Related Information Implementation

Item	Implementation Status		
I. Description on the Board and Management’s oversight and governance on climate-related risks and opportunities.	The “2023 Sustainability Report” includes assessments of climate change risks and opportunities and the formulation of response strategies by the General Manager’s Office and the functional departments of each subsidiary. This report was approved by the Board of Directors on August 22, 2024. The department responsible for promoting sustainable development continues to assess climate-related risks and opportunities, and submits regular reports to the Board of Directors each year, outlining the Company’s response strategies. The implementation of the greenhouse gas inventory and verification schedule plan of the Company and its subsidiaries is also reported to the Board of Directors on a regular basis.		
II. Description on how the identified climate risks and opportunities impact the company’s business, strategies, and finance (short, mid, longterm).	The responsible unit for the Company’s promotion of sustainable development follows the Task Force on Climate-Related Financial Disclosures (TCFD) guidelines to assess the potential operational and financial impacts of climate-related risks and opportunities. The Company categorizes impacts into three-time frames: short term (less than 3 years), medium term (3 to 5 years), and long term (over 5 years). This allows for the planning of actions to address climate-related risks and opportunities.		
	Period	Climate Risks and Opportunities	The Impact on the Company’s Business, Strategies, and Finance
	Short term	In response to the global low-carbon transition, customers increasingly require the disclosure of product carbon footprints and environmental certifications.	Expected to elevate operational costs and expenses, negatively impacting earnings.
		To meet these demands and explore new market opportunities, the Company is actively developing low-carbon and environmentally friendly products.	However, the Company sees these challenges as opportunities to drive long-term revenue and profit growth, while fostering new sources of income.
	Medium term	Governments around the world have implemented regulations aimed at reducing greenhouse gas (GHG) emissions, such as carbon tariffs and carbon reduction management policies. These measures pose challenges to the Company, including carbon taxes, carbon fees, carbon credit purchases, and power curtailment regulations.	The Company will establish renewable energy, establish carbon inspection capabilities and third-party verification, and upgrade production equipment to improve resource utilization efficiency, which will increase corporate capital expenditure and operating costs.
		In response, the Company is enhancing its production processes and accelerating the development of green products.	In addition to strengthening local procurement and using environmentally friendly materials, the Company has optimized the automated process to improve resource utilization efficiency, in order to maintain the competitiveness and profitability of its products and achieve the goal of carbon reduction.
	Long term	The rising frequency and severity of extreme weather events – including typhoons, floods, and droughts – combined with increasing average temperatures and rising sea levels.	The machinery and equipment are damaged, causing property losses, rising raw material prices, increasing operating costs, and decreased product output, resulting in a decrease in revenue, and may also endanger the health of production line personnel.

Item	Implementation Status		
			The Company must strengthen its resilience and reduce the losses caused by climate change.
III. Description on the impact extreme climate events and transitional actions have on finance.	The impact of extreme climate events on finance : Please refer to the explanation of the "long-term" period mentioned in the second point above. The impact of transitional actions on finance : The Company's evaluation mainly covers the disclosure and certification of carbon emissions, carbon pricing mechanism, low-carbon production, renewable energy establishment, and the impact of corporate image. These risks may affect the financial position, including: decrease in revenue, increase in operating costs and capital expenditure. In addition, the impact on the company's image, such as the confidence and trust of investors and stakeholders in the Cmpany, will affect the company's fund-raising, business development, talent recruitment, etc.		
IV. Description on how the climate risk identification, assessment, and management process is integrated in the overall risk management system.	The General Manager's Office and the relevant functional departments of each subsidiary are responsible for identifying, assessing and managing climate risks. The sequence of their operating procedures: i. Collection of risk issues: Collect and understand the low-carbon economic environment, government policies and regulations (such as greenhouse gas inventory and reduction management) and the risks and opportunities of climate change on the Company's products, R&D and various resources. ii Identification analysis: Analyzes and assess the possibility, impact time, and frequency of climate risks to the Company's stakeholders. iii Risk intensity assessment: Assess the risk intensity based on the possibility and severity of climate risks and the degree of impact on revenues. iv Management strategy: For major climate risks, identify major climate risks, assess the cost of avoiding risks, and formulate appropriate response strategies.		
V.Should scenario analysis is used to assess the Company's resilience in face of climate change risks, explanations on the scenario, parameters, hypothesis, analysis factors and major financial impacts should be provided.	The Company preliminarily evaluates the physical risks and transitional risks, including changes in annual rainfall, an increase in the number of days with high temperatures during the season, the implementation schedule of the Carbon Border Adjustment Mechanism, the carbon pricing mechanism, and potential interruptions to the supply chain. The financial impact is divided into two aspects: i Physical risks : Climate events may lead to reduced production, shutdowns, and delayed deliveries, all of which impact revenue and may cause work stoppages. The Company will also increase operating costs in the event of emergency procurement for alternative water sources and longer supplier lead-time. ii Transitional risks : Customers require the disclosure of carbon footprints and environmental protection certifications. The Company must establish the ability to conduct carbon inventory and third-party verification, while also increasing its operating costs. The Company has not yet used scenario analysis to assess the impact on the financial situation. In the future, the Company will gradually plan for the impact on the financial situation to effectively grasp the risks of climate change.		
VI. Should there be transitional programs in response to managing climate-related risks, please explain the program's content and metrics and targets used to identify and manage physical and transitional risks.	The Company's long-term goal is to achieve net-zero carbon emissions by 2050. The preliminary transformation plan includes: i Upgrade production equipment and optimize production processes to improve energy production and utilization efficiency. ii Increase the proportion of renewable energy use and support the transformation of low-carbon energy with actual actions. No indicators and targets for identifying and managing physical risks and transformation risks are planned currently.		
VII.Should the internal carbon pricing is used as the planning tool, the pricing mechanism should be explained.	There are currently no relevant plans available.		

Item	Implementation Status																					
VIII. Should climate-related targets are in place, information such as their scope of action, GHG emissions, planned timeline, and yearly achieved progress should be stated; for targets achieved through carbon offset and RECs, the source of offset amount and number of RECs should be stated.	The Company aims to achieve net-zero carbon emissions by 2050. Annual GHG emission inventories (Scopes 1, 2, and 3 by category) are conducted to guide emissions reduction. Efforts include optimizing automated production, utilizing renewable energy (e.g. solar PV), continuing the development of green products, and implementing various energy-saving and carbon reduction initiatives to minimize environmental impact. The Company may also consider purchasing carbon credits to achieve carbon neutrality. Regarding information on greenhouse gas emissions, please refer to the paragraph IX. below for more details.																					
IX. GHG inventory and assurance status, and reduction goals, strategies and specific action plans.	GHG Inventory and Assurance Status : <u>Greenhouse Gas Emissions in the Past Two Years</u> : (Jiangsu Paihong Company, Dongguan Paihong Company, and Vietnam Paihong Company) Unit : Ton C O₂ e <table><tr><th>Year</th><th>Scope 1</th><th>Scope 2</th><th>Emission Intensity (Ton C O₂ e / Sales (NT\$ Millions)</th><th>Assurance Institution</th><th>Assurance Standard</th><th>Assurance Opinion</th></tr><tr><td>2023</td><td>37,283.58</td><td>36,672.81</td><td>14.11</td><td>China Quality Certification Center</td><td>ISO14064-3</td><td>Reasonable Level of Assurance</td></tr><tr><td>2024</td><td>45,900.29</td><td>46,685.34</td><td>13.50</td><td>China Quality Certification Center</td><td>ISO14064-3</td><td>Reasonable Level of Assurance</td></tr></table> Reduction Goals, Strategies and Specific Action Plans : The Company voluntarily checks the amount of greenhouse gas emission as a reference for greenhouse gas reduction. The Company will continue to plan concrete reduction plans in accordance with relevant laws and regulations.	Year	Scope 1	Scope 2	Emission Intensity (Ton C O ₂ e / Sales (NT\$ Millions)	Assurance Institution	Assurance Standard	Assurance Opinion	2023	37,283.58	36,672.81	14.11	China Quality Certification Center	ISO14064-3	Reasonable Level of Assurance	2024	45,900.29	46,685.34	13.50	China Quality Certification Center	ISO14064-3	Reasonable Level of Assurance
Year	Scope 1	Scope 2	Emission Intensity (Ton C O ₂ e / Sales (NT\$ Millions)	Assurance Institution	Assurance Standard	Assurance Opinion																
2023	37,283.58	36,672.81	14.11	China Quality Certification Center	ISO14064-3	Reasonable Level of Assurance																
2024	45,900.29	46,685.34	13.50	China Quality Certification Center	ISO14064-3	Reasonable Level of Assurance																

3.2.6 Status of Fulfilling Ethical Management and Discrepancies with the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons.

Assessment Item	Operation Status			Discrepancies With the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No	Summary Description	
I. Establishment of ethical management policies and programs i. Has the Company formulated the ethical corporate management policy and approved by the Board of Directors; also, stated in the regulations and external documents the policies and practices of ethical corporate management, as well as the board and senior management’s commitment to actively implement the ethical corporate management policy? ii. Has the Company established an assessment mechanism of risk from unethical behavior to regularly analyze and assess business activities with higher risk of involvement in unethical behavior? Has the Company established also preventive programs for unethical behavior containing at least the preventive measures stated in paragraph 2, Article 7 of the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies”? iii. Has the Company established in these preventive programs operating procedures for unethical behavior prevention, penalties and grievance systems of breaching the guidelines for conduct, has it implemented them, and does it periodically review them?	✓ ✓ ✓		i. The Company has formulated a “Code of Ethical Conduct,” “Ethical Corporate Management Best-Practice Principles,” and “Procedures for Ethical Management and Guidelines for Conduct,” all approved by the Board of Directors, to actively prevent unethical behavior and demonstrate the commitment of the board and management to integrity. These regulations are disclosed on the Company’s website. ii. The “Ethical Corporate Management Best-Practice Principles” and “Procedures for Ethical Management and Guidelines for Conduct” serve as the foundation for preventing unethical behavior in the Company and its subsidiaries. They also include an analysis of business activities with higher risks of unethical behavior, to strengthen corresponding preventive measures. The prevention programs established by the Company include measures against bribery and acceptance of bribery, illegal political contributions, improper charitable contributions or sponsorships, offering or accepting improper gifts, reception of guests, other improper benefits, infringement of trade secrets, trademarks, patents, copyrights, and other intellectual property rights, and engagement in unfair competition, etc. iii. The Company has established the “Ethical Corporate Management Best-Practice Principles” and the “Procedures for Ethical Management and Guidelines for Conduct” to specify the prevention of unethical conduct, including operating procedures, conduct guidelines, disciplinary actions for violations, and a complaint system, and to implement and regularly review the aforementioned programs.	No major difference.

Assessment Item	Operation Status			Discrepancies With the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No	Summary Description	
II. Ethic management practice i. Does the Company evaluate business partners’ ethical records and include ethics-related clauses in business contracts? ii. Has the Company established a dedicated unit to implement ethical corporate management approved by the Board and report regularly (as least once a year) to the Board the status of implementation and supervision of the ethical management policy and preventive programs of unethical behavior? iii. Does the Company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it? iv. Has the company established an effective accounting system and an internal control system for the internal audit unit to establish related audit programs based on the results of risk assessment of involvement in unethical behavior in order to audit and prevent the compliance with the preventive programs of unethical behavior, or hire a CPA to perform the audit in order to achieve ethical corporate management? v. Does the Company regularly hold internal and external educational trainings on ethical management?	✓ ✓ ✓ ✓ ✓		i. The Company performs business activities in a fair and transparent manner, and specifies relevant ethical provisions in agreements. The Company also avoids transactions with unethical suppliers and customers. ii. The General Manager’s Office and the relevant functional departments of each subsidiary are the management units for the Company’s ethical corporate management, responsible for corporate governance matters such as ethical management, anti-corruption, and anti-bribery. The implementation status of 2024 was reported to the Board of Directors on March 11, 2025, including: - The Company has organized 27 internal and external training courses related to ethical corporate management issues (including the prohibition of offering and accepting bribes, avoidance of conflicts of interest or improper benefits, and the realization of fair trade). A total of 1,053 people participated in these courses for a total of 62.5 hours. - The Company organized the “Procedures for Handling Material Inside Information” and related laws and regulations training course for the current directors, managers and employees on August 5. Including laws and regulations related to insider’s equity, prevention of short-term and insider trading. - The Company held the Board of Directors on May 9, August 22, and November 7, and reminded the Directors by e-mail on April 22, August 5, and October 22 prior to the date of announcement of the annual financial report and the quarterly financial report, not to trade the Company’s shares during the closed period of 30 days prior to the date of announcement of the annual financial report and the period of 15 days prior to the date of announcement of the quarterly financial report. The Company also sends mail to remind insiders to comply with the regulations. - Five directors and the corporate governance officer of the Company participated in the “2024 Insider Trading Prevention Seminar” held by the Securities and Futures Institute on September 20, October 4, and October 18. iii. To prevent conflicts of interest, the Company has established the “Procedures for Ethical Management and Guidelines for Conduct” for compliance, and established appropriate channels for expression, such as written and e-mail boxes. iv. The Company has established an internal control system, an internal audit system, and various management measures, and will amend them in response to actual needs and changes in relevant laws and regulations to ensure the effectiveness of related internal regulations. In addition to the internal audit unit’s implementation of the annual audit plan, the Board of Directors is regularly reported, the CPAs are commissioned to regularly review the Company’s financial statements. v. The ethical management concept of “Team, Collaboration, Dedication, Responsibility” of the Company and subsidiaries has been clearly specified in the employee handbook. During morning meetings, monthly meetings and management meetings, the Company promotes the notion of ethical of management to employees. During the on-board orientation of new employees, the responsibility of ethical management is taught in order to strengthen their understanding of the ethical principles. For the educational training and promotion of ethical management in 2024, please refer to the descriptions in ii. In addition, the procurement department of each production base of the Company has signed a declaration of anti-corruption and anti-bribery with suppliers, and requested they implement the Company’s ethical corporate management policy. In 2024, the number of new signatories will be 58.	No major difference.

Assessment Item	Operation Status			Discrepancies With the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No	Summary Description	
III. Implementation of complaint procedures i. Does the company establish specific complaint and reward procedures, set up conveniently accessible complaint channels, and designate responsible individuals to handle the complaint received? ii. Has the Company established standard operating procedures for investigation, post-investigation measures, and related mechanisms to ensure confidentiality of a whistleblower complaint? iii. Does the Company provide proper whistleblower protection?	 ✓ ✓ ✓		The Board has approved “Measures to Handle Reporting of Wrong Doings, Immoral and Unethical Conduct” to establish procedures handling internal and external complains and follow-up investigations. Based on the nature of the complains, reported cases will be handled by appropriate personnel including independent directors, managers, internal audit officers, etc. The Company will handle the report cases in a confidential manner and will objectively verify them. The identity and content of the whistleblower will be kept confidential, and the Company will promise to protect the whistleblower from improper treatment due to the report. The information on the reporting channel is as follows : - External reporting email : csr@paiho.cn - Internal whistleblower opinion box. - Report in written form : Send the documents to the Company by post. If the person being reported is proven to have violated applicable laws and regulations or the Company’s ethical corporate management policy, the Company shall immediately request that the person being reported cease the relevant act and take appropriate actions. If necessary, the Company shall claim damages in accordance with the legal proceedings to protect the Company’s reputation and rights and interests. In 2024, there were no reports of material impact on the Company’s ethical management.	No major difference.
IV. Information disclosure i. Does Company disclose its ethical corporate management policies and the results of its implementation on the Company’s website and MOPS?	✓		The Company has disclosed the relevant internal regulations related to ethical management and the implementation status on the MOPS and the Company’s website (http://www.kypaiho.com).	No major difference.
V. If the Company has established the ethical corporate management policies based on the “ Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies”, please describe any discrepancy between the policies and their implementation : No significant impact.				
VI. Other important information to facilitate a better understanding of the Company’s ethical corporate management policies (e.g., review and amend its policies) : None.				

3.2.7 Other Important Information of Corporate Governance Operations

1. The Company establishes the “Procedures for Handling Material Inside Information” and “Codes of Ethical Conduct” to explicitly specify the internal material information handling and disclosure mechanisms of the Company in order to serve as guidelines for the compliance by the directors, managerial officers, and employees. In addition, the Company also promotes the compliance thereof in order to prevent any inappropriate disclosure of information and to ensure the consistency and accuracy of information announced by the Company to the outside. Relevant regulations have been submitted to the Board of Directors for approval.

2. Advanced Study of the Board Directors in 2024

Title	Name	Study Date	Organizer	Courses	Study Hours
Chairman	Kuo-Ian Cheng	September 6, 2024	Commerce Development Research Institute	Corporate Governance Series Forum	3
Chairman	Kuo-Ian Cheng	August 8, 2024	Taiwan Corporate Governance Association	How corporates can implement energy conservation and carbon reduction to improve corporate profits	3
Director	Representative of Paiho Int'l Limited. : Shih -Chao Huang				
Director	Cheng-Chu Lin				
Director	Shih-Chang Ko				
Independent Director	Wen-Chang Chen				
Director	Lien-Fa Tsai				
Director	Lien-Fa Tsai	November 7, 2024	Taiwan Corporate Governance Association	Analysis of IFRS Sustainability Disclosure Standards and Countermeasures of Enterprises	3
Director	Representative of Paiho Int'l Limited. : Shih -Chao Huang	October 18, 2024	Securities and Futures Institute	2024 Insider Trading Prevention Seminar	3
Director	Cheng-Chu Lin				
Director	Shih-Chang Ko				
Independent Director	Wen-Chang Chen				

Title	Name	Study Date	Organizer	Courses	Study Hours
Director	Yong-Jen Tsao	October 4, 2024	Securities and Futures Institute	2024 Insider Trading Prevention Seminar	6
		April 15, 2024	The National Federation of CPA Associations of the R.O.C.	Analysis of the Development Trend and Case Study of Anti-money Laundering	
Independent Director	Yuh-Ching Tsai	May 30, 2024	Taiwan Corporate Governance Association	Post-pandemic Era – Taiwan’s Enterprises’ Deployment?	6
				How Corporates can Balance Smart and Safe Risks in the Digital Transformation	
Independent Director	Kai-Li Wang	August 8, 2024	Taiwan Corporate Governance Association	Discussion of Important of Insider Trading Market Control	6
				Sustainability and International Trends	
Independent Director	Yung-Fu Wu	May 31, 2024	Securities and Futures Institute	Workshop for Sustainable Disclosure	12
		November 6, 2024	Taiwan Corporate Governance Association	The New Trend of Labor–Management Relations from ESG – How Taiwanese Enterprises Respond	

3. Advanced Study of the Managers in 2024

Title	Name	Study Date	Organizer	Courses	Study Hours
General Manager, Jiangsu Paihong Company, Vietnam Paihong Company and Wuxi Paihong Company	Kuo-Ian Cheng	September 6, 2024	Commerce Development Research Institute	Corporate Governance Series Forum	3
		August 8, 2024	Taiwan Corporate Governance Association	How corporates can implement energy conservation and carbon reduction to improve corporate profits	3
	Yu-Min Chang				
Corporate Governance Officer	Yu-Min Chang	September 20, 2024	Securities and Futures Institute	2024 Insider Trading Prevention Seminar	3
		November 15, 2024		2024 Insider Equity Transaction Legal Compliance Education Seminar	3
		September 10, 2024	Accounting Research and Development Foundation	ESG and New Value of Enterprises: Response to Business Challenges and Deployment	3
		September 9, 2024 September 10, 2024		Advanced Study for Accounting Officers of Securities Issuers, Securities Brokers, and Securities Firms.	12
Manager Financial Management Center	Shu-Ling Huang	October 7, 2024	Accounting Research and Development Foundation	Advanced Study Courses for Internal Auditors of Public Offering Companies.	12
Manager Audit Office		October 17, 2024	The Institute of Internal Auditors-Chinese Taiwan		

