



**KWONG LUNG ENTERPRISE CO., LTD.**

# **2024 Annual Report**

**Annual Report is available at :**

**<http://mops.twse.com.tw>**

**<http://www.klf-group.com>**

**Printed on March 31, 2025**

*Notice to readers*

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

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**Auditors: Liu Ming-Hsien, Chao Yung-Hsiang**

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### **Overseas Securities Listed Trading Information**

**None**

### **Company's Website**

**<http://www.klf-group.com>**

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# 1. Letter to shareholders

Dear shareholders,

Looking back to 2024, except for the down division, which exhibited negative growth due to the high market price, the garment and home textile divisions showed single-digit growth. In particular, the annual revenue of the garment business reached the second highest point in history. The proportion of the garment business also exceeded 60% for the first time, and the long-term goal is to achieve 70%.

From the product categories of the garment division, the recovery of "recreational and other products" was stronger, with a growth rate of more than 20%, while "outdoor functional products" was relatively weak, with a flat performance. In terms of new customer development, the targets set last year have been fully achieved. Six new customers from Europe and the US have been introduced to the Company's products, and the Company has gradually expanded its customer base. The orders brought by the new customers introduced in recent years have accounted for 10% of the Company's annual revenue, and are one of the sources of the Company's garment division growth.

The development of new customers by the home textile division last year was also fruitful. In addition to grasping the leading homeware brand in Japan, the Company also successfully won the global homeware brands in Europe and the No.2 homeware brand in Japan. It is expected that in the near future, these brands will support the growth of the home textile division.

In terms of overall profitability, with the efforts of the management team, we achieved the third highest operating profit and net profit after tax in our history.

## Budget execution

The estimated operating revenue for 2024 was NTD 8.206 million billion and the actual operating revenue was NTD 7,893 million, with an achievement rate of 96%. The actual net income after tax this year was NTD 606 million.

## Operating Results for 2024

### 1. Financial results

The main financial indicators are as follows:

Unit : NT\$ thousand

| Item                                |  | 2024              | 2023      | Increase<br>(Decrease)<br>Ratio % |       |
|-------------------------------------|--|-------------------|-----------|-----------------------------------|-------|
| Financial receipts and expenditures | Operating revenue                          | 7,892,963         | 7,708,244 | 2.4                               |       |
|                                     | Gross profit                               | 1,365,396         | 1,382,134 | (1.2)                             |       |
|                                     | Net profit for the year                    | 606,402           | 577,149   | 5.1                               |       |
| Profitability analysis              | Return on assets (%)                       |                   | 6.96      | 7.21                              | (3.5) |
|                                     | Return on equity (%)                       |                   | 10.66     | 10.35                             | 3.0   |
|                                     | Ratio of Paid-up capital (%)               | Operating Income  | 38.09     | 39.60                             | (3.8) |
|                                     |  | Income before Tax | 48.99     | 49.49                             | (1.0) |
|                                     | Net Profit Margin (%)                      |                   | 7.68      | 7.49                              | 2.5   |
|                                     | Earnings per share after tax (NT\$ dollar) |                   | 4.04      | 3.93                              | 2.8   |

2. Research and development results :

Unit : NT\$ thousand

| Item                                    | 2024   |
|---|--------|
| R & D expenses                          | 50,985 |
| R&D expenses as a percentage of revenue | 0.65%  |

The completed R&D results are as follows:

1).Garments:

- A. Quality improvement plan for strips: The rubber roller processing of the adhesive machine evens the pressure distribution of the adhesive. This helps improve the adhesive quality.
- B. The transmission line design that improves the quality of seams: Thread breakage occurs at irregular intervals and will more likely occur when there are more stitches (longer stitch distances). Through research and development to change the thread path, reduce the tight twist effect of twisting and rotating the thread, and increase the number of continuous stitches.
- C. New product - tent development: six-person tent development, space vestibule extension of the new design. A tent can be easily set up with three brackets with the simple structural design. There are six triangular reinforcement plates and a windbreak rope can be added to increase the windproof performance. Conforms to ISO 5912: Category B - Class 2 tents.
- D. Development and design for athlete uniform at the 9th Asian Winter Games for 2025 in Harbin. Two-piece jacket with 3D patterned design, Gore long outer jacket with inner structured down jacket & down undershirt.
- E. Obtained an invention patent in Taiwan for “method for producing wadding by mixing kapok ball granules with polyester and kapok polyester wadding”.
- F. Developed special biodegradable additives that can be used in Kwong Lung's polyester products to give them the biodegradable properties and accelerate the composting decomposition rate of polyester ASTM D5511.
- G. The modularized ability of Kwong Lung's polyester cotton and apparel products has been certified by a third-party educational institution ISO14067 to perform carbon footprint calculation and analysis of the carbon emissions during the product life cycle. The product life cycle survey covers the period from the time the raw materials are retrieved to the time the product leaves the organization. The Company has established the model and the inventory checklist, and has the ability for principle confirmation collection and distribution, carbon database coefficient establishment, life cycle carbon emission calculation and analysis, data quality management, and carbon footprint report preparation.
- H. The application of the 3D service simulation system: The number of development cycles can be effectively reduced, and the development cycle can be shortened. For example, the effect of expanding the fluffiness and shrinking the waist and foot opening. The new sleeping bag is designed with different weights of down and colors to present the simulation of the use of a sleeping bag. The complex layout of the installation is changed to the 3D test system to assess whether the test effect and modification can meet the needs of the customer.

2).Down materials:

- A. Biomass down: Natural biomass down formula certified by the USDA as down cleaners replaces chemical raw materials and is eco-friendly for a circular economy.
- B. Graphene water repellent composite down: Water repellent down combines the new material graphene to develop a new generation of two functional composite down.
- C. Chitosan antibacterial down: The down combines the antimicrobial effect of chitosan to develop a new generation of biomass antimicrobial down.
- D. Mass production of keratin liquid: Successfully achieved small-scale mass production of

hydrolyzed keratin liquid at Zhongli Factory, which can be applied to textile and cosmetic products.

- E. Keratin nylon: Feather keratin peptide is similar to that of human skin and is rich in amino acids. Therefore, the Company developed a new type of skin-friendly yarn by compounding with nylon.

### 2025 business overview and future development strategy

1. Future development strategy: Garment will continue to be the focus of development, with the goal of accounting for 70% of the overall revenue, and the dual focus of the "garment-driven" and "light-asset" business strategy for a steady and continuous growth, and achieving both the profitability and operational efficiency goals.
2. 2025 operational guidelines:
  - 1). Continue to develop new customers.
  - 2). Expand the production lines and production capacity in Vietnam and Indonesia.
  - 3). Continue to promote asset revitalization and improve capital efficiency.
  - 4). Use AI to improve process automation.

### Corporate Social Responsibility

Kwong Lung has always adhered to the spirit of "giving back to society". In 2024, in addition to social services and assistance to the disadvantaged in both Taiwan and overseas. The total amount of expenditure reached NTD 14.51 million, benefiting more than 12,363 people, and the number of volunteers reached 196, with a total of 737 hours. This has truly implemented the corporate value, and the Company has fulfilled its international corporate social influence.

### Impacts of External Environment, Legal Environment, and Overall Business Environment

Kwong Lung operates businesses of ready-to-wear garment, down raw materials, home textiles, etc. For the impact of the external environment, regulatory environment, and overall operating environment of the industry involved in each business, please refer to the detailed description in [4 Operation Overview] of this annual report.

### Outlook for 2025

Facing 2025, the weak global economy and geopolitical conflicts are still hanging about, which will have a highly uncertain impact on the demand of the end-consumption market. In this environment, the market in which our core business is has gradually recovered in demand after the adjustment period in the previous two years. With last year's revenue turning into a positive growth rate, and we maintain a cautiously optimistic and are confident about the healthy growth this year.

To achieve the goal of continuous growth, the key items of our operation this year are as follows:

#### 1. Steadily manage new customers

This is one of the main sources of growth for both garment and home textile divisions. In recent years, at least 10 new customers have successfully been introduced to the garment division. Currently, the orders of new customers account for 10% of the total revenue of the business, delivery outstanding results. This year, we will increase the existing cooperation and continue to seek new customer sources to merge. The home textile division will focus on cultivating the two key customers in Europe and Japan, and gradually expand the cooperative relationship, hoping to form a three pillar support for the future performance of the home textile division with the leading customers in Japan.

#### 2. Continue to expand the production capacity scale

Vietnam and Indonesia are still our important production sites worldwide. There are expansion plans for new production lines in Vietnam Factory for garment and home textile divisions. The existing scale

of the garment division will be expanded by 10%. The 14 new home textile production lines that were built last year will be fully put into operation this year.

### 3. Use AI technology to improve processes

After the establishment of the Global Mark Center, the Company will expand the application of AI technology to further extend it to the production stage, such as smart scheduling production and smart down washing solutions, which have already achieved results. We will continue our investment in order to build a new competitive advantage.

In addition, the three asset revitalization projects will be handed over this year. In addition to injecting profits and funds to the Group, the sales of the Zhonghe construction project also contributes a significant amount to the consolidated revenue.

We believe that the management team will strive to achieve a goal one after another. This not only maintains the growth track of the annual performance, but also creates good profits, to enhance the value of the Company and shareholders.

Lastly, on behalf of our management team, I would like to express my sincere gratitude to all shareholders.

Chairman & CEO : Chan Ho-Po

## 2. Corporate Governance Report

### 2.1 Information on Directors, Supervisors, President, Vice President, Assistant Vice President , heads of departments and branches

#### 2.1.1 Directors

##### 2.1.1.1 Directors

March 31, 2025 Unit: shares ; %

| Title         | Nationality/<br>Country of Origin | Name                           | Gender Age           | Date Elected | Term (Years) | Date First Elected | Shareholding when elected |        |            | Current shareholding |         |      | Spouse & Minor Shareholding |        |   | Shareholding by Nominee Arrangement |          |            | Main experience (education experience) | Other Position | Executives, Directors or Supervisors who are spouses or within two degrees of kinship |      |          | Remarks |
|---------------|-----------------------------------|--------------------------------|----------------------|--------------|--------------|--------------------|---------------------------|--------|------------|----------------------|---------|------|-----------------------------|--------|---|-------------------------------------|----------|------------|--|----------------|---|------|----------|---------|
|               |                                   |                                |                      |              |              |                    | Common Shares             | Shares | %          | Common Shares        | Shares  | %    | Common Shares               | Shares | %   | Common Shares                       | Shares   | %          |  |                | Title   | Name | Relation |         |
|               |                                   |                                |                      |              |              |                    | Preferred Shares          | Shares | %          | Preferred Shares     | Shares  | %    | Preferred Shares            | Shares | %   | Preferred Shares                    | Shares   | %          |  |                |   |      |          |         |
| Chairman      | R.O.C.                            | Chan Ho-Po                     | Male 41~50 years old | 2022.5.31    | 3            | 2007.6.15          | 1,000,000                 | 0.76   | 1,298,000  | 0.86                 | 888,000 | 0.59 | 0                           | 0      | MBA, Chinese Cultural University<br>Assistant manager of Jianxing Electronic Technology Co., Ltd.<br>Purchasing Manager and Vice General Manager of Down Material Division                          | Note 1                              | Director | Chan Fu-Ju | Sibling                                | Note 8         |   |      |          |         |
|               |                                   |                                |                      |              |              |                    | 0                         | 0      | 0          | 0                    | 0       | 0    | 0                           | 0      |   |                                     |          |            |  |                |   |      |          |         |
| Vice Chairman | R.O.C.                            | Ou Li Investment Co., Ltd.     | -                    | 2022.5.31    | 3            | 2013.6.20          | 11,060,000                | 8.41   | 12,700,000 | 8.40                 | 0       | 0    | 0                           | 0      | -   | -                                   | -        | -          | -                                      | -              |   |      |          |         |
|               |                                   |                                |                      |              |              |                    | 1,638,840                 | 9.00   | 0          | 0                    | 0       | 0    | 0                           | 0      |   |                                     |          |            |  |                |   |      |          |         |
|               |                                   | Representative: Lee Chao-Fu    | Male 71~80 years old | 2022.5.31    | 3            | (Note 9)           | 35,000                    | 0.03   | 284,000    | 0.19                 | 0       | 0    | 0                           | 0      | MS in Accounting, National Chengchi University<br>General manager of Lite-On Semiconductor Corp.<br>Director n of Actron Technology Corp.<br>Chairman of Taiwan On-Bright Electronics Incorporated. | Note 2                              | None     | None       | None                                   | None           |   |      |          |         |
|               |                                   |                                |                      |              |              |                    | 50,000                    | 0.27   | 0          | 0                    | 0       | 0    | 0                           | 0      |   |                                     |          |            |  |                |   |      |          |         |
| Director      | R.O.C.                            | Whalen's Company               | -                    | 2022.5.31    | 3            | 2019.5.30          | 10,000                    | 0.01   | 10,000     | 0.01                 | 0       | 0    | 0                           | 0      | -   | -                                   | -        | -          | -                                      | -              |   |      |          |         |
|               |                                   |                                |                      |              |              |                    | 0                         | 0      | 0          | 0                    | 0       | 0    | 0                           | 0      |   |                                     |          |            |  |                |   |      |          |         |
|               |                                   | Representative: Chang Chen-Yun | Male 61~70 years old | 2022.5.31    | 3            | (Note 10)          | 587,000                   | 0.45   | 610,000    | 0.40                 | 0       | 0    | 0                           | 0      | BA, Fu Jen Catholic University<br>General Manager of Home Textile Division  | None                                | None     | None       | None                                   | None           |   |      |          |         |
|               |                                   |                                |                      |              |              |                    | 0                         | 0      | 0          | 0                    | 0       | 0    | 0                           | 0      |   |                                     |          |            |  |                |   |      |          |         |

| Title                | Nationality/<br>Country of Origin | Name                           | Gender Age             | Date Elected | Term (Years) | Date First Elected | Shareholding when elected |        |      | Current shareholding |        |      | Spouse & Minor Shareholding |        |   | Shareholding by Nominee Arrangement   |  |   | Main experience (education experience) | Other Position | Executives, Directors or Supervisors who are spouses or within two degrees of kinship |         |          | Remarks |
|----------------------|-----------------------------------|--------------------------------|------------------------|--------------|--------------|--------------------|---------------------------|--------|------|----------------------|--------|------|-----------------------------|--------|---|---|--|---|--|----------------|---|---------|----------|---------|
|                      |                                   |                                |                        |              |              |                    | Common Shares             | Shares | %    | Common Shares        | Shares | %    | Common Shares               | Shares | % | Common Shares   | Shares   | %   |  |                | Title   | Name    | Relation |         |
|                      |                                   |                                |                        |              |              |                    | Preferred Shares          | Shares | %    | Preferred Shares     | Shares | %    | Preferred Shares            | Shares | % | Preferred Shares  | Shares   | %   |  |                |   |         |          |         |
| Director             | R.O.C.                            | Yueh Sheng Investment Co.,Ltd. | -                      | 2022.5.31    | 3            | (Note 11)          | 3,613,000                 |        | 2.75 | 4,013,000            |        | 2.66 | 0                           | 0      | 0 | 0   |  |   |  |                |   |         |          |         |
|                      |                                   |                                |                        |              |              |                    | 400,000                   |        | 2.20 | 0                    |        | 0    | 0                           | 0      | 0 | 0   |  |   |  |                |   |         |          |         |
|                      | R.O.C.                            | Representative: Chan Fu-Ju     | Female 41-50 years old | 2022.5.31    | 3            | (Note 11)          | 141,984                   |        | 0.11 | 141,984              |        | 0.09 | 0                           | 0      | 0 | 0   |  | MBA, Shih Chien University/Kyoto University of Technology Research in Management Institute/Pre-doctoral course majoring in marketing/U-Shin Business Specialist/Accounting Specialist of Kwong Lung Japan Co.,Ltd./Mother Bird Import and Export International Trade Commissioner/ Chairman of Yueh Sheng Investment Co.,Ltd. | Note 3                                 | Chairman       | Chan Ho-Po  | Sibling | None     |         |
|                      |                                   |                                |                        |              |              |                    | 0                         |        | 0    | 0                    | 0      | 0    | 0                           | 0      | 0 |   |  |   |  |                |   |         |          |         |
| Independent Director | R.O.C.                            | Tsai Hsun-Hsiung               | Male 81-90 years old   | 2022.5.31    | 3            | 2016.6.21          | 375,000                   |        | 0.29 | 424,577              |        | 0.28 | 0                           | 0      | 0 | 0   | PhD in Architecture and Planning Urban Planning, Princeton University School, USA<br>Chairman of Sinotech Engineering Consultants Co.<br>Director of Environmental Protection Administration, Executive Yuan | Note 4  | None                                   | None           | None  | None    |          |         |
|                      |                                   |                                |                        |              |              |                    | 49,577                    |        | 0.27 | 0                    |        | 0    | 0                           | 0      | 0 |   |  |   |  |                |   |         |          |         |
| Independent Director | R.O.C.                            | Chen Hsien-Yeh                 | Male 41-50 years old   | 2022.5.31    | 3            | 2016.6.21          | 0                         |        | 0    | 0                    |        | 0    | 0                           | 0      | 0 | PhD in Chemical Engineering, University of Michigan, USA<br>Associate Professor, Department of Chemical Engineering, National Taiwan University | Note 5   | None  | None                                   | None           | None  |         |          |         |
|                      |                                   |                                |                        |              |              |                    | 0                         |        | 0    | 0                    | 0      | 0    | 0                           |        |   |   |  |   |  |                |   |         |          |         |
| Independent Director | R.O.C.                            | Hsu Chia-Te                    | Male 41-50 years old   | 2022.5.31    | 3            | 2022.5.31          | 0                         |        | 0    | 90,000               |        | 0.06 | 0                           | 0      | 0 | MS in International Trade Management, Boston University, USA.<br>Supervisor of Speed Tech Corp.   | Note 6   | None  | None                                   | None           | None  |         |          |         |
|                      |                                   |                                |                        |              |              |                    | 0                         |        | 0    | 0                    | 0      | 0    | 0                           |        |   |   |  |   |  |                |   |         |          |         |
| Independent Director | R.O.C.                            | Ko Tsui-Ting                   | Female 41-50 years old | 2022.5.31    | 3            | 2022.5.31          | 0                         |        | 0    | 0                    |        | 0    | 0                           | 0      | 0 | BA in Accounting, Shih Chien University<br>Former auditor in KPMG's Audit Department  | Note 7   | None  | None                                   | None           | None  |         |          |         |
|                      |                                   |                                |                        |              |              |                    | 0                         |        | 0    | 0                    | 0      | 0    | 0                           |        |   |   |  |   |  |                |   |         |          |         |

- Note 1. CEO of the company and General Manager of garment and down material division, Executive Director of Taiwan Garment Industry Association, Chairman of the Taiwan Feather Exporters Association. Chairman: Ou Li Investment Co., Ltd., Bosch International, Bo Hsing Enterprise Co., Ltd., Kwong Lung Feather (B.V.I.) Ltd., Kwong Lung (B.V.I.) Ltd Director: Kwong Lung Meko Co., Ltd., Kwong Lung Japan Co., Ltd., Kai Sheng Investment Co., Ltd., Cave & Wine Co., Ltd., Lyon Ventures Holdings Ltd., Da Fu Investment Co., Ltd., O'CASA LK Property Group Inc., Taiwan External Trade Development Council. Independent director of Speed Tech Corp.
- Note 2. Director: Dyna Image Corporation Philippines, WBG Power Systems (Cayman) Co., Ltd.
- Note 3. Chairman of P&B Collection Co., Ltd., Chairman of Yueh Sheng Investment Co., Ltd., Supervisor of Ou Li Investment Co., Ltd., Chairman of Kai Sheng Investment Co., Ltd., Director of Kwong Lung Japan Co., Ltd.
- Note 4. Director of Co-Tech Development Corp.
- Note 5. Professor of Department of Chemical Engineering, National Taiwan University. Director of National Taiwan University Molecular Imaging Center.
- Note 6. General manager of Well-Spring Enterprise Corp., Chairman of Heli Co., Ltd., Representative of director of Speed Tech Corp., Independent director of Compucase Enterprise Co., Ltd.
- Note 7. Partner of EuroAsia CPAs Firm, Independent Director of Shangya Technology Co., Ltd., Independent Director of SunWay Biotech Co., Ltd., Representative of supervisor of Chung Kuo Insurance Co., Ltd., Director of Tax Agent Association.
- Note 8. Where the Chairman of the Board of Directors and the President or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (such as increasing the number of independent director seats, and more than half of all directors must not concurrently serve as employees or managers) must be disclosed.
- The Company's Chairman and CEO aims to improve operational efficiency and the execution of decisions. The Company currently has the following measures:
- In order to enhance the supervision of Board of Directors, the Company amended Article of Incorporation to adjust the number of independent directors from 2 persons to at least 3 persons to increase flexibility. The shareholders' meeting also reelected 4 independent directors on May 31, 2022.
  - Arrange directors to participate in professional courses offered by external institutions every year to enhance Board performance.
  - The Independent Directors can engage in detailed discussion on related matters in the professional committees as reference for the Board for the proper pursuit of corporate governance.
- Note 9. First elected supervisor on May 30, 2019 and first elected director on April 6, 2021.
- Note 10. First elected director on June 21, 2016, first elected supervisor on April 6, 2021 and elected director again on May 31, 2022.
- Note 11. First elected supervisor on June 21, 2016 and first elected director on May 30, 2019.

### 2.1.1.2 Main corporate shareholders

March 31, 2025

| Corporate shareholder           | Main shareholders of corporate shareholders            |
|---------------------------------|--|
| Ou Li Investment Co., Ltd.      | Chan Ho-Po (99.4%), Xu Li-Hong (0.6%)                  |
| Whalen's Company                | Tsai, Shau-Yi (49%), Ya-Li (33.1%), Chan Ho-Po (17.9%) |
| Yueh Sheng Investment Co., Ltd. | Chan Fu-Ju (100%)                                      |

### 2.1.1.3 Main shareholders for main corporate shareholder : N.A.

### 2.1.1.4 Information on professional qualifications of directors and independence of independent directors

| Name  | Conditoin | Professional Qualification and Experience (Note 1)  | Independence Situation   | Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director |
|---|-----------|---|--|---|
| Chairman<br>Chan Ho-Po  |           | In 2006, he brought his experience and innovative ideas in the science and technology industry to Kwong Lung. During this period, he served as a senior supervisor of the Garment and Down Division, and took over as CEO in 2012 and chairman in 2013. Since then, he has introduced the manufacturing and management methods of the science and technology industry and continued to lead Kwong Lung to grow steadily.  | <ul style="list-style-type: none"> <li>● Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.</li> <li>● The among of 2 directors of the Company is his spousal or a familial relationship within the second degree of kinship, which is not over the half of the total directors of the Company and in compliance with Article 26-3 of Securities and Exchange Act.</li> </ul>   | 1   |
| Vice Chairman<br>Ou Li Investment Co.,Ltd.<br>Representative :<br>Lee Chao-Fu |           | Majored in accounting, and has more than 30 years' experience in the financial field. He used to be the CFO and general manager of Lite-On Semiconductor Corporation, chairman of Actron Technology Corporation, etc. He is familiar with the company's operation and management.   | <ul style="list-style-type: none"> <li>● Not an employee of the Company or any of its affiliates.</li> <li>● Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.</li> <li>● Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.</li> </ul>  | 0   |
| Director<br>Whalen's Company<br>Representative :<br>Chang Chen-Yun            |           | Retired from the general manager of the home textile department of the Company, with more than 20 years' experience in the home textile and down industry, we can provide the company with industrial strategy guidance.  | <ul style="list-style-type: none"> <li>● Not an employee of the Company or any of its affiliates.</li> <li>● Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.</li> <li>● Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.</li> </ul>  | 0   |
| Director<br>Yueh Sheng Investment Co.,Ltd.<br>Representative :<br>Chan Fu-Ju  |           | She once worked in Kwong Lung Japan Co., Ltd., with rich industrial experience and international market outlook. At present, she is the chairman and general manager of P&B Collection Co., Ltd, and is familiar with the operation and management of the company.  | <ul style="list-style-type: none"> <li>● Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.</li> <li>● The among of 2 directors of the Company is her spousal or a familial relationship within the second degree of kinship, which is not over the half of the total directors of the Company and in compliance with Article 26-3 of Securities and Exchange Act.</li> </ul> | 0   |
| Independent Director<br>Tsai Hsun-Hsiung                                      |           | As the convener of Audit and Remuneration committee of the Company. Possesses five or more years of work experience required for the Company's business. He used to be the director of the Environmental Protection Administration, Executive Yuan, the chairman of the Council for Economic Planning And Development, Executive Yuan and the convener of the Sustainable Development Group of the National Policy Foundation, with rich administrative experience. After that, he served as the independent director of On-Bright and director of Co-Tech Development Corp, with more than 20 years of practical experience in corporate sustainability. | <ul style="list-style-type: none"> <li>● No situations listed in (Note 2) during the first two years of appointment and tenure.</li> <li>● By March 31, 2025, he, his spouse, minor children or others held 424,577 shares of the company, accounting for 0.28% of the issued shares.</li> <li>● In 2023 and 2024, the remuneration committee member's remuneration and meeting expenses for meetings were both NT\$1,015,000. Except for the aforementioned remuneration, there was no other remuneration for providing professional services.</li> </ul>   | 0   |

|  |  |   |   |
|--|--|---|---|
| Independent Director<br>Chen Hsien-Yeh | Member of Audit and Remuneration committee of the Company. Possesses five or more years of work experience required for the Company's business. Currently, he is a professor in the Department of Chemical Engineering of National Taiwan University. His research team is committed to promoting the concept of green chemistry and encouraging the whole people to participate in the promotion of green chemistry, so as to realize the vision of "sustainability, safety and environmental protection" and provide industrial knowledge and research and development guidance for the company. | <ul style="list-style-type: none"> <li>● No issues listed in (Note 2) during the first two years of appointment and tenure.</li> <li>● By March 31, 2025, he, his spouse, minor children or others don't hold shares of company.</li> <li>● In 2023 and 2024, the remuneration committee member's remuneration and meeting expenses for meetings were both NT\$1,015,000. Except for the aforementioned remuneration, there was no other remuneration for providing professional services.</li> </ul>   | 0 |
| Independent Director<br>Hsu Chia-Te    | Member of Audit and Remuneration committee of the Company. Possesses five or more years of work experience required for the Company's business. With the profession in banking, finance and accounting, operating and crisis management, and international economic perspective, he fulfills his duty to supervise the Company's issues about internal control, financial information present fairly, manager remuneration, etc.   | <ul style="list-style-type: none"> <li>● No issues listed in (Note 2) during the first two years of appointment and tenure.</li> <li>● By March 31, 2025, he, his spouse, minor children or others held 90,000 shares of the company, accounting for 0.06% of the issued shares.</li> <li>● In 2023 and 2024, the remuneration committee member's remuneration and meeting expenses for meetings were both NT\$1,015,000. Except for the aforementioned remuneration, there was no other remuneration for providing professional services.</li> </ul> | 1 |
| Independent Director<br>Ko Tsui-Ting   | Member of Audit committee of the Company. Possesses five or more years of work experience required for the Company's business. She has an accountant license and has been practicing for many years. She is familiar with government laws and industrial practices, and is committed to assisting companies in complying with laws and regulations.  | <ul style="list-style-type: none"> <li>● No issues listed in (Note 2) during the first two years of appointment and tenure.</li> <li>● By March 31, 2025, she, her spouse, minor children or others don't hold shares of company.</li> </ul>  | 2 |

Note 1: None of the directors has any situations in Article 30 of the Company Law.