3.2.8 Status of the Internal Control System Implementation

1. Statement of Internal Control System

Paiho Shih Holdings Corporation Statement of Internal Control System

Date: March 11, 2025

Based on the findings of a self-assessment, Paiho Shih Holdings Corporation states the following with regard to its internal control system during the year 2024:

- I. The Company acknowledges and understands that the establishment, enforcement, and preservation of internal control systems are the responsibility of the Board of Directors and management and the Company have already established such systems. The purpose is to reasonably ensure the effectiveness and the efficiency of operations (including profitability, performance, and security of assets), the reliability, timeliness, transparency of financial reporting, and legal and regulation compliance.
- II. The internal control systems have limitations, no matter how perfectly they are designed. As such, effective internal control systems may only reasonably ensure the achievement of the aforementioned goals. Further, the operation environment and situation may vary, and hence the effectiveness of the internal controls systems. The internal control systems of the Company feature certain self-monitoring mechanisms. The company will take immediate corrective actions once any shortcomings are identified.
- III. The Company judges the effectiveness of the internal control systems in design and enforcement according to the “Regulations Governing Establishment of Internal Control Systems by Public Companies” (hereinafter referred to as “the Regulations”). The Regulations is instituted for judging the effectiveness of the design and enforcement of internal control systems. There are five components for effective internal control as specified by the Regulations with which the procedures for effective internal controls are composed: (1) Control environment, (2) Risk evaluation, (3) Control operation, (4) Information and communication, and (5) Monitoring. Each of the elements in turn contains certain audit items, and the Regulations shall be referred to for details.
- IV. The Company has adopted the aforementioned internal control systems for an internal assessment of the effectiveness of internal control design and enforcement.
- V. Based on the aforementioned audit findings, the Company believes that, on December 31, 2024, its internal control procedures (including the procedures to monitor subsidiaries), effectiveness and efficiency of operations, reliability, timeliness, transparency of reporting, and compliance with relevant legal regulations, and design and enforcement of internal controls, are effective. The aforementioned goals can be achieved with reasonable assurance.
- VI. This statement of declaration shall form an integral part of the annual report and prospectus of the Company and shall be made public. If there is any fraud, concealment, or unlawful practices discovered in the content of the aforementioned information, the Company shall be liable to legal consequences under Article 20, 32, 171, and 174 of the “Securities and Exchange Act”.
- VII. This statement was approved by the Board of Directors in their meeting held on March 11, 2025, and 10 attending directors all agree at the contents of this statement.

Paiho Shih Holdings Corporation

Chairman	Kuo-Ian Cheng
General Manager	Hsin-Jung Cheng

2. If CPA Was Engaged to Conduct a Special Audit of Internal Control System, Provide Its Audit Report: None.

3.2.9 Material Resolutions of Shareholders' Meeting and Board of Directors in the Recent Year and up to the Annual Report Publication Date

1. Material Resolutions of 2024 Shareholders' Meeting and the Implementation Status thereof :

Meeting Date	Material Resolutions and Implementation Status
June 18, 2024	1. Accepted the 2023 Business Report and Financial Statements. Implementation Status : Approved by Shareholders' Meeting. 2. Accepted the proposal for 2023 deficit compensation. Implementation Status : Approved by Shareholders' Meeting. 3. Approved amendments to "Memorandum and Articles of Association". Implementation Status : The amended regulation has been executed in accordance with the resolution of Shareholders' Meeting.

2. Material Resolutions of Board of Directors' Meetings in the Recent Year and up to the Annual Report Publication Date

Meeting Dates	Material Resolutions
January 18, 2024 2024 1 st Board Meeting	Approved the loan of funds to its affiliates.
March 5, 2024 2024 2 nd Board Meeting	Approved the loan of funds to its affiliates.
March 13, 2024 2024 3 rd Board Meeting	1. Approved to apply the loan from banks. 2. Approved the Company's 2023 Business Report and Consolidated Financial Statements. 3. Approved distribution of 2023 employees' compensation and remuneration for Directors. 4. Approved the 2023 deficit compensation. 5. Approved amendments to Memorandum and Articles of Association of the Company. 6. Approved the endorsements and guarantees amount of the Company and its subsidiaries as of the end of 2023 accounted for more than 50% of the net worth. 7. Approved 2023 Statement of Internal Control System. 8. Approved the revision of some of the operations and provisions of the Group's "Internal Control System". 9. Approved amendments to "Rules of Procedures for Board of Directors' Meetings". 10. Approved amendments to "Audit Committee Charter". 11. Approved to convene 2024 Annual General Shareholders' Meeting's manner, date, time, venue and the matters, and shareholders may also exercise voting rights by electronically. 12. Approved 2024 Annual General Shareholders' Meeting relevant matters of accepting the shareholders proposals.

Meeting Dates	Material Resolutions
	13. Approved the assessment of the independence and competency of the certified public accountants. 14. Approved 2024 CPAs’ audit fees. 15. Approved the loan of funds to its affiliates. 16. Approved to make endorsements and guarantees for its affiliates. 17. Approved the termination of the absorption and merger of Wuxi Paihong Company by Jiangsu Paihong Company. 18. Approved the calculation of bonuses (including air ticket stipend) for managers who did not take leave. 19. Approved the remuneration structure table for managers and directors who are also the Company's employees and directors.
April 9, 2024 2024 4 th Board Meeting	Approved the loan of funds to its affiliates.
May 9, 2024 2024 5 th Board Meeting	1. Approved to apply the loan from banks. 2. Approved the Company's 2024 Q1 Consolidated Financial Statements. 3. Approved to make endorsements and guarantees for its affiliates. 4. Approved the loan of funds to its affiliates.
August 22, 2024 2024 6 th Board Meeting	1. Approved to apply the loan from banks. 2. Approved to make endorsements and guarantees for its affiliates. 3. Approved the Company's 2024 Q2 Consolidated Financial Statements. 4. Approved the discharge, appointment and salary adjustment of directors and managers of Dongguan Paihong Company. 5. Approved to lift the non-competition restrictions for managers. 6. Approved the Company's 2023 Sustainability Report.
September 23, 2024 2024 7 th Board Meeting	1. Approved the Company to issue its first secured convertible bonds in Taiwan. 2. Approved the appointment of the lead underwriter and the related appointment contract, through assisting the Company in complying with the laws and regulations of the Republic of China. 3. Approved the Company's application for a convertible bond guarantee limit from financial institutions. 4. Approved to increase the capital of Vietnam Paihong Company in cash. 5. Approved Hong Kong Best Expectation Company to commission Bank SinoPac to lead a syndicated bank loan for financing purpose. 6. Approved the loan of funds to its affiliates.
November 7, 2024 2024 8 th Board Meeting	1. Approved the Company's 2024 Q3 Consolidated Financial Statements. 2. Approved to apply the loan from banks. 3. Approved the adjustment of certain terms in the syndicated credit facility limit. 4. Approved to make endorsements and guarantees for its affiliates. 5. Approved the formulation to “Ethical Corporate Management Best-Practice Principles” and the “Procedures for Ethical Management and Guidelines for Conduct”

Meeting Dates	Material Resolutions
December 24, 2024 2024 9 th Board Meeting	1. Approved to apply the loan from banks. 2. Approved to make endorsements and guarantees for its affiliates. 3. Approved the loan of funds to Vietnam Paihong Limited Company. 4. Approved the loan of funds to Hong Kong Best Expectation Company. 5. Approved the Company's 2025 business plan and annual budget. 6. Approved the establishment of Paihong Indonesia Company. 7. Approval the appointment of directors, supervisors (including the Chairman and General Manager) for Paihong Indonesia Company. 8. Approved to lift the non-competition restrictions for managers. 9. Approved to terminate the joint venture investment project with multiple parties in Vietnam for establishing a professional electric bicycle assembly and frame manufacturing plant, and to adjust the usage plan of related facilities accordingly. 10. Approved the revision of some of the operations and provisions of the Group's "Internal Control System". 11. Approved amendments to "Operational Procedures for Financial Statement Preparation" 12. Approved the Group's 2025 internal control audit plan. 13. Approved the Company's "Annual Return and Declaration". 14. Approved the Company's 2024 economic substance notifications. 15. Approved amendments to " Regulations for Payment of Remuneration of Directors 16. Approved the salary approval for managerial officers and calculation of air ticket subsidies 17. Approved the table of remuneration to managerial officers, directors, and directors concurrently serving as employees. 18. Approved distribution of 2024 estimated bonus of managerial officers.
March 11, 2025 2025 1 st Board Meeting	1. Approved to apply the loan from banks. 2. Approved to make endorsements and guarantees for its affiliates. 3. Approved the loan of funds to its affiliates. 4. Approved the Company's 2024 Business Report and Consolidated Financial Statements. 5. Approved distribution of 2024 employees' compensation and remuneration for Directors. 6. Approved the proposal for distribution of 2024 earnings. 7. Approved the distribution of cash dividends for 2024. 8. Approved the issuance of new shares by capitalization of 2024 earnings 9. Approved amendments to Memorandum and Articles of Association of the Company. 10. Approved the endorsements and guarantees amount of the Company and its subsidiaries as of the end of 2024 accounted for more than 50% of the net worth. 11. Approved to elect the 7th Board of Directors of the Company. 12. Approved to lift the non-competition restrictions for new directors and its representative of the Company.

March 11, 2025 2025 1 st Board Meeting	13. Approved to convene 2025 Annual General Shareholders' Meeting's manner, date, time, venue and the matters, and shareholders may also exercise voting rights by electronically. 14. Approved 2025 Annual General Shareholders' Meeting relevant matters of accepting the shareholders proposals and candidates for nominated directors (including independent directors). 15. Approved 2025 CPAs' audit fees. 16. Approved the assessment of the independence and competency of the certified public accountants. 17. Approved 2024 Statement of Internal Control System. 18. Approved the proposal for the salary of managerial officers.
April 28, 2025 2025 2 nd Board Meeting	1. Approved the list of candidates for directors (including independent directors). 2. Approved to lift the non-competition restrictions for new directors and its representative of the Company. 3. Approved the loan of funds to its affiliates.

3.2.10 Where, in the Recent Year and up to the Annual Report Publication Date, a Director Has Expressed a Dissenting Opinion with Respect to a Material Resolution Approved by the Board of Directors, and Said Dissenting Opinion Has Been Recorded or Prepared as a Written Declaration, Disclose the Principal Content Thereof: None.

3.3 Information on CPA Professional Fees

Unit : NT\$ thousands

Accounting Firm	CPA	CPA's Audit Period	Audit Fee	Non-Audit Fee (Note)	Total	Note
Deloitte & Touche	Ting-Chien Su Shao-Chun Wu	2024	7,300	1,049	8,349	None

Note : Fees for changing company registration and filing services, review opinions from certified public accountants on cash capital increase and convertible corporate bonds, etc.

3.3.1 Replaced the Audit Firm and the Audit Fee paid to the New Audit Firm Was Less Than the Payment of Previous Year: Not applicable.

3.3.2 Audit Fee Reduced More than 10% over the Previous Year: Not applicable.

3.4 Information on Replacement of Certified Public Accountant

The Company's consolidated financial report originally was audited by the CPA Shu-Chin Chiang and CPA Ting-Chien Su of Deloitte Taiwan. In order to cooperate with the internal work reassignment and arrangement of Deloitte Taiwan, starting from the Company's 2023 Q1 consolidated financial report has been audited by CPA Ting-Chien Su and CPA Shao-Chun Wu with the approval of the Audit Committee in the 6th meeting of the 5th term and the resolution of the Board of Directors in the 6th meeting of the 6th term on March 15, 2023.

3.4.1. Former CPAs

Date of Change	From 2023 Q1 consolidated financial report.		
Reasons and Explanation of Changes	In order to cooperate with the internal work reassignment and arrangement of Deloitte Taiwan, CPA Shu-Chin Chiang and CPA Ting-Chien Su responsible for the audit of the Company’s financial report have been replaced by CPA Ting-Chien Su and CPA Shao-Chun Wu.		
State whether the Appointment is Terminated or Rejected by the Consignor or CPAs	Status \ Client	CPA	Consignor
	Appointment terminated automatically	Not applicable	Not applicable
	Appointment rejected (discontinued)	Not applicable	Not applicable
The Opinions other than Unmodified Opinion Issued in the Past Two Years and the Reasons for the Said Opinions	Not applicable		
Is there any disagreement in opinion with the issuer	Yes		Accounting principle or practice
			Disclosure of financial statements
			Auditing scope or procedures
			Others
	No	V	
	Explanation		
Supplementary Disclosure (Disclosures Specified in Article 10.5.1.4~7 of the Standards)	None		

3.4.2 Successor CPAs

Accounting Firm	Deloitte &Touche
CPA	CPA Ting-Chien Su and CPA Shao-Chun Wu
Date of Engagement	Approved by the board of directors On March 15, 2023.
Prior to the Formal Engagement, Any Inquiry or Consultation on the Accounting Treatment or Accounting Principles for Specific Transactions, and the Type of Audit Opinion that Might be Rendered on the Financial Report	Not applicable.
Written Opinions from the Successor CPAs that are Different from the Former CPA's Opinions	Not applicable.

3.4.3 The Reply of Former CPAs on Article 10.5.1 And Article 10.5.2.3 of the “Regulations Governing Information to be Published in Annual Reports of Public Companies”: Not applicable.

3.5 The Company’s Chairman, General Manager, or Managerial Officers in Charge of Finance or Accounting Matters Has in the Recent Year Held a Position at the Accounting Firm of Its Certified Public Accountant or at an Affiliated Enterprise of Such Accounting Firm: None.

3.6 Net Change in Shareholding and in Shares Pledged by Directors, Managerial Officers, and Shareholders with 10% Shareholdings or More in the Recent Year and up to the Annual Report Publication Date.

3.6.1 Net Change in Shareholding and in Shares Pledged by Directors, Managerial Officers, and Shareholders with 10% Shareholdings or More.

Title	Name	2024		01/01/2025~04/12/2025	
		Net Change in Shareholding	Net Change in Shares Pledged	Net Change in Shareholding	Net Change in Shares Pledged
Major Shareholder	Paiho Int'l Limited.	28,483,284	0	0	0
Director					
Chairman	Kuo-Ian Cheng	8,134,095	5,000,000 (8,554,482)	0	0
General Manager, Jiangsu Paihong Company, Vietnam Paihong Company and Wuxi Paihong Company					
Director	Shih-Chao Huang (Representative of Paiho Int'l Limited.)	(79,000)	0	0	0
Director	Lien-Fa Tsai	4,494	0	0	0
Director	Cheng-Chu Lin	0	0	0	0
Director	Yong-Jen Tsao	0	0	0	0
Director	Shih-Chang Ko	0	0	0	0
Independent Director	Yung-Fu Wu	0	0	0	0
Independent Director	Wen-Chang Chen	29,891	0	0	0
Independent Director	Yuh-Ching Tsai	1,926	0	0	0
Independent Director	Kai-Li Wang	875	0	0	0
General Manager	Hsin-Jung Cheng	500,000	0	0	0
- General Manager, Dongguan Paihong Company - Executive Vice General Manager, Jiangsu Paihong Company	Chen-Chia Cheng	0	0	0	0

Title	Name	2024		01/01/2025~04/12/2025	
		Net Change in Shareholding	Net Change in Shares Pledged	Net Change in Shareholding	Net Change in Shares Pledged
• Vice General Manager, Jiangsu Paihong Company • Executive Vice General Manager, Dongguan Paihong Company	Chiang-Tong Huang	205,086 (117,000)	0	0	0
• Vice General Manager, Jiangsu Paihong Company • Vice General Manager, Sales Department of Dongguan Paihong Company	Min-Nan Tu (Note 1)	0	0	0	0
Vice General Manager, Factory Department of Vietnam Paihong Company	Guey-Huei Wang	200,000	0	0	0
Executive Senior Manager, Sales Department of Dongguan Paihong Company	Wen-Pin Tu	90,000	0	0	0
Executive Senior Manager, Sales Department of Jiangsu Paihong Company	Yi-Chang Lin	30,000	0	0	0
• Executive Senior Manager, Dongguan Paihong Company • Executive Senior Manager, Administration Department and Procurement Department of Taiwan Branch of Hong Kong Best Expectation Company (Research and Development Officer)	Yi-Liang Shih	30,000 (20,000)	0	0	0
Executive Senior Manager, Financial Department of Jiangsu Paihong Company	Hsiu-Hsing Lin	90,000	0	0	0
Senior Manager, Administration Department of Dongguan Paihong Company	Hsi-Tung Cheng	142,200 (105,000)	0	0	0
Senior Manager, Information Technology Department of Dongguan Paihong Company	Zhi-Ming Ding	0	0	0	0
Senior Manager, Sales Department of Dongguan Paihong Company	Yu-Wen Chang (Note 1)	0	0	0	0
Executive Senior Manager, Sales Department of Dongguan Paihong Company	Shu-Mei Yang	0	0	0	0

Title	Name	2024		01/01/2025~04/12/2025	
		Net Change in Shareholding	Net Change in Shares Pledged	Net Change in Shareholding	Net Change in Shares Pledged
Senior Manager, Sales Department of Jiangsu Paihong Company	Chin-Hui Lin	81,778	0	0	0
Senior Manager, Research and Developmen Department of Jiangsu Paihong Company	Wen-Sou Yang	0	0	0	0
· Board Secretary of Jiangsu Paihong Company · Senior Manager, Legal Affairs Center of General Manager Office of Jiangsu Paihong Company	Jian-Fang Zhu	0	0	0	0
Senior Manager, Hightec Jacquard Factory Department and R & D Department of Dongguan Paihong Company	Hsiang-Lun Kung	100,000 (15,000)	0	0	0
Senior Manager, Audit Office of Jiangsu Paihong Company	Mei-Hui Lin	48,162	0	0	0
Senior Manager, General Manager Office of Dongguan Paihong Company	Chia-Yi Yu (Note 2)	0	0	0	0
· General Manager, Paihong Indonesia Company · General Manager, Indonesia Office of Hong Kong Best Expectation Company	Leong-Ching Tee	0	0	0	0
Manager Financial Management Center (Financial Officer, Accounting Officer, and Corporate Governance Officer)	Yu-Min Chang	0	0	0	0
Manager Audit Office	Shu-Ling Huang	0	0	0	0

Note 1 : Min-Nan Tu and Yu-Wen Chang resigned on August 22, 2024. Their shareholding were not disclosed after the declaration date.

Note 2 : Chia-Yi Yu took office on January 1, 2025.

3.6.2 Stock Trade with Related Party : None.

3.6.3 Stock Pledge with Related Party : None.

3.7 Related Party Relationship among the Company's Top Ten Shareholders

Unit: Shares : April 12, 2025

Item	Name (Note 1)	Current Shareholding		Spouse and Minor Shareholding		Shareholding by Nominee Arrangement		Name and Relationships of the Company's Top 10 Shareholders who are Related Persons with Each Other, or are Spouses or within the Two Degrees of Kinship. (Note3)		Note
		Shares	%	Shares	%	Shares	%	Name	Relationship	
1	Paiho Int'l Limited. (Representative : Shih-Chao Huang)	199,247,299	49.82%	0	0	0	0	None	None	None
	Shih-Chao Huang	529,748	0.13%	0	0	0	0	None	None	None
2	Kuo-Ian Cheng	34,966,301	8.74%	663,276	0.17%	0	0	Chen-Chia Cheng Hsin-Jung Cheng Shih-Ting Pao	The First Degree	None
3	Cheng Chia Investment Ltd. (Representative : Shih-Ting Pao)	7,071,889	1.77%	0	0	0	0	None	None	None
	Shih-Ting Pao	0	0	501,089	0.13%	0	0	Kuo-Ian Cheng	The First Degree	None
								Chen-Chia Cheng	The Second Degree	
								Hsin-Jung Cheng	Spouse	
4	Moon Lake Holdings Ltd. (Representative : Chen-Chia Cheng)	5,600,190	1.40%	0	0	0	0	None	None	None
	Chen-Chia Cheng	102,126	0.03%	0	0	5,600,190	1.40%	Kuo-Ian Cheng	The First Degree	None
								Hsin-Jung Cheng	The Second Degree	
								Shih-Ting Pao	The Second Degree	
5	Chia-Pang Tsai	3,909,040	0.98%	0	0	0	0	None	None	None
6	Chien-Chang Huang	3,485,840	0.87%	0	0	0	0	None	None	None
7	SPC Investment Account of Titan Multi Asset Fund	3,219,910	0.81%	0	0	0	0	None	None	None
8	Kuan-Cheng Mai	2,746,761	0.69%	0	0	0	0	Hsiu-Jen Mai	The First Degree	None
9	Charlotte Investment Ltd. (Representative : Hsin-Jung Cheng)	2,534,927	0.63%	0	0	0	0	None	None	None
	Hsin-Jung Cheng	501,089	0.13%	0	0	2,534,927	0.63%	Kuo-Ian Cheng	The First Degree	None
								Chen-Chia Cheng	The Second Degree	
								Shih-Ting Pao	Spouse	
10	Hsiu-Jen Mai	2,381,670	0.60%	0	0	0	0	Kuan-Cheng Mai	The First Degree	None

Note 1: All the top ten shareholders should be listed. For those who are institutional shareholders, the name of the institutional shareholders and its representative should be listed separately.

Note 2: The calculation of the shareholding ratio refers to the shareholding ratio in the name of oneself, the spouse, minors, or others.

Note 3: The shareholders listed in the preceding paragraph include legal persons and natural persons; also, their relationship should be disclosed in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers."

3.8 The Total Number of Shares and Total Equity Stake Held in Single Enterprise by the Company, Its Directors, Supervisors and Managerial Officers, and Any Companies Controlled Either Directly or Indirectly by the Company.

April 30, 2025 ; Unit:1,000 shares; %

Long-term Investments	Investments by the Company(A)		Investments from Directors, Supervisors, Managerial Officers, and Directly or Indirectly Controlled Companies (B)		Total Investments(A)+(B)	
	Shares	%	Shares	%	Shares	%
Hong Kong Antex Company	54,335	100%	0	0	54,335	100%
Hon Shin Company	20,000	100%	0	0	20,000	100%
Wuxi Paiwei Company (Note 1)	0	100%	0	0	0	100%
Jiangsu Paihong Company	384,554	99.99%	0	0	384,554	99.99%
Dongguan Paihong Company (Note 1)	0	99.99%	0	0	0	99.99%
Wuxi Paihong Company (Note 1)	0	99.99%	0	0	0	99.99%
Shanghai Best Expectation Company (Note 1)	0	99.99%	0	0	0	99.99%
Hong Kong Best Expectation Company	110,064	99.99%	0	0	110,064	99.99%
Vietnam Paihong Company (Note 1)	0	99.99%	0	0	0	99.99%

Note 1 : Dongguan Paihong Company, Wuxi Paihong Company, Shanghai Best Expectation Company, Wuxi Paiwei Company and Vietnam Paihong Company are limited companies, so there are no shares.

IV. Capital Overview

4.1 Capital and Shares

4.1.1 Source of Capital Stock

Unit: 1,000 shares; USD thousands and NT\$ thousands, except additional notes.

Month/ Year	Issue Price	Authorized Capital Stock (Note 1)		Capital Stock		Note		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increase by Assets Other than Cash	Other
09 / 2007	US\$1	60,000	60,000	20,000	20,000	Establishment (Cash)	None	(Note2)
01 / 2009	US\$1			24,500	24,500	Cash Subscription	None	(Note3)
06 / 2009	US\$1			28,713	28,713	Cash Subscription	None	(Note4)
08 / 2009	US\$1			38,713	38,713	Cash Subscription	None	(Note5)
11 / 2009	US\$1			41,713	41,713	Cash Subscription	None	(Note6)
12 / 2009	US\$1			47,713	47,713	Capitalization of Retained Earnings	None	(Note7)
03 / 2010	US\$1			56,213	56,213	Capitalization of Retained Earnings	None	(Note8)
05 / 2010	NT\$10	250,000	2,500,000	176,423	1,764,229	Equity Currency Conversion	None	(Note9)
05 / 2011	NT\$10	300,000	3,000,000 (Note 10)	198,483	1,984,829	Cash Subscription	None	(Note11)
09 / 2011	NT\$10			192,483	1,924,829	Treasury Stock Reduction	None	(Note12)
10 / 2011	NT\$10			212,331	2,123,312	Capitalization of Retained Earnings	None	(Note13)
09 / 2012	NT\$10			229,318	2,293,177	Capitalization of Retained Earnings	None	(Note14)
04 / 2013	NT\$10			223,318	2,233,177	Treasury Stock Reduction	None	(Note15)
08 / 2016	NT\$10			245,649	2,456,495	Capitalization of Retained Earnings	None	(Note16)
08 / 2017	NT\$10			265,301	2,653,015	Capitalization of Retained Earnings	None	(Note17)
08 / 2018	NT\$10			291,832	2,918,316	Capitalization of Retained Earnings	None	(Note18)
08 / 2019	NT\$10	400,000	4,000,000 (Note 19)	315,178	3,151,781	Capitalization of Retained Earnings	None	(Note20)
08 / 2023	NT\$10			330,937	3,309,370	Capitalization of Retained Earnings	None	(Note21)
01 / 2024	NT\$10			399,937	3,999,370	Cash Subscription	None	(Note22)
06 / 2024	NT\$10	500,000	5,000,000 (Note 23)	-	-	-	-	-

Note 1: The Company's original registered and authorized capital stock was US\$1 per share, 15,000 thousand shares were issued, totaling US\$15,000 thousand. On December 15, 2006, it was resolved in the Shareholders' Meeting to increase the authorized capital stock to US\$60,000 thousand with 60,000 thousand shares issued.

Note 2: The Company was established on November 6, 2006, in conjunction with the restructuring of the

Group's investment structure, the original investment of Paiho Holdings Ltd. in Wuxi Paiho Company (Jiangsu Paihong Company) was changed to an investment in Wuxi Paiho Company (Jiangsu Paihong Company) by the Company through Hong Kong Antex Company. Such capital was paid-in capital of US\$20,000 thousand in September 2007.

- Note 3: In line with the restructuring of the Group's investment structure, Taiwan Paiho Company's original investment in Pai Shin Company through Hon Shin Company was changed to an investment of Taiwan Paiho Company in Paiho International Company and then in the Company thereafter; also, the Company had held equity of Pai Shin Company through Hong Kong Antex Company.
- Note 4: The Board of Directors of the Company decided to increase the capital by an amount of US\$8,735 thousand on April 23, 2009 to invest in Hong Kong Antex Company. Hong Kong Antex Company repurchased the minority stake held by shareholders of Wuxi Paiho Company (Jiangsu Paihong Company). Due to the change of the sales plan by some of the shareholders, the Board of Directors of the Company revised the amount of the capital increase to US\$4,213 thousand on June 19 of the same year and the paid-in capital was collected on June 23.
- Note 5: On February 3, 2009, the Board of Directors of the Company handled a cash increase of US\$10,000 thousand with the collection date of the paid-in capital listed.
- Note 6: On August 17, 2009, the Board of Directors of the Company handled a cash increase of US\$3,000 thousand with the collection date of the paid-in capital listed.
- Note 7: The Board of Directors of the Company resolved to arrange a capital increase of US\$6,000 thousand from the earnings on December 9, 2009.
- Note 8: The Board of Directors of the Company resolved to arrange a capital increase of US\$8,500 thousand from the earnings on March 4, 2010.
- Note 9: It was resolved in the Shareholder's Meeting of the Company on May 7, 2010 that the denomination per share was changed from US\$1 to NT\$10. After the conversion, 250,000 thousand shares were authorized for issuance, but only 176,423 thousand shares were issued. The paid-up capital was NT\$1,764,229 thousand.
- Note 10: It was resolved in the Shareholders' Meeting of the Company on April 19, 2011 to increase the authorized capital stock to NT\$3,000,000 thousand.
- Note 11: On April 7, 2011, the Board of Directors of the Company resolved to arrange a capital increase in cash with 22,060 thousand shares issued at NT\$10 par for a total amount of NT\$220,600 thousand. The base date of the capital increase was scheduled on May 16, 2011; also, the paid-in capital after such capital increase was NT\$1,984,829 thousand.
- Note 12: The Board of Directors of the Company resolved on August 22, 2011 to cancel the repurchased stock shares, which was approved by the Taiwan Stock Exchange on September 8, 2011 for a total of 6,000 thousand shares. The number of shares issued after the capital reduction was 192,483 thousand shares with a paid-up capital of NT\$1,924,829 thousand.
- Note 13: It was resolved in the Shareholders' Meeting of the Company on April 19, 2011 to arrange capital increase of US\$198,483 thousand with 19,848 thousand shares of common stock issued at NT\$10 per share. The base date of the capital increase was scheduled on October 18, 2011 and the total paid-in capital after the capital increase was NT\$2,123,312 thousand.
- Note 14: It was resolved in the Shareholders' Meeting of the Company on June 28, 2012 to arrange capital increase of US\$169,865 thousand with 16,987 thousand shares of common stock issued at NT\$10 per share. The base date of the capital increase was scheduled on September 10, 2012 and the total paid-in capital after the capital increase was NT\$2,293,177 thousand.
- Note 15: The Board of Directors of the Company resolved on March 15, 2013 to cancel the repurchased stock shares, which was approved by the Taiwan Stock Exchange on March 29, 2013 for a total of 6,000 thousand shares. The number of shares issued after the capital reduction was 223,318 thousand shares with a paid-up capital of NT\$2,233,177 thousand.
- Note 16: It was resolved in the Shareholders' Meeting of the Company on June 7, 2016 to arrange capital increase of US\$223,318 thousand with 22,331 thousand shares of common stock issued at NT\$10 per share, and the month and year indicated is for the case where all capital is in place. It was approved by Taiwan Stock Exchange Corporation on August 19, 2016.
- Note 17: It was resolved in the Shareholders' Meeting of the Company on June 14, 2017 to arrange capital increase of US\$196,520 thousand with 19,651 thousand shares of common stock issued at NT\$10 per share, and the month and year indicated is for the case where all capital is in place. It was approved by Taiwan Stock Exchange Corporation on August 18, 2017.
- Note 18: It was resolved in the Shareholders' Meeting of the Company on June 12, 2018 to arrange capital increase of US\$265,301 thousand with 26,530 thousand shares of common stock issued at NT\$10 per share, and the month and year indicated is for the case where all capital is in place. It was approved by Taiwan Stock Exchange Corporation on August 21, 2018.

Note 19: It was resolved in the Shareholders' Meeting of the Company on June 12, 2019 to increase the authorized capital stock to NT\$4,000,000 thousand.

Note 20: It was resolved in the Shareholders' Meeting of the Company on June 12, 2019 to arrange capital increase of US\$233,465 thousand with 23,346 thousand shares of common stock issued at NT\$10 per share, and the month and year indicated is for the case where all capital is in place. It was approved by Taiwan Stock Exchange Corporation on August 16, 2019.

Note 21: It was resolved in the Shareholders' Meeting of the Company on June 6, 2023 to arrange capital increase of US\$157,589 thousand with 15,759 thousand shares of common stock issued at NT\$10 per share, and the month and year indicated is for the case where all capital is in place. It was approved by Taiwan Stock Exchange Corporation on August 18, 2023.

Note 22: The Company's Board of Directors resolved on September 26, 2023 to issue 69,000 thousand common shares for a cash capital increase at NTD 10 per share for a total of NTD 690,000 thousand, and the month and year indicated is for the case where all capital is in place. It was approved by Taiwan Stock Exchange Corporation on January 24, 2024. Approval reference number of the competent authority: Letter No. Jin-Guan-Zheng-Tsi 1120359513 dated November 10, 2023 by the Financial Supervisory Commission.

Note 23: It was resolved in the Shareholders' Meeting of the Company on June 18, 2024 to increase the authorized capital stock to NT\$5,000,000 thousand.

Type of Shares

April 30, 2025 ; Unit: shares

Type of shares	Authorized Capital Stock			Note
	Outstanding	Unissued Shares	Total	
Common Stock	399,937,032	100,062,968	500,000,000	Listed on TWSE

Information for Shelf Registration: Not applicable.

4.1.2 Major Shareholders

All Shareholders with a Stake of 5% or Greater, or the Names of the Top Ten Shareholders, the Number of Shares and Shareholding Percentage.

April 12, 2025; Unit: shares

Name of Major Shareholders	Shares	Shareholding Percentage
Paiho Int'l Limited.	199,247,299	49.82%
Kuo-Ian Cheng	34,966,301	8.74%
Cheng Chia Investment Ltd.	7,071,889	1.77%
Moon Lake Holdings Ltd.	5,600,190	1.40%
Chia-Pang Tsai	3,909,040	0.98%
Chien-Chang Huang	3,485,840	0.87%
SPC Investment Account of Titan Multi Asset Fund	3,219,910	0.81%
Kuan-Cheng Mai	2,746,761	0.69%
Charlotte Investment Ltd.	2,534,927	0.63%
Hsiu-Jen Mai	2,381,670	0.60%

4.1.3 The Company's Dividend Policy and Implementation Status

1. Dividend Policy under the Articles of Association

After off-setting accumulative losses and paying taxes, the Directors may, before recommending any dividend, set aside out of the funds legally available for distribution such sums as they think proper as a reserve or reserves for the benefit of the Company which shall, at the discretion of the Directors be applicable for meeting contingencies, or for equalising dividends or for any other purpose to which those funds may be properly applied and pending such application may in the absolute discretion of the Directors, either be employed in the business of the Company or be invested in such investments as the Directors may from time to time think fit. The Director may, pursuant to the Law and Applicable Listing Rules, set aside an additional reserve or reserves (“Special Reserve(s)”) for such purposes as authorized by the Ordinary Resolution. Earnings of a financial year, after paying all relevant taxes, off-setting accumulated losses and setting aside Special Reserves, if necessary, and other adjustment(s) to undistributed profits of that year, may be declared and distributed, alone or together with the retained earnings accrued from prior years (including the distributable amount of Special Reserves authorized by an Ordinary Resolution) by an Ordinary Resolution or a Special Resolution (if applicable), provided, however, that all dividends may be distributed and paid in cash by the approval of a majority of the votes of the Directors present at a Board meeting attended by at least two-thirds of all Directors, and such resolution shall be reported to the Shareholders at a general meeting.

According to capital expenditure plan and capital requirements in the future, the Company will distribute the earnings to shareholders in the form of stock dividends and cash dividends. The amount of earnings distributed shall not be less than the after-tax profit of the current year to make up for the loss, and the balance after deducting the surplus reserve resolved by shareholders' meeting of the Company and other subtraction items of undistributed earnings by 25%. The ratio of distributions of cash dividends shall not be lower than 20% of the total amounts of cash dividends and stock dividends.

2. The proposed resolution for dividend distribution at the current (2025) annual general meeting of shareholders.
- (1) In accordance with the Memorandum and Articles of Association of the Company, the board of directors of the Company resolved to pay the cash dividend of NT\$0.15 per share to shareholders (NT\$59,990,555 in total) and the stock dividend of NT\$0.5 per share to shareholders. The stock dividend is expected to be resolved in the shareholders' meeting on June 10, 2025.
 - (2) If changes in the capital that influence the numbers of shares outstanding and effect changes in the shareholders' allotment ratio, it is proposed to authorized the Chairman to adjust related matters.
 - (3) The Board of Directors approved the cash dividend distribution proposal, and have authorized the Chairman to set the record date and payable date for distribution dividends. The cash dividends will be calculated according to the common stock shareholders listed in the registry and their shareholding ratio on the record date. The dividend will be paid in cash with calculation rounded down to the nearest on NTD. The remaining fraction will be incorporated into other revenue of the Company.
 - (4) It is proposed that the shareholders' meeting will authorize the Board of Directors to set the timetable for allotment of shares from capital increase of earnings after approval at the Company's annual general shareholders' meeting.
3. A material change in dividend policy is expected : None.

4.1.4 The Impact of Stock Dividend Issuance on Business Performance, and EPS:

Unit: NT\$ thousands, except cash dividend per share in New Taiwan Dollars.

Item \ Year		2025
Beginning Paid-in capital		\$3,999,370
Dividend Distribution of the Year	Cash dividend per share (Note 1)	0.15
	Stock dividend from retained earnings, number per share (Note 2)	0.05
	Stock dividend from capital surplus, number per share	0
Changes of Business Performance	Profit from Operations	(Note 3)
	Profit from Operations % change over the same period last year	
	Net profit	
	Net profit % change over the same period last year	
	Earnings per share	
	Earnings per share % change over the same period last year	
	Annual average investment return (the reciprocal of the P/E ratio)	
Pro Forma Earnings Per Share and P/E Ratio	If stock dividend from retained earnings were transferred to cash dividends	Pro Forma Earnings Per Share
		Pro Forma annual investment return
	If no stock dividend from capital surplus	Pro Forma Earnings Per Share
		Pro Forma annual investment return
	If no stock dividend from capital surplus and stock dividend from retained earnings were transferred to cash dividends	Pro Forma Earnings Per Share
		Pro Forma annual investment return

Note 1: Approved by the Board of Directors.

Note 2: The calculation is based on the Board's resolution, pending approval from the shareholders' meeting.

Note 3: The Company is not required to publish its 2025 financial forecasts; therefore, the 2025 forecast data is not available.

4.1.5 Employees' Compensation and Remuneration to Directors

1. The Percentages or Ranges with Respect to Employees' Compensation and Remuneration to Directors, as Set Forth in the Articles of Association

According to the Articles of Association of the Company, no less than 0.1% of pretax earnings from the current period shall be distributed to certain qualified employees in the form of stock or cash before any appropriation made to Directors or employees' compensation. A cash distribution no more than 3% pretax earnings from the current period before any appropriation made to Directors or employees' compensation shall be made to Directors.

2. The Basis for Estimating the Amount of Employees' Compensation and Remuneration to Directors, for Calculating the Number of Shares to be Distributed as Employees' Compensation, and the Accounting Treatment of the Discrepancy, if Any, between the Actual Distributed Amount and the Estimated Figure, for the Current Period.

Any difference in distribution made and estimated will be adjusted to associated expenses in 2025.