Note 2:

1. Employees of the company or its affiliated corporates.
2. As a director or supervisor of the company or its affiliated corporates.
3. I, my spouse, minor children or those who are in the name of other hold above 1% of total issued shares, or top ten natural person shareholders.
4. Spouses of managers in Item 1 or persons listed in Items 2 and 3, relatives within the second degree or lineal relatives within the third degree.
5. Director, supervisor or employee of corporate shareholders who directly holds more than 5% of the total issued shares of the company, the top five shareholders, or appoints a representative as a director or supervisor of the company according to the first or second item of Article 27 of the Company Law.
6. More than half of the directors or voting shares of the company and other companies are controlled by the same person, who is the director, supervisor or employee of other companies.
7. The chairman, general manager or equivalent position of the company and other companies or institution is the same person or spouse, who is the director, supervisor or employee of other company or institution.
8. Be a director, supervisor, manager or shareholder holding more than 5% of the shares of a specific company or institution with financial or business dealings with the company in the following (1) to (4).
  - (1) Holding more than 20% of the total issued shares of the company, but not more than 50%.
  - (2) Other companies, their directors, supervisors and shareholders who have held more than 10% of the total shares hold more than 30% of the total issued shares of the company in total, and both parties have had financial or business records. The stocks held by the aforementioned personnel include their spouses, minor children and holders in the name of others.
  - (3) More than 30% of the company's operating income comes from other companies and their group companies.
  - (4) The company's main product raw materials (which account for more than 30% of the total purchase amount and are indispensable for manufacturing products) or main commodities (which account for more than 30% of the total operating income), the quantity or total purchase amount of which comes from other companies and their group companies for more than 50%.
9. Professionals, sole proprietorships, partnerships, business owners, partners, directors, supervisors, managers and their spouses who provide business, legal, financial, accounting and other related services for companies or affiliated corporates or whose accumulated remuneration in the last two years exceeds NTD 500,000. However, this restriction shall not apply to members of the compensation committee, the public buyout review committee or the merger and acquisition special committee who perform their functions and powers in accordance with this law or relevant laws and regulations of the corporate merger and acquisition law.

#### 2.1.1.5 Diversification and independence of the board of directors

## 1). Diversification of board of directors

### ●Diversification policy of board of directors

The Company has strengthened the function of the Board of Directors in accordance with the "Guidelines for Corporate Governance" to ensure the diversity of the composition of the Board of Directors. The Company has also formulated an appropriate policy on diversity based on its own operations, business model and development needs, including but not limited to the following standards:

- ✔ Basic criteria and values: The diversity of the backgrounds of the Board of Directors is taken into account by gender, age, nationality, and culture.
- ✔ Professional knowledge and skills: Covering professional backgrounds in law, accounting, industry, finance, marketing or technology, and related professional skills and industry experience.
- ✔ The ability to: make business decisions, perform accounting and financial analysis, manage business, conduct crisis management, have knowledge of the industry, have an international market perspective, lead and make decisions.

### ●Diversification goal of board of directors

The Board of Directors of the Company shall guide the Company's strategy, supervise management, and be responsible for the Company and its shareholders. The various operations and arrangements of the Company's corporate governance system shall ensure that the Board of Directors exercises its powers in accordance with laws and regulations, the Company's Articles of Incorporation, or resolutions adopted at the shareholders' meetings. To meet the business development needs of the Company, the specific management goals are as follows:

- ✔ At least one female director.
- ✔ 50% independent directors

### ●Achievement of diversification of board of directors

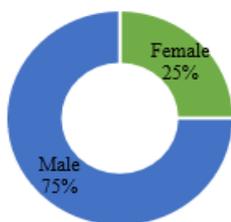
There are 8 directors (including 4 independent directors) on the board of directors of the Company. The directors are all people with rich experience in operation, management and manufacturing industry, and provide professional strategic guidance for the future development of the Company. In order to pay attention to gender equality and the independence, the board of directors has been re-elected in 2022, and a female director and two independent directors have been added.

Employees account for 25% of the board members, female accounts for 25% and independent directors accounts for 50%. Tsai Hsun-Hsiung and Chen Hsien-Yeh both have 8 years of tenure. Hsu Chia-Te and Ko Tsui-Ting were elected as newly independent directors in 2022. Among the board members, two are over 70 years old, one is between 60 and 69 years old, and five are under 50 years old. Chan Ho-Po, Lee Chao-Fu and Tsai Hsun-Hsiung are good at operation judgment, management and crisis management, and have international market outlook, leadership and decision-making ability. Tsai Hsun-Hsiung, the independent director, was the director of the Environmental Protection Administration, the Executive Yuan, and he also provided professional advice on corporate responsibility. Chen Hsien-Yeh, the independent director, is currently a professor at National Taiwan University, providing industrial knowledge and research and development guidance for the company. Chang Chen-Yun has rich experience in the down and home textile industry, providing the company with a lot of industrial strategy guidance. Chan Fu-Ju once worked in Kwong Lung Japan Co.,Ltd., with rich industrial experience and international market outlook. Hsu Chia-Te graduated from Boston University with a master's degree in international trade management and has

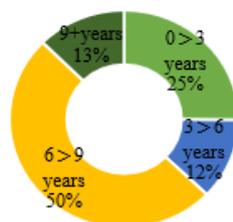
the work experience required for marketing and corporate business. Ko Tsui-Ting is an accountant and has considerable work experience in accounting and financial analysis capabilities.

| Title                | Name             | Nationality | Gender | Employees | Age             | Tenure of Independent Director (years) | Operational judgment ability | Accounting and financial analysis ability | Management ability | Crisis handling ability | Industry knowledge | International market outlook | Leadership ability | Decision-making ability |
|----------------------|------------------|-------------|--------|-----------|-----------------|--|------------------------------|---|--------------------|-------------------------|--------------------|------------------------------|--------------------|-------------------------|
| Chairman             | Chan Ho-Po       | R.O.C.      | Male   | v         | 41-50 years old |  | v                            | v   | v                  | v                       | v                  | v                            | v                  | v                       |
| Vice Chairman        | Lee Chao-Fu      | R.O.C.      | Male   |           | 71-80 years old |  | v                            | v   | v                  | v                       | v                  | v                            | v                  | v                       |
| Director             | Chang Chen-Yun   | R.O.C.      | Male   |           | 61-70 years old |  | v                            |   | v                  |                         | v                  | v                            | v                  | v                       |
| Director             | Chan Fu-Ju       | R.O.C.      | Female | v         | 41-50 years old |  | v                            | v   | v                  | v                       | v                  | v                            | v                  | v                       |
| Independent Director | Tsai Hsun-Hsiung | R.O.C.      | Male   |           | 81-90 years old | 9                                      | v                            | v   | v                  | v                       | v                  | v                            | v                  | v                       |
| Independent Director | Chen Hsien-Yeh   | R.O.C.      | Male   |           | 41-50 years old | 9                                      | v                            |   | v                  |                         | v                  | v                            | v                  | v                       |
| Independent Director | Hsu Chia-Te      | R.O.C.      | Male   |           | 41-50 years old | 3                                      | v                            | v   | v                  | v                       |                    | v                            | v                  | v                       |
| Independent Director | Ko Tsui-Ting     | R.O.C.      | Female |           | 41-50 years old | 3                                      | v                            | v   | v                  | v                       |                    | v                            | v                  | v                       |

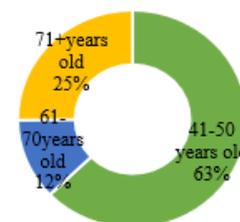
Gender



Tenure



Age



- If the number of female directors on the Board is less than one-third of the total number of directors, the reason for the shortage, and the measures to be taken to improve the diversity of the Board shall be stated:

Currently, the gender ratio of the Company's Board members is less than one-third of the whole. The main reason is that the candidates for the election of the Board of Directors in the past were mostly experienced and professional background in the industry, and the number of female senior management was relatively low, resulting in the gender ratio not meeting the expectation. In addition, most of the current Board members have been re-elected, which affected the flexibility of the gender ratio in the short term.

To promote the diversity of the Board of Directors, the Company will adopt the following measures:

- ✓ Strengthen female talent cultivation: Proactively cultivate female senior management talent, provide professional training and leadership development plans, and improve the possibility of their entry to the Board of Directors in the future.
- ✓ Expand the scope of director candidates: Through the external talent pool, industry-academia collaboration, and industry organization recommendations, the Company increases the source of outstanding director candidates with different genders.

## 2). Independence of board of directors:

The independent directors of the Company account for 50%. Among the board members, Chan Ho-Po and Chan Fu-Ju are second-degree relatives, which meet the requirements of Item 3 of Article 26-3 of the Securities and Exchange Act. More than half of the seats among directors do not have spouses and relatives within second-degree relatives.

### 2.1.2 Supervisors : Not applicable.

## 2.1.3 Information on General Manager, Vice General Manager, Assistant General Manager, and heads of departments branch offices

March 31, 2025 Unit: shares ; %

| Title  | Nationality/<br>Country of<br>Origin | Name               | Gender | Date<br>Elected | Shareholding       |        |   | Shares holding by spouse and<br>minor children |        |   | Shareholding by Nominee<br>Arrangement |        |  | Main experience(education and degree) | Current<br>part-time<br>duty titles in<br>other<br>companies | Managers who are Spouses or<br>Within Two Degrees of Kinship |      |          | Remarks |
|--|--------------------------------------|--------------------|--------|-----------------|--------------------|--------|---|--|--------|---|--|--------|--|---------------------------------------|--|--|------|----------|---------|
|  |                                      |                    |        |                 | Common<br>shares   | Shares | % | Common<br>shares                               | Shares | % | Common<br>shares                       | Shares | %  |                                       |  | Title  | Name | Relation |         |
|  |                                      |                    |        |                 | Preferred<br>share | Shares | % | Preferred<br>shares                            | Shares | % | Preferred<br>shares                    | Shares | %  |                                       |  |  |      |          |         |
| CEO,General<br>Manager of Garment<br>and Down Material<br>Division           | R.O.C.                               | Chan Ho-Po         | Male   | 2012.1.1        | 1,298,000          | 0.86   |   | 888,000  | 0.59   |   | 0                                      | 0      | See page 5   | See note 1<br>in page 7               | None   | None   | None | Note 1   |         |
|  |                                      |                    |        |                 | 0                  | 0      |   | 0  | 0      |   | 0                                      | 0      |  |                                       |  |  |      |          |         |
| Vice General<br>Manager of Garment<br>Division                               | R.O.C.                               | Hsu Li-Ting        | Female | 2020.1.1        | 390,000            | 0.26q  |   | 4,000  | 0      |   | 0                                      | 0      | MBA, National Taiwan University<br>Consultant, Boston Consulting<br>Company<br>Manager of Chairman's Office, Shin<br>Kong Life Insurance,<br>IR Manager, Cathay Financial<br>Holdings                                      | Note 2                                | None   | None   | None | None     |         |
|  |                                      |                    |        |                 | 0                  | 0      |   | 0  | 0      |   | 0                                      | 0      |  |                                       |  |  |      |          |         |
| Vice General<br>Manager of Garment<br>Division                               | R.O.C.                               | Ren Yi-Fan         | Male   | 2020.1.1        | 487,000            | 0.32   |   | 0  | 0      |   | 0                                      | 0      | MBA,National Chiao Tung University<br>Audit Supervisor, Lite-On IT<br>Corporation,<br>Chairman's Special Assistant, Kang<br>Chuang Electronics,<br>Manager, Sinonar Corporation  | Note 3                                | None   | None   | None | None     |         |
|  |                                      |                    |        |                 | 0                  | 0      |   | 0  | 0      |   | 0                                      | 0      |  |                                       |  |  |      |          |         |
| Vice General<br>Manager of HR  | R.O.C.                               | Wang Jui-<br>Wen   | Male   | 2021.1.1        | 1,207,000          | 0.80   |   | 0  | 0      |   | 149,000                                | 0.10   | PhD in Materials Science and<br>Engineering, National Taiwan<br>University of Science and Technology<br>Assistant manager of MiTAC<br>International Corporation.<br>Manager of Jianxing Electronic<br>Technology Co., Ltd. | Note 4                                | None   | None   | None | None     |         |
|  |                                      |                    |        |                 | 0                  | 0      |   | 0  | 0      |   | 0                                      | 0      |  |                                       |  |  |      |          |         |
| Assistant Vice<br>President of Finance<br>Division, Chief<br>Finance Officer | R.O.C.                               | Chang Jung-<br>Hua | Male   | 2020.11.<br>9   | 153,000            | 0.01   |   | 0  | 0      |   | 0                                      | 0      | MBA,University of Illinois at Chicago<br>Manager of Shin Kong Life<br>Manager of Taishin Bank  | None                                  | None   | None   | None | None     |         |
|  |                                      |                    |        |                 | 0                  | 0      |   | 0  | 0      |   | 0                                      | 0      |  |                                       |  |  |      |          |         |
| Assistant Vice<br>President of Down<br>Materials Division                    | R.O.C.                               | Su Zhang-<br>Ren   | Male   | 2024.8.1        | 438,000            | 0.29   |   | 0  | 0      |   | 0                                      | 0      | EMBA, National Taiwan University of<br>Science and Technology<br>Deputy Manager of Fujikawa<br>Industries  | Note 5                                | None   | None   | None | None     |         |
|  |                                      |                    |        |                 | 0                  | 0      |   | 0  | 0      |   | 0                                      | 0      |  |                                       |  |  |      |          |         |
| Assistant Vice<br>President of Down<br>Materials Division                    | R.O.C.                               | Chen Yun-<br>Hsin  | Female | 2024.8.1        | 29,000             | 0.02   |   | 0  | 0      |   | 0                                      | 0      | Master of Human Resources<br>Management at the University of<br>Hawaii at Manoa<br>Product Development Manager at<br>Huhui Technology  | None                                  | None   | None   | None | None     |         |
|  |                                      |                    |        |                 | 511                | 0      |   | 0  | 0      |   | 0                                      | 0      |  |                                       |  |  |      |          |         |

| Title  | Nationality/<br>Country of<br>Origin | Name               | Gender | Date<br>Elected | Shareholding       |        |        | Shares holding by spouse and<br>minor children |        |   | Shareholding by Nominee<br>Arrangement   |                           |      | Main experience(education and degree) | Current<br>part-time<br>duty titles in<br>other<br>companies | Managers who are Spouses or<br>Within Two Degrees of Kinship |      |          | Remarks |
|--|--------------------------------------|--------------------|--------|-----------------|--------------------|--------|--------|--|--------|---|--|---------------------------|------|---------------------------------------|--|--|------|----------|---------|
|  |                                      |                    |        |                 | Common<br>shares   | Shares | %      | Common<br>shares                               | Shares | % | Common<br>shares   | Shares                    | %    |                                       |  | Title  | Name | Relation |         |
|  |                                      |                    |        |                 | Preferred<br>share | Shares | %      | Preferred<br>shares                            | Shares | % | Preferred<br>shares  | Shares                    | %    |                                       |  |  |      |          |         |
| Assistant Vice<br>President of<br>Garment Division                   | R.O.C.                               | Chou Chung-<br>Kao | Male   | 2024.8.1        | 220,014            | 0.15   | 20,000 | 0.01   | 0      | 0 | Department of Industrial Engineering<br>and Management, National Taiwan<br>University of Science and Technology<br>Engineer of the Production Planning<br>Department of Lianyou<br>Optoelectronics, and Director of the<br>Productivity Integration Department of<br>AUO | None                      | None | None                                  | None   | None   |      |          |         |
|  |                                      |                    |        |                 | 0                  | 0      | 0      | 0  | 0      | 0 |  |                           |      |                                       |  |  |      |          |         |
| Assistant Vice<br>President of<br>Garment Division                   | R.O.C.                               | Ho Chun-<br>Lung   | Male   | 2024.8.1        | 40,000             | 0.03   | 0      | 0  | 0      | 0 | Master of Mechanical Engineering,<br>National Chung Hsing University<br>R&D Manager at Lite-On Technology<br>and Lite-On Electronics   | None                      | None | None                                  | None   | None   |      |          |         |
|  |                                      |                    |        |                 | 0                  | 0      | 0      | 0  | 0      | 0 |  |                           |      |                                       |  |  |      |          |         |
| Assistant Vice<br>President of Home<br>Textile Division              | R.O.C.                               | Lin Shang-<br>Tien | Male   | 2024.8.1        | 60,000             | 0.04   | 0      | 0  | 0      | 0 | Department of Business<br>Administration, National Sun Yat-sen<br>University<br>Deputy Manager of Innolux<br>Manufacturing Division, Director of<br>Optimax Technology Suzhou Plant  | Note 6                    | None | None                                  | None   | None   |      |          |         |
|  |                                      |                    |        |                 | 0                  | 0      | 0      | 0  | 0      | 0 |  |                           |      |                                       |  |  |      |          |         |
| Assistant Vice<br>President of Unified<br>Procurement<br>Division    | R.O.C.                               | Yeh Shih-Chi       | Male   | 2024.8.1        | 40,000             | 0.03   | 0      | 0  | 0      | 0 | Master of International Business,<br>University of California, Dominguez<br>Hills, USA<br>Global Strategic Procurement<br>Manager, HP Technology, Global<br>Procurement Manager, ADVANTEK  | None                      | None | None                                  | None   | None   |      |          |         |
|  |                                      |                    |        |                 | 0                  | 0      | 0      | 0  | 0      | 0 |  |                           |      |                                       |  |  |      |          |         |
| Assistant Vice<br>President of<br>Information<br>Technology Division | R.O.C.                               | Chen Ta-<br>Chun   | Male   | 2024.8.1        | 19,000             | 0.01   | 0      | 0  | 0      | 0 | Master of Information Management,<br>National Taiwan University<br>Manager of E-commerce Department,<br>Advantech  | None                      | None | None                                  | None   | None   |      |          |         |
|  |                                      |                    |        |                 | 0                  | 0      | 0      | 0  | 0      | 0 |  |                           |      |                                       |  |  |      |          |         |
| Special Assistant of<br>Finance Divison                              | R.O.C.                               | Li Zong-<br>Heng   | Male   | 2024.8.1        | 945                | 0      | 0      | 0  | 0      | 0 | Department of Accounting, Feng Chia<br>University<br>Accounting Manager of our company,<br>Accounting Manager of Tah Tong<br>Textile Co., Ltd.   | KLF's<br>spokesper<br>son | None | None                                  | None   | None   |      |          |         |
|  |                                      |                    |        |                 | 0                  | 0      | 0      | 0  | 0      | 0 |  |                           |      |                                       |  |  |      |          |         |
| Accounting officer   | R.O.C.                               | Sung Chia-I        | Female | 2021.10.<br>14  | 7,500              | 0      | 0      | 0  | 0      | 0 | Department of Accounting, Tamkang<br>University<br>Assistant manager of Deloitte &<br>Touche , Accounting officer of Global<br>Brands Manufacture Ltd.,Accounting<br>manager of Les enphants Co.,Ltd.  | None                      | None | None                                  | None   | None   |      |          |         |
|  |                                      |                    |        |                 | 0                  | 0      | 0      | 0  | 0      | 0 |  |                           |      |                                       |  |  |      |          |         |
| Corporate<br>governance officer                                      | R.O.C.                               | Li Chiu-Ti         | Female | 2023.11.<br>9   | 28,000             | 0.02   | 0      | 0  | 0      | 0 | Department of Economics, Chinese<br>Culture University<br>Stock Affair officer   | None                      | None | None                                  | None   | None   |      |          |         |
|  |                                      |                    |        |                 | 0                  | 0      | 0      | 0  | 0      | 0 |  |                           |      |                                       |  |  |      |          |         |

Note 1: Where the President or person of an equivalent post (the highest level manager) and Chairman of the Board of Directors are the same person, spouses, or relatives within the first degree of kinship, the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (such as increasing the number of independent director seats, and more than half of all directors must not concurrently serve as employees or managers) must be disclosed.

The Company's Chairman and CEO aims to improve operational efficiency and the execution of decisions. The Company currently has the following measures:

- In order to enhance the supervision of Board of Directors, the Company amended Article of Incorporation to adjust the number of independent directors from 2 persons to at least 3 persons to increase flexibility. The shareholders' meeting also reelected 4 independent directors on May 31, 2022.
- Arrange directors to participate in professional courses offered by external institutions every year to enhance Board performance.
- The Independent Directors can engage in detailed discussion on related matters in the professional committees as reference for the Board for the proper pursuit of corporate governance.

Note 2: KLF's acting spokesperson, Chairman of Fuhua Garment Co., Ltd., Chairman of Toptex Garment Co., Ltd., Director of Bo Hsing Enterprise Co., Ltd., Director of Manumech Corporation., Director of Gong Long Co., Ltd.

Note 3: Director of Toptex Garment Co., Ltd., Chairman of Kwong Lung – O Mon Co., Ltd., Director of Fuhua Garment Co., Ltd., Director of PT.TACTICAL Garment Garut.

Note 4: Director of Kwong Lung (SuZhou) Co., Ltd.(note7), Director of P&B Collection Co., Ltd., Director of Koutou Co., Ltd., Director of Gong Tong Zu Lin Co., Ltd., Director of BBL Premium Co., Ltd., Chariman of Manumech Corporation., Chairman of Gong Long Co., Ltd.

Note 5: Chairman of Kwong Lung Japan Co., Ltd., Director of Kwong Lung (SuZhou) Co., Ltd.(note7), Director of P&B Collection Co., Ltd.

Note 6: Director of Kwong Lung Meko Co., Ltd., Director of Kwong Lung – O Mon Co., Ltd., Director of Fuhua Garment Co., Ltd.

Note 7: Before being renamed Kwong Lung (SuZhou) Co., Ltd. on February 26, 2025.

## 2.2 Remuneration paid to directors, supervisors, General Manager and Vice General Manager in the latest year

### 2.2.1 Remuneration paid to directors (name and remuneration way to each individual)

Unit : NT\$ thousand

| Title                | Name   | Director's Remuneration        |   |             |   |  |   |                        |   | Total remuneration and ratio of total remuneration(A+B+C+D) to net income(%) (Note 8) |   | Remuneration paid to part-time employees    |   |             |   |                            |   |   |   | Total remuneration and ratio of total remuneration (A+B+C+D+E+F+G) to net income(%) (Note 8) |   | Compensation Received from an Invested Company Other than the Company's Subsidiary or parent company (Note 9) |
|----------------------|--|--------------------------------|---|-------------|---|--|---|------------------------|---|---|---|---|---|-------------|---|----------------------------|---|---|---|--|---|---|
|                      |  | Base Compensation (A) (Note 2) |   | Pension (B) |   | Compensation to Directors (C) (Note 3) |   | Allowances (D)(Note 4) |   |   |   | Salary, Bonuses and Allowances (E) (Note 5) |   | Pension (F) |   | Employee pays (G) (Note 6) |   |   |   |  |   |   |
|                      |  | The Company                    | All companies in the consolidated financial statements (Note 7) | The Company | All companies in the consolidated financial statements (Note 7) | The Company                            | All companies in the consolidated financial statements (Note 7) | The Company            | All companies in the consolidated financial statements (Note 7) | The Company   | All companies in the consolidated financial statements (Note 7) | The Company                                 | All companies in the consolidated financial statements (Note 7) | The Company | All companies in the consolidated financial statements (Note 7) | The Company                |   | All companies in the consolidated financial statements (Note 7) |   | The Company  | All companies in the consolidated financial statements (Note 7) |   |
|                      |  |                                |   |             |   |  |   |                        |   |   |   |   |   |             |   |                            |   |   |   |  |   |   |
| Chairman             | Chan Ho-Po   | 1,000                          | 1,000   | 0           | 0   | 5,813                                  | 5,813   | 4,835                  | 4,835   | 11,648<br>1.91%   | 11,648<br>1.91%   | 15,228                                      | 20,511  | 0           | 0   | 1,600                      | 0 | 1,600   | 0 | 28,476<br>4.67%  | 33,759<br>5.54%   | None  |
| Vice Chairman        | Ou Li Investment Co.,Ltd. Representative : Lee Chao-Fu     | 3,968                          | 3,968   | 0           | 0   | 3,876                                  | 3,876   | 1,715                  | 1,715   | 9,559<br>1.57%  | 9,559<br>1.57%  | 189   | 189   | 0           | 0   | 0                          | 0 | 0   | 0 | 9,748<br>1.60%   | 9,748<br>1.60%  | None  |
| Director             | Whalen's Company Representative : Chang Chen-Yun           | 1,000                          | 1,000   | 0           | 0   | 1,938                                  | 1,938   | 35                     | 35  | 2,973<br>0.49%  | 2,973<br>0.49%  | 0   | 0   | 0           | 0   | 0                          | 0 | 0   | 0 | 2,973<br>0.49%   | 2,973<br>0.49%  | None  |
| Director             | Yueh Sheng Investment Co.,Ltd. Representative : Chan Fu-Ju | 1,000                          | 1,000   | 0           | 0   | 3,488                                  | 3,488   | 35                     | 35  | 4,523<br>0.74%  | 4,523<br>0.74%  | 0   | 1,508   | 0           | 0   | 0                          | 0 | 0   | 0 | 4,523<br>0.74%   | 6,031<br>0.99%  | None  |
| Independent Director | Tsai Hsun-Hsiung   | 1,000                          | 1,000   | 0           | 0   | 2,326                                  | 2,326   | 35                     | 35  | 3,361<br>0.55%  | 3,361<br>0.55%  | 0   | 0   | 0           | 0   | 0                          | 0 | 0   | 0 | 3,361<br>0.55%   | 3,361<br>0.55%  | None  |
| Independent Director | Chen Hsien-Yeh   | 1,000                          | 1,000   | 0           | 0   | 2,326                                  | 2,326   | 35                     | 35  | 3,361<br>0.55%  | 3,361<br>0.55%  | 0   | 0   | 0           | 0   | 0                          | 0 | 0   | 0 | 3,361<br>0.55%   | 3,361<br>0.55%  | None  |
| Independent Director | Hsu Chia-Te  | 1,000                          | 1,000   | 0           | 0   | 2,907                                  | 2,907   | 35                     | 35  | 3,942<br>0.65%  | 3,942<br>0.65%  | 0   | 0   | 0           | 0   | 0                          | 0 | 0   | 0 | 3,942<br>0.65%   | 3,942<br>0.65%  | None  |
| Independent Director | Ko Tsui-Ting   | 1,000                          | 1,000   | 0           | 0   | 2,326                                  | 2,326   | 35                     | 35  | 3,361<br>0.55%  | 3,361<br>0.55%  | 0   | 0   | 0           | 0   | 0                          | 0 | 0   | 0 | 3,361<br>0.55%   | 3,361<br>0.55%  | None  |

1. Please describe the policy, system, standard, and structure of remuneration to independent directors, and the correlation between duties, risk, and time input with the amount of remuneration:

In addition to the fixed remuneration paid quarterly to the Company's directors, if the Company also has a surplus, in accordance with to the Company's articles of association, less than 5% will be contributed to the remuneration of directors , and it will be distributed by taking into consideration of the evaluation results of the board's performance.

2. Other than disclosure in the above table, Directors remunerations received by providing services (e.g. serving as a consultant for non-employees of the parent company/financial report of all companies/reinvested businesses, etc.) in the latest fiscal year:  
➤ Independent directors Tsai Hsun-Hsiung, Chen Hsien-Yeh and Hsu Chia-Te also serve as remuneration committee members. The remuneration and carriage fees for each committee member are NT\$1,015,000.

Note 1: The names of the directors shall be separately listed (For the corporate shareholder, the name of corporate shareholder and the representative shall be listed separately).

Note 2: It refers to the directors' remuneration (including directors' salary, duty allowance, severance payment, bonuses, incentives, etc.) in the latest year.

Note 3: It should be the amount of directors' remuneration distributed by the resolution of the Board of Directors in the latest year.

Note 4: It refers to the related business execution expenses (including travelling expenses, special expenses, allowances, and the in-kind provision of apartments, vehicles, etc.) of the Directors in the latest year. If apartments, vehicles and other transport instruments are provided or there are exclusive individual expenses, the nature and cost of assets provided, the actual rent, fuel expenses and other payments or measured at fair market prices should be disclosed. If a chauffeur is provided, the relevant remuneration paid by the Company to the chauffeur should be noted, but it is not included in the remuneration.