3. Information of the 2024 Distribution Compensation Approved by the Board of Directors.

- (1) The distribution of compensation in cash to employees and remuneration in cash to directors is US\$13,000 and US\$94,192 respectively.

Unit : USD Dollars

Item	Board of Directors' Resolution	Estimates	Discrepancy	Difference	Handing Status
Employees' Compensation	13,000	13,000	0	It is adjusted according to the annual actual performance.	The difference is adjusted to the expenses in the first quarter of 2025 .
Remuneration to Directors	94,192	92,000	2,192		

- (2) The percentage of the proposed stock dividends to employees in the net profit and total employees' compensation: Not applicable.

4. The Actual Distribution of Employees' and Directors' Compensation for the Previous Year (Including the Number of Shares, Monetary Amount, and Stock Price, of the Shares Distributed), and, if There Is Any Discrepancy between the Actual Distribution and the Recognized Employees' or Directors' Compensation, Additional Disclosure Should Be Made of the Discrepancy, Cause, and How It Is Treated.

The Company made a loss before tax for 2023, therefore, no employees' compensation and directors' remuneration were distributed.

4.1.6 Buyback of Common Stock : None.

4.2 Status of Corporate Bonds :

Corporate Bond Category	2025 1st secured convertible corporate bond in the R.O.C.
Issuance Date	Not yet issued. (Note 1)
Face Value	NTD 100,000
Place of Issuance and Trade (Note 2)	Not applicable.
Issuance Price	Issued at a price not lower than 100% of par value.
Total Issuance Amount	NTD 1.2 billion is the upper limit.
Coupon Rate	Annual rate 0%
Term	Term: Three years. Maturity date: Not yet issued.
Guarantor	O-Bank, E.SUN Commercial Bank, EnTie Commercial Bank, The Shanghai Commercial & Savings Bank, Ltd., Bank of East Asia, Taishin International Bank.
Trustee	Bank SinoPac
Underwriter	CTBC Securities
Certifying Lawyer	Zhiding International Law Firm Lawyer Yu-Liang, Chen
Certifying Accountant	Deloitte Touche Tohmatsu Limited. CPAs Ting-Chien Su and Shao-Chun Wu
Method of Repayment	Except for bondholders who convert their bonds into the Company's common shares in accordance with Article 13 of the Terms and Conditions of Issuance and Conversion of the Convertible Bonds, exercise their put option pursuant to Article 22, or where the Company redeems the bonds early pursuant to Article 21, or the bonds are repurchased and cancelled by securities firms through their business premises, the Company shall repay in cash the principal amount of the Convertible Bonds held by bondholders in a lump sum within ten business days from the day following the maturity date. If the aforementioned date falls on a non-business day of the Taipei Exchange, it shall be postponed to the next business day.
Outstanding Balance	Not applicable. (Not yet issued.)
Terms and Conditions for Early Redemption or Repayment	Please refer to the Company's convertible bond prospectus for the issuance and

Corporate Bond Category		2025 1st secured convertible corporate bond in the R.O.C.
		conversion procedures.
Restrictive Clauses		None.
Ratings Agency, Date of Rating and Rating Awarded		Not applicable.
Other Rights	Amount of Ordinary Shares, Global Depositary Receipts, or Other Securities Converted (Exchanged or Subscribed) up to the Publication Date of this Annual Report	None. (Not yet issued.)
	Issuance and Conversion (Exchange or Subscription) Terms	Please refer to the Company's convertible bond prospectus for the issuance and conversion procedures.
Possible Dilution of Equity and Impact on Equity of Existing Shareholders due to Subscription or Issuance Terms of Issuance, Conversion and Exchange of Corporate Bonds		Using April 1, 2025 as the provisional pricing reference date for the conversion price, the average closing price of the Company's common shares over the previous five business days, NTD 27.75, was adopted as the base price. Applying a provisional premium rate of 102%, the provisional conversion price is calculated at NTD 28.3. Assuming all bondholders request to convert their bonds into the Company's common shares, the maximum number of shares that may be converted is estimated at 42,402 thousand shares (NTD 1,200,000 thousand/NTD 28.3). The maximum dilution rate of share capital would be 9.59%, which would not have a material impact on the rights and interests of existing shareholders.
Name of the Entrusted Custodian Institution for the Exchange Subject Matter		None.

Note 1 : The Company has filed for the issuance of secured convertible bonds within the Republic of China, and the filing was declared effective by the Financial Supervisory Commission via letter Jin-Guan-Zheng-Fa No. 1140339033 dated April 21, 2025. As of the date of publication of this annual report, the Company has not yet issued the bonds.

Note 2 : Fill in for overseas corporate bonds.

The company is currently processing convertible corporate bonds.

Corporate Bond Category		2025 1st secured convertible corporate bond in the R.O.C.
Year		As of April 30, 2025.
Item		
Market Price Per Unit	Highest	Not applicable. (Not yet issued.)
	Lowest	Not applicable. (Not yet issued.)
	Average	Not applicable. (Not yet issued.)
Convert Price		Not applicable. (Not yet issued.)
Issuance Date and Convert Price at Issuance Date		Not applicable. (Not yet issued.)
Method by Which Conversion Obligations Will Be Satisfied		Delivery by issuing new shares.

4.3 Status of Preferred Shares, Status of Global Depository Shares, Status of Employee Stock Option, Status of Employee Restricted Stock, Status of New Share Issuance in Connection with Mergers and Acquisitions : None.

4.4 Implementation of the Company's Capital Allocation Plans : None.

V. Operational Highlights

5.1 Business Content

5.1.1. Business Scope

1. Main Content of Business Operated by the Company

The Company's main business items are the production and sale of touch fasteners, webbing (shoelaces), elastic bands, jacquard engineered mesh and peripheral related materials for clothing, footwear, 3C products, medical care, and sports goods, supplemented by other work in sales of apartments, offices or parking lots.

2. Business Proportion of Main Products

Unit : NT\$ thousands		
Product \ Year	2024	
	Amount	%
Jacquard Engineered Mesh	2,466,680	35.2
Webbing (Shoelaces)	2,023,543	28.9
Touch Fastener	973,463	13.9
Elastic	759,950	10.9
Premises (including Parking Space)	78,999	1.1
Others	697,462	10.0
Total Net Sales	7,000,097	100.0

3. Item and Purpose of Main Products

- (1) Jacquard Engineered Mesh: Breathable and lightweight designs that can be used broadly in footwear, apparels, bags, hats, and 3C products.
- (2) Webbing (Shoelaces): They mainly includes woven strips and shoelaces that are mainly used in general household consumption, medical products, clothing, 3C products, and sporting goods.
- (3) Touch Fastener: Since touch fastener are equipped with the characteristics of convenient fastening and facilitated removal, they are widely used in general

household consumption, medical products, sporting goods, and auto supplies.

(4) Elastic: They have characteristics of long-lasting tension, excellent permeability, water resistance, resistance to deformation, such that they are widely used in general household consumption, medical products, clothing, and sporting goods.

(5) Others: In order to satisfy the demand for one-stop shopping of customers, the Company combines and sells various types of easy tape and jacquard digital woven fabric, etc.

4. New Product (Service) Development Plan

The annual planned development in 2025 for new products and research of the Company and subsidiaries include: Flat bottom and surface fluorescent wrinkle elastic band; rope arranged alternately by two separated flat straps and a integrated cylinder along its length direction; three color concave and convex jacquard webbing with the longitudinal strip edges of protruding rope patterns and longitudinal strip middles of non perforated meshes; terry velcro with the flashes of black and white two colors; durable anti-static velcro; dumbbell shaped cross-section warp tape with the function of anti-static, antibacterial and not easily pressed-flat; double-needle-bed warp-knitted fabrics with concealed-stripe ink-wash effect; micro-relief two-color mesh warp-knitted fabrics; warp-knitted mesh fabrics with a stacked structure of varying densities; two-color pile-raised warp-knitted fabrics; warp-knitted mesh fabric with one waterproof side and one moisture-management side; mildew-resistant antibacterial skin-friendly magnetic-function webbing; micro-elastic three-dimensional bubble-textured fabric; segmented-insertable elastic fabric for electronic devices; three-dimensional corrugated-edge dynamic mother-and-child elastic fabric; spacing-adjustable flower-arranging perforated anti-slip and anti-detachment webbing; flexible and high-peel-strength hook-and-loop fastener tape, etc.

The Company and its subsidiaries place high importance on research and development. Jiangsu Paihong Company and Dongguan Paihong Company have both successively obtained provincial-level high-tech enterprise certifications in China. In recent years, the design and production technology of Jacquard engineered mesh products have continued to advance, with various new products being launched to maintain the Company's leading position in the industry.

5.1.2 Industry Overview

1. Industry Current Status and Development

The Company's main and auxiliary materials can be applied widely in fields including consumer consumption, sportswear, and medical care, with the following categories.

(1) General household consumption goods

A. The overall global economy is volatile, affecting people's livelihood and consumption power.

According to World Bank statistics, the global economic growth rate for 2024 is 2.7%. This is mainly due to the rapid interest rate hikes and their duration and magnitude by central banks in major European and American countries, as well as ongoing conflicts in Ukraine, the Middle East, and impacts on energy and food supplies and inflation. However, U.S. consumer spending did not weaken as expected due to the Federal Reserve's interest rate hikes, and from September to December 2024, The Federal Reserve is expected to reduce rates by 4 basis points. Under China's government's strategy to prioritize expanding domestic demand, according to the latest global economic growth forecast released by the International Monetary Fund (IMF), the growth rate for 2024 remains unchanged at 3.2%. However, with the rapid escalation of global trade tensions and heightened policy uncertainty in 2025, global economic activity is expected to be severely affected. As a result, the forecast for global economic growth in 2025 has been significantly revised downward from 3.3% to 2.8%. After the drastic changes in the economy around the world, different consumption dynamics are affected, but they are still resilient and lead the continuous development of consumer goods.

B. China

In view of the economic development in China, garment clothing and shoes are general household necessities, and the main market thereof is closely related to the population of the country and national income. As the population of China is the largest in the world and the income of cities and towns continues to increase, the internal demand for textile and clothing products is expected to continue to increase stably, and the

internal stable growth is the key driving force for the development of the textile industry.

In 2024, the global economy and international trade steadily recovered. With the ongoing economic recovery in Europe and the United States, export trade has continued to grow. According to data from the General Administration of Customs, P. R. China, the export of China's textile and apparel products remained on a stable recovery path in 2024, reaching a cumulative export value of USD 301.1 billion – an increase of 2.8% year-on-year. Of this, textile exports amounted to USD 141.96 billion, up 5.7% year-on-year, while apparel exports reached USD 159.14 billion, a year-on-year increase of 0.3%.

Although the complex and challenging external environment continues to pose uncertainties and risks for China's textile foreign trade, the implementation of a series of macroeconomic policies is expected to support the sector's continued stable recovery into 2025.

Chinese Citizen Disposable Income Summary

Unit: RMB

Type \ Year	2024		2023	
	Amount	% Increase From Same Period of Last Year	Amount	% Increase From Same Period of Last Year
Average Disposable Income for Citizens of Cities and Towns	54,188	4.6	51,821	5.1
Average Disposable Income for Citizens of Rural Villages	23,119	6.6	21,691	7.7

Source of information: National Bureau of Statistics, PRC

According to the statistics of the National Bureau of Statistics, PRC, in 2024 the Chinese citizens increased continuously, where the disposable income of population in town is RMB 54,188, 4.6% more than last year. Disposal income per rural capita was RMB 23,199, up by 6.6% YoY. The purchasing power of consumers is gradually enhanced, which promotes the growth of domestic demand and it further brings good economic benefits to the manufacturers of consumer goods (including clothing and footwear), which will also benefit the Company.

China Domestic Consumer Product Retail Amount Summary

Unit: RMB 100 million

Type \ Year	2024		2023	
	Amount	% Increase From Same Period of Last Year	Amount	% Decrease From Same Period of Last Year
China Domestic Social Consumer Product Retail Total Amount	487,895	3.5	471,495	7.2

Source of information: National Bureau of Statistics, PRC

Based on the statistics from China National Bureau of Statistics, retail consumption in 2024 was recorded at RMB 48,789.5 billion, up by 3.5% YoY. The Chinese economy is showing a gradual recovery.

C. Vietnam

Vietnam, located on the eastern coast of the Indochinese Peninsula, has its capital in Hanoi. Major industrial and commercial hubs include Hanoi, Haiphong, Ho Chi Minh City, Dong Nai, Binh Duong, Da Nang, and Can Tho. While Vietnam follows a socialist political system, the government has been actively pursuing administrative reforms, enhancing transparency and efficiency, and maintaining political and social stability with relatively sound public security. Since initiating its economic reforms and opening-up policies in 1986, Vietnam has increasingly integrated into the global economy. With a stable political environment, the government has prioritized attracting foreign investment, effectively mitigating the negative impact of political factors on investment decisions. Vietnam is also actively engaged in international economic organizations such as the World Trade Organization (WTO), the ASEAN Economic Community (AEC), the Asia–Europe Meeting (ASEM), and the Asia-Pacific Economic Cooperation (APEC). Additionally, the country has signed numerous investment protection agreements, including the Regional Comprehensive Economic Partnership (RCEP) and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). These efforts, coupled with broader international cooperation, have led to increasing levels of foreign investment in Vietnam. Vietnam also issued Resolution No. 1643/QĐ-TTg dated December 29, 2022, approving the “Vietnam Textile,

Apparel and Footwear Industry 2030 Development Strategy/2035 Vision”. The strategic goal is to develop the textile and footwear industry as the main momentum of the country's economy, and will invest a lot in the development of knitted, woven and functional fabrics, and improve the quality products and added value of textile, clothing, and footwear. In recent years, Vietnam's economy has been severely impacted by the global COVID-19 pandemic. Lockdowns and other restrictions disrupted factory operations and significantly reduced tourism revenues. However, as the pandemic subsided, Vietnam's economy saw a marked recovery – especially in the manufacturing sector. With strategic investments in manufacturing infrastructure and market liberalization to support its export-driven growth model, Vietnam was recognized by the Financial Times as one of the seven most dynamic economies globally. According to Vietnam's General Statistics Office, the country's GDP growth rate reached 8.02% in 2022 – its highest in 25 years – exceeding the government's target of 6–6.5%. GDP growth rates in 2023 and 2024 were approximately 5.05% and 7.09%, respectively.

Overall, despite ongoing macroeconomic complexities, indicators across major economies continue to show signs of recovery. The textile industry is expected to evolve further – becoming more diversified, high-end, brand-oriented, eco-friendly, and digitally intelligent. Consumer goods, such as apparel and footwear, are expected to grow steadily.

(2) Medical products and sporting goods

A. Sporting goods

Since the U.S. interest rate hike policy in 2022, global economic growth momentum began to slow down in the second half of the year. Additionally, the high inflation pressure triggered by the Russia-Ukraine war further led to a significant decline in consumer demand in the end market, which affected the Company, resulting in a lack of seasonal demand in the Q4 of 2022. In 2023, the market remained sluggish, with reduced end-market demand and slower inventory clearance by brands, which in turn impacted the shipment of our auxiliary products. In early 2024, the market environment began to recover, and with the effects of international events such as the 2025 FIFA Club World Cup, the 2026

World Baseball Classic, and the 2026 FIFA World Cup, it is expected that the Company's operations will fluctuate due to market conditions and consumer demand.

According to data from market research company Euromonitor, the global sportswear market is expected to reach USD 258 billion in 2025, with a compound annual growth rate (CAGR) of 6.5% from 2022 to 2027, which is higher than the global average for the textile industry. Additionally, with the 2025 FIFA Club World Cup set to be grandly held in the U.S., along with the 2026 World Baseball Classic and the 2026 FIFA World Cup, the textile industry is poised for recovery after experiencing two years of downturn. Following industry trends, international events such as the Olympics and the World Cup typically lead brands to place orders in advance, which is expected to drive shipments and growth quarter by quarter. This will contribute to revenue and profitability, further improving the operational efficiency of production bases and maximizing shareholder value.

B. Medical products

A long-term, great population base in China. According to China's Bureau of Statistics, by the end of 2024, the total population of China is 1,408,280,000 persons. At the same time, the aging population is increasing rapidly year by year. China has become the country with the largest elderly population in the world. According to the latest information of the National Bureau of Statistics, PRC, the population aged above 65 years old is 220.23 million people, accounting for 15.6% of the total population.

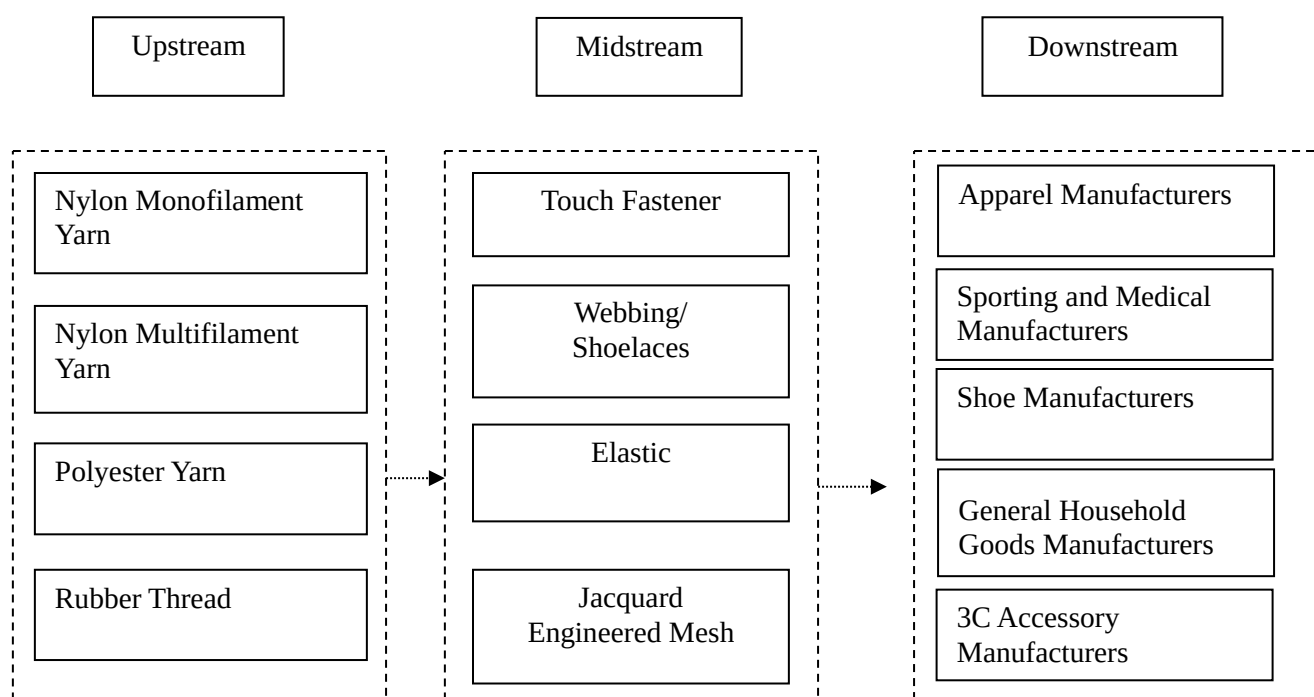
With the increasing size of the aged population and the relatively greater longevity, along with the increase of the average pension income of the elderly in China, the thoughts on health care have also changed. In addition, health awareness is rising among the younger generation. As Chinese residents' health management and scientific literacy continue to improve, there is a growing market demand for care and rehabilitation products designed for wearable devices, home safety, and monitoring of physical conditions. Furthermore, the popularity rate for individual or family medical equipment in China is still far lower than the rate in

European and American countries; therefore, the expected growth will be much greater.

(3) Real estate market

As of 2024, China's real estate market remains in a deep adjustment phase. Property developers face significant financial pressure, and consumer confidence in home-buying remains low, resulting in a sluggish market. All residential units from the Company's construction projects have been fully sold. Currently, only commercial office spaces and parking lots remain in inventory for sale. The Company no longer engages in real estate development.

2.Relevance of Up-, Middle- and Downstream of the Industry Supply Chain



3.Various Development Trends of Products

(1)The scope of product usage increases the functional demands and healthcare demands.

In the future, products will not only focus on economic factors and appearance, practicality, durability, health, safety and health care but also head toward the development trend of high-end, intelligent, green, and humanized products.

(2) Focus on environmental protection of products and manufacturing processes.

In recent years, with the global emphasis on the environment and green environmental protection has become the focus of concern by great consumers. Daily wear and use products are required to comply with relevant international standards. In addition, as the “greenhouse effect” becomes prominent, the reduction of carbon emissions for products and the manufacturing process are emphasized, such that it generates an active effect on environmental improvement.

(3) Diverse styles

To control the inventory, to reduce the risk of market change, and to satisfy the personalized characteristics of new consumers, each brand giant significantly shortens the market launch period of new styles, such that the product delivery date is shortened and the characteristic of small orders gradually becomes common.

(4) Cultural Empowerment

Through co-branding with other labels, the Company integrates emotional and cultural elements into its products, enhancing product identity and value perception. By developing products with unique design concepts and quality, we aim to meet consumer demands for premium and high-value offerings.

4.Competition

There are a great number of competitors for the main products of the Company. If there is no brand development certification and major difference in functionality, other competitors in the market are able to easily use low-price sales as the main competition strategy. The Company's active investment in R&D and environmental protection has been unanimously recognized by the brand customers and thus maintained the Company's competitive advantage. To meet market demands, we not only continued to come up with new products but enhanced our production management level through upgrading the existing facilities and phasing in intellectual machinery. Through integrating the new-model selling and the conventional textile making, we have solidified our core competency in the market. The Company establishes subsidiaries or offices in South East Asia in order to service customers locally. Through a comprehensive

service strategy, the Company is able to cooperate with customers in the joint development of new products in order to allow the product quality to be recognized by the international giant makers. Consequently, the impacts of price competition of operators in the same industry on the Company are limited.

5.1.3 Technology and Research and Development Overview

1. Research and Development Expenses in the Recent Year and up to the Annual Report Publication Date

The ratio of the research and development expenses over the net sales of the Company is as follows:

Unit : NT\$ thousands

Item \ Year	2024	As of March 31, 2025
Research and Development Expenses	375,870	Note
Net Sales	7,000,097	Note
As % of Net Sales	7%	-

Note : There is no information reviewed by CPAs in the latest quarter up to the annual report publication date.

2. Technology or Products Developed Successfully in the Recent Year.

- (1) In 2024, we have obtained patents on touch fastener, webbing (shoelaces) and jacquard engineered mesh and the improvement of their production process or equipment, as listed below:

- | |
|---|
| A. The invention patent of the local 3D warp-knitted mesh fabric and its manufacturing method enhances the three-dimensional effect, making the structure more pronounced and stable with better dimensional stability. |
| B. The Company also holds various process-related invention patents, including innovations in textile machinery such as yarn creels, weaving machines, and tension controllers, as well as equipment and processes for continuous feeding, cutting, and ultrasonic welding of webbing – all focused on optimizing production processes. |

- (2) Development direction of future research and development works.

- A. There are plans to further enhance the R&D of Jacquard mesh products

and step into the supply chain of shoes, hats, and clothing. The jacquard engineered mesh fabric complies with the market trends of environmentally-friendly, light weight, breathability, and appealing, etc. In addition, it is able to save processing costs for downstream customers; therefore, it has become the mainstream material in the shoe industry and garment industry.

- B. We have established key special R&D projects, deepen industry-university-research cooperation, and through technological innovation in materials, processes, and equipment, we implement the optimization of production process and enhancement of product quality. There is the introduction of digital innovation technology into production links to improve the Company's level of intelligentization.
- C. Continue to research and develop products with special comfort functions, health care functions, protective functions, and facilitated use functions, in order to increase the added value of textiles and product quality, thereby increasing the corporate economic benefits.
- D. Efforts are devoted to continue to increase investment in R&D, strengthen innovation capabilities, shorten R&D cycles, and improve the comprehensive service ability to develop new products for various brand customers, developing into a brand strategic partner and transforming into a comprehensive solution provider in the high-end textile field.

5.1.4 Long-Term and Short-Term Business Development Plans.

1. Marketing and Sales Strategy

(1) Short-term plans

- A. We will maintain our strong ties and development partnership with our brand customers, with agility and fast speed. We will use a subsidiary and a branch office in Shanghai and Xiamen respectively to carry out our globalization plan in “Yangtze River Delta” and “Guangdong-Hong Kong-Macao Greater Bay Area” and capitalize the radio effect from Chinese and international buyers.
- B. We still continue to develop new products from design and application perspectives and enhance product quality and competitiveness. Through our expertise in jacquard engineered mesh, covering R&D, design, production, marketing and distribution, we plan to transform and position

ourselves as a high-end and total solution supplier in textile sector.

- C. Through developing and applying 3D virtual display system and marketing matrix from online media, we aim to push forward our digitalized marketing plan to enhance our abilities to react to customer feedback and acquire new customers.
- D. With the fulfilling of Regional Comprehensive Economic Partnership (RCEP), the Company has development, sales, and production bases set in China and Vietnam and representation offices in Indonesia, where major customers are. The Group will keep reinforcing business expansion and product development projects within the region with a shorter service time frame through nearby service.
- E. Strengthen the “green factory” and the environmentally-friendliness of products, manage the carbon emissions and water drainage of products of the Company in order to meet the expectations of terminal customers and energy-saving and carbon reduction for various countries around the globe.

(2) Long-term plans

- A. To deepen the advantages of China and Vietnam as the main bodies, under the drive of expanding domestic demand in China, and the advantage of Vietnam being close to the customer base, the Company has won the recognition of more target customers by relying on its strong R&D and regional sales capabilities.
- B. Deepen the joint development of new products with well-known brand makers in China and foreign regions, manage customer relationships in order to become strategic cooperating partners for long-term development.
- C. Improve corporate identity, empower products with the brand, and gradually launch a global brand strategy progression to enhance the Company's global brand influence.
- D. Through the R&D technology and production capacity advantages of jacquard engineered mesh, we have long-term collaborative cooperation with brand customers to create quality products that are in line with market innovation and differentiation.

2. Manufacturing Strategy

(1) Short-term plans

- A. Implement the operation of each stage of the ISO9001, national standards of the People's Republic of China, and enterprise quality management system.
- B. Continue to promote product carbon footprint and water footprint certification and the environmental protection responsibility management for a “green factory”.
- C. Continue to make intellectualize our production lines, applying AI automation technology for improving production scheduling and machine utilization rate.
- D. Enhance the research and development design abilities for product and manufacturing technologies.

(2) Long-term plans

- A. Expand the operation of manufacturing and service sites, adopt the method of servicing customers locally and creating maximum profit.
- B. Cope with the order placement demands for small quantities with a great diversity of customers. Implement precision and solid management. Establish a timely and flexible production supply chain.
- C. We will actively recruit R&D talents to maintain leadership in business.
- D. Continue to update and automate various production machines and testing equipment.

3. Financial Strategy

(1) Short-term plans

- A. Implement budget system promotion work in order to facilitate the achievement of the financial plan.
- B. Cultivate new business investment and financial management talents.
- C. Improve the corporate internal control and audit system, expand financing channels, and strengthen capital operation capabilities.
- D. By leveraging information systems, the Company improves the efficiency of operational cost control. Enhanced data analysis capabilities enable more accurate financial decisions to support strategic business development.

(2) Long-term plans

- A. Cultivate international financial management talents.
- B. We will raise needed development funding from the capital market and conduct high-efficient, transparent and separated management on capital raised.

4. Management Strategy

(1) Short-term plans

- A. Continue to implement the TQM overall quality management system in order to continuously improve the operation performance.
- B. Implement system integration with best efforts in order to reduce costs and increase operation efficiency, thereby increasing the overall competitiveness of the Company.
- C. Introduce human resource management professional talents, construct manpower resources, and establish a manpower development plan in order to reserve talents necessary for the corporate expansion.
- D. Establish a complete system satisfying customer demands, and continuously develop paperless and smart mobile phone management procedures for ERP management software in order to improve the timeliness of management.

(2) Long-term plans

Construct a cross-border management system in order to establish the foundation for the international business operation of the Company.

5.2 Market and Production/ Sales Overview

5.2.1 Market Analysis

1. Sales Region of Main Products

Unit : NT\$ thousands

Area \ Year		2024		2023	
		Amount	%	Amount	%
China		3,411,105	48.7	2,648,269	50.3
Other Area	Asia	2,962,010	42.3	2,261,211	42.9
	Americas	391,460	5.6	298,964	5.7
	Europe	228,702	3.3	58,707	1.1
	Others	6,820	0.1	2,282	0.0
	Subtotal	3,588,992	51.3	2,621,164	49.7
Total		7,000,097	100.0	5,269,433	100.0

2. Market Share

The main business items of the Company include the manufacturing and sales of touch fastener, webbing (shoelaces), elastic, and jacquard engineered mesh for garments, shoes, 3C products, medical products, and sporting goods. Presently, although there is still no relevant statistical data to objectively evaluate the market share, based on the estimation of the purchase ratio of sporting goods or garments, etc. international brands or customers of Chinese local new emerging brands purchasing from the Company, the company's related products such as touch fastener, webbing (shoelaces), and jacquard engineered mesh have an extremely high market share among well-known international and Chinese brands, making the Company as one of the main suppliers for touch fastener and relevant products of well-known brands in the sports footwear and clothing industry.

3. Market Future Supply and Demand Status and Growth

The Company's products are widely used in consumer products such as clothing and footwear, sports goods, medical care, and 3C electronics. The development of various products can be said to be changing with each passing day. The Company has been deeply committed to technological innovation and expanding application fields, and provides customers with innovative materials to synergize the creative elements of products on the market and promote the

diversified development of quality products on the market. The Company continues to grow with the development of various industries.

With rising living standards, increasing disposable income, and growing health awareness, consumer demand for sports and medical products continues to rise. Sports brands, which need to fulfill functional requirements such as lightness, flexibility, and protection, face higher technological and R&D barriers. Products that combine function, social identity, and brand culture offer greater added value compared to general footwear and apparel. In recent years, the Company has actively entered the 3C electronics industry, where short innovation cycles and rapid product turnover drive consumer upgrades. New technologies and products continually stimulate demand for device replacement.

The Company has always attached great importance to the understanding of the market trends, and cooperated with various brands to jointly develop new products in order to actively grasp the fashion trends and introduce new technologies. To develop Jacquard engineered mesh products, a development, sales and production base has been set up in Vietnam to serve customers nearby. In addition, with the existing sales network and customer base, the Company has entered the main material market of the apparel, footwear, and bag industries. The Company expects to continue its steady growth with the continuous introduction of various new products and the promotion of their applications.

4.Competitive Niche

(1) Strong R&D and innovation skills

The Company has established a High-tech R&D Management Center and a Design Center in Vietnam, continuously innovating to develop differentiated, functional, and high-value-added products, while also optimizing production processes. Combining efficient manufacturing capabilities, the Company develops various new product styles to strengthen competitiveness and master key technical capabilities.

The Company has put in considerable efforts on product functionality and application, craftsmanship realization, material application and production automation. Through self-development and collaboration with schools, we have gained several new core technologies, which were built on our base craftsmanship and patent rights protection. The mix of new technology and

traditional chemical fiber production, the Company was able to obtain ample growth momentum.

- (2) Complete layout of production and sales bases with supply chain and customer service advantages.

The Company operates three fully integrated subsidiaries in Wuxi, Dongguan, and Vietnam, covering R&D, production, sales, and customer service. It also has trading subsidiaries or branches in Shanghai, Xiamen, Hong Kong, and Taiwan, as well as a representative office in Indonesia, with establishes a local subsidiary there. By expanding both domestically and internationally, the Company enhances market momentum and maintains flexible production capacity allocation. This enables stable growth in a complex and dynamic environment while offering timely and localized customer service.

The Company has also established the Electronic Commerce (EC) platform as the sales channel to combine online and offline sales which is customer service-oriented. We continuously upgrade and improve our independently developed and operated PHMall, iPaiho Tex App, and Smart 3D interactive platform. With refinement of digital technology and iterative operation, all online trading ports will be gradually integrated into the PHMall program to build a closed transaction loop and improve our ability to respond to customer needs and service transformation.

- (3) Possessing the technological capability of the manufacturing process and the innovative capability to develop new products, we aim to become a long-term strategic partner of leading brands.

Leading global brands employ stringent and complex certification systems when selecting suppliers. Only a few companies possess the capability to compete in the high-end market segment. The Company's client base extends beyond major textile and footwear brands to include domestic demand-driven brands in the electronics and medical industries. With extensive industry experience, a comprehensive product line, stable quality, and strong R&D and post-processing capabilities, the Company has become a designated supplier for many premium brands. It works with renowned brand manufacturers to co-develop new products, establishing long-term and stable cooperative relationships.

(4) Diverse products, providing one-stop shopping service to customers.

Other than producing high-end touch fasteners, to fill the needs for various webbing and elastics and jacquard engineered mesh, we've also imported easy tape and jacquard digital woven fabric, etc., to furnish all sorts of post-processing after customization to cater various levels of needs and provide satisfying products and services to our customers.

(5) Mass, one-stop and just-in-time production and supply capability.

The Company focuses on research design and production manufacturing. In addition to the use of advanced machinery and equipment, the Company is also equipped with the capacity for research and development as well as equipment improvement in order to achieve a high level of automation. Furthermore, in addition to the investment in machinery and equipment, for the production process, from the operation of weaving to dyeing, the Company adopts an integrated operation process in order to save labor costs and increase production yield rate and efficiency, thereby ensuring the excellence and stability of product quality.

(6) With an excellent quality management system in conjunction with rigorous quality demands, as well as focusing on environmental and energy saving production, the product quality of the Company is highly praised by customers.

Our business is managed by professionals from areas including production, sales, human resource, R&D and finances. The Company adheres to international standards for standardization and standardized management, and has established a quality management system that runs through product research and development, procurement, production, and sales. Through the participation and efforts from all our employees, we not only received certification for ISO 9001, ISO 14001, ISO 50001, and ISO 14064 but also the product certifications of Carbon Footprint and Water Footprint from China Quality Certification Center, as well as "Green Factory" award by the Ministry of Industry and Information Technology of China. The Company has continuously received certificates from all giant brand makers, and product quality has received great recognition from customers.

(7) Digital support and intelligent transformation

The Company is actively planning the construction of smart factories, using data governance to drive intelligent decision-making, and building a digital platform to integrate group-wide information systems. By combining

information technology with automation, the Company aims to optimize management and streamline processes.

- (8) Emphasis on sustainable development, energy conservation and environmental protection.

The Company continues to grow on the road of sustainable development and actively develops carbon inventory, renewable energy use, energy and water conservation and water recycling, waste management and recycling, among others, in order to reduce the impact on the environment.

In view of the above, the Company has significant competitiveness in terms of the research design, production scale, product quality, obtaining of market trends, and environmental sustainability, etc. Through the integration of the capabilities and resources in various aspects of management, research and development, manufacturing, and sales, etc., the Company is able to continuously develop and manufacture products with excellent quality, to provide complete services to customers, to create room for high added value, and to improve the overall competitiveness of the Company.

5.Favorable and Unfavorable Factors for the Development Outlook and

Countermeasures

(1)Favorable factors

- A. As China has been trying to grow the internal economy along with the promotion of “multiple child” and “urbanization,” further catalyzed by “digitalization” and “intellectualization,” the domestic costumer market has become a major target market for major retailer, which shall benefit our business.
- B. In addition to maintaining close cooperative relations with international brands, the Company continues to strengthen cooperation with local Chinese brands such as Li-Ning, 361, Anta and other Chinese brands in the development and supply, and assists customers in reducing costs, improving profits and product competitiveness.
- C. The Company's digital design capabilities save the cost of repeated proofing and repeated revisions during the joint R&D process, improve the responsiveness to customer needs, shorten customers' R&D cycles, and improve the competitiveness of the Company's customized products.

- D. The Company has established development, sales, and production bases in Vietnam to seize opportunities in the Southeast Asian market, and has also laid out in Indonesia. By being close to customers and leveraging Vietnam's tax incentives and favorable trade policies, the Company benefits from regional industrial advantages, creating market opportunities for its products.
- E. The Company's weaving equipment adopts a data control processing system, and the processing process code and its process parameters are set through a computer, so that the equipment can automate the weaving process to achieve high efficiency, high quality, and standardized and stable production quality.
- F. Major brands continue to strengthen the emphasis on environmental protection, and expand the requirements of suppliers' products and production lines to meet environmental protection requirements. This approach brings new opportunities to the Company, which has always valued environmental protection and adopted sustainable development as its entrepreneurial spirit.

(2) Unfavorable factors and countermeasures

- A. Market volatility risk is formed by the international political situation, market macro economics, and other factors

Industry development is closely tied to macroeconomic trends and national policies. Market demand is influenced by the economic conditions of major countries, exchange rate fluctuations, and import/export control or tariff policies. In recent years, rising geopolitical tensions have led to increased inflation overseas. Factors such as the US–China trade conflict and the restructuring of global supply chains have further contributed to significant uncertainties regarding future industrial development.

Countermeasures

The Company continues to deepen its presence in the Chinese market by strengthening partnerships with local brands. It has also established Vietnam Paihong Company to enhance its development, production, and sales capabilities in Southeast Asia. Additionally, it has set up a business representative office in Indonesia and established a subsidiary there to better serve customers relocating to Southeast Asia.

B. Labor costs increase.

Our Company is mainly located in Yangtze River Delta in East China, Hong Kong and Macau Bay Area in South China, and Vietnam. Due to rising property price and living costs, the demographic dividend has subsided, and the salary level of workers has continued to rise, and boost up operation expense.

Countermeasures

The Company will continue to phase in equipment that enables high speed, automation, intellectualization and digitalization, in order to seek the effective utilization of human resources and to reduce the number of employees, as well as heading toward the capital-intensive manufacturing method in order to increase production efficiency and increase the sales opportunities. Furthermore, the Company also enhances the on-job training of employees in order to increase the operational efficiency of unit manpower.

C. The impact of raw material price fluctuations

Recent energy shocks from the Russia–Ukraine conflict, as well as the escalating Israel–Palestine conflict, have brought significant uncertainty to global oil markets and pricing. The Company's raw materials are mainly nylon products, and petroleum is an important part of nylon raw materials. The fluctuation of petroleum price has a greater impact on the price of nylon products.

Countermeasures

The Company has established an effective cost management system to identify and reduce the cost-increasing factors, implement consumption and reasonable procurement and storage, reduce waste loss, and strengthen on-the-job training for employees to enhance their cost awareness.