Note 5: It refers to the salary, duty allowance, severance payment, bonuses, incentives, travelling expenses, special expenses, allowances, and in-kind provisions of apartments, vehicles, etc., paid to the directors concurrently serving as employees (including General Managers, Vice General Managers, other managerial officers, and employees) in the latest year. If apartments, vehicles and other transport instruments are provided or there are exclusive individual expenses, the nature and cost of assets provided, the actual rent, fuel expenses and other payments or measured at fair market prices should be disclosed. If a chauffeur is provided, the relevant remuneration paid by the Company to the chauffeur should be noted, but it is not included in the remuneration. The salary expenses recognized in accordance with IFRS 2 "Share-based payment," including the acquisition of employee stock warrants, new restricted stock award shares issued to employees and participation in cash increase subscription shares, shall also be included in the remuneration.

Note 6: It refers that when the directors concurrently serving as employees (including the General Manager, Vice General Manager, other managerial officer and employees) who obtain employee compensation (including stocks and cash) in the latest year, the employee remuneration amount distributed by the resolution of the Board of Directors in the latest year should be disclosed. If it is unable to estimate the amount, the proposed distribution amount in this year will be calculated pro rata to the actual distribution amount last year.

Note 7: It shall disclose the total amount of remuneration paid to the Company's Directors by all companies (including the Company) in the consolidated financial report.

Note 8: After-tax net profit refers to the net profit after tax in the standalone or individual financial reports in the latest year.

Note 9: a. In this column, the amount of remuneration the Company's Director received from the re-investment business other than the subsidiaries or the parent company should be filled out. (If there is none, please fill in "None").

b. The remuneration refers to the relevant remuneration to the Company's Directors, such as remuneration of serving as a director, supervisor or managerial officer, compensation (including employee, director or supervisor compensation), or remuneration from professional practice received from the re-investment other than the subsidiary or the parent company.

\* The remuneration disclosed in this table is different from the income concept of the Income Tax Act. Therefore, the purpose of this table is for information disclosure, for taxing purpose.

Note 10: The Company's Directors (legal person and representative) did not receive or appropriate retirement pensions in 2024. The Directors and representatives of the corporate directors concurrently serving as employees did not receive or appropriate retirement pensions.

## **2.2.2 Remuneration paid to supervisors : Not applicable.**

## 2.2.3 Remuneration paid to General Managers and Vice General Managers (name and remuneration way to each individual)

Unit : NT\$ thousand

| Title                | Name                   | Salary (A)<br>(Note 2) |   | Pension (B) |   | Bonuses and Allowances, bonus and special allowance, etc. (C)<br>(Note 3) |   | Employee remuneration (D)<br>(Note 4) |       |   |       | Total remuneration and ratio of total remuneration (A+B+C+D) to net income(%) (Note 6) |   | Compensation Received from an Invested Company Other than the Company's Subsidiary or parent company (Note 7) |
|----------------------|------------------------|------------------------|---|-------------|---|---|---|---------------------------------------|-------|---|-------|--|---|---|
|                      |                        | The Company            | All companies in the consolidated financial statements (Note 5) | The Company | All companies in the consolidated financial statements (Note 5) | The Company   | All companies in the consolidated financial statements (Note 5) | The Company                           |       | All companies in the consolidated financial statements (Note 5) |       | The Company  | All companies in the consolidated financial statements (Note 5) |   |
|                      |                        |                        |   |             |   |   |   | Cash                                  | Stock | Cash  | Stock |  |   |   |
| CEO                  | Chan Ho-Po             | 9,282                  | 10,044  | 0           | 0   | 5,946   | 10,467  | 1,600                                 | 0     | 1,600   | 0     | 16,828<br>2.76%  | 22,111<br>3.62%   | None  |
| Vice General Manager | Zheng Qiu-Yue (Note 9) | 2,953                  | 3,113   | 51          | 51  | 613   | 613   | 0                                     | 0     | 0   | 0     | 3,617<br>0.59%   | 3,777<br>0.62%  | None  |
| Vice General Manager | Hsu Li-Ting            | 2,940                  | 3,716   | 108         | 108   | 1,567   | 4,732   | 1,600                                 | 0     | 1,600   | 0     | 6,215<br>1.02%   | 10,156<br>1.67%   | None  |
| Vice General Manager | Ren Yi-Fan             | 2,705                  | 4,464   | 108         | 108   | 711   | 3,423   | 2,000                                 | 0     | 2,000   | 0     | 5,524<br>0.91%   | 9,995<br>1.64%  | None  |
| Vice General Manager | Wang Jui-Wen           | 3,197                  | 3,197   | 108         | 108   | 751   | 751   | 500                                   | 0     | 500   | 0     | 4,556<br>0.75%   | 4,556<br>0.75%  | None  |

Note 1: The names of the General Managers and Vice General Managers shall be listed .

Note 2: It refers to the salary, duty allowance and severance payment paid to General Managers and Vice General Managers in the latest year.

Note 3: It refers to the bonuses, incentive bonuses, travelling expenses, special expenses, allowances, and in-kind provisions of apartments, vehicles, etc., paid to the General Managers and Vice General Managers in the latest year. If apartments, vehicles and other transport instruments are provided or there are exclusive individual expenses, the nature and cost of assets provided, the actual rent, fuel expenses and other payments or measured at fair market prices should be disclosed. If a chauffeur is provided, the relevant remuneration paid by the Company to the chauffeur should be noted, but it is not included in the remuneration. The salary expenses recognized in accordance with IFRS 2 "Share-based payment," including the acquisition of employee stock warrants, new restricted stock award shares issued to employees and participation in cash increase subscription shares, shall also be included in the remuneration.

Note 4: The employee remuneration amount (including stocks and cash) distributed to General Manager and Vice General Managers by the resolution of the Board of Directors in the latest year should be disclosed. If it is unable to estimate the amount, the proposed distribution amount in this year will be calculated pro rata to the actual distribution amount last year.

Note 5: It shall disclose the total amount of remuneration paid to the Company's General Managers and Vice General Managers by all companies (including the Company) in the consolidated financial reports.

Note 6: After-tax net profit refers to the net profit after tax in the standalone or individual financial reports in the latest year.

Note 7: a. In this column, the amount of remuneration the Company's General Managers and Vice General Managers received from the re-investment business other than the subsidiaries or the parent company should be filled out. (If there is none, please fill in "None")  
b. The remuneration refers to the relevant remuneration to the Company's General Managers and Vice General Managers, such as remuneration of serving as directors, supervisors or managerial officers, compensation (including employee, director or supervisor compensation), or remuneration from professional practice received from the re-investment business other than the subsidiary or the parent company.

\* The remuneration disclosed in this table is different from the income concept of the Income Tax Act. Therefore, the purpose of this table is for information disclosure, for taxing purpose.

Note 8: The pension appropriated in accordance with the law for the General Managers and Vice General Managers in 2024 was NT\$ 375,000. The actual retirement pension paid by the Company to the General Manager and Vice General Manager in 2024 was NT\$4,942,000.

Note 9: Retired on March 31, 2024

## 2.2.4 The remuneration paid to the top five remuneration executives of companies: Not applicable.

## 2.2.5 The employee remuneration distributed to managerial officers

March 31, 2025 Unit : NT\$ thousand

|                              | Title<br>(Note 1)   | Name<br>(Note 1) | Stock<br>amount | Cash   | Total  | Ratio of total<br>remuneration<br>to net income<br>(%) |
|------------------------------|---|------------------|-----------------|--------|--------|--|
| Managerial<br>officers       | CEO, General Manager of<br>Garment and Down Material<br>Division          | Chan Ho-Po       | 0               | 10,880 | 10,880 | 1.79   |
|                              | Vice General Manager of<br>Garment Division                               | Hsu Li-Ting      |                 |        |        |  |
|                              | Vice General Manager of<br>Garment Division                               | Ren Yi-Fan       |                 |        |        |  |
|                              | Vice General Manager of HR  | Wang Jui-Wen     |                 |        |        |  |
|                              | Assistant Vice President of<br>Finance Division, Chief Finance<br>Officer | Chang Jung-Hua   |                 |        |        |  |
|                              | Assistant Vice President of Down<br>Materials Division                    | Su Zhang-Ren     |                 |        |        |  |
|                              | Assistant Vice President of Down<br>Materials Division                    | Chen Yun-Hsin    |                 |        |        |  |
|                              | Assistant Vice President of<br>Garment Division                           | Chou Chung-Kao   |                 |        |        |  |
|                              | Assistant Vice President of<br>Garment Division                           | Ho Chun-Lung     |                 |        |        |  |
|                              | Assistant Vice President of Home<br>Textile Division                      | Lin Shang-Tien   |                 |        |        |  |
|                              | Assistant Vice President of<br>Unified Procurement Division               | Yeh Shih-Chi     |                 |        |        |  |
|                              | Assistant Vice President of<br>Information Technology Division            | Chen Ta-Chun     |                 |        |        |  |
|                              | Special Assistant of Finance<br>Division                                  | Li Zong-Heng     |                 |        |        |  |
|                              | Accounting officer  | Sung Chia-I      |                 |        |        |  |
| Corporate governance officer | Li Chiu-Ti  |                  |                 |        |        |  |

Note 1: It shall disclose the respective names/titles, but the profit distribution shall be disclosed in a range table.

Note 2: Fill out the employee remuneration amount (stock and cash) appropriated to employees over professional managers in the latest year. If unable to estimate the amount, the proposed distribution amount will be calculated based on the proportion of the actual distribution amount last year. If the international financial reporting standard has been applied, the net profit after tax is the after-tax net profit of individual or individual financial report in the latest year.

Note 3: According to Securities Regulatory Commission (2003-03-27) Tai-Cai-Zheng-San Letter No. 0920001301, the scope of managers covers:

(1) General Manager and equivalent level, (2) Vice General Manager and equivalent level, (3) Senior manager and equivalent level, (4) Financial Dept. chief, (5) Accounting Dept. chief and (6) Other person being granted to manage affairs and sign for the company

Note 4: If directors, General Managers or Vice General Managers have received employee remuneration (stock and cash), fill out Sheet 1, 2 and this sheet.

**2.2.6 Compare the total remuneration the Company and all companies in the consolidated financial reports paid to the Company's Directors, Supervisors, General Managers and Vice General Managers as the ratios of the net profit after tax of standalone or individual financial report in the latest two years, respectively, explain the policy, standards and combination of remuneration, procedure of setting remuneration, and relationship between remuneration, operating performance and future risk.**

2.2.6.1 The ratios of remuneration paid to the net profit after tax of the standalone or individual financial report in the latest two years:

| Title                                     | 2023            |   | 2024           |   |
|---|-----------------|---|----------------|---|
|   | The Company (%) | All companies in the consolidated financial reports (%) | The Company(%) | All companies in the consolidated financial reports (%) |
| Directors                                 | 8.98            | 9.36  | 9.80           | 10.92   |
| Supervisors                               | NA              | NA  | NA             | NA  |
| General Manager and Vice General Managers | 6.00            | 6.56  | 6.03           | 8.30  |

- 1). The increase in directors' remuneration of NT\$66,536,000 in 2024 compared to NT\$54,060,000 in 2023 was mainly due to the increase in directors' remuneration in 2024 and the recognition of chairman's office expenses; the proportion of directors' remuneration to net profit after tax in 2024 was not much different from that in 2023.
- 2). The Company has established the Audit Committee on May 31 2022 to perform the functions of the supervisors as required by law. Therefore, there was no supervisory remuneration in 2023.
- 3). The remuneration of the General Manager and Deputy General Manager in 2024 is NT\$50,595,000, an increase from NT\$37,889,000 in 2023, mainly due to the provision of employee insurance expenses.

2.2.6.2 The policy, standards and combination of remuneration, procedure of setting remuneration, and relationship between remuneration, operating performance and future risk:

In accordance with the Company's Articles of Incorporation, the Company shall authorize the Board of Directors to pay remuneration according to their degree of participation in the Company's operations and the value of their contribution, and which shall not exceed the salary standard of the highest rank based on the Company's Regulations for Compensation.

In accordance with the Company's Regulations Governing the Distribution of Remuneration to Directors and Supervisors, when directors perform their duties in the Company, regardless of the Company's profits and losses, in addition of receiving a fixed remuneration and transportation allowance, if the Company also has a surplus, in accordance with the Company's Articles of Incorporation, less than 5% will be contributed to the remuneration of directors, and it will be distributed by taking into consideration of the evaluation results of the board's performance.

The salary of the managerial officer is determined based on the Company's Regulations Governing Salary Structure and personal work experience, duties and responsibilities held, and operating conditions. In addition, if the Company has a surplus, in accordance with the Company's

articles of association, more than 1% will be contributed to the employees' compensation. Managerial officers may be allowed to participate in the distribution of employees' compensation, after taking into consideration of the target achievement rate and contribution.

The performance evaluation and salary compensation of directors and managers should not only refer to the ordinary level of peers, but also consider the operating results, participation degree (including directors' attendance rate, communication frequency, suggestions, etc.) and their contribution to the company's performance (including financial indicators such as revenue and profit achievement rate, and non-financial indicators such as laws and regulations, internal control compliance, ESG performance indicators or special achievements, etc.), and comprehensively consider the industry's risk-free and development trend, and give reasonable compensation, so as to achieve sustainable operation and risk control of the company.

The aforementioned Regulations Governing the Distribution of Remuneration to Directors and Supervisors, Regulation of Self-Evaluation of the Board of Directors, and Regulations Governing Salary Structure are all regularly evaluated and reviewed by the Remuneration Committee and the Board of Directors.

## 2.3 Implementation of Corporate Governance

### 2.3.1 Board of Director' meeting status

2.3.1.1 In 2024 there were 6 meetings of Board of Directors held (A); the Directors' attendance is presented in below:

| Title                | Name  | Attendance in person (B) | By proxy | Attendance Rate (%) 【B/A】 | Remarks |
|----------------------|---|--------------------------|----------|---------------------------|---------|
| Chairman             | Chan Ho-Po  | 6                        | 0        | 100%                      | -       |
| Vice Chairman        | Ou Li Investment Co.,Ltd.<br>Representative:Lee Chao-Fu       | 6                        | 0        | 100%                      | -       |
| Director             | Whalen's Company<br>Representative : Chang Chen-Yun           | 6                        | 0        | 100%                      | -       |
| Director             | Yueh Sheng Investment Co.,Ltd.<br>Representative : Chan Fu-Ju | 6                        | 0        | 100%                      | -       |
| Independent Director | Tsai Hsun-Hsiung  | 6                        | 0        | 100%                      | -       |
| Independent Director | Chen Hsien-Yeh  | 6                        | 0        | 100%                      | -       |
| Independent Director | Hsu Chia-Te   | 6                        | 0        | 100%                      | -       |
| Independent Director | Ko Tsui-Ting  | 6                        | 0        | 100%                      | -       |

Other mandatory notes:

1.If the Board of Directors operation has anyone of the following situations, the date, term, proposal of the Board of Directors, opinions of all of the Independent Directors and the Company's handling of the Independent Directors' opinions should be stated:

- (1) Matters referred to in Article 14-3 of the Securities and Exchange Act. The Company is not applied to Article 14-3 of the Securities and Exchange Act, because it had set up audit committee.
- (2) Other matters involving objections or expressed reservations by independent directors that were recorded or stated in writing that require a resolution by the board of directors.: None

2.For the execution of Directors' recusal for the proposals in the Board of Directors meeting, the Director's name, proposal content, reason for recusal and participation in resolution voting should be stated:

| Meeting Date of | Director | Proposal | Reasons for | Participation in resolution voting |
|-----------------|----------|----------|-------------|------------------------------------|
|-----------------|----------|----------|-------------|------------------------------------|

| Board of Directors |   |   | recusal  |  |
|--------------------|---|---|--|--|
| 2024.03.13         | Each Director                                     | Approved the motion of the remuneration to directors.   | Being the Director himself/herself                                   | Apart from directors who recused themselves from participating in discussions and voting according to legal requirements, the remaining directors in attendance approved the proposal. |
|                    | Tsai Hsun-Hsiung<br>Chen Hsien-Yeh<br>Hsu Chia-Te | Approved the motion of the remuneration to the Remuneration Committee members.                                | Directors are members of the Remuneration Committee.                 | Apart from directors who recused themselves from participating in discussions and voting according to legal requirements, the remaining directors in attendance approved the proposal. |
|                    | Chan Ho-Po  | Approved the motion of the employee compensation appropriation and compensation payment of senior management. | Concurrently serving as CEO  | Apart from directors who recused themselves from participating in discussions and voting according to legal requirements, the remaining directors in attendance approved the proposal. |
| 2024.11.07         | Chan Ho-Po<br>Lee Chao-Fu<br>Chan Fu-Ju           | Approved the proposal to integrate group investment companies.  | Have a second-degree relationship with the transaction counterparty. | Apart from directors who recused themselves from participating in discussions and voting according to legal requirements, the remaining directors in attendance approved the proposal. |
| 2024.12.19         | Chan Fu-Ju  | Approved the salary proposal for the chairman of the subsidiary.  | Being the Director himself/herself                                   | Apart from directors who recused themselves from participating in discussions and voting according to legal requirements, the remaining directors in attendance approved the proposal. |
|                    | Chan Ho-Po<br>Lee Chao-Fu<br>Chan Fu-Ju           | Approved the proposal to integrate group investment companies.  | Have a second-degree relationship with the transaction counterparty. | Apart from directors who recused themselves from participating in discussions and voting according to legal requirements, the remaining directors in attendance approved the proposal. |
|                    | Chan Ho-Po  | Approved the acquisition of the right to use real estate from the related party.                              | Set up the chairman's office.  | Apart from directors who recused themselves from participating in discussions and voting according to legal requirements, the remaining directors in attendance approved the proposal. |

### 3.Implementation Status of Board Evaluations:

#### (1) Internal performance evaluation:

| Evaluation cycle | Evaluation period             | Scope of evaluation                                    | Evaluation method                        | Evaluation content  |
|------------------|-------------------------------|--|--|---|
| Once a year      | 2023.11.01<br>~<br>2024.10.31 | Board Performance Evaluation                           | Self-evaluation of Board members         | Degree of participation in the Company's operations, Improvement in the quality of the Board's decisions, Composition and structure of the Board of Directors, Selection and continuing education of Directors, Internal control                                  |
|                  |                               | The evaluation of individual directors                 | Self-evaluation of Board members         | Mastering the Company's goals and tasks, Awareness of Directors' responsibilities, Degree of participation in the Company's operations, Internal relationship management and communication, Directors' professionalism and continuous education, Internal control |
|                  |                               | Evaluation of the performance of functional committees | Self-evaluation of functional committees | Degree of participation in the Company's operations, Awareness of functional  |

|  |  |  |   |
|--|--|--|---|
|  | (Audit, Remuneration, Corporate Sustainability Committee, Risk Management Committee) |  | committees responsibilities, Improvement in the quality of functional committees decisions, Composition of functional committees and selection of members, Internal control |
|--|--|--|---|

1) The evaluation results were all excellent and were presented to the Board of Directors on December 19, 2024.

2) When electing or nominating members of the board of directors, the Company base its election on the evaluation results of the performance of the board and base its determination of an individual director's remuneration on the evaluation results of his or her performance.

(2) External performance evaluation:

| Evaluation cycle | Evaluation period       | Scope of evaluation | Evaluation method   | Evaluation content  |
|------------------|-------------------------|---------------------|---|---|
| Once three years | 2022.11.01 ~ 2023.10.31 | Board of Directors  | In October 2023, the Company entrusted the "Taiwan Institute of Ethical Business" to provide a board effectiveness evaluation report and optimization recommendations regarding to the operation of the Company's Board of Directors, according to the board meeting minutes and internal regulations on corporate governance provided by Kwong Lung, and with reference to the written questionnaire replied by directors and the interviews of individual directors. The report was submitted to the Board of Directors on December 14, 2023. | <p>1. Evaluation content: The professional functions of the Board of Directors, the decision-making efficiency of the Board of Directors, the degree of importance and supervision of internal control by the Board of Directors, and the attitude of the Board of Directors to sustainable management.</p> <p>2. The observation conclusions and optimization suggestions are as follows:</p> <p>1). Enhancing the diversity of directors: Out of the 8 seats on the board of directors of the assessed companies, there are 2 women directors, which is only one step away from the recommendation by the Corporate Governance Best Practice Principles for 1/3 of the directors to be female directors. It can be seen from the interviews with the interviewed directors that the assessed company selected its directors based on the professional backgrounds required by the companies, and there is no specific consideration for gender. In the future, the assessed company may consider establishing a nomination committee, and formulate a diversity policy and specific management goals, in order to build a diverse and professional board of directors. In addition, according to Article 24 of the Corporate Governance Best Practice Principles: "A company listed on TWSE or TPEX should appoint two or more independent directors in accordance with the provisions of its Articles of Incorporation, and it is advisable that the number of directors should not be less than one-third of the board. Independent directors should not hold office for more than three consecutive terms." This regulation is in response to the "Corporate Governance 3.0 - Sustainable Development Blueprint" plan and aims to strengthen the supervisory function of the board of directors of TWSE/TPEX listed companies, and requires independent directors of TWSE/TPEX listed companies to serve no more than three consecutive terms. At present, the consecutive terms of the independent directors of the assessed companies are still in line with the corporate governance practices. However, two independent directors have</p> |

served three consecutive terms, and the assessed company is reminded to pay attention to this point in the subsequent re-election of directors, enhancing the independence of the independent directors.

2).Enhancing the recording of directors' speeches with respect to the minutes of board meetings: to enable the Board of Directors to review its past decision-making experience more easily, it is recommended that the opinions and discussions raised in meetings be summarized in the minutes of meetings. The experience will be used to inform future decision-making and evaluation.

3).Adjust the role of the Risk Management Committee based on the actual operation situation: Enterprise Risk Management (ERM) is an important connotation of corporate governance, and also the goal vigorously promoted by “Corporate Governance 3.0 Sustainable Development Road Map”. The connotation of sustainable development goals is not limited to investment and daily operation risks, but can also cover different aspects of risk management, such as corporate internal control, employees, information security, and the market. According to the content of interviews, the assessed company has paid more attention to various risks, and are gradually establishing relevant risk management mechanisms, and have decided to establish a risk management committee. In the future, the assessed companies may evaluate the performance of the Risk Management Committee based on actual operating conditions, and gradually make adjustments and amendments to make the enterprise risk management system more comprehensive.

4).Increase the discussion of sustainable development issues in the board of directors: The assessed company have deeply linked sustainable development to their daily business activities, and achieved the goal of sustainable development while pursuing operating profits. It is committed to alignment of business objectives with core values in its operations. In addition to making positive contributions to social charities and environmental protection, the Company also enhances the trust of the public towards the company or its products and services. The goal is to drive corporate development achieving sustainable operations. The assessed company has been publishing sustainability reports for many years in a row, which helps stakeholders understand the major issues of concern to the assessed companies and related risk assessments. Considering the increasing in-depth and diverse nature of sustainability issues in recent years, the assessed company has been considering and implementing their

sustainability policies to include more diversified development policies from the existing policies already implemented. Meanwhile, aside from accommodating the domestic government policies, the Company also pays attention to the latest international development trends, such as the recently introduced Task Force on Climate-related Financial Disclosures (TCFD), which is an area of sustainability for the assessed company. The company may also consider bringing in external experts to provide diversified perspectives on sustainability and facilitate innovative thinking to achieve corporate sustainability goals while pursuing operating profits.

3. Company improvement plan

- 1). At the annual re-election meeting, considering the possibility of increasing the number of female directors and the fact that more than half of the independent directors shall not serve more than three consecutive terms in order to comply with the best governance principles and strengthen the independence of independent directors.
- 2). In the future, the Company will strengthen the recording of directors' speeches in the Board of Directors meeting minutes, to facilitate the subsequent application of past experience to future decision-making evaluation.
- 3). The Company has established the Risk Committee since the end of 2023 to improve the Company's risk management system.
- 4). In addition to the continuous promotion of TCFD and carbon emission certification, the Company is expected to apply for international certification as a Type-B enterprise in order to achieve the goal of corporate sustainability.

4. The goals of enhancing the functions of the Board of Directors in the current and most latest years and implementation assessment:

- (1) The Company irregularly provides training courses to the Directors, making it easy for Directors to obtain relevant information. The information on the attendance and training of the Company's Directors are disclosed in the Market Observation Post System and on the Company's website for the investors for the information disclosure to be immediate and transparent.
- (2) Our corporate governance information is disclosed on the Market Observation Post System (<http://mops.twse.com.tw>) in accordance with relevant regulations, and we have also established investor relations, and corporate governance sections on our corporate website to provide detailed and timely disclosures of information that are of concern to our stakeholders.
- (3) In order to strengthen our corporate governance system, the Company to establish basic and management by laws relating to corporate governance, included the "Rules of Procedure for Board of Directors Meetings", "Guidelines for Corporate Governance", "Rules of Procedures for Shareholders' meetings", "Standardized Operating Procedure for Handling Directors' Requests", "Regulation of Self-Evaluation of the Board of Directors".
- (4) Establish a corporate governance officer to assist the board of directors with relevant information and other necessary assistance needed to perform their duties.

2.3.1.2 In 2024, the Board of Directors attending status of independent directors

| 2024             | 1st | 2nd | 3rd | 4th | 5th | 6th |
|------------------|-----|-----|-----|-----|-----|-----|
| Tsai Hsun-Hsiung | ✓   | ✓   | ✓   | ✓   | ✓   | ✓   |
| Chen Hsien-Yeh   | ✓   | ✓   | ✓   | ✓   | ✓   | ✓   |

|              |   |   |   |   |   |   |
|--------------|---|---|---|---|---|---|
| Hsu Chia-Te  | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Ko Tsui-Ting | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |

✓ Attend in Personal ◎By Proxy ✗Fail to attend

## 2.3.2 Audit Committee meeting status or supervisors participating in the operation of the Board of Directors

### 2.3.2.1 Component of Audit Committee

The Audit Committee of the Company is constituted by four independent directors according to Article 14-4 of Securities and Exchange Act. Their term of office is from May 31, 2022 to May 30, 2025.

### 2.3.2.2 The Audit Committee is responsible for reviewing the following:

- 1). The adoption of or amendments to the internal control system.
- 2). Assessment of the effectiveness of the internal control system.
- 3). The adoption or amendment, of 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.
- 4). Matters in which a director is an interested party.
- 5). Asset transactions or derivatives trading of a material nature.
- 6). Loans of funds, endorsements, or provision of guarantees of a material nature.
- 7). The offering, issuance, or private placement of equity-type securities.
- 8). The hiring or dismissal of a certified public accountant, or their compensation.
- 9). The appointment or discharge of a financial, accounting, or internal audit officer.
- 10). Annual financial reports which are signed or sealed by the chairperson, managerial officer, and accounting officer.
- 11). Proposals regarding business reports and profit distribution or loss replenishment.
- 12). Other material matters as may be required by this Corporation or by the competent authority.