D. Price reduction competition in the same industry.

Since the basic manufacturing patents for touch fastener and various webbings have been expired for a long period of time, conventional operators can enter into production with basic manufacturing machineries. There are small and medium enterprises in the market joining into the production of touch fastener and various webbings, and they adopt the method of price reduction competition to

gain orders.

Countermeasures

Although the basic manufacturing technology for the related products of the Company can be duplicated easily, nonetheless, the product quality varies in the market. With long-term production and post-manufacturing processing experience, along with the research and development abilities to engage in joint development of new products with giant brand makers, the Company is able to develop durable and appealing products in a timely manner.

5.2.2 Major Applications and Manufacturing Process of Main Products

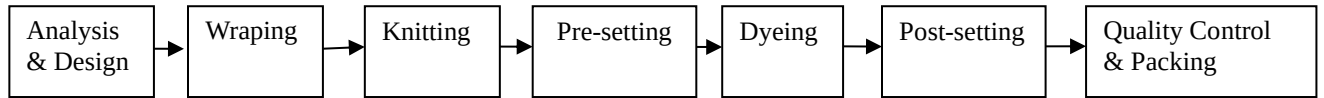
1. Major Applications of Main Products

The Company's main products currently include main and auxiliary materials such as touch fasteners, webbing (shoelaces), elastic bands, jacquard engineered mesh, etc, supplemented by other work in sales of apartments, offices or parking lots. Our core assorted main and auxiliary materials can be applied widely in fields including consumer consumption, sportswear, and medical care, with the following categories

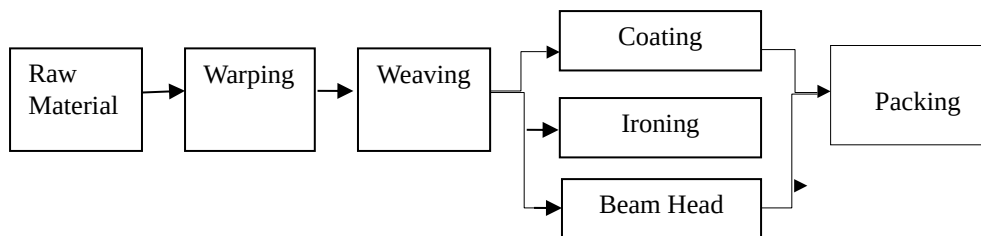
Products with Various Main and Auxiliary Materials	Major Application
Jacquard Engineered Mesh	Primary materials for shoes, garments, sporting goods, child carts, baby goods, household textiles, etc.
Webbing / Shoelaces	Accessories of edge decoration for shoe uppers, eyelets and lace, leathers, rear straps for sports bags, and caps, etc.
Touch Fastener	Auxiliary materials for shoes, garments, raincoats, caps, sporting goods, and belts, etc.
Elastic	Pants straps, jacket lower hems, cuffs, shoe upper cloth, and other product accessories requiring tightening functions.

2.Manufacturing Process of Main Products

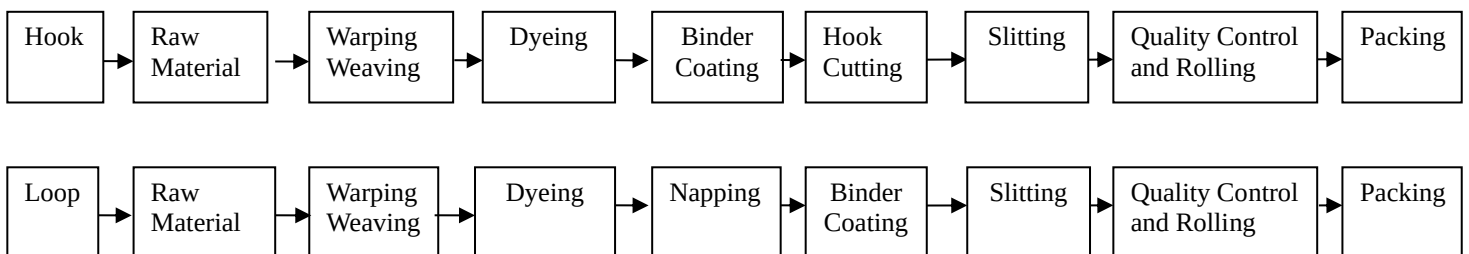
(1)Manufacturing flowchart of jacquard engineered mesh



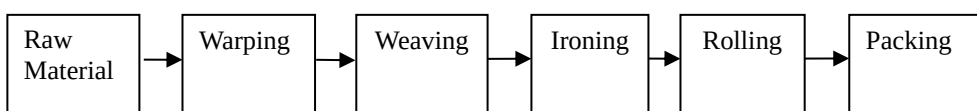
(2) Manufacturing flowchart of webbing (shoelaces)



(3)Manufacturing flowchart of touch fastener



(4) Manufacturing flowchart of elastic



5.2.3 Supply Situation of Major Raw Materials

Major Raw Materials	Supply Situation
Nylon Monofilament Yarn	Stable
Nylon Multifilament Yarn	Stable
Polyester Yarn	Stable
Rubber Thread	Stable

The main raw materials of the Company include nylon monofilament yarn, nylon multifilament yarn, polyester yarn, and rubber thread, etc. The procurement information of the Company is maintained with close cooperative relationships with the upstream key raw material suppliers. The suppliers are able to provide the international price trends, relevant market information, and quotations at any time in order to serve as the reference for the procurement decision making of the Company. The Company has collaborated with various suppliers for many years, and both parties have established a long-term and stable supply relationship. Suppliers are notified in advance to schedule the production for the actual quantity of raw materials required each month. Over the past years, despite the two parties having not signed long-term material supply contracts, under the sufficient collaboration between the two parties, the sources of raw material supply required have been relatively stable and there have been no supply shortages or interruptions affecting the sale of products. In addition, the main raw materials of the Company are purchased from at least two main suppliers in order to decentralize the incoming material. Consequently, the material supply status is excellent.

In 2013, the Company acquired the land use rights in the high-speed rail commercial district in Wuxi City, China. Relevant construction outsourcing works are handled according to the relevant internal operation procedures of the Company in order to select appropriate contractors. The Company assigns personnel to perform construction site supervision and management, and also entrusts a third-party supervisory company to perform supervision and management on the construction quality according to the relevant laws of China. Therefore, the Company is able to achieve effective control of the construction progress and quality. At present, there is no development plan for new construction projects. It is only the continuous sale of remaining units, so there is no shortage or interruption of supply.

5.2.4 List of Major Suppliers/ Customers in the Past Two Years

1. List of Suppliers That Have Accounted for at Least 10% of Procurement in One of the Past Two Years

Unit : NT\$ thousands

	2024				2023			
Item	Name	Amount	As % of Total Net Procurement	Relation to Paiho Shih	Name	Amount	As % of Total Net Procurement	Relation to Paiho Shih
1	Taiwan Paiho Company	238,691	11.2	The Parent Company	Taiwan Paiho Company	162,220	10.6	The Parent Company
2	Others	1,890,265	88.8		Others	1,366,214	89.4	
	Total Net Procurement	2,128,956	100.0		Total Net Procurement	1,528,434	100.0	

Reasons for the Changes in Amount and Ratio:

Due to the overall increase in market demand, purchase of easy tape materials and shoelace copper buckles for shoe lace, etc. from Taiwan Paiho Company went up. Overall, there has been no significant change in the purchases from the suppliers.

2. List of Customers That Have Accounted for at Least 10% of Sales in One of the Past Two Years: None.

5.3 Employees

The number of employees employed in the past two years and up to the printing date of the annual report, their average years of service, average age, and education levels.

Year		2023	2024	As of April 30, 2025
Number of Employees	Direct Labor	2,016	1,829	1,938
	General Employee	1,790	1,843	1,925
	Managerial Officer	22	20	21
	Total	3,828	3,692	3,884
Average Age		35	36	35
Average Years of service		6	7	6
Education	Ph.D.	0.05%	0.05%	0.05%
	Master's	0.73%	0.65%	0.67%
	University & College	22.91%	22.16%	22.40%
	High School	26.83%	27.41%	28.06%
	Below High School	49.48%	49.73%	48.82%

5.4 Expenditure for Environmental Protection

5.4.1 Total Losses (Including Damage Awards etc.) and Fines for Environmental Protection in the Recent Year and up to the Annual Report Publication Date

Unit : RMB		
Item \ Year	2024	As of April 30, 2025
Amount of Compensation or Punishment Status	None	None
Other Losses	None	None

5.4.2 Possible Cost and Countermeasures at Present and in the Future: None.

5.5 Labor Management Relationship

5.5.1 Employee Welfare Measures, Continued Education, Training, Retirement System, and Implementation Thereof, and Labor Management Agreement and Various Employee Benefit Protection Measures Status.

1. The Education and Training System of the Company and Implementation Thereof Are As Follows:

To improve employees' professional technical skills and enhance work performance, the Company establishes the "Human Resource Management Procedures". For new employees, the Company provides orientation training to assist them to understand the history, goals, and mission of the Company and to become familiar with the working environment and relevant regulations and systems. In addition to the annual educational training plan proposed by each department according to the work requirements and the execution of employee educational trainings executed according to the annual educational training plan, the Company further irregularly organizes internal management and professional training courses. Moreover, the Company also assigns personnel to participate in or invite external institutions to organize courses and trainings, in order to strengthen the professional abilities of employees for different job functions.

2. Retirement System and Implementation Status

The Company's Taiwan office or branch is governed by the "Labor Pension Act", which is a state-managed defined contribution plan. Under the pension plan, 6% of the monthly salary is appropriated to the individual pension fund account with the Bureau of Labor Insurance.

For the subsidiary of the Company in China, and according to the laws thereof, a monthly amount will be set aside and forwarded to the local bureau of labor and social security to pay for five funds related to employee retirement and insurance. Once an employee reaches the legal age of retirement, he/she may apply to the bureau of labor and social security for retirement pension. Each subsidiary also refers to local government regulations to provide retirement benefits for employees who reach the legal age of retirement.

According to relevant laws in Vietnam, social insurance, medical insurance and unemployment insurance for employees of the Company's subsidiary in Vietnam are paid to the local Social Insurance Bureau. Employees who reach the statutory retirement age may apply for pension from the Social Security Bureau.

3.Labor Management Agreement and Various Employee Benefit Protection Measures

The Company and subsidiaries protect the legitimate rights and benefits of workers according to the labor agreement act and other relevant laws of the main operating locations, and establish a harmonious labor management relationship. The main operating locations establish the labor union according to laws. Under the coordination of the labor union, group labor agreements are signed according to the law. In addition, the Company has provided transparent and smooth reporting channels available to employees, through employee forums and writing application forms, to uphold employees' legal rights. Since the establishment of the Company, the labor management relationship has been harmonious, and there are no issues of labor management disputes requiring coordination.

4. Various Employee Benefit Protection Measures Status

The Company and subsidiaries establish employee rights, obligations, and welfare projects according to various management regulations in order to ensure the rights and benefits of employees. In addition, the Company also adjusts the welfare content in a timely manner according to the reasonable requests made by employees. The employee welfare measure status is as follows:

- (1) In accordance with the requirements of the local labor management authorities, in addition to providing various social insurance services (including pension, medical care, maternity, work injury and unemployment, etc.), we also apply for the housing provident fund for employees to protect their housing rights.
- (2) All of the employees enroll in various insurances according to laws, and the Company also organizes employee health examinations annually.
- (3) To care for our employees, gifts or allowances are distributed on the important traditional holidays (such as Mid-Autumn Festival, Dragon Boat Festival, and Lunar New Year) based on the local customs of each operation site. Also, subsidies are offered to each department to host meal gatherings and prepare monthly birthday gifts, as well as organizing dancing, singing, soccer, and movie activities to ensure employee welfare.
- (4) Organize fire prevention drills and escape drills and fire rescue training annually, and teach labor safety and health knowledge to employees at the morning meeting in order to prevent occupational disasters, and to protect the safety and health of employees.
- (5) Where employees are subject to marriage, funeral, festival, and celebration events, in addition to rest days according to the local relevant regulations of operating

locations, the Company also provides a subsidy of wedding and blessings and condolences.

- (6) The employee overtime fees are paid according to the laws, and job bonuses or annual bonuses are issued according to job performance.
- (7) Value employees' training and future development, provide employee continued education subsidies.
- (8) Create a women friendly job environment with best efforts, establish a comfortable and undisturbed nursery room with privacy in order to allow female employees to feel no pressure for nursing after giving birth.

5.5.2 The Loss due to Labor-Management Disputes, Current, and Possible Future Loss Estimated Amount and Countermeasures in the Recent Year and up to the Annual Report Publication Date

Since the establishment of the Company, the labor management relationship has been harmonious, and there are no events of loss due to labor management dispute. In the future years, it is expected that the possibility of loss generated due to labor management dispute is extremely low.

5.6 Cyber Security Management

5.6.1 Describe the Cyber Security Risk Management Framework, Cyber Security Policies, Concrete Management Programs, and Investments in Resources for Cyber Security Management.

1. Cyber Security Risk Management Framework

The Company currently has the information technology officers of Jiangsu Paihong Company and Dongguan Paihong Company as the personnel in charge of cyber security, of which one is the officer in charge of cyber security. Responsible for strengthening cyber security management, ensuring the confidentiality, integrity, and availability of the Company's computers and internet assets, in order to provide an cyber environment for the Company's continuous operations, and protecting it from internal and external deliberate or accidental threats, and for continuous review and improvement. The Company also promotes cyber security awareness among employees. To ensure internal compliance for the related procedures, the Company has established “Measures for Computers and Internet Security Management” and “Computers and Internet Security Checking Operation” under “Internal Control System--Information Technology Management Cycle”. Any abnormal occurrences shall be reported to the Executive Vice General Manager, the General Manager and the Chairman by the responsible manager to ensure management efficacy regarding computers and internet security.

2. Cyber Security Policies

- (1) To implement the related control, the Company has set the following goals and regularly reviewed them:
 - A. Establish computers and internet security management standards that complies with laws and regulations and customers' needs.
 - B. Ensure confidentiality and integrity of the information assets.
 - C. Ensure data is accessed in accordance with the functionality of each department with a clear set of authorization.
 - D. Ensure information system operates without interruption.
 - E. Prevent unauthorized change or access to the data or information system.
 - F. Conduct periodical audit work on computers and internet security to assure the implementation of computers and internet security.
- (2) Improvement of information security risk management and continuous structure
 - A. Planning for computers and internet security risk management, including risk evaluation for corporate information safety and risk with associated management and countering measures and user-end data protection.

- B. Carry out computers and internet safety protection, including account and authorization management, information protection and control, enhance and upgrade necessary technology to safeguard all networks, devices and applications.
- C. Audit of computers and internet security operation: including continuous monitoring of information security and confidential data checking.
- D. Continuous reviews and improvements: including reviewing of computers and internet security measures, discipline in case of violation, as well as relevant training and advocacy.

3. Concrete Management Programs, and Investments in Resources for Cyber Security Management.

The Company has not yet purchased computers and internet security insurance, and currently has two dedicated personnel responsible for strengthening cyber security management.

Specific management plans:

Implementation of Information Safety Protection	Audit of Information Security Operation	Continuous Reviews and Improvements
●Set up firewalls and protection software. ●Conduct regular virus scanning on computer systems and data storage media. ●Accesses to networking services and usage shall comply with computers and internet security policy and with authorization based on operation procedures. ●Operation journals tracking networking services shall be reviewed regularly to identify abnormality. ●Only one computer device is allowed per each employee to ensure safekeeping. Personal account and password is provided according to job duties with assigned access authority. ●Access authority will be	●Conduct periodical review on emergency response plan. ●Conduct annual regular drills on system recovery. ●Establish backup system, including implementation of remote backup.	●Conduct regular review on control measurements for computers and internet safety. ●Advocate related information to enhance employee awareness on computers and internet security every year. ●Conduct regular check on computers and internet security implementation every year with the results presented to the top management.

Implementation of Information Safety Protection	Audit of Information Security Operation	Continuous Reviews and Improvements
cancelled or adjusted in the case of employee resignation or job reassignment. ● Sensitive data and patented software will be removed or re-written before a facility is obsoleted. ● Remote login to information system is only allowed after authorization. ● Gate control in physical working environment. ● Email screening mechanism.		

5.6.2 List Any Losses Suffered by the Company in the Recent Year and up to the Printing Date of the Annual Report due to Significant Cyber Security Incidents, the Possible Impacts Therefrom, 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.

5.7 Important Contracts

Agreement Type	Counter Party	Term	Summary	Restrictive Clauses
Technology Development Contract	Wuxi Jiangnan University	2024.01.01~ 2024.12.31	Assist in the development of spectrum heating antibiosis flame-retardant one-way wet permeability elastic tape technology and technical support; also, the related technical achievements and patents are owned by the Company.	None
Technology Development Contract	Wuxi Jiangnan University	2025.01.01~ 2025.12.31	Assist in the development of two-level differential capillary-effect, two-layer one-way moisture-wicking webbing technology and technical support; also, the related technical results and patents are owned by the Company.	None
Technology Development Contract	Guangdong University of Science and Technology	2024.01.01~ 2024.12.31	Assist in the development of touch fastener laminations and their quality inspection technology and technical support; also, the related technical results and patents are owned by the Company.	None
Comprehensive Agreement and its Detailed Rules of Concerning on the Use of Trademarks and Patents and Related Party Transactions	Taiwan Paiho Company	Effective upon the signature of both Shareholders Meeting's approval affixed on April , 2011.	Both sides regulate trademarks, patents and related party transactions and their valuation principles, and conduct transactions on the basis of fairness and mutual benefit.	None

Agreement Type	Counter Party	Term	Summary	Restrictive Clauses
Construction Project Construction Contract	Newtecons Investment Construction Joint Stock Company	Effective upon the signature of both parties affixed on March 26, 2022.	Construction of the plot C_6C_CN in the Bau Bang industrial zone Extension.	None
Long-term Bank Loan	The Shanghai Commercial & Savings Bank, Ltd.	2023.01~2026.01	Fiduciary Loan: US\$3 million	None
Long-term Bank Loan	The Shanghai Commercial & Savings Bank, Ltd.	2023.11~2026.11	Fiduciary Loan: US\$3 million	None
Long-term Bank Loan	E.Sun Bank (China) Ltd.	2021.12~2027.01	Fiduciary Loan: RMB 100 million	None
Long-term Bank Loan	E.Sun Bank (China) Ltd.	2022.10~2026.08	Fiduciary Loan: RMB 50 million	None
Long-term Bank Loan	E.Sun Bank (China) Ltd.	2023.03~2027.01	Fiduciary Loan: RMB 50 million	None
Long-term Bank Loan	CTBC Bank Co., Ltd.	2024.04~2027.09	Fiduciary Loan: RMB 50 million	None
Long-term Bank Loan	Bank of China Limited.	2022.12~2024.12	Fiduciary Loan: RMB 30 million	1. A debt ratio of Jiangsu Paihong Company not higher than 70%. 2.Total external guarantees from Jiangsu Paihong Company will not exceed more than 0.5 times of net assets.