### 2.3.2.3 Audit Committee meeting status

In 2024 there were 6 meetings of Audit Committee held (A); the Independent Directors' attendance is presented in below:

| Title                           | Name             | Attendance in person (B) | By proxy | Attendance Rate (%) 【B/A】 | Remarks |
|---------------------------------|------------------|--------------------------|----------|---------------------------|---------|
| Independent Director (Convener) | Tsai Hsun-Hsiung | 6                        | 0        | 100%                      | -       |
| Independent Director            | Chen Hsien-Yeh   | 6                        | 0        | 100%                      | -       |
| Independent Director            | Hsu Chia-Te      | 6                        | 0        | 100%                      | -       |
| Independent Director            | Ko Tsui-Ting     | 6                        | 0        | 100%                      | -       |

Other mandatory notes:

1.If any of the following circumstances occur, the dates of meetings, sessions, contents of motion, resolutions of the Audit Committee and the Company's response to the Audit Committee's opinion should be specified:

(1) Matters referred to in Article 14-5 of the Securities and Exchange Act

| Date and session of meeting         | Proposal  | Independent Director's Dissenting or Qualified Opinions | Company's handling of Audit committee' Opinions | Resolution                   |
|-------------------------------------|---|---|---|------------------------------|
| In the 9th session of the 1st Audit | Approved the 2023 annual business report and standalone and consolidated financial reports. | None  | Not applicable                                  | Approved by all directors in |
|                                     | Approved the motion of the 2023 distribution  |   |   |                              |

|  |   |  |  |             |
|--|---|--|--|-------------|
| Committee meeting on March,13 2024   | of earnings.  |  |  | attendance. |
|  | Approved the subscription for PT.TACTICAL GARMENT GARUT's capital increase.   |  |  |             |
|  | Approved the revision of the internal control system for "Management of Board Meeting Operations".  |  |  |             |
|  | Approved the 2023 Internal Control Statement.   |  |  |             |
| In the 10th session of the 1st Audit Committee meeting on April,18 2024    | Approved the disposal of shares of "BBL Premium Co., Ltd."  |  |  |             |
| In the 11th session of the 1st Audit Committee meeting on May,9 2024       | Approved the consolidated financial report for the first quarter of 2024.   |  |  |             |
|  | Approved the subsidiary's acquisition of real estate use rights from related parties.   |  |  |             |
|  | Approval of lending funds to subsidiary company .   |  |  |             |
| In the 12th session of the 1st Audit Committee meeting on August,8 2024    | Approved the consolidated financial report for the second quarter of 2024.  |  |  |             |
| In the 13rd session of the 1st Audit Committee meeting on November,7 2024  | Approved the consolidated financial report for the third quarter of 2024.   |  |  |             |
|  | Approved the motion of the amendments to the "Audit Committee Charter. "  |  |  |             |
|  | Approved the revision of the company "Internal Control System" and "Internal Audit Implementation Details".   |  |  |             |
|  | Approved the Company's 2022 annual internal control audit plan.   |  |  |             |
|  | Approved the proposal to integrate group investment companies.  |  |  |             |
| In the 14th session of the 1st Audit Committee meeting on December,19 2024 | Approved the motion to entrust the attestation of the Company's 2025 financial report, with the explanation of the assessment of accountants' independence. |  |  |             |
|  | Approved the proposal to integrate group investment companies.  |  |  |             |
|  | Approval of the subscription of the subsidiary's capital increase.  |  |  |             |
|  | Approved the acquisition of the right to use real estate from the related party.  |  |  |             |

(2) Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors.:  
None

2.If there are independent directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified: None

3.Communications between the independent directors, the Company's chief internal auditor and CPAs (e.g. the material items, methods and results of audits of corporate finance or operations, etc.)

(1) Communication policy between independent directors and the internal audit officer and CPAs

1) Any meeting between independent directors and the internal audit officer and CPAs is held at least once a year. CPAs report to the independent directors on the overall operation of the Company's financial position and internal control audit, and

- fully communicate whether the amendments to the laws and regulations affect the Company's accounting stat.
- 2) The internal audit officer submits the audit report to the independent directors on a monthly basis according to the annual audit plan.
  - 3) The deficiencies of internal control and the rectification of irregularities are tracked for each audit report, and a follow-up report is prepared on a quarterly basis for submission to the independent directors.
  - 4) Provide a report to the independent directors immediately upon discovery of major violations of regulations or the risk of major damage to the Company.
  - 5) If the independent directors have any questions or instructions after reviewing the audit report, they will call the internal audit officer to inquire or advise the operation.
  - 6) In conclusion, independent directors can gain a better understanding of the Company's operations (including financial and business conditions) and the progress of the audit through the meetings and the audit reports provided by the audit unit on a regular basis. They can also maintain good communications with CPAs through other means (e.g. telephone, fax, e-mail, etc.).

(2) Communication and status between Independent Directors, CAP and internal audit officer:

| Date   | Communication Member                          | Content   | Result                |
|--|---|---|-----------------------|
| 2024.03.13<br>(Before Audit Committee Meeting) | Independent Directors<br>CPA<br>Audit officer | <ul style="list-style-type: none"> <li>● Reported annual financial statements and discussed and communicated on the problems in application of some accounting principles and the impact of the new laws and regulations.</li> <li>● Annual audit plan execution report.</li> </ul> | Well and acknowledged |
| 2024.04.18<br>(Before Audit Committee Meeting) | Independent Directors<br>Audit officer        | <ul style="list-style-type: none"> <li>● Audit plan execution report for March.</li> </ul>  |                       |
| 2024.05.09<br>(Before Audit Committee Meeting) | Independent Directors<br>Audit officer        | <ul style="list-style-type: none"> <li>● Audit plan execution report for the first quarter.</li> </ul>  |                       |
| 2024.08.08<br>(Before Audit Committee Meeting) | Independent Directors<br>Audit officer        | <ul style="list-style-type: none"> <li>● Audit plan execution report for the second quarter.</li> </ul>   |                       |
| 2024.11.07<br>(Before Audit Committee Meeting) | Independent Directors<br>Audit officer        | <ul style="list-style-type: none"> <li>● Audit plan execution report for the third quarter.</li> </ul>  |                       |
| 2024.11.07<br>(Before Audit Committee Meeting) | Independent Directors<br>CPA                  | <ul style="list-style-type: none"> <li>● CPA's key audit report.</li> </ul>   |                       |
| 2024.12.19<br>(Before Audit Committee Meeting) | Independent Directors<br>Audit officer        | <ul style="list-style-type: none"> <li>● Audit plan execution report for November.</li> </ul>   |                       |

2.3.2.4 Supervisor's participation in the operation of the Board of Directors:

The Company has established the Audit Committee on May 31 2022 to perform the functions of the supervisors as required by law.

### 2.3.3 Corporate Governance Implementation Status and Deviations from the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies"

| Evaluation Item   | Implementation Status |    |   | Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons |
|---|-----------------------|----|---|--|
|   | Yes                   | No | Abstract Explanation  |  |
| 1. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies"? | V                     |    | The Company has enacted and disclosed its "Guidelines for Corporate Governance" on the Company's website and Market Observation Post System (MOPS).   | None   |
| 2. Shareholding structure & shareholders' rights  |                       |    |   |  |
| 1). Does the company establish an internal operating procedure to deal with shareholders' suggestions, doubts, disputes and litigations, and implement based on the procedure?        | V                     |    | In addition to entrusting stock affairs agency to handle related business, the Company also has an e-mail and a complete structure of spokesperson and acting spokesperson system established in accordance with the law to handle shareholders' suggestions.                           | None   |
| 2). Does the company possess the list of its major shareholders as well as the ultimate owners of those shares?   | V                     |    | The Company can effectively have information on the shareholdings of Directors, managerial officers and major shareholders holding more than 10% of the shares, and register relevant information in accordance with regulations.   | None   |
| 3). Does the company establish and execute the risk management and firewall system within its conglomerate structure?   | V                     |    | The Company has established relevant management systems and methods to supervise subsidiaries in accordance with laws and regulations, to properly control the risks between the Company and affiliated companies and establish appropriate firewalls.                                  | None   |
| 4). Does the company establish internal rules against insiders trading with undisclosed information?  | V                     |    | The Company has established the "Internal Material Information Processing Procedures" to regulate the relevant conducts, and correctly informed the Company's insiders to strictly abide by them.   | None   |
| 3. Composition and Responsibilities of the Board of Directors   |                       |    |   |  |
| 1). Does the board of directors formulate diversity policies, specific management objectives and implement them?  | V                     |    | Please refer to page 9~11 of the annual report.   | None   |
| 2). Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?   | V                     |    | The company has set up the Corporate Sustainability Committee to promote corporate social responsibility and sustainable company management.<br>The Company has established the Risk Management Committee to improve the risk management mechanism and strengthen corporate governance. | None   |
| 3). Does the company establish a standard to  | V                     |    | The Company's Board of Directors approved the "Regulation of Self-Evaluation of the Board of  | None   |

| Evaluation Item   | Implementation Status |    |  | Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons |
|---|-----------------------|----|--|--|
|   | Yes                   | No | Abstract Explanation   |  |
| <p>measure the performance of the Board and implement it annually, and are performance evaluation results submitted to the Board of Directors and referenced when determining the remuneration of individual directors and nominations for reelection?</p> <p>4). Does the company regularly evaluate the independence of CPAs?</p>   | V                     |    | <p>Directors". The results of the 2024 performance assessment of the Board of Directors were completed, Please refer to page21~22 of the annual report.</p> <ul style="list-style-type: none"> <li>● In accordance with the Company's "Guidelines for Corporate Governance" the Company assesses the independence and suitability of appointed CPAs once a year. The assessment method is to list 15 assessment indicators (e.g., the CPA has not served for more than 7 years, has not served as the Company's Director, Supervisor, managerial officer, or in positions that have a significant impact on audit cases in the past two years, has no direct or indirect material financial interest relationship with the Company, and has no potential employment relationship with the Company).</li> <li>● By referencing the annual audit quality indicator (AQI) provided by the CPA firm, which covers 5 major aspects and 13 indicators, including professionalism, independence, quality control, supervision, and innovation ability. It helps in the evaluation of the CPA firm and the audit team in a more effective and objective manner enhancing the ability and commitment to improve the quality of the audit.</li> <li>● The assessment results on the independence and competency of CPAs were approved by the Audit Committee and the Board of Directors on December 19, 2024, and the independent auditors were requested to issue a declaration of independence.</li> </ul> | None   |
| <p>4. Does the company appoint a suitable number of competent personnel and a supervisor responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their functions, assisting directors and supervisors with compliance, handling work related to meetings of the board of directors and the shareholders' meetings, and producing minutes of board meetings and shareholders' meetings)?</p> | V                     |    | <p>The corporate governance officer has more than three years of experience in the management of finance and deliberations in public companies, responsible for providing Directors with information needed to perform their business, assisting Directors to comply with laws and regulations, and handling matters related to the meetings the Board of Directors and shareholders' meeting in accordance with the law. The business performance in 2024 is as follows:</p> <ul style="list-style-type: none"> <li>● Assist Independent Directors and Directors to perform their duties, provide necessary information, and arrange Directors' further training.</li> <li>● Review the confidentiality level of the relevant information, provide the Company's information required by the Directors, and maintain open communication between Directors and the business executives.</li> </ul>   | None   |

| Evaluation Item   | Implementation Status                   |  |   | Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons |           |        |       |            |   |   |   |            |                 |  |   |            |   |  |   |            |   |  |   |  |
|---|---|--|---|--|-----------|--------|-------|------------|---|---|---|------------|-----------------|--|---|------------|---|--|---|------------|---|--|---|--|
|   | Yes                                     | No   | Abstract Explanation  |  |           |        |       |            |   |   |   |            |                 |  |   |            |   |  |   |            |   |  |   |  |
|   |   |  | <ul style="list-style-type: none"> <li>● Assist the compliance matters of the meeting procedures and resolution of the Board of Directors and shareholders' meeting, confirm whether the shareholders' meeting and board's meeting complies with the relevant laws and the corporate governance best-practice principles.</li> <li>● Assist and remind the Directors of the laws and regulations that should be complied with when executing business or making a formal resolution of the Board of Directors, and make suggestions when the Board of Directors is making an illegal resolution.</li> <li>● For the release of material information of important resolutions of the Board of Directors, ensure the legality and correctness of the content of the material information so as to ensure investors' trading information symmetry.</li> <li>● Maintain investor relations.</li> <li>● Provide the meeting agenda to the Directors 7 days prior to the meeting, and convene the meeting and provide the meeting materials. If the agenda requires recusal, reminder should be given in advance, and the minutes book should be completed within 20 days after the meeting.</li> <li>● Handle the advance registration of the shareholders' meeting date in accordance with the law, prepare the meeting notice, the meeting proceedings, and the minutes book within the statutory period, and handle the change registration for the amendment to the Articles of Association or the re-election of Directors.</li> <li>● Corporate governance officer' training : <table border="1" data-bbox="864 874 1883 1031"> <thead> <tr> <th>Date</th> <th>Organizer</th> <th>Course</th> <th>Hours</th> </tr> </thead> <tbody> <tr> <td>2024.05.09</td> <td>Taiwan Corporate Governance Association</td> <td>Corporate Governance and Directors' Liability</td> <td>3</td> </tr> <tr> <td>2024.09.10</td> <td>Taipei Exchange</td> <td>OTC Emerging Market Company Insider Equity Promotion Seminar</td> <td>3</td> </tr> <tr> <td>2024.10.16</td> <td>Taiwan Corporate Governance Association</td> <td>International Summit Forum on Corporate Governance</td> <td>6</td> </tr> <tr> <td>2024.11.07</td> <td>Taiwan Corporate Governance Association</td> <td>Carbon tide is coming, a look at the formation and trading system of carbon rights</td> <td>3</td> </tr> </tbody> </table> </li> </ul> | Date   | Organizer | Course | Hours | 2024.05.09 | Taiwan Corporate Governance Association | Corporate Governance and Directors' Liability | 3 | 2024.09.10 | Taipei Exchange | OTC Emerging Market Company Insider Equity Promotion Seminar | 3 | 2024.10.16 | Taiwan Corporate Governance Association | International Summit Forum on Corporate Governance | 6 | 2024.11.07 | Taiwan Corporate Governance Association | Carbon tide is coming, a look at the formation and trading system of carbon rights | 3 |  |
| Date  | Organizer                               | Course   | Hours   |  |           |        |       |            |   |   |   |            |                 |  |   |            |   |  |   |            |   |  |   |  |
| 2024.05.09  | Taiwan Corporate Governance Association | Corporate Governance and Directors' Liability                                      | 3   |  |           |        |       |            |   |   |   |            |                 |  |   |            |   |  |   |            |   |  |   |  |
| 2024.09.10  | Taipei Exchange                         | OTC Emerging Market Company Insider Equity Promotion Seminar                       | 3   |  |           |        |       |            |   |   |   |            |                 |  |   |            |   |  |   |            |   |  |   |  |
| 2024.10.16  | Taiwan Corporate Governance Association | International Summit Forum on Corporate Governance                                 | 6   |  |           |        |       |            |   |   |   |            |                 |  |   |            |   |  |   |            |   |  |   |  |
| 2024.11.07  | Taiwan Corporate Governance Association | Carbon tide is coming, a look at the formation and trading system of carbon rights | 3   |  |           |        |       |            |   |   |   |            |                 |  |   |            |   |  |   |            |   |  |   |  |
| 5.Does the company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities? | V                                       |  | The Company has established a stakeholder area on the website. People can contact the Company at any time via E-mail or by phone. The communication channel is open and the Company will handle it appropriately according to the practical situation.  | None   |           |        |       |            |   |   |   |            |                 |  |   |            |   |  |   |            |   |  |   |  |

| Evaluation Item  | Implementation Status |    |   | Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons |
|--|-----------------------|----|---|--|
|  | Yes                   | No | Abstract Explanation  |  |
| 6. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?  | V                     |    | The Company has appointed a share registrar agent to handle the matters of its Shareholders' Meeting.   | None   |
| 7. Information Disclosure  |                       |    |   |  |
| 1). Does the company have a corporate website to disclose both financial standings and the status of corporate governance?   | V                     |    | The Company's website is at www.klf-group.com and is staffed with information on financial, business and corporate governance.  | None   |
| 2). Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?  | V                     |    | <ul style="list-style-type: none"> <li>● The Company has fully disclosed the latest news of products and services, technology research and development, investor section, human resources and the Company in Chinese, English and Japanese on the website, and disclosed information related to the Company's finance and corporate governance by a link to the Market Observation Post System.</li> <li>● All information related to institutional investor conferences of the Company is posted on the Investor Zone, and various financial, business and other related information are filed regularly and irregularly on Market Observation Post System in accordance with regulations.</li> <li>● The Company assigns dedicated personnel to be responsible for the disclosure of material information and the input of the information to the Market Observation Post System timely.</li> <li>● The Company has a spokesperson system with a complete structure according to law. The Special Assistant, Li Zong-Heng, is the spokesperson, and the Vice General Manager, Hsu Li-Ting, is the acting spokesperson.</li> </ul> | None   |
| 3). Does the company announce and report annual financial statements within two months after the end of each fiscal year, and announce and report Q1, Q2, and Q3 financial statements, as well as monthly operation results, before the prescribed time limit?   |                       | V  | The Company always announces and registers the financial reports and the monthly operation situation within the stipulated period, and there has not been any early announcement. It will be handled in a timely manner depending on the Company's actual operating needs in the future.  | It will be handled in a timely manner depending on the Company's actual operating needs in the future.         |
| 8. 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' and supervisors' training records, the | V                     |    | <ul style="list-style-type: none"> <li>● Employees' rights and care for employees: Please refer to page 102~109 of the annual report.</li> <li>● Investor Relations <ul style="list-style-type: none"> <li>✔ In addition to having information on the Market Observation Post System for inquiries, the Company has set up an "Investor Section" on the Company's website, regularly updating various financial and stock affairs related information for investors. There is also a contact point to service investors and shareholders, serving as a two-way communication channel between the public and the Company.</li> </ul> </li> </ul>   | None   |

| Evaluation Item  | Implementation Status |            |  | Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons |       |      |           |        |       |          |            |            |   |   |   |            |   |  |   |               |             |            |   |   |   |            |   |  |   |          |                |            |   |   |   |            |   |  |   |          |            |            |   |   |   |            |   |  |   |                      |                  |            |   |   |   |            |   |  |   |  |
|--|-----------------------|------------|--|--|-------|------|-----------|--------|-------|----------|------------|------------|---|---|---|------------|---|--|---|---------------|-------------|------------|---|---|---|------------|---|--|---|----------|----------------|------------|---|---|---|------------|---|--|---|----------|------------|------------|---|---|---|------------|---|--|---|----------------------|------------------|------------|---|---|---|------------|---|--|---|--|
|  | Yes                   | No         | Abstract Explanation   |  |       |      |           |        |       |          |            |            |   |   |   |            |   |  |   |               |             |            |   |   |   |            |   |  |   |          |                |            |   |   |   |            |   |  |   |          |            |            |   |   |   |            |   |  |   |                      |                  |            |   |   |   |            |   |  |   |  |
| implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)? |                       |            | <p> <input checked="" type="checkbox"/> In addition, the Company is occasionally invited to participate in institutional investor conferences held by large securities firms to provide the Company's financial overview. The Company uploads the briefing information of the institutional investor conferences on the Market Observation Post System and the Company's website for investors.         </p> <ul style="list-style-type: none"> <li> <b>Stakeholders' rights</b> <ul style="list-style-type: none"> <li> <input checked="" type="checkbox"/> The Company sets up a spokesperson and an acting spokesperson to handle related questions and suggestions, but if legal issues are involved, the Company would have lawyers to handle the matters, in order to maintain the lawful rights.               </li> <li> <input checked="" type="checkbox"/> The Company has set up various contacts on the Company's website for stakeholders, upholding the principle of good faith and responsible attitude, and properly fulfills corporate social responsibility.             </li> </ul> </li> <li> <b>Directors' training:</b> The number of training hours for Directors in 2024 complied with the regulations set forth in the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies," totaling 48 hours, with an average of 6 hours per Director.           </li> </ul> <table border="1"> <thead> <tr> <th>Title</th> <th>Name</th> <th>Date</th> <th>Organizer</th> <th>Course</th> <th>Hours</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Chairman</td> <td rowspan="2">Chan Ho-Po</td> <td>2024.05.09</td> <td>Taiwan Corporate Governance Association</td> <td>Corporate Governance and Directors' Liability</td> <td>3</td> </tr> <tr> <td>2024.11.07</td> <td>Taiwan Corporate Governance Association</td> <td>Carbon tide is coming, a look at the formation and trading system of carbon rights</td> <td>3</td> </tr> <tr> <td rowspan="2">Vice Chairman</td> <td rowspan="2">Lee Chao-Fu</td> <td>2024.05.09</td> <td>Taiwan Corporate Governance Association</td> <td>Corporate Governance and Directors' Liability</td> <td>3</td> </tr> <tr> <td>2024.11.07</td> <td>Taiwan Corporate Governance Association</td> <td>Carbon tide is coming, a look at the formation and trading system of carbon rights</td> <td>3</td> </tr> <tr> <td rowspan="2">Director</td> <td rowspan="2">Chang Chen-Yun</td> <td>2024.05.09</td> <td>Taiwan Corporate Governance Association</td> <td>Corporate Governance and Directors' Liability</td> <td>3</td> </tr> <tr> <td>2024.11.07</td> <td>Taiwan Corporate Governance Association</td> <td>Carbon tide is coming, a look at the formation and trading system of carbon rights</td> <td>3</td> </tr> <tr> <td rowspan="2">Director</td> <td rowspan="2">Chan Fu-Ju</td> <td>2024.05.09</td> <td>Taiwan Corporate Governance Association</td> <td>Corporate Governance and Directors' Liability</td> <td>3</td> </tr> <tr> <td>2024.11.07</td> <td>Taiwan Corporate Governance Association</td> <td>Carbon tide is coming, a look at the formation and trading system of carbon rights</td> <td>3</td> </tr> <tr> <td rowspan="2">Independent Director</td> <td rowspan="2">Tsai Hsun-Hsiung</td> <td>2024.05.09</td> <td>Taiwan Corporate Governance Association</td> <td>Corporate Governance and Directors' Liability</td> <td>3</td> </tr> <tr> <td>2024.11.07</td> <td>Taiwan Corporate Governance Association</td> <td>Carbon tide is coming, a look at the formation and trading system of carbon rights</td> <td>3</td> </tr> </tbody> </table> | Title  | Name  | Date | Organizer | Course | Hours | Chairman | Chan Ho-Po | 2024.05.09 | Taiwan Corporate Governance Association | Corporate Governance and Directors' Liability | 3 | 2024.11.07 | Taiwan Corporate Governance Association | Carbon tide is coming, a look at the formation and trading system of carbon rights | 3 | Vice Chairman | Lee Chao-Fu | 2024.05.09 | Taiwan Corporate Governance Association | Corporate Governance and Directors' Liability | 3 | 2024.11.07 | Taiwan Corporate Governance Association | Carbon tide is coming, a look at the formation and trading system of carbon rights | 3 | Director | Chang Chen-Yun | 2024.05.09 | Taiwan Corporate Governance Association | Corporate Governance and Directors' Liability | 3 | 2024.11.07 | Taiwan Corporate Governance Association | Carbon tide is coming, a look at the formation and trading system of carbon rights | 3 | Director | Chan Fu-Ju | 2024.05.09 | Taiwan Corporate Governance Association | Corporate Governance and Directors' Liability | 3 | 2024.11.07 | Taiwan Corporate Governance Association | Carbon tide is coming, a look at the formation and trading system of carbon rights | 3 | Independent Director | Tsai Hsun-Hsiung | 2024.05.09 | Taiwan Corporate Governance Association | Corporate Governance and Directors' Liability | 3 | 2024.11.07 | Taiwan Corporate Governance Association | Carbon tide is coming, a look at the formation and trading system of carbon rights | 3 |  |
| Title  | Name                  | Date       | Organizer  | Course   | Hours |      |           |        |       |          |            |            |   |   |   |            |   |  |   |               |             |            |   |   |   |            |   |  |   |          |                |            |   |   |   |            |   |  |   |          |            |            |   |   |   |            |   |  |   |                      |                  |            |   |   |   |            |   |  |   |  |
| Chairman   | Chan Ho-Po            | 2024.05.09 | Taiwan Corporate Governance Association  | Corporate Governance and Directors' Liability  | 3     |      |           |        |       |          |            |            |   |   |   |            |   |  |   |               |             |            |   |   |   |            |   |  |   |          |                |            |   |   |   |            |   |  |   |          |            |            |   |   |   |            |   |  |   |                      |                  |            |   |   |   |            |   |  |   |  |
|  |                       | 2024.11.07 | Taiwan Corporate Governance Association  | Carbon tide is coming, a look at the formation and trading system of carbon rights                             | 3     |      |           |        |       |          |            |            |   |   |   |            |   |  |   |               |             |            |   |   |   |            |   |  |   |          |                |            |   |   |   |            |   |  |   |          |            |            |   |   |   |            |   |  |   |                      |                  |            |   |   |   |            |   |  |   |  |
| Vice Chairman  | Lee Chao-Fu           | 2024.05.09 | Taiwan Corporate Governance Association  | Corporate Governance and Directors' Liability  | 3     |      |           |        |       |          |            |            |   |   |   |            |   |  |   |               |             |            |   |   |   |            |   |  |   |          |                |            |   |   |   |            |   |  |   |          |            |            |   |   |   |            |   |  |   |                      |                  |            |   |   |   |            |   |  |   |  |
|  |                       | 2024.11.07 | Taiwan Corporate Governance Association  | Carbon tide is coming, a look at the formation and trading system of carbon rights                             | 3     |      |           |        |       |          |            |            |   |   |   |            |   |  |   |               |             |            |   |   |   |            |   |  |   |          |                |            |   |   |   |            |   |  |   |          |            |            |   |   |   |            |   |  |   |                      |                  |            |   |   |   |            |   |  |   |  |
| Director   | Chang Chen-Yun        | 2024.05.09 | Taiwan Corporate Governance Association  | Corporate Governance and Directors' Liability  | 3     |      |           |        |       |          |            |            |   |   |   |            |   |  |   |               |             |            |   |   |   |            |   |  |   |          |                |            |   |   |   |            |   |  |   |          |            |            |   |   |   |            |   |  |   |                      |                  |            |   |   |   |            |   |  |   |  |
|  |                       | 2024.11.07 | Taiwan Corporate Governance Association  | Carbon tide is coming, a look at the formation and trading system of carbon rights                             | 3     |      |           |        |       |          |            |            |   |   |   |            |   |  |   |               |             |            |   |   |   |            |   |  |   |          |                |            |   |   |   |            |   |  |   |          |            |            |   |   |   |            |   |  |   |                      |                  |            |   |   |   |            |   |  |   |  |
| Director   | Chan Fu-Ju            | 2024.05.09 | Taiwan Corporate Governance Association  | Corporate Governance and Directors' Liability  | 3     |      |           |        |       |          |            |            |   |   |   |            |   |  |   |               |             |            |   |   |   |            |   |  |   |          |                |            |   |   |   |            |   |  |   |          |            |            |   |   |   |            |   |  |   |                      |                  |            |   |   |   |            |   |  |   |  |
|  |                       | 2024.11.07 | Taiwan Corporate Governance Association  | Carbon tide is coming, a look at the formation and trading system of carbon rights                             | 3     |      |           |        |       |          |            |            |   |   |   |            |   |  |   |               |             |            |   |   |   |            |   |  |   |          |                |            |   |   |   |            |   |  |   |          |            |            |   |   |   |            |   |  |   |                      |                  |            |   |   |   |            |   |  |   |  |
| Independent Director   | Tsai Hsun-Hsiung      | 2024.05.09 | Taiwan Corporate Governance Association  | Corporate Governance and Directors' Liability  | 3     |      |           |        |       |          |            |            |   |   |   |            |   |  |   |               |             |            |   |   |   |            |   |  |   |          |                |            |   |   |   |            |   |  |   |          |            |            |   |   |   |            |   |  |   |                      |                  |            |   |   |   |            |   |  |   |  |
|  |                       | 2024.11.07 | Taiwan Corporate Governance Association  | Carbon tide is coming, a look at the formation and trading system of carbon rights                             | 3     |      |           |        |       |          |            |            |   |   |   |            |   |  |   |               |             |            |   |   |   |            |   |  |   |          |                |            |   |   |   |            |   |  |   |          |            |            |   |   |   |            |   |  |   |                      |                  |            |   |   |   |            |   |  |   |  |

| Evaluation Item      | Implementation Status |            |  | Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons |       |      |           |        |       |                      |                |            |   |   |   |            |   |  |   |                      |             |            |   |   |   |            |   |  |   |                      |              |            |   |   |   |            |   |  |   |  |
|----------------------|-----------------------|------------|--|--|-------|------|-----------|--------|-------|----------------------|----------------|------------|---|---|---|------------|---|--|---|----------------------|-------------|------------|---|---|---|------------|---|--|---|----------------------|--------------|------------|---|---|---|------------|---|--|---|--|
|                      | Yes                   | No         | Abstract Explanation   |  |       |      |           |        |       |                      |                |            |   |   |   |            |   |  |   |                      |             |            |   |   |   |            |   |  |   |                      |              |            |   |   |   |            |   |  |   |  |
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| Title                | Name                  | Date       | Organizer  | Course   | Hours |      |           |        |       |                      |                |            |   |   |   |            |   |  |   |                      |             |            |   |   |   |            |   |  |   |                      |              |            |   |   |   |            |   |  |   |  |
| Independent Director | Chang Chen-Yun        | 2024.05.09 | Taiwan Corporate Governance Association  | Corporate Governance and Directors' Liability  | 3     |      |           |        |       |                      |                |            |   |   |   |            |   |  |   |                      |             |            |   |   |   |            |   |  |   |                      |              |            |   |   |   |            |   |  |   |  |
|                      |                       | 2024.11.07 | Taiwan Corporate Governance Association  | Carbon tide is coming, a look at the formation and trading system of carbon rights                             | 3     |      |           |        |       |                      |                |            |   |   |   |            |   |  |   |                      |             |            |   |   |   |            |   |  |   |                      |              |            |   |   |   |            |   |  |   |  |
| Independent Director | Hsu Chia-Te           | 2024.05.09 | Taiwan Corporate Governance Association  | Corporate Governance and Directors' Liability  | 3     |      |           |        |       |                      |                |            |   |   |   |            |   |  |   |                      |             |            |   |   |   |            |   |  |   |                      |              |            |   |   |   |            |   |  |   |  |
|                      |                       | 2024.11.07 | Taiwan Corporate Governance Association  | Carbon tide is coming, a look at the formation and trading system of carbon rights                             | 3     |      |           |        |       |                      |                |            |   |   |   |            |   |  |   |                      |             |            |   |   |   |            |   |  |   |                      |              |            |   |   |   |            |   |  |   |  |
| Independent Director | Ko Tsui-Ting          | 2024.05.09 | Taiwan Corporate Governance Association  | Corporate Governance and Directors' Liability  | 3     |      |           |        |       |                      |                |            |   |   |   |            |   |  |   |                      |             |            |   |   |   |            |   |  |   |                      |              |            |   |   |   |            |   |  |   |  |
|                      |                       | 2024.11.07 | Taiwan Corporate Governance Association  | Carbon tide is coming, a look at the formation and trading system of carbon rights                             | 3     |      |           |        |       |                      |                |            |   |   |   |            |   |  |   |                      |             |            |   |   |   |            |   |  |   |                      |              |            |   |   |   |            |   |  |   |  |

| Evaluation Item   | Implementation Status |    |  | Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons |
|---|-----------------------|----|--|--|
|   | Yes                   | No | Abstract Explanation   |  |
|   |                       |    | <ul style="list-style-type: none"> <li>The Company's purchase of liability insurance for Directors: The Company has purchased the Directors and Officers Liability Insurance for the insured amount of US\$10 million for the Directors, for the insurance period from January 15, 2025 to January 15, 2026. The insured amount, coverage, and premium were reported to the Board of Directors on March 11, 2025.</li> </ul> |  |
| <p>9.Specify the improvement of corporate governance with reference to the evaluation of corporate governance by the Corporate Governance Center of Taiwan Stock Exchange Corporation in the most recent year, and the priority measures taken for issues pending on improvement:</p> <p>1).Improved situation: According to the 2023 annual governance evaluation results, the Company's main improvements are described as follows:</p> <ul style="list-style-type: none"> <li>● Revise Rules Governing Financial Operations Between Related Parties.</li> <li>● Establish a risk management committee.</li> </ul> <p>2).The Company will continue to assess the feasibility of future improvements for those that have not yet scored thereof.</p> |                       |    |  |  |

## 2.3.4 If the Company has established a Remuneration Committee or Nominating Committee, its composition, responsibilities and operating status shall be disclosed:

### 2.3.4.1 Professional Qualifications and Independence Analysis of Remuneration Committee Members

March 31, 2025

| Identification                     | Condition<br>Name | Professional Qualification and Experience(note 1) | Independence Situation   | Number of Other Public Companies in Which the Individual is Concurrently Serving as an Remuneration Committee Member |
|------------------------------------|-------------------|---|--|--|
| Independent Director<br>(Convener) | Tsai Hsun-Hsiung  | Please refer to page8~9 of the annual report.     | <ul style="list-style-type: none"> <li>No issues listed in (Note 2) during the first two years of appointment and tenure.</li> <li>By March 31, 2025, he, his spouse, minor children or others held 424,577 shares of the company, accounting for 0.28% of the issued shares.</li> <li>In 2023 and 2024, the remuneration committee member's remuneration and meeting expenses for meetings were both NT\$1,015,000. Except for the aforementioned remuneration, there was no other remuneration for providing professional services.</li> </ul> | 0  |
| Independent Director               | Chen Hsien-Yeh    | Please refer to page8~9 of the annual report.     | <ul style="list-style-type: none"> <li>No issues listed in (Note 2) during the first two years of appointment and tenure.</li> <li>By March 31, 2025, he, his spouse, minor children or others don't hold shares of company</li> <li>In 2023 and 2024, the remuneration committee member's remuneration and meeting expenses for meetings were both NT\$1,015,000. Except for the aforementioned remuneration, there was no other remuneration for providing professional services.</li> </ul>   | 0  |
| Independent Director               | Hsu Chia-Te       | Please refer to page8~9 of the annual report.     | <ul style="list-style-type: none"> <li>No issues listed in (Note 2) during the first two years of appointment and tenure.</li> <li>By March 31, 2025, he, his spouse, minor children or others held 90,000 shares of the company, accounting for 0.06% of the issued shares.</li> <li>In 2023 and 2024, the remuneration committee member's remuneration and meeting expenses for meetings were both NT\$1,015,000. Except for the aforementioned remuneration, there was no other remuneration for providing professional services.</li> </ul>  | 1  |

Note 1: None has any situations in Article 30 of the Company Law.

Note 2:1. Employees of the company or its affiliated corporates.

2. As a director or supervisor of the company or its affiliated corporates.

3. I, my spouse, minor children or those who are in the name of other hold above 1% of total issued shares, or top ten natural person shareholders.

4. Spouses of managers in Item 1 or persons listed in Items 2 and 3, relatives within the second degree or lineal relatives within the third degree.

5. director, supervisor or employee of corporate shareholders who directly holds more than 5% of the total issued shares of the company, the top five shareholders, or appoints a representative as a director or supervisor of the company according to the first or second item of Article 27 of the Company Law.

6. More than half of the directors or voting shares of the company and other companies are controlled by the same person, who is the director, supervisor or employee of other companies.

7. The chairman, general manager or equivalent position of the company and other companies or institution is the same person or spouse, who is the director, supervisor or employee of other company or institution.

8. Be a director, supervisor, manager or shareholder holding more than 5% of the shares of a specific company or institution with financial or business dealings with the company in the following (1) to (4).

(1) Holding more than 20% of the total issued shares of the company, but not more than 50%.

(2) Other companies, their directors, supervisors and shareholders who have held more than 10% of the total shares hold more than 30% of the total issued shares of the company in total, and both parties have had financial or business

records. The stocks held by the aforementioned personnel include their spouses, minor children and holders in the name of others.

(3) More than 30% of the company's operating income comes from other companies and their group companies.

(4) The company's main product raw materials (which account for more than 30% of the total purchase amount and are indispensable for manufacturing products) or main commodities (which account for more than 30% of the total operating income), the quantity or total purchase amount of which comes from other companies and their group companies for more than 50%.

9. Professionals, sole proprietorships, partnerships, business owners, partners, directors, supervisors, managers and their spouses who provide business, legal, financial, accounting and other related services for companies or affiliated corporates or whose accumulated remuneration in the last two years exceeds NTD 500,000. However, this restriction shall not apply to members of the compensation committee, the public buyout review committee or the merger and acquisition special committee who perform their functions and powers in accordance with this law or relevant laws and regulations of the corporate merger and acquisition law.

#### 2.3.4.2 Information on the operations of Remuneration Committee

1). The Company's Remuneration Committee has 3 members.

2). Tenure of current members: From August 4, 2022 to May 30, 2025. In 2024, the Remuneration Committee met 3 times [A], and the members' qualifications and attendance are as follows:

| Title    | Name             | Attendance in Person (B) | By Proxy | Attendance Rate in Person(%) (B/A) | Remarks |
|----------|------------------|--------------------------|----------|------------------------------------|---------|
| Convener | Tsai Hsun-Hsiung | 3                        | 0        | 100%                               | -       |
| Member   | Chen Hsien-Yeh   | 3                        | 0        | 100%                               | -       |
| Member   | Hsu Chia-Te      | 3                        | 0        | 100%                               | -       |

Other mentionable items:

1. If the board of directors declines to adopt or modifies a recommendation of the remuneration committee, it should specify the date of the meeting, session, content of the motion, resolution by the board of directors, and the Company's response to the remuneration committee's opinion (eg., the remuneration passed by the Board of Directors exceeds the recommendation of the remuneration committee, the circumstances and cause for the difference shall be specified): None.
2. Resolutions of the remuneration committee objected to by members or expressed reservations and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified: None.
3. The proposals and resolutions of the Remuneration Committee meetings and the Company's handling of the members' opinions:

| Remuneration meeting date | Proposal  | Resolution  | Company's handling of opinions           |
|---------------------------|---|---|--|
| 2024.03.13                | Approved the motion of the remuneration to directors.   | Approved by all Remuneration Committee Members in attendance. | Approved by all directors in attendance. |
|                           | Approved the motion of the employee compensation appropriation and compensation payment of senior management. |   |  |
|                           | Approved of salary adjustment for senior managerial officers.   |   |  |
| 2024.04.18                | Approved the formulation of the "Key Personnel Insurance Management Measures".                                |   |  |
| 2024.12.19                | Approved of salary adjustment for senior managerial officers.   |   |  |
|                           | Approved the motion of the amendments to the "Regulations Governing Employee Welfare."                        |   |  |
|                           | Approved the salary proposal for the chairman of the subsidiary.  |   |  |
|                           | Approved the salary increase proposal for senior executives of subsidiaries.                                  |   |  |

#### 2.3.4.3 Remuneration Committee responsibility

1). To assist Board of Directors in setting and regularly reviewing policy and system for directors

and manager performance assessment and remuneration.

- 2). Periodically evaluate and determine the achievement of performance targets of directors and managers, and determine the content and amount of individual remuneration based on the evaluation results obtained from performance evaluation standards.

2.3.4.4 Information on the members of the Nomination Committee and its operating status: Not applicable.

## 2.3.5 Implementation of promoting sustainable development

### 2.3.5.1 Implementation of promoting sustainable development, and differences and reasons with of codes of practice for sustainable development of listed companies.

| Promoting project  | Implementation Status |                      |   | Differences and reasons between the Code of Practice for Sustainable Development of Listed Companies  |      |                      |                     |                         |                                 |                  |   |     |   |      |
|--|-----------------------|----------------------|---|---|------|----------------------|---------------------|-------------------------|---------------------------------|------------------|---|-----|---|------|
|  | Yes                   | No                   | Abstract Explanation  |   |      |                      |                     |                         |                                 |                  |   |     |   |      |
| 1. Whether the company has established the governance structure to promote sustainable development, and set up full-time (part-time) units to promote sustainable development, which are authorized by the board of directors to be handled by the senior management and supervised by the board of directors? | V                     |                      | <ul style="list-style-type: none"> <li>● In order to implement the company's sustainable operation, in 2019, the Board of Directors approved the establishment of the Corporate Social Responsibility Committee. In 2022, it was renamed as the Corporate Sustainability Committee, with the following responsibilities: <ul style="list-style-type: none"> <li>✔ Draft the relevant system of the company's sustainable development and coordinate with the revision of relevant norms.</li> <li>✔ Supervise the company's sustainable development responsibility policy direction and promotion plan, and track the implementation progress regularly.</li> <li>✔ Regularly evaluate the implementation results of the company's sustainable development plan, and report the annual implementation results to the board of directors every year.</li> <li>✔ Review the sustainability report.</li> <li>✔ Other matters instructed by the resolution of the board of directors to be handled by the committee.</li> </ul> </li> <li>● The Committee has set up a corporate governance group, an environmental protection group and a social relations group. Each group jointly draws up plans for environment, sustainable development and social responsibility, and compiles relevant implementation results and reports on sustainability through consultation with stakeholders.</li> <li>● In 2024, the committee held meeting once, including reviewing the 2023 Sustainability Report, the communication among various stakeholders and the annual plan, and submitting the report to the board of directors on August 8, 2024. The board of directors will review the implementation and urge the management team to make adjustments if necessary. Information on the operations in 2024 :</li> </ul> <table border="1" data-bbox="801 1102 1912 1294"> <thead> <tr> <th>Title</th> <th>Name</th> <th>Attendance in Person</th> <th>Attendance Rate (%)</th> <th>Professional Experience</th> </tr> </thead> <tbody> <tr> <td>Independent Director (Convener)</td> <td>Tsai Hsun-Hsiung</td> <td>1</td> <td>100</td> <td>He used to be the director of the Environmental Protection Administration, Executive Yuan and the convener of the Sustainable Development Group of the National Policy Foundation, with more than 20 years of practical experience in corporate sustainability.</td> </tr> </tbody> </table> | Title   | Name | Attendance in Person | Attendance Rate (%) | Professional Experience | Independent Director (Convener) | Tsai Hsun-Hsiung | 1 | 100 | He used to be the director of the Environmental Protection Administration, Executive Yuan and the convener of the Sustainable Development Group of the National Policy Foundation, with more than 20 years of practical experience in corporate sustainability. | None |
| Title  | Name                  | Attendance in Person | Attendance Rate (%)   | Professional Experience   |      |                      |                     |                         |                                 |                  |   |     |   |      |
| Independent Director (Convener)  | Tsai Hsun-Hsiung      | 1                    | 100   | He used to be the director of the Environmental Protection Administration, Executive Yuan and the convener of the Sustainable Development Group of the National Policy Foundation, with more than 20 years of practical experience in corporate sustainability. |      |                      |                     |                         |                                 |                  |   |     |   |      |

| Promoting project  | Implementation Status |  |   |                |                      | Differences and reasons between the Code of Practice for Sustainable Development of Listed Companies |   |                         |                       |   |             |                |  |                   |   |      |
|--|-----------------------|--|---|----------------|----------------------|--|---|-------------------------|-----------------------|---|-------------|----------------|--|-------------------|---|------|
|  | Yes                   | No   | Abstract Explanation  |                |                      |  |   |                         |                       |   |             |                |  |                   |   |      |
|  |                       |  | Title   | Name           | Attendance in Person |  | Attendance Rate (%)   | Professional Experience |                       |   |             |                |  |                   |   |      |
|  |                       |  | Independent Director  | Chen Hsien-Yeh | 1                    | 100  | He is a professor in the Department of Chemical Engineering of National Taiwan University. His research team is committed to promoting the concept of green chemistry and encouraging the whole people to participate in the promotion of green chemistry, so as to realize the vision of "sustainability, safety and environmental protection" and provide industrial knowledge and research and development guidance for the company. |                         |                       |   |             |                |  |                   |   |      |
|  |                       |  | Independent Director  | Hsu Chia-Te    | 1                    | 100  | He has the ability of operating and crisis management and international economic perspective.   |                         |                       |   |             |                |  |                   |   |      |
| 2. Does the company assess ESG risks associated with its operations based on the principle of materiality, and establish related risk management policies or strategies? | V                     |  | <ul style="list-style-type: none"> <li>● In order to improve the company's risk management mechanism, the Company has formulated "Risk Management Policies and Procedures" with the approval of the board of directors, so as to ensure the achievement of the company's medium and long-term strategic planning and objectives.</li> <li>● According to the Company's operation and operation activities, take stock and identify the risks that may affect the operation and profit, mainly considering various aspects such as market, operation, investment, legal compliance, environment, operation hazards, human resources, etc., and check the integrity of corporate risk management and the effectiveness of risk control, and conduct risk assessment on major issues related to operation, such as environment, society and corporate governance, so as to establish the operation structure and identify the main risk categories.</li> <li>● This disclosure covers the sustainable development performance of the company's main bases from January 2024 to December 2024. The risk assessment boundary is mainly the company, including Taiwan, China and Vietnam. The relevant risk management policies are as follows:</li> </ul> <table border="1"> <thead> <tr> <th>Material Issues</th> <th>Risk Assessment Items</th> <th>Risk Management Strategies and Operations</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Environment</td> <td>Climate Change</td> <td>✓Identify climate change risks, estimate short-, medium-, and long-term climate change risks, formulate energy-saving plans and measures to reduce the possible impacts of climate change, and disclose the TCFD report.</td> </tr> <tr> <td>Energy management</td> <td>✓Continue to improve energy performance through the ISO50001 energy management system to achieve the purpose of reducing greenhouse gas emissions, mitigating environmental impact and saving energy costs.</td> </tr> </tbody> </table> |                |                      |  |   | Material Issues         | Risk Assessment Items | Risk Management Strategies and Operations | Environment | Climate Change | ✓Identify climate change risks, estimate short-, medium-, and long-term climate change risks, formulate energy-saving plans and measures to reduce the possible impacts of climate change, and disclose the TCFD report. | Energy management | ✓Continue to improve energy performance through the ISO50001 energy management system to achieve the purpose of reducing greenhouse gas emissions, mitigating environmental impact and saving energy costs. | None |
| Material Issues  | Risk Assessment Items | Risk Management Strategies and Operations  |   |                |                      |  |   |                         |                       |   |             |                |  |                   |   |      |
| Environment  | Climate Change        | ✓Identify climate change risks, estimate short-, medium-, and long-term climate change risks, formulate energy-saving plans and measures to reduce the possible impacts of climate change, and disclose the TCFD report. |   |                |                      |  |   |                         |                       |   |             |                |  |                   |   |      |
|  | Energy management     | ✓Continue to improve energy performance through the ISO50001 energy management system to achieve the purpose of reducing greenhouse gas emissions, mitigating environmental impact and saving energy costs.              |   |                |                      |  |   |                         |                       |   |             |                |  |                   |   |      |

| Promoting project | Implementation Status                    |   |  | Differences and reasons between the Code of Practice for Sustainable Development of Listed Companies |                       |   |             |                          |   |                           |  |                           |  |         |              |   |  |   |                                |  |  |
|-------------------|--|---|--|--|-----------------------|---|-------------|--------------------------|---|---------------------------|--|---------------------------|--|---------|--------------|---|--|---|--------------------------------|--|--|
|                   | Yes                                      | No  | Abstract Explanation   |  |                       |   |             |                          |   |                           |  |                           |  |         |              |   |  |   |                                |  |  |
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| Material Issues   | Risk Assessment Items                    | Risk Management Strategies and Operations   |  |  |                       |   |             |                          |   |                           |  |                           |  |         |              |   |  |   |                                |  |  |
| Environment       | Environmental management                 | ✓In accordance with the ISO14001 Environmental Management System (EMS) standard, we ensure that the company can sustainably promote environmental protection during operations, set implementation goals and reduce the negative impact of the company's operations on the environment.   |  |  |                       |   |             |                          |   |                           |  |                           |  |         |              |   |  |   |                                |  |  |
|                   | Greenhouse Gas Management                | ✓Pursuant to ISO 14064-1 Greenhouse Gas Inventory and Verification, to compile the overall greenhouse gas emission of the organization and activate the replacement mechanism.  |  |  |                       |   |             |                          |   |                           |  |                           |  |         |              |   |  |   |                                |  |  |
|                   | Water resource management                | ✓Establish wastewater management system, recycle water resources, and conserve water in each plant to reduce operating costs and ensure uninterrupted operations in times of water shortage.  |  |  |                       |   |             |                          |   |                           |  |                           |  |         |              |   |  |   |                                |  |  |
| Society           | Human Rights                             | ✓The Company follows international human rights regulations and the labor laws of the locations of global operations, and is committed to equal employment, a work environment free from discrimination and harassment, while respecting individual privacy rights, and establishing diverse labor-management communication channels and grievance mechanisms to ensure labor rights.   |  |  |                       |   |             |                          |   |                           |  |                           |  |         |              |   |  |   |                                |  |  |
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|                   | Social Engagement and Feedback           | ✓Upholding the spirit of "taken from society and give back to society", Kwong Lung continued to invest NT\$14.51 million in 2024 into two major initiatives: social service and assistance to the disadvantaged. Implement corporate values and exert the influence of an international enterprise on society.  |  |  |                       |   |             |                          |   |                           |  |                           |  |         |              |   |  |   |                                |  |  |

| Promoting project   | Implementation Status                       |   |  | Differences and reasons between the Code of Practice for Sustainable Development of Listed Companies |                       |   |                      |                  |  |                           |  |   |   |                           |   |               |  |  |
|---|---|---|--|--|-----------------------|---|----------------------|------------------|--|---------------------------|--|---|---|---------------------------|---|---------------|--|--|
|   | Yes   | No  | Abstract Explanation   |  |                       |   |                      |                  |  |                           |  |   |   |                           |   |               |  |  |
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| Material Issues   | Risk Assessment Items                       | Risk Management Strategies and Operations   |  |  |                       |   |                      |                  |  |                           |  |   |   |                           |   |               |  |  |
| Corporate governance  | Legal Compliance                            | ✓Implement internal control mechanisms to ensure that all personnel and operations comply with laws and regulations.  |  |  |                       |   |                      |                  |  |                           |  |   |   |                           |   |               |  |  |
|   | Stakeholder Communication                   | ✓Establish various communication channels, set up an investor mailbox, and handling of the response by the spokesperson.  |  |  |                       |   |                      |                  |  |                           |  |   |   |                           |   |               |  |  |
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|   | Information security risk                   | ✓The confidentiality, integrity and availability of the information security management system is established in accordance with ISO27001 to ensure the security of information assets and minimize the loss of data leakage in the future.                                 |  |  |                       |   |                      |                  |  |                           |  |   |   |                           |   |               |  |  |
|   | Employee risk                               | ✓Backup agent system for each unit.<br>✓Contingency measures in the event of a strike or riot.<br>✓Multi-skilled personnel training program.<br>✓Establishment of intellectual property management system.  |  |  |                       |   |                      |                  |  |                           |  |   |   |                           |   |               |  |  |
| <p>3.Environmental issues</p> <p>1). Does the company establish proper environmental management systems based on the characteristics of their industries?</p> <p>2). Does the Company committed to improving energy efficiency and using recycled materials with low impact on the environment?</p> | V   |   | <p>The Company actively maintains close cooperative relations with third-party external units, fulfills corporate social responsibility, comprehensively improves green supply chain capabilities, manages and optimizes green production processes, and actively invests in energy conservation, water conservation and ecological environment protection. In addition, the Company has obtained various certifications. For various certifications, please refer to page 53~54 of the annual report.</p> <p>● In recent years, the public has placed great emphasis on sustainability and environmental protection issues. Kwong Lung works together with upstream suppliers and downstream customers to comply with the regulations of bluesign and the Zero Discharge of Hazardous Chemicals (ZDHC) specifications. Raw material and chemical procurement, chemical use, and chemical-related hazardous waste disposal are all handled properly. The Garment Division requires suppliers of fabrics, zippers, and buttons to comply with the ZHHC list of banned substances. The Down Material Division also ensures that the</p>  | <p>None</p> <p>None</p>  |                       |   |                      |                  |  |                           |  |   |   |                           |   |               |  |  |

| Promoting project  | Implementation Status |                |  | Differences and reasons between the Code of Practice for Sustainable Development of Listed Companies |       |                |                                     |      |            |       |       |      |            |       |       |      |
|--|-----------------------|----------------|--|--|-------|----------------|-------------------------------------|------|------------|-------|-------|------|------------|-------|-------|------|
|  | Yes                   | No             | Abstract Explanation   |  |       |                |                                     |      |            |       |       |      |            |       |       |      |
| 3). Does the company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate action to counter climate change issues?                         | V                     |                | <p>raw materials and chemical procurement management ensure that there are no hazardous substances in the process of down processing and the end products.</p> <ul style="list-style-type: none"> <li>In terms of promoting the circular economy, the proportion of recycled down and polyester certified by GRS used by Kwong Lung has increased year by year.</li> </ul> <table border="1"> <thead> <tr> <th>Year</th> <th>Scope</th> <th>GRS down sales</th> <th>Sales volume ratio of GRS polyester</th> </tr> </thead> <tbody> <tr> <td>2024</td> <td>Group-wide</td> <td>6.61%</td> <td>3.11%</td> </tr> <tr> <td>2023</td> <td>Group-wide</td> <td>0.27%</td> <td>2.65%</td> </tr> </tbody> </table> <p>Note: Subject to the data of Kwong Lung's 2024 Sustainability Report.</p> <p>Kwong Lung addresses the physical risks of long term climate change based on the Task Force of Climate rated Financial Disclosures (TCFD) framework. We analyze and disclose the potential operational impacts from various aspects and engage external experts to guide us on the core principles and framework of TCFD. Together with the sustainable development team, we conduct inventories and internal interviews to systematically assess the financial impacts of transformation risks related to regulations, technology, markets, and reputation. This allows us to reduce risks and plan corresponding mitigation policies and action plans.</p> | Year   | Scope | GRS down sales | Sales volume ratio of GRS polyester | 2024 | Group-wide | 6.61% | 3.11% | 2023 | Group-wide | 0.27% | 2.65% | None |
| Year   | Scope                 | GRS down sales | Sales volume ratio of GRS polyester  |  |       |                |                                     |      |            |       |       |      |            |       |       |      |
| 2024   | Group-wide            | 6.61%          | 3.11%  |  |       |                |                                     |      |            |       |       |      |            |       |       |      |
| 2023   | Group-wide            | 0.27%          | 2.65%  |  |       |                |                                     |      |            |       |       |      |            |       |       |      |
| 4). Does the company take inventory of its greenhouse gas emissions, water consumption, and total weight of waste in the last two years, and implement policies on greenhouse gas reduction, water reduction, or waste management? | V                     |                | <ul style="list-style-type: none"> <li>Greenhouse gas emission reduction and energy management <ul style="list-style-type: none"> <li>✓ Kwong Lung has been conducting greenhouse gas inventory at its Taiwan locations since 2012, and expanded the inventory to all factories and offices at home and abroad since 2023, setting it as the base year and obtaining ISO 14064 certification. The main direct source of greenhouse gas emissions is the burning of rice husk firewood, and the indirect source comes from the use of purchased electricity. The data obtained through analysis of the inventory serves as a reference for Kwong Lung's reduction strategy.</li> <li>✓ Faced with the impact of extreme climates, Kwong Lung has set its long-term target for "net zero by 2041" and its short-term target for "zero emission growth by 2026" in line with the net zero target announced by the government. At Kwong Lung, we actively implement carbon reduction and emission reduction from product design, process development, energy conservation, and environmental protection.</li> <li>✓ Greenhouse gas emissions in the last two years:</li> </ul> </li> </ul>   | None   |       |                |                                     |      |            |       |       |      |            |       |       |      |