Agreement Type	Counter Party	Term	Summary	Restrictive Clauses
Long-term Bank Loan	Bank of China Limited.	2025.02~2027.02	Fiduciary Loan: RMB 10 million	1. A debt ratio of Jiangsu Paihong Company not higher than 70%. 2. Total external guarantees from Jiangsu Paihong Company will not exceed more than 0.5 times of net assets.
Syndicate Loan Contract (long-term bank loan)	A syndicated loan of banks including KGI Bank, O-Bank, Bank SinoPac, E.SUN Commercial Bank, etc.	2023.11~2024.12	Fiduciary Loan: US\$90 million	Note 1
Syndicate Loan Contract (long-term bank loan)	A syndicated loan of banks including KGI Bank, O-Bank, Bank SinoPac, E.SUN Commercial Bank, etc.	2023.11~2024.12	Fiduciary Loan: US\$10 million	Note 1
Syndicate Loan Contract (long-term bank loan)	A syndicated loan of banks including Bank SinoPac, E.SUN Commercial Bank, O-Bank, EnTie Commercial Bank, etc.	Effective upon the signature of both parties affixed on December 17, 2024.	Fiduciary Loan: US\$80 million	Note 2
Syndicate Loan Contract (long-term bank loan)	A syndicated loan of banks including Bank SinoPac, E.SUN Commercial Bank, O-Bank, EnTie Commercial Bank, etc.	Effective upon the signature of both parties affixed on December 17, 2024.	Fiduciary Loan: US\$10 million	Note 2
Joint Guarantee Contract	A guarantee loan of banks including O-Bank, E.SUN Commercial Bank, EnTie Commercial Bank, etc.	Effective upon the signature of both parties affixed on October 30, 2024.	This marks the first secured convertible bond in the territory of the Republic of China with a guaranteed limit of NTD 1.212 billion.	Note 3

Note 1 : According to the loan contract, the Company is required to maintain its financial ratios as follows:

Net financial liability [(total debt (including lease liabilities) minus cash (excluding restricted

deposits)) ÷ the tangible net assets] less than 265%, 235%, 220% and 180% on December 31, 2023, June 30, 2024, December 31, 2024 and June 30, 2025, respectively; Interest coverage ratio [profit before income tax plus interest expense, depreciation and amortization amount ÷ interest expense] not less than 2.5 times and 3 times on December 31, 2024 and June 30, 2025, respectively, and; Tangible net assets [total equity minus intangible assets] not less than NT\$3.5 billion. Furthermore, the Company cannot dispose any material assets or rights and repurchase stocks or reduce capital without the permissions of the creditor banks during the loan period.

Note 2 : According to the loan contract, the Company is required to maintain its financial ratios as follows:

Net financial liability [(total debt (including lease liabilities) minus cash (excluding restricted deposits)) ÷ the tangible net assets] less than 220% and 180% on December 31, 2024 and June 30, 2025, respectively; Interest coverage ratio [profit before income tax plus interest expense, depreciation and amortization amount ÷ interest expense] not less than 2.5 times and 3 times on December 31, 2024 and June 30, 2025, respectively, and; Tangible net assets [total equity minus intangible assets] not less than NT\$4.8 billion. Furthermore, the Company cannot dispose any material assets or rights and repurchase stocks or reduce capital without the permissions of the creditor banks during the loan period.

Note 3 : During the guarantee period, the Company shall comply with the following requirements in its semi-annual consolidated financial statements:

- (1) Net financial liability [(total debt (including lease liabilities) minus cash (excluding restricted deposits)) ÷ the tangible net assets] less than 220% and 180% on December 31, 2024 and June 30, 2025, respectively;
- (2) Interest coverage ratio [profit before income tax plus interest expense, depreciation and amortization amount ÷ interest expense] not less than 2.5 times and 3 times on December 31, 2024 and June 30, 2025, respectively, and;
- (3) Tangible net assets [total equity minus intangible assets] not less than NT\$3.5 billion.

Additionally, from the date of fund utilization, the Company shall maintain a balance in the debt repayment reserve account of no less than 15% of the drawn amount at all times. From the drawdown date to the subsequent stages before bond maturity – less than 1 year, 1–2 years, 2–2.5 years, and beyond 2.5 years – the reserve account shall maintain the respective ratios of 15%, 25%, 35%, and 50% of the remaining bond principal. Furthermore, the Company cannot dispose any material assets or rights and repurchase stocks or reduce capital without the permissions of the creditor banks during the loan period.

VI. Review and Analysis of Financial Status and Financial Performance, and Risk Management

6.1 Financial Status

6.1.1 Main Reasons for Any Material Change in the Company's Assets, Liabilities, or Equity in the Past Two Years, and Describe the Effect Thereof:

Unit : NT\$ thousands

Item \ Year	2024	2023	Difference	
			Amount	%
Current Assets	6,221,761	6,874,674	(652,913)	(9.50)
Noncurrent Assets	11,996,125	11,068,387	927,738	8.38
Total Assets	18,217,886	17,943,061	274,825	1.53
Current Liabilities	7,518,826	8,973,524	(1,454,698)	(16.21)
Noncurrent Liabilities	4,087,632	4,137,473	(49,841)	(1.20)
Total Liabilities	11,606,458	13,110,997	(1,504,539)	(11.48)
Capital Stock	3,999,370	3,309,370	690,000	20.85
Advance Payments for Shares	0	69,599	(69,599)	(100.00)
Capital Surplus	1,015,572	466,677	548,895	117.62
Retained Earnings	2,090,207	1,701,189	389,018	22.87
Other Equity	(494,184)	(715,193)	221,009	30.90
Treasury Stock	0	0	0	0
Non-controlling Interests	463	422	41	9.72
Total Equity	6,611,428	4,832,064	1,779,364	36.82

Analysis of Major Changes:

1. Capital Stock and Capital Surplus increased compared to those in 2023: The main reason is that in 2023, the Company conducted a cash capital increase by issuing 69,000 thousand new shares at a premium price of NTD 18 per share, which was completed in January 2024. As a result, the capital stock and capital surplus increased compared to the same period last year.
2. Advance Payments for Shares decreased compared to those in 2023 : The main reason is that the advance payments for shares related to the cash capital increase conducted in 2023 were reclassified to capital stock and capital surplus after the fundraising was completed.
3. Retained Earnings increased compared to those in 2023 : The main reason is the contribution to profits in 2024.
4. Other Equity increased compared to those in 2023 : The main reason is the increased exchange rate differences due to the appreciation of the USD.

6.1.2 Measures to Be Taken in Response: The Company has continued to focus on improving operational performance and steady growth in profitability, and strengthens assets utilization efficiency or digestion to improve the Company's financial structure and reduce financial burdens.

6.2 Financial Performance

6.2.1 Analysis of Financial Performance

Unit : NT\$ thousands

Item \ Year	2024	2023	Difference	
			Amount	%
Net Sales	7,000,097	5,269,433	1,730,664	32.84
Cost of Sales	4,393,492	3,718,686	674,806	18.15
Gross Profit	2,606,605	1,550,747	1,055,858	68.09
Operating Expenses	1,608,541	1,617,415	(8,874)	(0.55)
Profit (Loss) from Operations	998,064	(66,668)	1,064,732	1,597.07
Non-operating Income and Expenses	(458,111)	(515,106)	56,995	11.06
Profit (Loss) Before Income Tax	539,953	(581,774)	1,121,727	192.81
Income Tax Expense	171,606	45,544	126,062	276.79
Net Profit (Loss)	368,347	(627,318)	995,665	158.72
Analysis of Changes in Ratio: In 2024, due to the overall increase in market demand and the continuous development of new products and their resulting benefits, the net operating income for 2024 increased. Additionally, due to the rise in production volume and improved capacity utilization, along with personnel and labor cost control, the unit production cost decreased, leading to growth in operating gross profit, operating net profit, pre-tax net profit, and net profit for the current period compared to the same period last year.				

6.2.2 Analysis of Changes in Gross Profit

Unit : NT\$ thousands

Gross Profit	Changes in Amount - (1)+(2)+(3)+(4)	Difference Analysis			
		Difference in Selling Price (1)	Difference in Cost (2)	Difference in Sales Mix (3)	Quantity Difference (4)
Total	1,055,858	110,427	332,823	333,672	278,936
Explanation : 1. Difference in Selling Price : Due to the continuous development of new products and the expansion of product applications, the added value of the products has increased, leading to a rise in unit price and generating a favorable price variance. 2. Difference in Cost : Due to the increase in production volume and improved efficiency, the average production cost has decreased, resulting in a favorable cost price variance. 3. Difference in Sales Mix : Due to the continuous development of high added-value products and the increase in their sales proportion, a favorable sales mix variance has been generated. 4. Quantity Difference : Due to the increase in sales quantity and value, a favorable quantity variance has been generated.					

6.2.3 Expected Sales Quantity and Its Basis, Possible Impact on the Company's Future Financial Business, and the Corresponding Plan:

The Company mainly sells a wide range of products, and will have a large difference in sales price between products due to different processing procedures, so it is not suitable to use sales volume as the measurement standard. However, the Company's future sales policy is to continue offering new products with diversity, high-value added, new applications to fuel the Company's profit.

6.3 Cash Flow

6.3.1 Analysis of Cash Flow in 2024

Unit : NT\$ thousands

Item \ Year	2024	2023	Difference	
			Amount	%
Operating Activities	1,357,106	(316,181)	1,673,287	529.22
Investing Activities	(526,811)	(1,223,778)	696,967	56.95
Financing Activities	(935,809)	1,375,130	(2,310,939)	(168.05)
Explanation : 1. Operating Activities : The net cash outflow from operating activities in 2023 is mainly due to operating losses and income tax expenses. The net cash inflow from operating activities in 2024 is mainly due to the decrease in operating profits and income tax expenses from the same period of last year and the refund of tax. 2. Investing Activities : The main reason for the decrease in net cash outflow from investing activities compared to the same period last year is the reduction in capital expenditures in 2024 and the absence of fixed deposits previously provided as collateral for bank loans by the end of December 2024. 3. Financing Activities : The main reason for the net cash inflow from financing activities in 2023 is the operational loss and capital expenditures, with part of the related funding supported by bank loans. In 2024, there was a profit contribution and a cash capital increase, with the related funds used to repay bank loans, resulting in a net cash outflow from financing activities.				

6.3.2 Improvement Plan(s) for Inadequate Liquidity :

The Company and its subsidiaries have close relationships with banks and have established good financing credit conditions. Therefore, under reasonable capital requirements, the Company does not yet have the risk of insufficient liquidity or capital shortage.

6.3.3 Liquidity Forecast Analysis in 2025

Unit : NT\$ thousands

Cash at the Beginning of Year (1)	Estimated Net Cash Inflow from Operating Activities (2)	Estimated Cash Outflow (3)	Cash Surplus (Deficit) (1)+(2)-(3)	Remedial Measures for Cash Deficit	
				Investment Plan	Financing Plan
1,581,668	1,799,025	2,159,233	1,221,460	None	None
1. Analysis of Cash Flow Changes in the Future Year (1) Operating activities: We estimated that there will be profits coming in 2025. It is estimated that there will be net cash inflow from the yearly operating activities. (2) Other activities are expected throughout the year: The net cash outflow is mainly due to the repayment of bank loans and capital expenditures for operations. 2. Remedial Measures for Cash Shortfalls: Not applicable.					

6.4 Impact of Major Capital Expenditure on Financial Operations in the Recent Year

The recent capital expenditure is mainly driven by the need to support future business development. This includes continuous development of new products or responding to customer order demands, expanding production facilities, and purchasing related equipment. In addition to increasing the production capacity of auxiliary materials and introducing new processing methods, the Company is utilizing existing resources to enter the primary materials market and other new fields. Furthermore, the Company aims to attract relevant processing methods or satellite factories to enhance product diversity, shorten production timelines, and create opportunities for increased sales and profitability. The capital required for expanding factory buildings and purchasing equipment is mainly from operation earnings with long-term bank borrowings and other funding channels, which shall not cause material impacts to the financials and operation.

6.5 Reinvestment Policy in the Recent Year, the Major Reasons for the Profits (Losses), Improvement Plans and Investment Plans in the Future Year

The Company's equity method investment income for 2024 is USD 8,500 thousand, an increase of USD 29,926 thousand compared to the investment loss of USD 21,426 thousand in the previous year. The main reason for this increase is that the investee company experienced higher overall market demand and the continued development and benefits of new products, leading to increased revenue and profitability, which resulted in an increase in recognized investment income in 2024. In the future, each subsidiary will continue to develop new products and improve the application of products, increase the added value of products, and strengthen the deployment in Southeast Asia to increase revenue and profits.

6.6 Analysis and Assessment on Risk Matters in the Recent Year and up to the Annual Report Publication Date

6.6.1 Impact of Interest Rate and Exchange Rate Fluctuation and Inflation Condition on the Profit/ Loss of the Company and Future Countermeasures:

1. Exchange Rate

The main operating locations of the Company are located in China and Vietnam; therefore, fluctuation of exchange rate has certain impacts on the gain/loss of the Company. The receivables and payables of the Company's subsidiaries are mainly denominated in RMB, USD, or VND. Due to the minimal differences in the amounts of foreign currency inflows and outflows, the foreign exchange risks arising from exchange rate fluctuations can largely be naturally mitigated. In the future, the Company will continue to monitor global macroeconomic trends and, considering the issuance of secured convertible bonds in NTD and aligning with the operational strategies of each subsidiary, will appropriately adopt measures to respond to exchange rate changes in order to reduce the impact of exchange rate fluctuations on the Company.

2. Interest Rate

The Company continues to expand its operating scale and service sites to strengthen its competitiveness, and has long-term and short-term bank loans to meet operating needs. The Company keeps good relationships with the bankers for accessing capital for lower costs. The Company and its subsidiaries will consider the limits and costs of various sources of funds comprehensively in the future, while closely monitoring the interest rate trends of each currency, in order to raise the required funds.

3. Inflation/ Deflation

In response to inflation and rising buying costs due to escalating material and energy prices, the Company will make pricing adjustments to its products and continuously develop high-added value products to cut down the impacts from inflation. In addition, the Company also regularly or irregularly reviews the economic data and reports of the government and research institutions in order to review and collect relevant information to provide references to the management level for decision making.

6.6.2 Policies on Engaging in High Risk, High Leverage Investments, Loaning Funds to Others, Endorsements and Guarantees, as well as Derivative Transactions, Main Causes of Profit and Loss as well as Future Countermeasures :

1. Engagement in High Risk and High Leverage Investment Transactions: None.

2. Lending Funds to Others

The Company has established the “Operational Procedures for Loaning of Company Funds ” and it has been approved by the Shareholders’ Meeting. When the Company and subsidiaries handle lending funds to others, it is handled according to the “Operational Procedures for Loaning of Company Funds” of the Company and subsidiaries, and after the resolution and approval of the Board of Directors, such lending funds to others can then be executed.

As of the date the annual report was printed, the Company did not engage in financing outside the Group. Financing within the Group is mainly the financing within the Group for easier fund deployment. All of the loans comply with the relevant laws and regulations, so there are no losses due to loans.

3. Endorsements and Guarantees

The Company has established the “Regulation Governing Making of Endorsements/Guarantees” and it has been approved by the Shareholders’ Meeting. When the Company and subsidiaries handle the making of endorsements or guarantees, it is handled according to the “Regulations Governing Making of Endorsements/Guarantees” of the Company and subsidiaries, and after the resolution and approval of the Board of Directors, such making of endorsements or guarantees can then be executed.

In the recent year and up to the annual report publication date, the Company has not made any endorsement or guarantee to others outside the Group. The endorsements and guarantees inside the Group mainly refer to guarantees made to assist each subsidiary to acquire the financing amount from the bank, which complies with relevant laws. Therefore, the relevant risk thereof is limited.

4. Derivatives Trading

The Company and subsidiaries adopt the conservative and stable principle in performing derivative trading. Presently, the Company has not engaged in any relevant operations; however, the Company may perform appropriate operations depending upon the future development needs, and it is mainly for the purpose of hedging the

exchange rate fluctuation risk arising from product sales or material purchase.

6.6.3 Future R&D Projects and Expected Investment in the R&D Budget.

Other than continuing the joint developments with major brands for new products, all R&D departments in the subsidiaries will use the existing advantages to develop or introduce new products to enhance the varieties on offer to cater for one-stop shopping needs of customers. It is expected that in the future, the annual research and development expense ratio invested will account for more than 5% of the operating revenue.

6.6.4 Impacts of Important Domestic/ Foreign Policies and Changes of Laws on the Financial Business of the Company and Countermeasures:

The main operating locations of the Company are located in China and Vietnam; therefore, each subsidiary is established with the Legal Affairs Office and hires legal counsel throughout the year depending upon the needs in order to pay attention to important domestic and international policies and legal change status at all times, and the impacts on the Company are assessed. In the recent year, changes of major domestic and international policies and laws have not caused any material unfavorable impacts on the financial status and business of the Company.

6.6.5 Impacts of Changes in Technology (including cyber security risks) and Industry on the Financial Business of the Company and Countermeasures:

Through close cooperation with world-class factories and strengthening our R&D ability, the Company can rapidly control the industry development. In addition, the company also pays attention to the technical changes in the industry at all times. Depending on the situation, the Company assigns staff to assess and study the impact of the changes on its future development and financial business and the countermeasures. In the recent year, there have been no major technical changes that have had a significant impact on the Company's financial business.

The Company's information technology management department has established an appropriate computers and internet security policy, and has firewall and security software installed to control the operational functions of the Company. The Company does not have computers and internet security insurance, but the information technology management department will regularly review the system records of various network service projects, track abnormal situations, and every year regularly handle system recovery and backup plans to ensure the normal operation of the Company's information system and data preservation in order to reduce the risk of system interruption caused by

unwarranted natural disasters and human error. The information technology management department continuously reviews the implementation and policies of computers and internet security annually, strengthens the protection of corporate computers and internet security, and upgrades appropriate software and hardware equipment in a timely manner and improves relevant regulations. In 2024 and as of the annual report printing date, the Company did not find any major cyber-attacks or incidents that had or may have a material adverse effect on the Company's business and operations, nor had it been involved in any litigation, supervision, or investigation of an incident.

6.6.6 Impacts of Change of Corporate Image on the Corporate Crisis Management and Countermeasures:

Since the establishment, the Company and subsidiaries have been committed to maintaining the corporate image and complying with the regulatory requirements. Up to the present day, there haven't been occurrences of events capable of affecting the corporate image.

6.6.7 Expected Benefits, Possible Risks, and Countermeasures for Merger: None.

6.6.8 Expected Benefits, Possible Risks, and Countermeasures for Expansion of Facilities:

In response to the needs of future operational development, increasing product diversity, and the trend of short lead-time orders, the Company has expanded its factory in Vietnam in recent years. This expansion not only supports the adjustments needed for existing product lines but also facilitates the addition of new products, new processing methods, and the introduction of related satellite factories. This will enhance product variability, shorten production timelines, and help meet the trend of short lead-time and diversified orders, providing sufficient momentum for future growth. The funds required for the construction of plants are mainly supported by our own working capital and various bank borrowings. The Company will also take into account the cost of obtaining funds in various locations of the Group and various financing tools to appropriately adjust various borrowings or raise funds. Therefore, the risk of plant expansion should be limited.

6.6.9 Risks and Countermeasures of Centralized Purchase or Sales:

The main raw materials required for the Company's production include nylon monofilament, nylon multifilament, polyester yarn, etc. As the aforementioned raw materials are widely available in the market with numerous and diverse suppliers, and there has been no instance in the most recent year or up to the date of this annual report where any single supplier accounted for an excessive proportion of total purchases, the

risk of procurement concentration is relatively low.