| Promoting project | Implementation Status |                           |   | Differences and reasons between the Code of Practice for Sustainable Development of Listed Companies |  |                           |  |              |  |              |  |                           |  |                           |  |                           |  |      |            |       |      |       |      |        |      |      |            |       |      |       |      |        |      |      |       |                        |   |      |            |            |       |      |            |            |       |  |
|-------------------|-----------------------|---------------------------|---|--|--|---------------------------|--|--------------|--|--------------|--|---------------------------|--|---------------------------|--|---------------------------|--|------|------------|-------|------|-------|------|--------|------|------|------------|-------|------|-------|------|--------|------|------|-------|------------------------|---|------|------------|------------|-------|------|------------|------------|-------|--|
|                   | Yes                   | No                        | Abstract Explanation  |  |  |                           |  |              |  |              |  |                           |  |                           |  |                           |  |      |            |       |      |       |      |        |      |      |            |       |      |       |      |        |      |      |       |                        |   |      |            |            |       |      |            |            |       |  |
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| Year              | Scope                 | Scope 1                   |   |  |  | Scope 2                   |  | Scopes 3 - 6 |  |              |  |                           |  |                           |  |                           |  |      |            |       |      |       |      |        |      |      |            |       |      |       |      |        |      |      |       |                        |   |      |            |            |       |      |            |            |       |  |
|                   |                       | Total emissions (tonCO2e) | Emission intensity (tonCO2e/NTD Revenue in millions)  | Total emissions (tonCO2e)  | Emission intensity (tonCO2e/NTD Revenue in millions) | Total emissions (tonCO2e) | Emission intensity (tonCO2e/NTD Revenue in millions) |              |  |              |  |                           |  |                           |  |                           |  |      |            |       |      |       |      |        |      |      |            |       |      |       |      |        |      |      |       |                        |   |      |            |            |       |      |            |            |       |  |
| 2024              | Group-wide            | 2,687                     | 0.34  | 7,732  | 0.98   | 22,830                    | 2.89   |              |  |              |  |                           |  |                           |  |                           |  |      |            |       |      |       |      |        |      |      |            |       |      |       |      |        |      |      |       |                        |   |      |            |            |       |      |            |            |       |  |
| 2023              | Group-wide            | 3,155                     | 0.41  | 7,207  | 0.94   | 12,741                    | 1.65   |              |  |              |  |                           |  |                           |  |                           |  |      |            |       |      |       |      |        |      |      |            |       |      |       |      |        |      |      |       |                        |   |      |            |            |       |      |            |            |       |  |
| Year              | Scope                 | Total consumption (MJ)    | Energy intensity (MJ/NTD Revenue in millions)   |  |  |                           |  |              |  |              |  |                           |  |                           |  |                           |  |      |            |       |      |       |      |        |      |      |            |       |      |       |      |        |      |      |       |                        |   |      |            |            |       |      |            |            |       |  |
| 2024              | Group-wide            | 56,583,236                | 7,169   |  |  |                           |  |              |  |              |  |                           |  |                           |  |                           |  |      |            |       |      |       |      |        |      |      |            |       |      |       |      |        |      |      |       |                        |   |      |            |            |       |      |            |            |       |  |
| 2023              | Group-wide            | 53,259,259                | 6,909   |  |  |                           |  |              |  |              |  |                           |  |                           |  |                           |  |      |            |       |      |       |      |        |      |      |            |       |      |       |      |        |      |      |       |                        |   |      |            |            |       |      |            |            |       |  |

| Promoting project | Implementation Status |   |   | Differences and reasons between the Code of Practice for Sustainable Development of Listed Companies |        |   |  |  |                      |             |                |                   |      |            |        |        |        |        |      |            |        |        |        |        |      |       |                    |  |               |                 |      |            |       |     |      |            |       |     |  |
|-------------------|-----------------------|---|---|--|--------|---|--|--|----------------------|-------------|----------------|-------------------|------|------------|--------|--------|--------|--------|------|------------|--------|--------|--------|--------|------|-------|--------------------|--|---------------|-----------------|------|------------|-------|-----|------|------------|-------|-----|--|
|                   | Yes                   | No  | Abstract Explanation  |  |        |   |  |  |                      |             |                |                   |      |            |        |        |        |        |      |            |        |        |        |        |      |       |                    |  |               |                 |      |            |       |     |      |            |       |     |  |
|                   |                       |   | <p> <input checked="" type="checkbox"/> In down factories with high water consumption, including Zhongli Factory in Taiwan and Meko No. 1 Factory in Vietnam, the establishment and management of wastewater system have been strengthened. The recycling rate in 2023 has been increased by 8.4% from the base year and 11.79% in 2024 from the base year. The goal of the recycling rate of wastewater in 2031 has been set at more than 60%.         </p> <p> <input checked="" type="checkbox"/> Water resource usage in the last two years:         </p> <table border="1"> <thead> <tr> <th rowspan="2">Year</th> <th rowspan="2">Scope</th> <th colspan="3">Total water consumption (in million liters)</th> <th rowspan="2">Water recycling rate</th> </tr> <tr> <th>Groundwater</th> <th>Recycled water</th> <th>Third-party water</th> </tr> </thead> <tbody> <tr> <td>2024</td> <td>Group-wide</td> <td>228.55</td> <td>355.69</td> <td>117.68</td> <td>50.67%</td> </tr> <tr> <td>2023</td> <td>Group-wide</td> <td>253.02</td> <td>323.27</td> <td>107.40</td> <td>47.28%</td> </tr> </tbody> </table> <p>Note: 1. Groundwater: Well water is collected legally. The data is sourced from meter reading records.<br/>           2. Third-party water: Provided by the government or a third-party water utility unit. The data sources are meter reading records or expense receipts.<br/>           3. Subject to the data of Kwong Lung's 2024 Sustainability Report.</p> <p> <input type="checkbox"/> Waste management         </p> <p> <input checked="" type="checkbox"/> Waste is mainly divided into general waste and hazardous waste. In addition to complying with local regulations, Kwong Lung carefully selects waste disposal, treatment, and recycling vendors. Kwong Lung also recycles and reuses waste for reuse, such as packaging bags or process scraps. Through regular data recording, the Company is able to keep track of the volume of waste generated to facilitate management.         </p> <p> <input checked="" type="checkbox"/> Waste disposal in the last two years:         </p> <table border="1"> <thead> <tr> <th rowspan="2">Year</th> <th rowspan="2">Scope</th> <th colspan="2">Total waste (tons)</th> </tr> <tr> <th>General waste</th> <th>Hazardous waste</th> </tr> </thead> <tbody> <tr> <td>2024</td> <td>Group-wide</td> <td>347.4</td> <td>0.9</td> </tr> <tr> <td>2023</td> <td>Group-wide</td> <td>401.3</td> <td>0.5</td> </tr> </tbody> </table> <p>Note: 1. The main source of hazardous waste is waste light tubes, empty chemical drums and waste motor oil.<br/>           2. Subject to the data of Kwong Lung's 2024 Sustainability Report.</p> | Year   | Scope  | Total water consumption (in million liters) |  |  | Water recycling rate | Groundwater | Recycled water | Third-party water | 2024 | Group-wide | 228.55 | 355.69 | 117.68 | 50.67% | 2023 | Group-wide | 253.02 | 323.27 | 107.40 | 47.28% | Year | Scope | Total waste (tons) |  | General waste | Hazardous waste | 2024 | Group-wide | 347.4 | 0.9 | 2023 | Group-wide | 401.3 | 0.5 |  |
| Year              | Scope                 | Total water consumption (in million liters) |   |  |        | Water recycling rate                        |  |  |                      |             |                |                   |      |            |        |        |        |        |      |            |        |        |        |        |      |       |                    |  |               |                 |      |            |       |     |      |            |       |     |  |
|                   |                       | Groundwater                                 | Recycled water  | Third-party water  |        |   |  |  |                      |             |                |                   |      |            |        |        |        |        |      |            |        |        |        |        |      |       |                    |  |               |                 |      |            |       |     |      |            |       |     |  |
| 2024              | Group-wide            | 228.55                                      | 355.69  | 117.68   | 50.67% |   |  |  |                      |             |                |                   |      |            |        |        |        |        |      |            |        |        |        |        |      |       |                    |  |               |                 |      |            |       |     |      |            |       |     |  |
| 2023              | Group-wide            | 253.02                                      | 323.27  | 107.40   | 47.28% |   |  |  |                      |             |                |                   |      |            |        |        |        |        |      |            |        |        |        |        |      |       |                    |  |               |                 |      |            |       |     |      |            |       |     |  |
| Year              | Scope                 | Total waste (tons)                          |   |  |        |   |  |  |                      |             |                |                   |      |            |        |        |        |        |      |            |        |        |        |        |      |       |                    |  |               |                 |      |            |       |     |      |            |       |     |  |
|                   |                       | General waste                               | Hazardous waste   |  |        |   |  |  |                      |             |                |                   |      |            |        |        |        |        |      |            |        |        |        |        |      |       |                    |  |               |                 |      |            |       |     |      |            |       |     |  |
| 2024              | Group-wide            | 347.4                                       | 0.9   |  |        |   |  |  |                      |             |                |                   |      |            |        |        |        |        |      |            |        |        |        |        |      |       |                    |  |               |                 |      |            |       |     |      |            |       |     |  |
| 2023              | Group-wide            | 401.3                                       | 0.5   |  |        |   |  |  |                      |             |                |                   |      |            |        |        |        |        |      |            |        |        |        |        |      |       |                    |  |               |                 |      |            |       |     |      |            |       |     |  |

| Promoting project  | Implementation Status |    |  | Differences and reasons between the Code of Practice for Sustainable Development of Listed Companies |
|--|-----------------------|----|--|--|
|  | Yes                   | No | Abstract Explanation   |  |
| 4. Social issues   |                       |    |  |  |
| 1). Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?                          | V                     |    | <ul style="list-style-type: none"> <li>● In order to fulfill corporate social responsibility and protect the basic human rights of all colleagues, Kwong Lung recognizes and comply with various international bills of human rights such as the "Universal Declaration of Human Rights", "United Nations Global Compact," "United Nations Guiding Principles on Business and Human Rights," and "United Nations International Labor Organization," to put an end to all infringement and violations of human rights, and clearly reveals that all colleagues are treated and respected in a just and fair manner.</li> <li>● The Kwong Lung's human rights Policy applies to Kwong Lung and its operating bases, abides by the relevant local laws and regulations on labor and gender equality in the locations of the operating bases, formulates relevant human rights guarantees and labor policies, and implements related measures. Implementation guidelines: <ul style="list-style-type: none"> <li>✔ Provide a safe and healthy working environment</li> <li>✔ Eliminate illegal discrimination to ensure equal job opportunities</li> <li>✔ Prohibit the use of child labor</li> <li>✔ Prohibit forced labor</li> <li>✔ Help employees maintain physical and mental health and work-life balance</li> </ul> </li> <li>● Kwong Lung's factories in Taiwan, Mainland China and Vietnam all follow the local labor laws and regulations and conform to the spirit of corporate social responsibility. The Company's internal regulations and documents such as the "Regulations on Employment," "Sexual Harassment Prevention Act, Appeals and Disciplinary Measures," etc., clearly specify the protection on employees' human rights, including basic legal requirements, employment freedom, humane treatment, and prohibition of improper discrimination and sexual harassment. A multi-faceted and effective communication mechanism has also been established. For specific management measures, please refer to page102~109.</li> </ul> | None   |
| 2). Does the company have reasonable employee benefit measures (including salaries, leave, and other benefits), and do business performance or results reflect on employee salaries? | V                     |    | <ul style="list-style-type: none"> <li>● Employees are Kwong Lung's biggest assets, and they are not different depending on gender, race, religion, political stance, marital status, trade union, etc. The salary level is determined based on the employee's academic background, professional knowledge and technology, professional seniority experience and personal performance. For the standard starting salary of a newly graduate, in addition to complying with the law in Taiwan, and aiming at market competitiveness. The starting salaries in the Mainland China and other parts of Asia are all based on local laws on minimum wages, so the starting salary of each factory is also different. The above are all based on the Company's Regulations Governing</li> </ul>  | None   |

| Promoting project   | Implementation Status |    |  | Differences and reasons between the Code of Practice for Sustainable Development of Listed Companies |
|---|-----------------------|----|--|--|
|   | Yes                   | No | Abstract Explanation   |  |
| 3). Does the company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?  | V                     |    | <p>Salary and Employment. For full-time employees in Taiwan enjoy the Company's share subsidy for employee shareholding system and related welfare subsidy measures of the Committee of Employees' Welfare.</p> <ul style="list-style-type: none"> <li>● In addition, the Company's Articles of Association stipulate that there is a profit in the year, the Company should contribute not less than 1% for employee remuneration. The Company distributes employee remuneration based on annual operating conditions and individual employee's performance.</li> <li>● For more employee benefits and rights, please refer to page102~109.</li> </ul> <p>Please refer to page106 ~109.</p>   | None   |
| 4). Does the company provide its employees with career development and training sessions?   | V                     |    | <p>Please refer to page104~105.</p>  | None   |
| 5). Do the company's products and services comply with relevant laws and international standards in relation to customer health and safety, customer privacy, and marketing and labeling of products and services, and are relevant consumer or customer protection and grievance procedure policies implemented? | V                     |    | <ul style="list-style-type: none"> <li>● Kwong Lung complies strictly with international regulations and standards designated by customers to ensure that products and services meet customer health and safety requirements, including certifications such as OEKO-TEX, bluesign, and GRS (Global Recycling Standards). Additionally, the Company also adhere to the import and export laws and regulations of various countries.</li> <li>● Kwong Lung follows customer NDA (Non-Disclosure Agreement) and sales contract terms to ensure customer information confidentiality. The internal security management system and data encryption technology ensure the security of confidential data, and prevent unauthorized access or leakage.</li> <li>● All product information is presented in a manner that complies with customer instructions, including labeling, cleaning methods, and user instructions. This ensures transparency and consumers' right to know, and meets local market requirements.</li> <li>● Customer complaint and quality assurance mechanisms are in place for dedicated personnel to handle product and service-related issues, and ensure that customers' rights and interests are responded to and protected in a timely manner.</li> </ul> | None   |

| Promoting project   | Implementation Status |    |  | Differences and reasons between the Code of Practice for Sustainable Development of Listed Companies |
|---|-----------------------|----|--|--|
|   | Yes                   | No | Abstract Explanation   |  |
| 6). Does the company implement supplier management policies, requiring suppliers to observe relevant regulations on environmental protection, occupational health and safety, or labor and human rights? If so, describe the results. | V                     |    | <ul style="list-style-type: none"> <li>● Policy <ul style="list-style-type: none"> <li>✔ Kwong Lung's suppliers have always been important partners in the operating system. Through close cooperation, they jointly pursue sustainable development and growth. In addition to taking into account the quality, delivery and price of the supplier's products, the Company also urges the supplier to protect the environment, improve safety and health, and pay attention to human rights, so as to jointly fulfill corporate social responsibility, and do a good job in risk management and continuity planning.</li> <li>✔ Kwong Lung has a unified purchasing division responsible for supplier management to maintain an open communication channel, and has established a "Qualified Supplier Management Procedure" to regulate suppliers' implementation of corporate social and environmental responsibilities.</li> </ul> </li> <li>● Execution <ul style="list-style-type: none"> <li>✔ Suppliers are evaluated by the "capability questionnaire", and only suppliers meeting the criteria can be included in the list of qualified suppliers. The evaluation content includes product characteristics analysis, specified process inspection, shipment inspection results, and factory environmental management (including wastewater treatment, chemicals use management, pollution risk assessment management, etc.). In addition, the implementation of the supplier's compliance with the "confidentiality contract" and "supplier's code of business conduct" to ensure continuous improvement in human rights, labor standards and the environment and against all forms of corruption.</li> <li>✔ Kwong Lung is a professional down product manufacturer and one of the industry leaders. Kwong Lung is obliged to promote the environmental friendliness to the upstream supplier's production process. The Company refuses to purchase and use materials from inhumane breeding methods and harvesting of feathers and down. Suppliers must comply with the local animal protection laws of various countries, produce and process down raw materials in a humane way, and prohibit the purchase, production, processing and sale of any live plucked down. In addition, the supplier must provide a series of review documents that can trace and monitor the process of down products from upstream breeding, slaughtering to feather gathering. The Company can continuously monitor the production process, actively improve and increase the use efficiency of various resources, reduce waste of resources, and reduce the negative impact on the environment. Upon delivery, the supplier is required to provide a test report to prove that the source of the goods meets the requirements of Kwong Lung.</li> </ul> </li> </ul> | None   |

| Promoting project  | Implementation Status |    |   | Differences and reasons between the Code of Practice for Sustainable Development of Listed Companies |
|--|-----------------------|----|---|--|
|  | Yes                   | No | Abstract Explanation  |  |
|  |                       |    | <ul style="list-style-type: none"> <li>✔ In addition, Kwong Lung obtained the Responsible Down Standard (RDS) through third-party certification for the entire supply chain of down product production, including farms, processing centers, warehouses, down merchants and assembly plants, etc., to reach the standards, including:<br/>Live-plucking is not allowed to remove down and feathers, Force feeding is not allowed, Fully respect the animal welfare of birds from hatching to slaughter.</li> <li>● Evaluation and auditing <ul style="list-style-type: none"> <li>✔ In 2024, 611 major suppliers were evaluated, and 12 of them failed to meet some of the requirements. They were given guidance and completed improvements within the deadline. There are 46 on-site audit suppliers, all of which meet the requirements. Audit project included quality system, green product system, ESH system, CSR management (labor human rights), etc. If any nonconformity occurs, root cause analysis will be carried out for the non-conforming project, and a long-term solution will be formulated.</li> </ul> </li> </ul> |  |
| 5. Does the company reference internationally accepted reporting standards or guidelines, and prepare reports that disclose non-financial information of the company, such as sustainability reports? Do the reports above obtain assurance from a third party verification unit?  | V                     |    | <p>In June 2024, the Sustainability Report was issued, which included efforts and performance on sustainable indicators on economic, social and environmental aspects.</p> <p>To fully disclose Kwong Lung's achievements in social responsibility, present the results of communication with stakeholders, and be in line with international standards, this report was prepared using GRI Standards to allow stakeholders to understand the Company's economic, environmental and social strategies and implementation, demonstrating the Company's determination to implement sustainable development in society. In order to enhance the transparency and reliability of information, this report entrusts a third-party organization, British Standards Institution (BSI), to conduct verification in accordance with the first verification type of the AA1000 Assurance Standard.</p>  | None   |
| 6. Describe the difference, if any, between actual practice and the established principles, if the company has implemented such principles based on the Code of Practice for Sustainable Development for TWSE/TPEX Listed Companies: None.   |                       |    |   |  |
| 7. Other important information which is helpful to understand the implementation of sustainable development:   |                       |    |   |  |
| <p><b><u>Green bond investment</u></b></p> <p>Kwong Lung actively invests in bonds that meet green finance standards to promote sustainable development:</p> <ul style="list-style-type: none"> <li>● Kwong Lung (BVI)Ltd., a wholly-owned subsidiary of the Company In 2023, the Company invested in bonds issued by Shinhan Card Co., Ltd. with a par value of US\$1 million, which was certified by the Taipei Exchange (TPEX) as a green bond. ( abbreviation: P21SHC1; code : F17601)</li> <li>● Kwong Lung (BVI)Ltd., a wholly-owned subsidiary of the Company In 2023, the Company invested in bonds issued by Republic of Chile. with a par value of US\$200,000 which was certified by the Taipei Exchange (TPEX) as a green bond. ( abbreviation: P21CHILE1; code : F17301)</li> </ul> |                       |    |   |  |

## **Social welfare achievements**

The Company upholds the philosophy of "Giving back to society what we take from it" and continues to care for children and disadvantaged groups around the world to exert its corporate social influence. The amount of public welfare donations in 2024 reached NTD 14.51 million, benefiting a total of 12,363 people. The specific results are as follows:

- Donation of supplies: Donated stationery packs and warmth clothes for children of disadvantaged middle schools and elementary schools, benefiting a total of 2,869 people.
- Food support: Supported meal boxes, vegetable boxes, and breakfast boxes, benefiting a total of 4,906 people.
- Overseas children nutrition improvement: Supported nutritious lunch for children in Đakrông of Quảng Trị Province in Central Vietnam, and soy milk for other kindergarten children in Quảng Trị Province and Nghệ An Province to drink soy milk, benefiting a total of 3,173 people. At the end of 2024, the rate of children suffering malnutrition in Đakrông of Quảng Trị Province, dropped from 31.5% to 11.8%.
- Education support:
  - ✓ After-school tutoring fees for remote and disadvantaged children, academic research funds, scholarships for underprivileged outstanding students, and emergency relief, benefiting a total of 255 people.
  - ✓ Supported funds for food, clothing, education, and medical treatment for foster agencies, benefiting a total of 196 people.
  - ✓ Donated scholarship and emergency relief funds for National Taiwan Ocean University, benefiting a total of 60 people every year.



Nutrition meal plan for children in Đakrông of Quảng Trị Province in Central Vietnam

● Local care and community Linkage:

- ✓ The Company has deeply cultivated Taiwan and is committed to promoting the well-being of local communities. Through education and support and donations of daily necessities, the Company provides substantial help to local disadvantaged children and families, actively gives back to society. By doing this, we strengthen the connection between the Company and local communities.
- ✓ In 2024, we continued to visit 18 elementary schools around Zhongli and Yilan Factories, and distribute stationery packs and supplies. The donation amount totaled NTD 660,000, ensuring that the disadvantaged students can learn without interruption.
- ✓ The production base in Vietnam provided daily necessities and fundings to the local poor families and social welfare organizations, benefiting 4,077 people.



Distributing stationery packs to the junior high schools in the neighborhood



Distributing winter clothes to elementary schools in the neighborhood





The production base in Vietnam is close to the community, and the factory employees regularly visit the poverty cases and give daily necessities.

● Sports and academic support:

- ✔ Supported domestic sports and sponsored the training funds of the first division soccer team, the Taipei Vikings.
- ✔ Sponsored the Sports Administration, Ministry of Education, to strengthen the development of the sports industry.
- ✔ Provided funds for education and medical research are provided to National Taiwan University and the Taiwan Cardiac Surgery Research and Development Association to promote academic and medical innovation.

**Corporate volunteering**

The Company has been actively encouraging employees to participate in public welfare activities, and has established the "Volunteer Service Management Regulations" to provide employees with up to 3 days of public welfare leave. In 2024, the number of participants in corporate volunteer work reached 196, totaling 737 hours, demonstrating corporate social responsibility.

| Item                      | Taiwan | Vietnam | Total |
|---------------------------|--------|---------|-------|
| Number of volunteers      | 141    | 55      | 196   |
| Number of volunteer hours | 329    | 408     | 737   |



Employees volunteering in planting organic vegetables for a children's home; Employees volunteering in packing organic vegetables and fruits for a children's home

### **Industry-academia collaboration**

The Company has been cultivating local talent by working with outstanding academic institutions in Taiwan to foster professional talent, improve students' practical experience, and promote industrial technology innovation.

✔ Technological innovation:

In 2024, the Company will be launching a new research project, "AI Development of Full-Autonomous Defect Testing System for Textiles". The advanced AI model will be used to improve the accuracy and efficiency of the defect testing for textiles, and break away from the limitations of traditional testing machines.

✔ Deepen industry-academia collaboration:

The headquarters of Kwong Lung is located in Da'an District, Taipei City, and has been maintaining a close cooperative relationship with the National Taiwan University of Science and Technology for a long time. Since 2013, Kwong Lung has been providing 78 students with internship opportunities at home and abroad, so that Taiwanese students can directly connect with the international market and industry practices, shorten their academic gap, and enhance their competitiveness in the workplace.

## Relevant certification

| Authentication/<br>certificate name   | Description  | Taiwan                    |                           | Vietnam                   |                           |                           | China                     | Japan                     |                           |
|---|--|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
|   |  | Head Office               | Zhongli Plant             | Meko                      | Bo Hsing                  | Fuhua                     | Toptex                    | O-Mon                     | Kunshan Plant             |
|  B Lab         | B Corporations®, B Corps™ are committed to "people using business as a force for good™". Its vision is to make the company's goal not only to "become the best company in the world", but also to "be the best company for the world", so that human business activities can achieve a goal of mutual benefit, inclusiveness and sustainability for all stakeholders.  | 2024/02/01~<br>2027/02/01 | —                         | —                         | —                         | —                         | —                         | —                         | —                         |
|  ISO/IEC 27001 | ISO/IEC 27001 is an international standard to manage information security. The standard was originally published jointly by the International Organization for Standardization (ISO) and the International Electro technical Commission (IEC) in 2005. It details requirements for establishing, implementing, maintaining and continually improving an information security management system (ISMS) – the aim of which is to help organizations make the information assets they hold more secure. | 2024/01/10~<br>2027/01/09 | —                         | —                         | —                         | —                         | —                         | —                         | —                         |
|  ISO 14001     | ISO 14001 plans the framework that companies or organizations can follow, establishes an effective environmental management system, assists corporates to effectively use energy, reduce costs and continuously improve their environmental performance. The purpose is to protect the environment and promote sustainable development, which can be regarded as an international "Green Pass".  | —                         | 2023/07/24~<br>2026/07/23 | 2024/05/23~<br>2027/05/18 | 2022/09/21~<br>2025/10/18 | —                         | —                         | —                         | —                         |
|  ISO 50001     | Establish energy baseline and energy performance indicators through energy management system, take energy evaluation equipment into consideration, and regularly measure energy consumption and efficiency during planning operation, so as to achieve the goal of systematic energy management, improve energy use efficiency, reduce energy cost and reduce greenhouse gas emissions.  | —                         | 2024/03/12~<br>2027/03/12 | —                         | —                         | —                         | —                         | —                         | —                         |
|  ISO 45001     | For Occupational Health and Safety Management System (OHSMS), the main purpose to enable organizations to identify and prevent its risks in the safe and healthy working environment, protect and provide employees with a safe and reliable workplace, reduce the possibility of accidents and diseases among employees, and improve the compliance of laws and regulations.  | —                         | —                         | —                         | 2022/09/21~<br>2025/09/09 | —                         | —                         | —                         | —                         |
|  ISO 9001      | A set of standards set by the International Organization for Standardization, which is used to check whether the products or services provided by corporates can maintain a certain quality of quality management certification system.  | —                         | —                         | 2022/05/05~<br>2026/02/23 | 2022/09/21~<br>2025/10/18 | —                         | 2022/05/09~<br>2025/05/08 | —                         | —                         |
|  ISO 14064     | As the basis for greenhouse gas inventory and verification methods, inventory the greenhouse gases generated by organizational or corporate activities, and set consistent specifications and quantitative standards for the design, development, management and reporting principles and requirements of greenhouse gas inventories.  | 2024/1/1~<br>2024/12/31   |
|  Bluesign     | Bluesign® standard is synonymous of environmental protection, health and safety textiles, which must meet the standards at every stage from raw materials, production process, discharge to final products. Kwong Lung is the first down corporate in the world to get the certification of bluesign partner, and under the increasingly strict regulations, it keeps improving its plant, renewing and renewing its certificate every three years.  | —                         | 2024/06/06~<br>2026/04/27 | 2022/11/02~<br>2025/10/28 | —                         | —                         | —                         | 2024/09/20~<br>2027/09/23 | —                         |
|  RDS         | From the source to the final product, we are committed to the total balance calculation, and verify and trace the raw materials based on the qualification certificate and sales certificate, aiming at recording the animal welfare information and ensuring the traceability standard of down products.  | 2025/03/19~<br>2026/03/18 | 2025/03/19~<br>2026/03/18 | 2025/03/19~<br>2026/03/18 | 2025/03/19~<br>2026/03/18 | 2025/03/19~<br>2026/03/18 | —                         | 2025/03/19~<br>2026/03/18 | 2025/03/19~<br>2026/03/18 |
|  Downpass    | According to the standards stipulated in the European Convention for the Protection of Animals, the quality and animal welfare of feathers and down are required to be strictly controlled to ensure that downpass and feathers are obtained in an ethical way, and the supply chain is traceable.   | 2024/06/27~<br>2026/06/26 | —                         | 2024/06/27~<br>2026/06/26 | —                         | —                         | —                         | —                         | 2024/06/27~<br>2026/06/26 |
|  GRS         | GRS standard is based on the principle of tracking and tracing the verified finished products, and also contains the requirements of environmental and social responsibilities, which provides a better monitoring and control mechanism for the industrial supply chain, thus ensuring the integrity of the verified products.  | 2024/08/25~<br>2025/08/24 | 2024/08/25~<br>2025/08/24 | 2024/08/25~<br>2025/08/24 | 2024/08/25~<br>2025/08/24 | —                         | —                         | —                         | —                         |