The Company is one of the leading companies for the global professional manufacturing of touch fastener, webbing, shoelaces, jacquard engineered mesh materials, etc., and the application scope of the products is broad. Up to the present day, the number of customers has reached over one thousand customers such that the customer source is stable, and there is no risk of concentrated sales.

6.6.10 Impacts, Risks, and Countermeasures of Directors, Supervisors, or Shareholders with a Shareholding Percentage Exceeding 10%, Large Equity Transfer, or Change on the Company: None.

6.6.11 Impacts, Risks, and Countermeasures of Change in Management Rights to the Company:

The Company was not subject to any change of management rights in the recent year.

6.6.12 Company and Director, Supervisor, General Manager, Substantial Responsible Person of the Company, Major Shareholder with a Shareholding Percentage Exceeding 10%, and Affiliate of the Company that Has Received Any Affirmative Ruling or Is Involved in Any Pending Major Litigation, Non-contentious Case or Administrative Dispute Event, and the Result Thereof may Have Major Impacts on the Shareholders' Rights or Stock Price; Relevant Dispute Facts, Subject Matter Amount, Litigation Starting Date, Main Parties Involved in the Litigation, and the Handling Status up to the Annual Report Publication Date Required to be Disclosed: No significant impact.

6.6.13 Other Significant Risks and Countermeasures: No significant impact.

6.7 Other Important Matters: None.

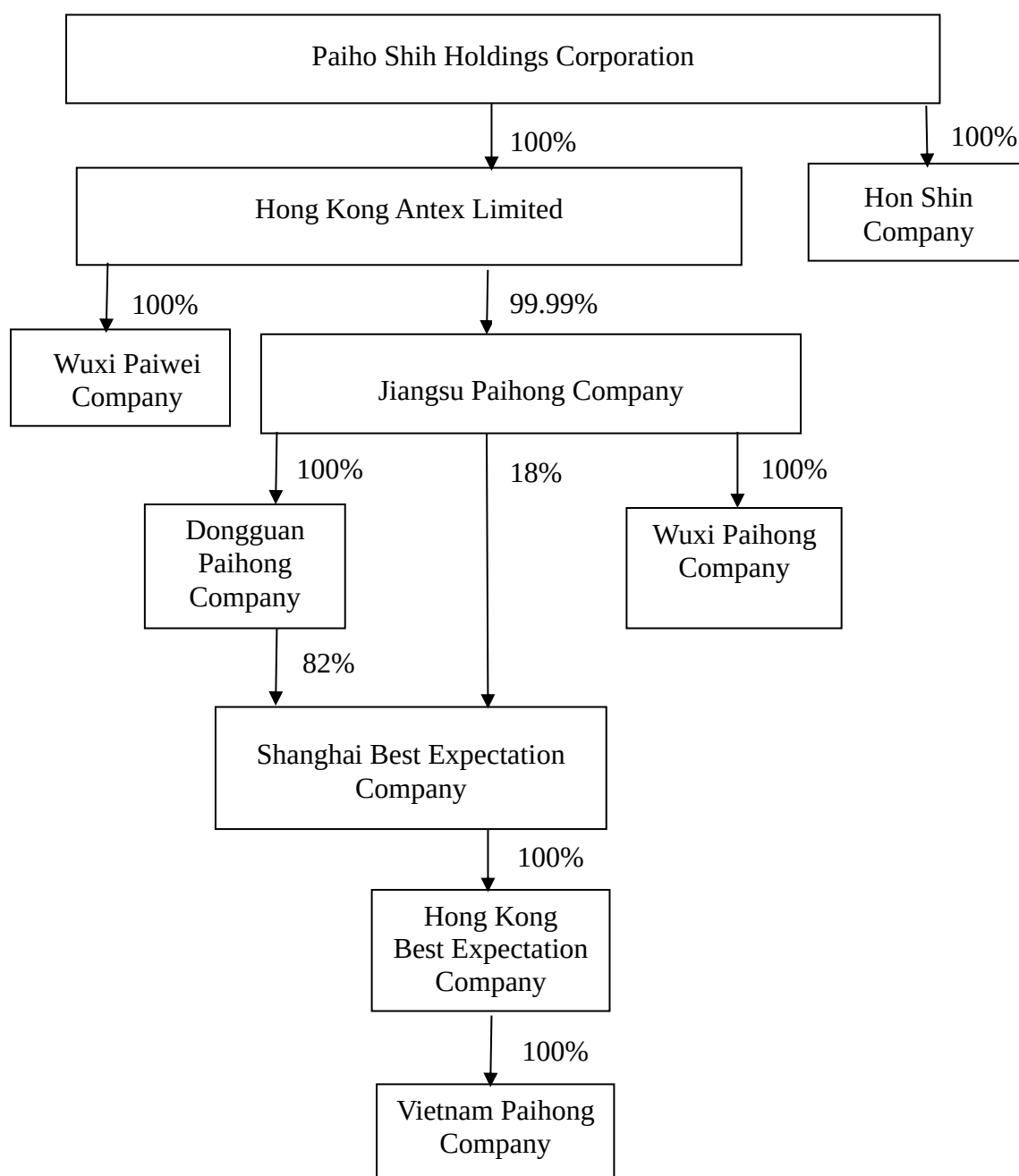
VII. Special Disclosure

7.1 Summary of Affiliated Enterprises

7.1.1 Consolidated Business Reptot of Affiliated Enterprises

1. Organizational Chart of Affiliated Enterprises

December 31, 2024



2. Basic Information of Affiliated Enterprises

Unit : NT\$ thousands, except additional notes.

Company Name	Date of Incorporation	Place of Registration	Paid-in Capital (Note)	Major Business Item
Hong Kong Antex Company	June, 2007	Hong Kong	1,812,035	International investment.
Jiangsu Paihong Company	December, 2000	Wuxi, China	1,722,204	Production & marketing of touch fastener, webbing and elastic.
Dongguan Paihong Company	October, 2005	Dongguan, China	1,598,770	Production & marketing of touch fastener, elastic, webbing, jacquard engineered mesh and 3C accessories, etc.
Wuxi Paihong Company	February, 2013	Wuxi, China	1,701,640	Commercial property management; planning consultants, sales, development & leasing of real estate and design decoration.
Shanghai Best Expectation Company	November, 2021	Shanghai, China	3,613,746	International investment & trading.
Hong Kong Best Expectation Company	December, 2021	Hong Kong	3,608,438	International investment & trading.
Wuxi Paiwei Company	December, 2017	Wuxi, China	582,140	Production and sales of masks and non-woven products.
Hon Shin Company	June, 2016	Samoa	655,700	International investment & trading.
Vietnam Paihong Company	November, 2016	Vietnam	6,130,795	Production & marketing of mesh and other fabrics.

Note: (1) Hong Kong Antex Company paid-in capital HK 429,188,833

(2) Jiangsu Paihong Company paid-in capital RMB 384,592,275

(3) Dongguan Paihong Company paid-in capital RMB 357,027,760

(4) Wuxi Paihong Company paid-in capital RMB 380,000,000

(5) Shanghai Best Expectation Company paid-in capital RMB 807,000,000

(6) Hong Kong Best Expectation Company paid-in capital US\$110,063,700

(7) Wuxi Paiwei Company paid-in capital RMB 130,000,000

(8) Hon Shin Company paid-in capital US\$20,000,000

(9) Vietnam Paihong Company paid-in capital US\$187,000,000

(10) Exchange rates are used as follows:

USD : NTD = 1 : 32.785

RMB : NTD = 1 : 4.478

HK : NTD = 1 : 4.222

3. Data of Shareholders in Common of the Company and Its Subsidiaries with Deemed Control and Subordination: None.

4. Business Scope of Affiliated Enterprises :

(1) Major business item of the Company :

The Company is a holding company. The Company's subsidiaries with substantial operational functions include Jiangsu Paihong Company, Dongguan Paihong Company, Wuxi Paihong Company, Wuxi Paiwei Company, Shanghai Best Expectation Company, Hong Kong Best Expectation Company and Vietnam Paihong Company. The main business items are production and sale of touch fasteners, webbing (shoelaces), elastic bands, jacquard engineered mesh and peripheral related materials for clothing, footwear, 3C products, medical care, and sports goods, supplemented by other work in sales of apartments, offices or parking lots.

(2) Major business item of Hong Kong Antex Company : International investment.

(3) Major business item of Jiangsu Paihong Company : Production & marketing of touch fastener, webbing and elastic.

(4) Major business item of Dongguan Paihong Company : Production & marketing of touch fastener, elastic, webbing, jacquard engineered mesh and 3C accessories, etc.

(5) Major business item of Wuxi Paihong Company : Commercial property management; planning consultants, sales, development & leasing of real estate and design decoration.

(6) Major business item of Shanghai Best Expectation Company : International investment & trading.

(7) Major business item of Hong Kong Best Expectation Company : International investment & trading.

(8) Major business item of Wuxi Paiwei Company : Production and sales of masks and non-woven products.

(9) Major business item of Hon Shin Company : International investment & trading.

(10) Major business item of Vietnam Paihong Company : Production & marketing of mesh and other fabrics.

5. The Names of Directors, Supervisors, and General Manager of Affiliated Enterprises and Their Shareholding

December 31, 2024

Company Name	Title	Name or Representative	Shares Held	
			Shares (Equities)	Shareholding Ratio
Hong Kong Antex Company	Director	Kuo-Ian Cheng	0	0%
	Director	Chen-Chia Cheng	0	0%
			Paiho Shih Holdings Corporation holds 54,334,644 shares.	100%
Jiangsu Paihong Company	Chairman and General Manager	Kuo-Ian Cheng	0	0%
	Director	Chen-Chia Cheng	0	0%
	Director	Ming-Chang Chiang	0	0%
	Director	Pei-Chao Chang	0	0%
	Director	Jian-Fang Zhu	0	0%
	Director	Hsiu-Hsing Lin	0	0%
	Independent Director	Da-gang Gao	0	0%
	Independent Director	Shih-Kai Chiu	0	0%
	Independent Director	Ming-Ching Hsieh	0	0%
	Supervisor	Mei-Hui Lin	0	0%
	Supervisor	De-Peng Wang	0	0%
	Supervisor	Zhong-Chao Yao	0	0%
			Hong Kong Antex Company holds 384,553,816 shares.	99.99%
Dongguan Paihong Company	Chairman	Kuo-Ian Cheng	0	0%
	Director and General Manager	Chen-Chia Cheng	0	0%
	Director	Chiang-Tong Huang	0	0%
	Supervisor	Wen-Pin Tu	0	0%
			Jiangsu Paihong Company holds equities of RMB 357,028 thousand.	100%
Wuxi Paihong Company	Chairman and General Manager	Kuo-Ian Cheng	0	0%
	Director	Chen-Chia Cheng	0	0%
	Director	Mei-Hui Lin	0	0%
	Supervisor	Ming-Chang Chiang	0	0%
			Jiangsu Paihong Company holds equities of RMB 380,000 thousand.	100%

Company Name	Title	Name or Representative	Shares Held	
			Shares (Equities)	Shareholding Ratio
Shanghai Best Expectation Company	Director Supervisor	Kuo-Ian Cheng Ming-Chang Chiang	0	0
			0	0
			Jiangsu Paihong Company holds equities of RMB 142,120 thousand.	18%
			Dongguan Paihong Company holds equities of RMB 664,880 thousand.	82%
Hong Kong Best Expectation Company	Director	Kuo-Ian Cheng	0	0
			Shanghai Best Expectation Company holds 110,063,700 shares.	100%
Wuxi Paiwei Company	Chairman and General Manager Supervisor	Hsin-Jung Cheng Po-Hsiang Chang	0	0%
			0	0%
			Hong Kong Antex Company holds equities of RMB 130,000 thousand.	100%
Hon Shin Company	Director	Kuo-Ian Cheng	0	0%
			Paiho Shih Holdings Corporation holds 20,000,000 shares.	100%
Vietnam Paihong Company	Company Chairman and General Manager	Kuo-Ian Cheng	0	0%
			Hong Kong Best Expectation Company holds equities of US\$187,000 thousand.	100%

6.Operational Highlights of Affiliated Enterprises

Unit: NT\$ thousands, except EPS (NT\$)

Company Name	Paid-in Capital (Note)	Assets	Liabilities	Equity	Net Sales	Profit from Operations (Loss)	Net Profit (Loss)	Earnings Per Share attributable to Shareholders of the Parent
Paiho Shih Holdings Corporation	3,999,370	18,217,886	11,606,458	6,611,428	7,000,097	998,064	368,347	0.93
Hong Kong Antex Company	1,812,035	4,978,445	569,715	4,408,730	280,701	280,618	255,110	-
Jiangsu Paihong Company	1,722,204	6,469,692	1,841,403	4,628,289	1,494,117	59,488	282,765	-
Dongguan Paihong Company	1,598,770	3,739,272	1,549,298	2,189,974	3,509,251	924,728	420,080	-
Wuxi Paihong Company	1,701,640	2,968,396	415,053	2,553,343	79,617	(94,414)	(83,064)	-
Shanghai Best Expectation Company	3,613,746	159,925	6,513	153,412	14,690	(10,093)	(468,496)	-
Hong Kong Best Expectation Company	3,608,438	3,489,634	3,409,640	79,994	2,039,231	144,252	(489,789)	-
Wuxi Paiwei Company	582,140	234,880	37,400	197,480	1,623	(21,592)	(7,994)	-
Hon Shin Company	655,700	370,913	171	370,742	0	3,648	24,722	-
Vietnam Paihong Company	6,130,795	10,082,269	7,075,364	3,006,905	1,918,258	34,053	(408,328)	-

Note: (1) Hong Kong Antex Company paid-in capital HK 429,188,833

(2) Jiangsu Paihong Company paid-in capital RMB 384,592,275

(3) Dongguan Paihong Company paid-in capital RMB 357,027,760

(4) Wuxi Paihong Company paid-in capital RMB 380,000,000

(5) Shanghai Best Expectation Company paid-in capital RMB 807,000,000

(6) Hong Kong Best Expectation Company paid-in capital US\$110,063,700

(7) Wuxi Paiwei Company paid-in capital RMB 130,000,000

(8) Hon Shin Company paid-in capital US\$20,000,000

(9) Vietnam Paihong Company paid-in capital US\$187,000,000

(10) Exchange rates are used as follows:

RMB : NTD = 1 : 4.478

HK : NTD = 1 : 4.222

USD : NTD = 1 : 32.785

7.The Relationship Between the Subordinate Company and the Controlling Company

December 31, 2024

Name of the Controlling Company	The Reasons for the Control	Details of Shareholding and Pledges for the Controlling Company			Directors or Supervisors Appointed to the Subordinate Company by the Controlling Company, or Controlling Company Appointees Engaged as Managerial Officers of the Subordinate Company.	
		Shares	%	Shares Pledged	Title	Name
Taiwan Paiho Company	The Company's ultimate parent company	199,247,299	49.8%	0	None	None
Paiho Int'l Limited.	The Company's parent company	199,247,299	49.8%	0	None	Shih -Chao Huang

8. Purchase & Sale Transaction Status

Unit : NT\$ thousands

Buyer/ Seller	Related Party	Transaction Situation within the Controlling Company				Transaction Terms with the Controlling Company		Ordinary Transaction Terms and Conditions		Difference Reason	Notes/ Accouts Receiveable(Payable)		Overdue Receiveables			Note
		Purchase/ Sale	Amount	As % of Total Purchases /Sales	Gross Profit	Unit Price (Dollars)	Payment Terms	Unit Price (Dollars)	Payment Terms		Ending Balance	As % of Notes/ Accouts Receiveable (Payable)	Amount	Action Taken	Allowance of Bad Debts	
Hong Kong Best Expectation Company	Taiwan Paiho Company	(Sale)	10,095	(1%)	1,209	Market price	About 3 months	Market price	About 3 months	—	1,373	0%	0	—	0	-
Hong Kong Best Expectation Company	Taiwan Paiho Company	Purchase	238,691	14%	—	Market price or plus 15% of Taiwan Paiho Company purchase cost	About 3 months	Market price	About 3 months	Plus 15% of Taiwan Paiho Company purchase cost	(71,774)	(21%)	0	—	0	-

9. Property Transactions : None.

10. Financing Status : None.

11. Asset leasing Status

Unit : NT\$ thousands

Type of Transaction (Rent or Lease)	The Object		Lease Period	The Nature of the Leasing	Rent Basis	Receipt (Payment) Method	Comparison with Ordinary Leasing Price Levels	Total Leasing Price for the Current Period	Receipt / Payment Status	Other Stipulations
	Name	Location								
Lease	Taiwan office of the Company	No.575, Ho Kang Rd., Ho Mei Township, Changhua County, Taiwan.	2024.06.01 2025.05.31	Operating Lease	Refere to rental price in the neighborhood and agreed by both parties	Payment by the quarter	Still Reasonable	134	(134)	None
Lease	Hong Kong Best Expectation Company	No.575, Ho Kang Rd., Ho Mei Township, Changhua County, Taiwan.	2024.04.01 2025.03.31	Operating Lease	Refere to rental price in the neighborhood and agreed by both parties	Payment by the quarter	Still Reasonable	2,250	(2,250)	None

12. Endorsements and Guarantees : None.

7.1.2 Consolidated Financial Statements of Affiliated Enterprises :

Statement of Consolidated Financial Statements of Affiliated Enterprises

The Company required to be included in the 2024 affiliated enterprise consolidated financial statements in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those required to be included in the consolidated financial statements of parent and subsidiary companies in accordance with International Financial Reporting Standard 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliated enterprise has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we do not prepare a separate set of affiliated enterprise consolidated financial statements.

Hereby declared

Paiho Shih Holdings Corporation

Kuo-Ian Cheng

March 11, 2025.

7.1.3 Affiliation Report :



勤業眾信

勤業眾信聯合會計師事務所
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Tel :+886 (2) 2725-9988
Fax: +886 (2) 4051-6888
www.deloitte.com.tw

Recipient : Paiho Shih Holdings Co., Ltd

Subject: : We provide a opinion that there were no significant difference
about related information for the Declaration of Financial
Statements of Affiliates, for the year ended December 31, 2024

Explanations: :

- a) Consolidated financial statements of affiliates for the year ended December 31, 2024 was based on Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises. There was no major discrepancy between the disclosures and the notes to the consolidated financial statements for the year ended December 31, 2024.
- b) We compared the relationship report prepared by the corporation and the notes of the financial report in accordance with the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises. There were no significant discrepancies in the statement.

Notice to Readers

For the convenience of readers, the declaration has been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

11400200

Statement of Affiliation Report

The Company's affiliation report for the year 2024 (from January 1 to December 31, 2024) drew up by "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises". There was no major discrepancy between the disclosures and the notes of the above-mentioned period's financial statements.

Hereby declared

Paiho Shih Holdings Corporation

Kuo-Ian Cheng

March 11, 2025

7.2 Private Placement Securities in the Recent Year and up to the Annual Report

Publication Date : None.

7.3 Other Necessary Supplement: None.

7.4 Any Events in the Recent Year and up to the Annual Report Publication Date That Had Significant Impacts on Shareholders' Right or Security Prices as Stated in the Subparagraph 2, Paragraph 3, Article 36 of the "Securities and Exchange Law of Taiwan" : None.

7.5 The Major Discrepancy with R.O.C. Regulations on Shareholders' Rights Protection :
No major discrepancy.

Paiho Shih Holdings Corporation

Chairman Kuo-Ian Cheng