| Authentication/<br>certificate name  | Description   | Taiwan                    |                           | Vietnam                   |                           |       |                           | China | Japan         |
|--|---|---------------------------|---------------------------|---------------------------|---------------------------|-------|---------------------------|-------|---------------|
|  |   | Head Office               | Zhongli Plant             | Meko                      | Bo Hsing                  | Fuhua | Toptex                    | O-Mon | Kunshan Plant |
|  JTAS   | JBA Traceability Audit Standard (J-TAS), established by Japan Feather Products Association, traces the origin of down to downpass products to protect consumers' rights and interests.  | 2025/03/08~<br>2027/03/07 | 2025/03/08~<br>2027/03/07 | 2025/03/08~<br>2027/03/07 | —                         | —     | —                         | —     | —             |
|  T-TAS  | In order to strengthen producer self-management and product safety responsibility, the Taiwan Down and Feather Exporters Association, under the guidance of the Council of Agriculture, Executive Yuan, established the Taiwan Down And Feather Traceability Audit System (T-TAS) to ensure the traceability of down raw materials produced by domestic down processing companies, thereby improving the quality and safety of domestic down. | 2024/12/21~<br>2026/12/20 | 2024/12/21~<br>2026/12/20 | 2024/12/21~<br>2026/12/20 | —                         | —     | —                         | —     | —             |
|  Higg vFEM                                    | The sustainability measurement tool module Hig Index FEM (Facility Environment Module) introduced by the Sustainable Apparel Coalition (SAC) analyzes and improves the environmental performance of plants through seven evaluation indicators, including management system, energy, water, wastewater, gas emission, waste and chemicals.  | —                         | —                         | 2024/05/06~<br>2025/05/06 | 2024/04/09~<br>2025/04/30 | —     | 2024/04/23~<br>2025/04/23 | —     | —             |
|  Higg vFSLM                                   | The Sustainable Apparel Coalition (SAC) has launched the Higg Index FSLM Facility Social & Labor Module, a sustainability measurement tool module that includes assessment items such as recruitment and employment, working hours, salary and benefits, and employee participation.  | —                         | —                         | 2024/05/02~<br>2025/05/02 | —                         | —     | —                         | —     | —             |
|  IDFB QC Inspection Lab                       | IDFB is the international organization committed to developing and evaluating the standard test methods of down feathers. Its Round Robin Test (RRT) is an international approval system. The IDFB members who have passed the annual RRT test have internationally approved high-quality technology and standards in their laboratories.   | —                         | 2025/01/08~<br>2025/12/31 | —                         | —                         | —     | —                         | —     | —             |
|  EDFA QC Inspection Lab                       | Kwong Lung is a member of the European Down and Feather Association (EDFA), and EDFA will conduct the test. The members who pass the test represent that their laboratories have internationally approved testing capabilities, and can provide customers with high-level raw material production and quality assurance. Kwong Lung has won this honor for five consecutive years, and won the EDFA certificate at the same time.             | —                         | 2024/09/01~<br>2025/09/30 | —                         | —                         | —     | —                         | —     | —             |
|  China Down Industry Association              | The China Down Industry Association holds a down testing comparison test every year, and awards excellent laboratory certificates by scoring the test results between laboratories.   | —                         | 2025/01/01~<br>2025/12/31 | —                         | —                         | —     | —                         | —     | —             |
|  Worldwide Responsible Accredited Production | Dedicated to promoting the global apparel and footwear manufacturing industry by implementing certification and training to ensure processes are safe, lawful, humane, and ethical. Ensuring manufacturers comply with local regulations and international standards to establish a model of ethical factory management.  | —                         | —                         | —                         | —                         | —     | 2024/06/12~<br>2025/06/12 | —     | —             |
|  Badge of Accredited Healthy Workplace      | We are committed to promoting workplace tobacco hazard prevention and health promotion, actively implementing smoke-free workplace and health promotion measures, and establishing an excellent and healthy working environment.  | 2024/01/01~<br>2026/12/31 | —                         | —                         | —                         | —     | —                         | —     | —             |
|  Qualified Green Building Mark              | According to the needs of domestic buildings for Ecology, Energy Saving, Waste Reduction and Health, the evaluation system and marking system of green buildings (EEWH) in Taiwan are established.  | —                         | 2023/07/05~<br>2028/07/04 | —                         | —                         | —     | —                         | —     | —             |

### 2.3.5.2 Implementation status of climate-related information

| Item  | Status of implementation   |
|---|--|
| 1. Describe the monitoring and governance of climate-related risks and opportunities by the Board of Directors and the management.  | Actively strengthen the corporate governance function related to the Company's sustainable operation and sustainable environment, and establish the Sustainable Development Committee as the highest guiding organization for sustainable governance operations. Please refer to page 38~39 of this annual report for the operation status.  |
| 2. Describe how the identified climate risks and opportunities affect the Company's business, strategy and finance (short-, medium-, and long-term).  | Define short-term as less than 1 year, medium-term as 1 to 10 years, and long-term as more than 10 years. For major climate risks and opportunities with high impact and high likelihood of occurrence, assess the potential financial and operational impacts, and formulate response measures plan. For short-term climate risks, for example, by increasing the pricing of greenhouse gas emission, it is expected that the affected suppliers will pass on the cost, resulting in reduced profits; the inventory and verification of greenhouse gas emission requirements will affect the overall control and supervision of greenhouse gas emission of the organization. Short-term Climate Opportunities: Evaluate the possibility of adding carbon footprint-certified products and services by taking the development and/or addition of low-carbon products and services as an example, in order to attract consumers who are concerned about sustainability issues.  |
| 3. Describe the financial impact of extreme climate events and transformation actions.  | Consider the potential financial impact of climate risks and opportunities, and replace existing products and services with low-carbon products as an example. 1. The use of low-carbon raw materials may increase raw material costs and operating costs. 2. The Company's failure to mitigate the impact of climate change, fail to adapt to climate change, and fail to introduce low-carbon products or services, etc., affect operations and market promotion, and affect operations and business development. 3. The cost of CBAM effect will increase. If the company relies on imported low-carbon products to replace existing products, it is necessary to pay extra taxes, which in turn affects the company's revenue and profits.   |
| 4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.   | A Risk Management Committee has been established under the Board of Directors to conduct risk management through existing departments or risk responsibilities based on the scope of operations, formulate robust internal management measures and operating procedures, and incorporate climate change into the Company's long-term operational risk management.  |
| 5. If a scenario analysis is used to assess the resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors, and main financial impacts used shall be described.                   | Not applicable, as the Company uses questionnaire survey to assess climate change risk.  |
| 6. If there is a transformation plan in place to manage climate-related risks, specify the content of the plan, and the indicators and targets used to identify and manage physical risks and transformation risks. | Through the climate risk and opportunity identification procedure, the Company examines internal climate-related response measures, and identifies physical and transformational risks and opportunities as potential future problems. Established a risk management team for the Company to assess physical risks and transition risks, as well as short, medium, and long-term opportunities, and identify related transition risks and opportunities, including increasing the price of greenhouse gas. In addition, we increase the use of recycled down raw materials, increase the rate or amount of environmentally-friendly raw materials, and maintain the certifications that the company has obtained. We will also continue to monitor international trends and developments and evaluate the addition of other related products or technology certifications. Due to changes in customer behavior, the main opportunities are to increase the recycling and reuse of materials, use new technologies to introduce renewable energy devices, develop and/or increase low-carbon products and services to reduce carbon emissions, and deploy carbon reduction strategies as soon as possible to enhance green competitiveness. |

| Item  | Status of implementation   |                           |   |                        |  |
|---|--|---------------------------|---|------------------------|--|
| 7.If internal carbon pricing is used as a planning tool, the basis for setting the price shall be stated.   | Carbon pricing was not used in 2024.   |                           |   |                        |  |
| 8.If climate-related goals are set, the activities covered, the scope of greenhouse gas emissions, the planning period, and the progress of each year should be explained; if using carbon offsets or renewable energy certificates (RECs) to achieve the goals, it should be explained in exchange for the source and quantity of carbon reduction credits or quantity of Renewable Energy Certificates (RECs).  | Kwong Lung annually verifies its carbon emissions through third-party ISO 14064, with 2023 as the base year. The carbon emissions increased by 2.58% in 2024.<br>Using every 10 years as a period, Kwong Lung sets short-, medium-, and long-term carbon reduction targets. The carbon reduction actions cover Scope 1 and Scope 2 operations, with the targets as follows:<br>2025 - 2027, zero carbon growth, renewable energy ratio reaching 5%<br>2028 - 2031, carbon reduction by 10%, renewable energy ratio reaching 10%<br>2031 - 2035, carbon reduction by 20%, renewable energy ratio reaching 20% |                           |   |                        |  |
| 9. Greenhouse gas inventory and assurance status, as well as reduction targets, strategies and concrete action plans.   |  |                           |   |                        |  |
| 1). Greenhouse gas inventory and assurance information  |  |                           |   |                        |  |
| 2023  |  |                           |   |                        |  |
| Scope of Carbon Emissions   | By company   | Total emissions (tonCO2e) | Intensity (tonCO2e/NTD Revenue in millions) | Assurance institutions | Assurance status   |
| Scope 1   | Group-wide   | 3,155                     | 0.41  | BSI Taiwan             | Full assurance that the information will be disclosed in the Sustainability Report |
| Scope 2   | Group-wide   | 7,207                     | 0.94  |                        |  |
| Scopes 3 - 6  | Group-wide   | 12,741                    | 1.65  |                        |  |
| 2024  |  |                           |   |                        |  |
| Scope of Carbon Emissions   | By company   | Total emissions (tonCO2e) | Intensity (tonCO2e/NTD Revenue in millions) | Assurance institutions | Assurance status   |
| Scope 1   | Group-wide   | 2,687                     | 0.34  | BSI Taiwan             | Full assurance that the information will be disclosed in the Sustainability Report |
| Scope 2   | Group-wide   | 7,732                     | 0.98  |                        |  |
| Scopes 3 - 6  | Group-wide   | 22,830                    | 2.89  |                        |  |
| 2). Reduction targets, strategies and concrete action plans   |  |                           |   |                        |  |
| The Company's greenhouse gas emissions are mainly from the upstream emissions from purchased electricity and purchased goods, which account for more than 75% of the total emissions. Therefore, the replacement of obsolete and high-electricity consuming equipment (including processing equipment, air compressor, inverters, and so on large size equipment) and procurement of natural and renewable raw materials are the short-term and medium-term strategic planning. Through the GHG inventory team, the energy-saving and carbon-saving plans of each department are sorted out, and the reduction plans are implemented. The implementation status is regularly reviewed by the Sustainable Development Committee. Although the growth of the production capacity of Kwong Lung is still ongoing, the goal is to achieve zero carbon growth by 2026. |  |                           |   |                        |  |

Scope 1: Use of natural gas to replace biomass rice husks, use of electric vehicles or petrol vehicles to replace fuel vehicles and diesel vehicles, use of electric forklifts instead of diesel forklifts.

Scope 2: Optimization of the power recycling system and water washing process for the manufacturing process.

Scopes 3-6: Concentration of raw material procurement, development of domestic suppliers, and reduction of garbage.

### 2.3.6 Fulfillment of Ethical Corporate Management and Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"

| Evaluation Item   | Implementation Status |    |  | Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons |
|---|-----------------------|----|--|--|
|   | Yes                   | No | Abstract Explanation   |  |
| 1. Establishment of ethical corporate management policies and programs  |                       |    |  |  |
| 1). Does the company have a Board-approved ethical corporate management policy and stated in its regulations and external correspondence the ethical corporate management policy and practices, as well as the active commitment of the Board of Directors and management towards enforcement of such policy?   | V                     |    | The Company has formulated the Ethical Corporate Management Best Practice Principles, and the Board of Directors and management have committed to actively implement them.   | None   |
| 2). Does the company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risk of unethical conduct within the scope of business? Does the company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies? | V                     |    | The Company establishes an effective accounting system and internal control system for business activities with a high risk of unethical conduct, and reviews them constantly.   | None   |
| 3). Does the company provide clearly the operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the company enforce the programs above effectively and perform regular reviews and amendments?  | V                     |    | The operating procedures, conduct guidelines, disciplinary penalties for violation and grievance system are clearly stipulated in the Ethical Corporate Management Best Practice Principles, and the employees are well informed for implementation.   | None   |
| 2. Fulfill operations integrity policy  |                       |    |  |  |
| 1). Does the company evaluate business partners' ethical records and include ethics-related clauses in business contracts?  | V                     |    | The Company and the relevant units of the Group specify the ethical corporate management policy in regulations and external transactions, and conduct business activities in a fair and transparent manner.  | None   |
| 2). Does the company have a unit responsible for ethical corporate management on a full-time basis under the Board of Directors which reports the ethical corporate management policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors while overseeing such operations?   | V                     |    | The Human Resources Department is concurrently serving to promote the ethical corporate management, responsible for the formulation and supervision of the ethical corporate management policy and prevention plan, and reports to the Board of Directors every year. The 2024 implementation was reported to the Board of Directors on December 19, 2024. | None   |

| Evaluation Item  | Implementation Status |    |  | Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons |
|--|-----------------------|----|--|--|
|  | Yes                   | No | Abstract Explanation   |  |
| 3). Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?   | V                     |    | In accordance with the Company's "Ethical Corporate Management Best Practice Principles," the Company implements the registration and handling procedures of job-related conflicts of interest.  | None   |
| 4). Does the company have effective accounting and internal control systems in place to implement ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit the systems accordingly to prevent unethical conduct, or hire outside accountants to perform the audits? | V                     |    | The Company establishes an effective accounting system and internal control system, and reviews them constantly to ensure that the design and implementation of the system continues to be effective. Internal audit personnel check the compliance of various systems and submit an audit report.   | None   |
| 5). Does the company regularly hold internal and external educational trainings on operational integrity?  | V                     |    | <ul style="list-style-type: none"> <li>● The Company sets up an advocacy section on the internal website to promote the Ethical Corporate Management Best Practice Principles and Codes of Ethical Conduct to employees and implement the principle of recusal due to conflicts of interest.</li> <li>● In order to help new employees understand the Company's corporate culture and organizational rules, Kwong Lung held 7,943 hours of training for a new employee in 2024, with a total of 2,030 people, including the advocacy of ethical conduct, corporate ethics, etc.</li> <li>● Advocate the ethical corporate management practices to employees through regular supervisor meetings and irregular mobilization rallies.</li> <li>● After the date of the board meeting to pass the quarterly financial report is confirmed, directors and managers are notified by email of the closure period during which they may not trade stocks.</li> <li>● In November, 2024, the current directors, managerial officers, and employees were given an education advocacy on the prevention of insider trading. The content included the material information processing procedures, as well as the reasons for the formation of insider trading, the identification process, and the explanation of real trading examples. The briefing file is placed in the internal staff system.</li> </ul> | None   |

| Evaluation Item  | Implementation Status |    |   | Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons |
|--|-----------------------|----|---|--|
|  | Yes                   | No | Abstract Explanation  |  |
| 3. Operation of the integrity channel  |                       |    |   |  |
| 1). Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?  | V                     |    | Designate the Human Resources Department as the unit responsible for the acceptance of complaints, enact the "Regulations Governing the Handling of Reporting of Illegal and Immoral or Unethical Conduct" and establish a reporting mailbox and reward system, in accordance with the Company's "Ethical Corporate Management Best Practice Principles." | None   |
| 2). Does the company have in place standard operating procedures for investigating accusation cases, as well as follow-up actions and relevant post-investigation confidentiality measures?  | V                     |    | According to the Company's "Regulations Governing the Handling of Reporting of Illegal and Immoral or Unethical Conduct," the acceptance, investigation process, investigation results and related documents are recorded, retained and kept confidential.  | None   |
| 3). Does the company provide proper whistleblower protection?  | V                     |    | The whistleblowers are protected, in accordance with the Company's "Ethical Corporate Management Best Practice Principles," not to be improperly punished by the whistleblowing.  | None   |
| 4. Strengthening information disclosure<br>Does the company disclose its ethical corporate management policies and the results of its implementation on the company's website and MOPS?  | V                     |    | The Company discloses the Ethical Corporate Management Best Practice Principles and implementation situation on the Company's website and the annual report. If there is any change, it will be updated immediately.  | None   |
| 5.If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancy between the policies and their implementation: None  |                       |    |   |  |
| 6.Other important information to facilitate a better understanding of the company's ethical corporate management policies (e.g., review and amend its policies).<br>The Company enacted the "Ethical Corporate Management Best Practice Principles" on January 13, 2011 and revised it on March 20, 2015 and March 10,2022 to strengthen corporate governance. |                       |    |   |  |

### **2.3.7 Other important information that can facilitate the understanding of the Company's operation of corporate governance:**

In order for the Company to establish a good internal material information processing and disclosure mechanism, the " Internal Material Information Processing Procedures" was enacted.

In order for the behavior of the Directors and managerial officers of the Company to comply with the ethical standards, and make the Company's stakeholders better understand the Company's ethical standards, the "Codes of Ethical Conduct" is enacted.

## 2.3.8 Execution of Internal Control System

### 2.3.8.1 Statement of Internal Control System

For the internal control statement, please go to the Public Information Observation Station at [<https://mops.twse.com.tw>] for inquiry.

2.3.8.2 If the internal control system is entrusted to CPAs for project review, the CPA's review report shall be disclosed: None.

## 2.3.9 Major resolutions of the shareholders' meetings and board meetings in the most recent year and as of the printing date of the annual report:

### 2.3.9.1 Major resolutions of the shareholders' meeting

The Company's 2024 AGM was held on May 31, 2024 at 3F, No. 350, Songjiang Road, Zhongshan District, Taipei. The major resolutions and their implementation are as follows:

| Item | Major resolutions   | Status of Execution  |
|------|---|--|
| 1    | 2023 Business Report and Financial Statements             | <ul style="list-style-type: none"> <li>The number of votes in favor of the motion was more than the statutory number, and the motion was passed as proposed.</li> </ul>  |
| 2    | Motion for the 2023 earnings distribution                 | <ul style="list-style-type: none"> <li>The number of votes in favor of the motion was more than the statutory number, and the motion was passed as proposed.</li> <li>Status of implementation: August 3, 2024 was set as the ex-dividend base date, and August 21, 2024 was set as the payment date. The cash dividend per preferred share was NTD 2.5, and the cash dividend per common share was adjusted to NTD 3.58361594 due to the exercise of employee stock options.</li> </ul> |
| 3    | Motion for amendment to "Procedures for Derivative Trade" | <ul style="list-style-type: none"> <li>The number of votes in favor of the motion was more than the statutory number, and the motion was passed as proposed.</li> <li>Status of implementation: Announced on the Company's website and is being processed in accordance with the amended procedures.</li> </ul>  |

### 2.3.9.2 Major resolutions of the Board of Directors

A summary of the Company's important resolutions for 2024 and up to the date of publication of the Annual Report is as follows:

| Date       | Major resolutions  |
|------------|--|
| 2024.03.13 | <ul style="list-style-type: none"> <li>Motion for 2023 remuneration to directors and supervisors.</li> <li>Motion for 2023 Remuneration to the Remuneration Committee.</li> <li>Motion for allocation of 2023 employee remuneration and distribution of employee remuneration to senior managers.</li> <li>Motion for salary increase for senior managers.</li> <li>2023 Business Report and Parent Company Only and Consolidated Financial Statements</li> <li>Motion for the 2023 earnings distribution</li> <li>Date, venue, reason for convening, and acceptance of shareholder proposals for the 2024 AGM.</li> <li>Subscription of the capital increase of PT. TACTICAL GARUT.</li> <li>Re-appointment of directors, supervisors, representatives of corporate entities, General Manager, and accounting officers of the reinvested company.</li> <li>Amendment to "Rules of Procedure for Board of Directors Meetings" .</li> </ul> |

|            |   |
|------------|---|
|            | <ul style="list-style-type: none"> <li>● Amendment to internal control system in the "Management of Board of Directors Meetings".</li> <li>● Issuance of 2023 Statement of Internal Control.</li> <li>● Motion for bank line of credit.</li> </ul>  |
| 2024.04.18 | <ul style="list-style-type: none"> <li>● Motion for formulation of "Key Personnel Insurance Management Measures" .</li> <li>● Motion for setting the issuance of employee stock options for common share and preferred share conversion for Q4 2024.</li> <li>● Disposal of the equity of "BBL Premium Co., Ltd."</li> <li>● Re-appointment of directors of the reinvested company.</li> <li>● Motion for bank line of credit.</li> </ul>   |
| 2024.05.09 | <ul style="list-style-type: none"> <li>● Submission of the consolidated financial statements for Q1 2024.</li> <li>● The term of office of the directors and supervisors of the subsidiary will be renewed upon expiry.</li> <li>● The subsidiary acquires the right to use the property from the related party.</li> <li>● Motion for loaning of funds to "Manumech Corporation" .</li> </ul>  |
| 2024.08.08 | <ul style="list-style-type: none"> <li>● 2023 Sustainability Report.</li> <li>● Motion for setting the issuance of employee stock options for common share and preferred share conversion for Q2 2024.</li> <li>● Submission of the consolidated financial statements for Q2 2024.</li> <li>● Re-appointment of directors of the reinvested company.</li> <li>● Motion for bank line of credit.</li> </ul>  |
| 2024.11.07 | <ul style="list-style-type: none"> <li>● Motion for setting the issuance of employee stock options for common share and preferred share conversion for Q3 2024.</li> <li>● Submission of the consolidated financial statements for Q3 2024.</li> <li>● Amendment to "Audit Committee Charter".</li> <li>● Amendment to "Internal Control System" and "Internal Audit Implementation Details".</li> <li>● 2025 Annual internal control plan.</li> <li>● Motion for integration of the Group's reinvested companies.</li> <li>● Motion for bank line of credit.</li> </ul>  |
| 2024.12.19 | <ul style="list-style-type: none"> <li>● Salary for the chairman of the subsidiary</li> <li>● Motion for salary increase for the senior executives of subsidiaries.</li> <li>● Salary increase for senior managers in 2024.</li> <li>● Motion for amendment to "Regulations Governing Employee Welfare" .</li> <li>● Motion for 2025 business plan.</li> <li>● Motion for 2025 appointed CPAs for the annual financial report and the CPA independence evaluation explanation.</li> <li>● Motion for integration of the Group's reinvested companies.</li> <li>● Motion for capital increase of subsidiary.</li> <li>● Motion for acquisition of the right to use real estate from the related party.</li> <li>● Motion for bank line of credit.</li> </ul> |
| 2025.03.11 | <ul style="list-style-type: none"> <li>● Motion for 2024 remuneration to directors.</li> <li>● Motion for 2024 Remuneration to the Remuneration Committee.</li> <li>● Motion for allocation of 2024 employee remuneration and distribution of employee remuneration to senior managers.</li> <li>● Motion for indicator of unlocking employee insurance</li> <li>● Motion for amendment to the "Regulations Governing Employee Welfare".</li> <li>● Amendment to "Articles of Incorporation".</li> <li>● Definitions and scope of entry-level employees of the Company.</li> <li>● Amendment to "Internal Control System".</li> </ul>   |

|  |  |
|--|--|
|  | <ul style="list-style-type: none"> <li>● Motion for setting the issuance of employee stock options for common share and preferred share conversion for Q4 2024.</li> <li>● 2024 Business Report and Parent Company Only and Consolidated Financial Statements.</li> <li>● Motion for the 2024 earnings distribution.</li> <li>● Matters related to election of the 10th Board of Directors (including independent directors).</li> <li>● Nomination of director (independent director) candidates by the Board of Directors.</li> <li>● Motion for release of non-compete restriction on new directors (including independent directors) and their representatives.</li> <li>● Date, venue, reason for convening, acceptance of shareholder proposals, and nomination for the 2025 AGM.</li> <li>● Motion for integration of the Group's reinvested companies.</li> <li>● Disposal of securities.</li> <li>● New and re-appointment of directors, supervisors and corporate representatives of the reinvested company.</li> <li>● Motion for issuance of 2024 Statement of Internal Control System</li> <li>● Motion for loaning of funds to "Manumech Corporation".</li> <li>● Motion for bank line of credit.</li> </ul> |
|--|--|

**2.3.10 Directors or Supervisors have different opinions with records or written statements to the important resolutions of the Board of Directors in the most recent year and as of the printing date of the annual report: None.**

**2.4 Formation on Accountants' Fees**

Unit: NT\$ thousand

| Accounting Firm   | Name of CPA                        | Audit period              | Audit fees | Non-audit fee | Total | Remarks  |
|-------------------|------------------------------------|---------------------------|------------|---------------|-------|--|
| Deloitte & Touche | Liu Ming-Hsien<br>Chao Yung-Hsiang | 2024.10.01~<br>2024.12.31 | 7,280      | 340           | 7,620 | Audit fees include financial statement certification<br>Non-audit fees were mainly for tax-related consultation and industrial and commercial registration of Deloitte & Touche. |

**2.4.1 When the company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed: None.**

**2.4.2 When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more, the reduction in the amount of audit fees, reduction percentage, and reasons therefor shall be disclosed:None.**

**2.5 Information on CPAs replacement**

**2.5.1 Former CPAs**

|                |                   |
|----------------|-------------------|
| Date of Change | December 14, 2023 |
|----------------|-------------------|

|   |   |       |                                    |           |
|---|---|-------|------------------------------------|-----------|
| Reasons and Explanation of Changes  | To meet the needs of internal adjustments of Deloitte & Touche, since the fourth quarter of 2023, the attest CPAs are changed from Chang Ching-Fu and Chiu Meng-Chieh to Liu Ming-Hsien and Chao Yung-Hsiang. |       |                                    |           |
| State whether the appointment is terminated or rejected by the consignor or CPAs  | Situation   | Party | CPA                                | Consignor |
|   | Appointment terminated proactively  |       | N.A.                               | N.A.      |
|   | Appointment rejected (discontinued)   |       | N.A.                               | N.A.      |
| The opinions other than unmodified opinion issued in the last two years and the reasons for the said opinions   | None  |       |                                    |           |
| Is there any disagreement in opinion with the issuer  | Yes   |       | Accounting principles or practices |           |
|   |   |       | Disclosure of financial statements |           |
|   |   |       | Auditing scope or procedures       |           |
|   |   |       | Others                             |           |
|   | No  | V     |                                    |           |
| Explanation   | N.A.  |       |                                    |           |
| Supplementary Disclosure (In accordance with the disclosures specified in Items 1-4 to 1-7, Paragraph 6, Article 10 of the Regulations Governing Information to be Published in Annual Reports of Public Companies) | None  |       |                                    |           |

## 2.5.2 Successor CPAs

|   |                                     |
|---|-------------------------------------|
| Name of the accounting firm   | Deloitte & Touche                   |
| Name of CPA   | Liu Ming-Hsien and Chao Yung-Hsiang |
| Date of appointment   | December 14, 2023                   |
| Consultation results and opinions on accounting treatments or principles with respect to specified transactions and the company's financial reports that the CPA might issue prior to the engagement. | N.A.                                |
| Succeeding CPA's written opinion of disagreement toward the former CPA  | None                                |

## 2.5.3 The reply of former CPAs on matters specified in Item 1 and Item 2-3, Subparagraph 6, Article 10 of the Regulations Governing Information to be Published in Annual Reports of Public Companies: N.A.

## 2.6 Information about the Company's Chairman, General Manager, or managerial officer(s) in charge of financial and accounting matters who have served in the accounting firm to which the attest CPAs belong or its affiliate(s) in the past year: None.

## 2.7 Changes in the equity (share transfer and pledge) of Directors, Supervisors, managerial officers, and shareholders with a shareholding of more than 10% in the latest year and as of the printing date of the annual report:

### 2.7.1 Changes in the equity of Directors, Supervisors, managerial officers, major shareholders

Please go to the Public Information Launch Station  
[<https://mops.twse.com.tw>] for inquiry.

2.7.2 Stock transferred to related parties: None.

2.7.3 Stock pledged to related parties: None.

## 2.8 Information on the top-ten shareholders and their relationship of interested parties, or spouse, and relatives within the second degree of kinship

Unit: share ; % March 29, 2025

| Name<br>(Note 1)                  | Individual's shareholding |      | Spouse's and minor children's shareholding |      | Shareholding by nominee arrangement |   | Name and relationship between the company's top ten shareholders with the relationship of interested parties or spouses or relatives within the second degree of kinship (note 3) |   | Remarks |
|-----------------------------------|---------------------------|------|--|------|-------------------------------------|---|---|---|---------|
|                                   | Shares                    | %    | Shares                                     | %    | Shares                              | % | Name  | Relations   |         |
| Kai Sheng Investment Co.,Ltd.     | 14,879,755                | 9.83 | NA   | NA   | 0                                   | 0 | Chan Fu-Ju<br>Chan Ho-Po<br><br>Snowdown Merchandise Corp.  | The chairman of the legal entity<br>The director of the legal entity<br>Directors of Kai Sheng Investment Co.,Ltd.<br>Kai Sheng Investment Co.,Ltd. is the director of Snowdown Merchandise Corp. | None    |
| Representative:<br>Chan Fu-Ju     | 141,984                   | 0.09 | 0  | 0    | 0                                   | 0 | Xu Li-Hong<br>Chan Ho-Po/Chan Chi-Che<br>Yueh Sheng Investment Co.,Ltd.<br>Snowdown Merchandise Corp.   | first-degree relatives<br>second-degree relatives<br>Chairman of Yueh Sheng Investment Co.,Ltd.<br>Chairman of Snowdown Merchandise Corp.   | None    |
| Ou Li Investment Co., Ltd.        | 12,700,000                | 8.39 | NA   | NA   | 0                                   | 0 | Xu Li-Hong  | Director of Ou Li Investment Co., Ltd.  | None    |
| Representative:<br>Chan Ho-Po     | 1,298,000                 | 0.86 | 888,000                                    | 0.59 | 0                                   | 0 | Xu Li-Hong<br>Chan Chi-Che/Chan Fu-Ju<br>Kai Sheng Investment Co.,Ltd.  | first-degree relatives<br>second-degree relatives<br>Director of Kai Sheng Investment Co.,Ltd.  | None    |
| Snowdown Merchandise Corp.        | 7,450,606                 | 4.92 | NA   | NA   | 0                                   | 0 | Kai Sheng Investment Co.,Ltd.   | Kai Sheng Investment Co.,Ltd. is the director of Snowdown Merchandise Corp.   | None    |
| Representative:<br>Chan Fu-Ju     | 141,984                   | 0.09 | 0  | 0    | 0                                   | 0 | Xu Li-Hong<br>Chan Ho-Po/Chan Chi-Che<br>Yueh Sheng Investment Co.,Ltd.<br>Kai Sheng Investment Co.,Ltd.  | first-degree relatives<br>second-degree relatives<br>Chairman of Yueh Sheng Investment Co.,Ltd.<br>Chairman of Kai Sheng Investment Co.,Ltd.  | None    |
| Evertrust Investment Co.,Ltd.     | 7,040,176                 | 4.67 | NA   | NA   | 0                                   | 0 | None  | None  | None    |
| Representative:<br>Lee Yung-Chien | 1,935,321                 | 1.28 | 510,404                                    | 0.34 | 0                                   | 0 | None  | None  | None    |
| Gong Tong Zu Lin Co., Ltd.        | 5,600,117                 | 3.70 | NA   | NA   | 0                                   | 0 | Xu Li-Hong  | Director of Gong Tong Zu Lin Co., Ltd.  | None    |
| Representative:<br>Tsai Shau-Yi   | 100,235                   | 0.07 | 0  | 0    | 0                                   | 0 | None  | None  | None    |
| Liqu Investment Co., Ltd.         | 4,872,566                 | 3.22 | NA   | NA   | 0                                   | 0 | None  | None  | None    |
| Representative:<br>Xu Li-Hong     | 0                         | 0    | 0  | 0    | 0                                   | 0 | Chan Ho-Po/Chan Chi-Che<br>Chan Fu-Ju<br>Ou Li Investment Co., Ltd.<br><br>Gong Tong Zu Lin Co., Ltd.   | first-degree relatives<br>first-degree relatives<br>Director of Ou Li Investment Co., Ltd.<br>Director of Gong Tong Zu Lin Co., Ltd.  | None    |
| Yueh Sheng Investment Co.,Ltd.    | 4,013,000                 | 2.65 | NA   | NA   | 0                                   | 0 | None  | None  | None    |

|  |           |      |    |    |                   |      |  |  |      |
|--|-----------|------|----|----|-------------------|------|--|--|------|
| Representative:<br>Chan Fu-Ju  | 141,984   | 0.09 | 0  | 0  | 0                 | 0    | Xu Li-Hong<br>Chan Ho-Po/Chan Chi-Che<br>Kai Sheng Investment<br>Co.,Ltd.<br>Snowdown Merchandise<br>Corp. | first-degree relatives<br>second-degree relatives<br>Chairman of Kai Sheng<br>Investment Co.,Ltd.<br>Chairman of Snowdown<br>Merchandise Corp. | None |
| Mega Securities stock<br>market making account                               | 3,925,000 | 2.59 | NA | NA | 0                 | 0    | None   | None   | None |
| CTBC Bank Trust<br>Account - Kwong Lung<br>Employee Stock<br>Ownership Trust | 3,105,885 | 2.05 | NA | NA | 0                 | 0    | None   | None   | None |
| Huang Lu Investment<br>Co.,Ltd.  | 3,069,000 | 2.03 | NA | NA | 15,000<br>(Trust) | 0.01 | None   | None   | None |
| Representative:<br>Chan Chi-Che  | 0         | 0    | 0  | 0  | 0                 | 0    | Xu Li-Hong<br>Chan Ho-Po / Chan Fu-Ju  | first-degree relatives<br>second-degree relatives  | None |

Note 1: The top 10 shareholders shall be listed. Those who are corporate shareholders shall list the corporate shareholder names and the representative's names separately.

Note 2: The calculation of shareholding ratio refers to the calculation of shareholding ratio in the shareholders themselves, spouses, minor children or other persons involved.

Note 3: The shareholders listed in the disclosure, including the corporates and citizens, shall disclose their relationship with each other in accordance with the issuer's financial reporting guidelines.

Note 4: Calculation of the number of shares and shareholding ratio includes common and preferred shares.

## 2.9 The number of shares of the same reinvested enterprise held by the Company, Company's Directors, Supervisors, managers, and companies controlled directly or indirectly by the Company, and the comprehensive shareholding ratio

Unit: share ; % December 31, 2024

| Re-invested business             | The Company's investment |      | Investment by Directors and managerial officers and businesses directly or indirectly controlled by the Company |      | The consolidated investment (Note) |      |
|----------------------------------|--------------------------|------|---|------|------------------------------------|------|
|                                  | Shares                   | %    | Shares  | %    | Shares                             | %    |
| Kwong Lung (B.V.I.) Ltd.         | 18,000                   | 100% | -   | -    | 18,000                             | 100% |
| Kwong Lung Meko Co., Ltd.        | -                        | 100% | -   | -    | -                                  | 100% |
| Kwong Lung Japan Co., Ltd.       | 10,500                   | 100% | -   | -    | 10,500                             | 100% |
| Bo Hsing Enterprise Co., Ltd.    | -                        | 100% | -   | -    | -                                  | 100% |
| Toptex Garment Co., Ltd.         | -                        | 100% | -   | -    | -                                  | 100% |
| Kwong Lung-O Mon Co., Ltd.       | -                        | 100% | -   | -    | -                                  | 100% |
| Fuhua Garment Co.,Ltd.           | -                        | 100% | -   | -    | -                                  | 100% |
| PT. Tactical Garment Garut       | 6,750                    | 45%  | -   | -    | 6,750                              | 45%  |
| P&B Collection Co., Ltd.         | 20,618,088               | 100% | -   | -    | 20,618,088                         | 100% |
| Gong Long Co., Ltd.              | 26,200,000               | 100% | -   | -    | 26,200,000                         | 100% |
| BBL Premium Co., Ltd.            | 700,000                  | 20%  | -   | -    | 700,000                            | 20%  |
| Manumech Corporation             | 5,851,916                | 100% | -   | -    | 5,851,916                          | 100% |
| Koutou Co., Ltd.                 | -                        | -    | 8,928,673   | 60%  | 8,928,673                          | 60%  |
| Kwong Lung Meko (B.V.I.) Ltd.    | -                        | -    | 5,000,000   | 100% | 5,000,000                          | 100% |
| Kwong Lung Feather (B.V.I.) Ltd. | -                        | -    | 1   | 100% | 1                                  | 100% |
| Kwong Lung (SuZhou) Co.,Ltd.     | -                        | -    | -   | 100% | -                                  | 100% |
| Gong Tong Zu Lin Co.,Ltd.        | -                        | -    | 6,084,000   | 39%  | 6,084,000                          | 39%  |
| Daquan Hanshi Co., Ltd.          | -                        | -    | 655,200   | 39%  | 655,200                            | 39%  |
| Lyon Ventrués Holdings Ltd.      | -                        | -    | 90,000  | 49%  | 90,000                             | 49%  |
| O'CASA LK Property Group Inc.    | -                        | -    | 289,100   | 49%  | 289,100                            | 49%  |

Note: It is the Company's long-term investments accounted for using equity method.

## 3. Capital overview

### 3.1 Capital and Shares

#### 3.1.1 Source of capital

##### 3.1.1.1 Issued Shares

| Year/month | Par Value (NT\$) | Authorized Capital   |                    | Paid-in Capital      |                    | Remarks   |   |                                   |
|------------|------------------|----------------------|--------------------|----------------------|--------------------|---|---|-----------------------------------|
|            |                  | Shares (1000 shares) | Amount (NTD 1,000) | Shares (1000 shares) | Amount (NTD 1,000) | Sources of Capital  | Capital Increased by Assets Other than Cash | Other                             |
| 2019.01    | 10               | 180,000              | 1,800,000          | 128,074              | 1,280,745          | Cash capital increase from preferred shares A                     | None  | Jing-Shou-Shang-Zi No.10701161890 |
| 2019.03    | 10               | 180,000              | 1,800,000          | 128,554              | 1,285,540          | Conversion from stock warrants                                    | None  | Jing-Shou-Shang-Zi No.10801029560 |
| 2019.04    | 10               | 180,000              | 1,800,000          | 128,897              | 1,288,967          | Conversion from stock warrants                                    | None  | Jing-Shou-Shang-Zi No.10801048200 |
| 2019.08    | 10               | 180,000              | 1,800,000          | 133,002              | 1,330,019          | Conversion from stock warrants<br>Conversion from corporate bonds | None  | Jing-Shou-Shang-Zi No.10801105510 |
| 2019.12    | 10               | 180,000              | 1,800,000          | 148,310              | 1,483,100          | Conversion from stock warrants<br>Conversion from corporate bonds | None  | Jing-Shou-Shang-Zi No.10801168810 |
| 2020.04    | 10               | 180,000              | 1,800,000          | 148,507              | 1,485,075          | Conversion from stock warrants                                    | None  | Jing-Shou-Shang-Zi No.10901055920 |
| 2020.05    | 10               | 180,000              | 1,800,000          | 149,007              | 1,490,071          | Conversion from stock warrants                                    | None  | Jing-Shou-Shang-Zi No.10901081190 |
| 2020.08    | 10               | 180,000              | 1,800,000          | 149,216              | 1,492,163          | Conversion from stock warrants                                    | None  | Jing-Shou-Shang-Zi No.10901155720 |
| 2020.11    | 10               | 180,000              | 1,800,000          | 149,252              | 1,492,523          | Conversion from stock warrants                                    | None  | Jing-Shou-Shang-Zi No.10901215600 |
| 2021.03    | 10               | 180,000              | 1,800,000          | 149,262              | 1,492,623          | Conversion from stock warrants                                    | None  | Jing-Shou-Shang-Zi No.11001049850 |
| 2021.04    | 10               | 180,000              | 1,800,000          | 149,431              | 1,494,308          | Conversion from stock warrants                                    | None  | Jing-Shou-Shang-Zi No.11001074820 |
| 2021.09    | 10               | 180,000              | 1,800,000          | 149,437              | 1,494,368          | Conversion from stock warrants                                    | None  | Jing-Shou-Shang-Zi No.11001150370 |
| 2021.12    | 10               | 180,000              | 1,800,000          | 149,478              | 1,494,778          | Conversion from stock warrants                                    | None  | Jing-Shou-Shang-Zi No.11001211590 |
| 2022.04    | 10               | 180,000              | 1,800,000          | 149,638              | 1,496,378          | Conversion from stock warrants                                    | None  | Jing-Shou-Shang-Zi No.11101048580 |
| 2022.05    | 10               | 180,000              | 1,800,000          | 149,702              | 1,497,023          | Conversion from stock warrants                                    | None  | Jing-Shou-Shang-Zi No.11101071570 |
| 2022.08    | 10               | 180,000              | 1,800,000          | 149,794              | 1,497,943          | Conversion from stock warrants                                    | None  | Jing-Shou-Shang-Zi No.11101158690 |
| 2022.12    | 10               | 180,000              | 1,800,000          | 150,295              | 1,502,948          | Conversion from stock warrants                                    | None  | Jing-Shou-Shang-Zi No.11101218040 |
| 2023.03    | 10               | 180,000              | 1,800,000          | 150,453              | 1,504,528          | Conversion from stock warrants                                    | None  | Jing-Shou-Shang-Zi No.11230053530 |
| 2023.06    | 10               | 180,000              | 1,800,000          | 150,692              | 1,506,918          | Conversion from stock warrants                                    | None  | Jing-Shou-Shang-Zi No.11230093040 |
| 2023.08    | 10               | 180,000              | 1,800,000          | 150,752              | 1,507,518          | Conversion from stock warrants                                    | None  | Jing-Shou-Shang-Zi No.11230163680 |
| 2023.11    | 10               | 180,000              | 1,800,000          | 150,793              | 1,507,933          | Conversion from stock warrants                                    | None  | Jing-Shou-Shang-Zi No.1123022150  |
| 2024.04    | 10               | 180,000              | 1,800,000          | 150,809              | 1,508,093          | Conversion from stock warrants                                    | None  | Jing-Shou-Shang-Zi No.11330049240 |
| 2024.05    | 10               | 180,000              | 1,800,000          | 150,834              | 1,508,343          | Conversion from stock warrants                                    | None  | Jing-Shou-Shang-Zi No.11330071270 |
| 2024.08    | 10               | 180,000              | 1,800,000          | 151,178              | 1,511,783          | Conversion from stock warrants                                    | None  | Jing-Shou-Shang-Zi No.11330151740 |

|         |    |         |           |         |           |                                |      |                                   |
|---------|----|---------|-----------|---------|-----------|--------------------------------|------|-----------------------------------|
| 2024.11 | 10 | 180,000 | 1,800,000 | 151,383 | 1,513,833 | Conversion from stock warrants | None | Jing-Shou-Shang-Zi No.11330204290 |
|---------|----|---------|-----------|---------|-----------|--------------------------------|------|-----------------------------------|

### 3.1.1.2 Type of Stock

March 29, 2025/Unit: shares

| Share Type | Authorized Capital |                  |              | Remarks            |
|------------|--------------------|------------------|--------------|--------------------|
|            | Issued Shares      | Un-issued Shares | Total Shares |                    |
| Common     | 151,144,927        | 28,581,249       | 180,000,000  | TPEX-listed stocks |
| Preferred  | 273,824            |                  |              |                    |

### 3.1.1.3 Information for Shelf Registration: N.A.

## 3.1.2 Major Shareholders

March 29, 2025

| Shareholder's Name  | Shares | Shareholding | Percentage (%) |
|---|--------|--------------|----------------|
| Kai Sheng Investment Co.,Ltd.                                       |        | 14,879,755   | 9.83           |
| Ou Li Investment Co.,Ltd.   |        | 12,700,000   | 8.39           |
| Snowdown Merchandise Corp.  |        | 7,450,606    | 4.92           |
| Evertrust Investment Co.,Ltd.                                       |        | 7,040,176    | 4.65           |
| Gong Tong Zu Lin Co., Ltd.  |        | 5,600,117    | 3.70           |
| Liqu Investment Co., Ltd.   |        | 4,872,566    | 3.22           |
| Yueh Sheng Investment Co.,Ltd.                                      |        | 4,013,000    | 2.65           |
| Mega Securities stock market making account                         |        | 3,925,000    | 2.59           |
| CTBC Bank Trust Account - Kwong Lung Employee Stock Ownership Trust |        | 3,105,885    | 2.05           |
| Huang Lu Investment Co.,Ltd.  |        | 3,069,000    | 2.03           |

Note: Calculation of the number of shares and shareholding ratio includes common and preferred shares.

## 3.1.3 The Company's Dividend Policy and Implementation

### 3.1.3.1 The dividend policy set forth by the Company's Articles of Incorporation

If the Company's annual final account discloses profit, the Company, after paying all taxes and offsetting the accumulated losses, shall first appropriate 10% to legal reserve, unless the legal reserve has reached the amount of paid-up capital, and then set aside or reverse the special reserve, in accordance with the law. If there is still a surplus, it may be first distributed as dividends to preferred share as allowed in the current year. If there is still a surplus, combined with the undistributed surplus of previous years, it shall be distributed by the resolution of the shareholders' meeting following the submission of the earnings distribution proposal from the Board of Directors.

Pursuant to Article 240 of the Company Act, the Company authorizes the Board of Directors to distribute a portion or all of dividends, bonuses or legal reserve and capital surplus in accordance with Article 241 of the Company Act in cash by resolution adopted by a majority in a meeting attended by two-thirds or more of the Directors, and the distribution shall then be reported to the

shareholders' meeting, instead of being submitted to the shareholders' meeting for approval.

In consideration of operating plans, budgets and capital requirements of future years, the Dividend Policy of the Company is the distribution to shareholders with the appropriation of the amount which shall be no less than 50% of the net profit after income tax under the circumstance that there is no cumulated loss in prior years. The distribution may be executed in cash dividend and/or share dividend, and the cash dividend shall be no less than 30% of total distributed dividends.

In case there are no earnings for distribution in a certain year, or the earnings of a certain year are significantly less than the earnings actually distributed by the Company in the previous year, or considering the financial, business or operational factors of the Company, the Company may allocate a portion or all of its reserves for distribution in accordance with relevant laws or regulations or the orders of the authorities in charge.

### 3.1.3.2 Proposed Distribution of Dividend

The 2024 earnings distribution proposal was resolved by the Board of Directors' meeting on March 11, 2025. It was proposed to give priority to distributing cash dividends of NT\$ 744,801 (NT\$2.7075 per share) to the Company's preferred shares A, next appropriate NT\$544,056,995 from the accumulated earnings for cash dividends, with NT\$3.6 per share. Distributed after approval by the board of directors in accordance with the Articles of Incorporation, and authorizes the chairman to set the record date and the payment date for distribution.

3.1.3.3 When it is expected to have significant changes in the dividend policy, it should be explained: There is no significant change in the dividend policy.

### **3.1.4 The impact of the free share placement proposed in the shareholders' meeting on the Company's business performance and the earnings per share: N.A.**

### **3.1.5 Compensation of Employees, Directors and Supervisors**

3.1.5.1 Information Relating to Compensation of Employees, Directors and Supervisors in the Articles of Incorporation:

If the Company has profits in a fiscal year, the Company shall set aside not less than 1% of the profits as employee bonuses and not more than 5% of the profits as director compensation. However, that the Company shall have reserved a sufficient amount to offset its accumulated losses.

Employee's and director's compensation and the employee's compensation in the form of stocks or cash shall be resolved by a majority vote at a Board of Directors meeting attended by two-thirds of the total number of directors and shall be reported to the shareholders' meeting.

3.1.5.2 The basis for estimating the amount of employee, director, and supervisor compensation, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period.

- 1). The company's annual undistributed stock dividends is based on the range of percentage stated in the Company's Articles of Incorporation and the possible distributed amount from past experience.
- 2). Calculation basis of the number of shares distributed for employee compensation : The Company did not distribute stock dividends in 2024.
- 3). When the actual distribution amount is different from the estimated amount, it is treated as changes in accounting estimates and listed as profit or loss in the following year.

3.1.5.3 Distribution of Compensation of Employees, Directors and Supervisors for 2024 approved in the Board of Directors Meeting

- 1). Employee Compensation – in Cash           NT\$ 32,129,890
- Directors' a Compensation               NT\$ 25,000,000

It was no different from the annual estimated amount in the recognized expenses.

- 2). The amount of any employee compensation distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total employee compensation:0% (The 2024 employee compensation is distributed in cash.)

#### 3.1.5.4 Information of 2023 Distribution of Compensation of Employees, Directors and Supervisors

- 1). Employee Compensation – in Cash           NT\$ 34,156,088
- Directors' and Supervisors' Compensation NT\$ 22,000,000

- 2). The above-mentioned actual distribution of compensation of employees, directors and supervisors was in line with the resolution of the Board of Directors.

### 3.1.6 Buy-back of Treasury Stock : None

### 3.2 Corporate Bonds : None

### 3.3 Preferred Shares

| Item                 | Issuing (processing) date | December 20, 2018 for preferred shares A  |
|----------------------|---------------------------|---|
|                      | Par value                 | NTD10   |
|                      | Issue Price               | 50 per share  |
|                      | Shares                    | 18,200,000 shares   |
|                      | Total amount              | NTD910,000,000  |
| Rights & obligations | Dividend and bonus        | <ol style="list-style-type: none"> <li>1. The annual interest rate of this Preferred Shares is 5% (the five-year IRS rate of the pricing benchmark date (November 20, 2018) is 0.9050% + fixed plus rate [4.0950%]), based on the issue price per share, the fixed plus rate will be adjusted to [1.0950%] from the first business day of the due date of seven-year period since the issuing date. The five-year IRS interest rate will be reset on the first business day after five years since the issuing date and every five years thereafter. The price base date of interest rate re-set is two Taipei financial operation days before the interest rate reset date, and the five-year interest rate indicator IRS is the arithmetic mean of the interest rate re-pricing benchmark at 11:00 am on the 11<sup>th</sup> of Taipei financial operation day in the exchange rate of the “TAIFXIRS” and “COSMOS3” five-year interest rate announced from Router (UK). If the above quoted price cannot be obtained on the base date of interest rate re-set, the Company will decide the interest on the basis of honesty and reasonable market condition.</li> <li>2. If the Company's annual final account is surplus, in addition to paying taxes per laws, it shall first compensate the previous annual losses and provide statutory earned surplus per laws, and then proposes or revolves special earned surplus according to the regulations. If there is still a balance available, priority is given to distribute to the Preferred Shares of current year. The Company has discretionary power over the distribution of dividends to Preferred Shares. If the Company's annual settlement has no surplus to distribute the Preferred Shares dividend, the Company can decide not to distribute the Preferred Shares dividend, which the Preferred Shares shareholders shall not object it. This Preferred Shares is non-cumulative one, if dividend is not or insufficiently distributed, it shall not accumulate together with the future annual deferred payment. Preferred Shares dividend is paid out in cash at one time each year. The Board of Directors sets the base date to pay the</li> </ol> |

|                            |                                       |   |                               |
|----------------------------|---------------------------------------|---|-------------------------------|
|                            |                                       | dividends issued in the previous year. The number of issuances for the issuance year and the annual dividend will be recognized on the dividend vouchers based on the actual number of days issued in the current year.   |                               |
|                            | Distribution of surplus property      | The order in which the Preferred Shares shareholders distributes the Company's remaining property take precedence over the Common Shares shareholders and is in the same order of various Preferred Shares shareholders issued by the Company, which is inferior to the ordinary creditor, but is limited to the status of not exceeding the distribution amount of Preferred Shares issue price.   |                               |
|                            | Exercise of voting rights             | Shareholders of this Preferred Shares have no voting selecting rights, but can be elected as directors; shareholders who have the voting right on the Shareholders Meeting or issue involving the rights of Preferred Shares.   |                               |
|                            | Others                                | <p>1. This Preferred Shares shall not be converted within one year from the issuing date (December 20, 2018). From the next day of the due date (December 21, 2019), shareholders of this Preferred Shares shall apply to convert part or all of the Preferred Shares they are holding to the Common Shares (the conversion ratio is 1:1) within the conversion duration. The minimum unit of conversion is one share. After the Preferred Shares are converted into Common Shares, their rights and obligations are the same as Common Shares, the distribution of annual Preferred Shares dividend is calculated based on the ratio of the actual number of issued days in the current year to the number of entire year days. However, those who are converted into Common Shares before the dividend (interests) distribution date in each year shall not participate in the distribution of Preferred Shares in the current year yet can participate in the distribution of Common Shares surplus and additional paid-in in capital.</p> <p>2. When the Company issues new shares in cash replenishment, the Preferred Shares shareholder and Common Shares shareholder have the same new share options.</p> |                               |
| Preferred Shares in market | Amount already recovered or converted | 17,926,176 shares   |                               |
|                            | Amount unrecovered or converted       | 273,824 shares  |                               |
|                            | Recover or convert term               | The Company shall, at any time from the day after the expiration of the five-year period of issue (December 21, 2023), submit the Preferred Shares Shareholders a 30-day "Preferred Shares Resumption Notice" by announce or letter to retrieve all or part of the Preferred Shares by the original actual issue price at the original actual issue price. The non-retrieved Preferred Shares shall continue the original rights and obligations. In the current year of retrieving the Preferred Shares, if the Company's Shareholders Meeting decides to issue dividend, the dividend to be paid till the retrieved date shall be calculated based on the actual issue days in the year.  |                               |
| Market Price Per Share     | 2022                                  | Highest market price  | 63.70                         |
|                            |                                       | Lowest market price   | 48.30                         |
|                            |                                       | Average market price  | 52.09                         |
|                            | 2023(Delisted on July 19,2023)        | Highest market price  | 57.00                         |
|                            |                                       | Lowest market price   | 52.00                         |
|                            |                                       | Average   | 54.22                         |
|                            | 2024                                  | Highest market price  | NA (Delisted on July 19,2023) |
|                            |                                       | Lowest market price   |                               |
|                            |                                       | Average   |                               |
| To 2025-03-31              | Highest market price                  | NA (Delisted on July 19,2023)   |                               |
|                            | Lowest market price                   |   |                               |

|  |   |  |
|--|---|--|
|  | Average   |  |
| Other rights   | Converted or subscribed amount up to the printing of this annual report | NT\$ 896,308,800   |
|  | Issuance, conversion or subscription measure                            | Refer to the Measure of Company's 2018 Class A Preferred Shares issuance and conversion. |
| Issue conditions, and possible dilution of equity and impact on existing shareholders' equity of Preferred Share |   | None   |

### 3.4 Issuance of overseas depository receipts: None

### 3.5 Issuance of employee stock warrants

#### 3.5.1 The Company shall disclose the handling of employee stock warrants as of the printing date of the annual report and impact on shareholders' equity for the un-matured employee stock warrants

|  | March 31, 2025                                       |  |
|--|--|--|
| Type of employee share subscription warrants   | 2022 1st session of employee stock warrants          | 2022 2nd session of employee stock warrants          |
| Effective registration date and total number of units                                  | May 10, 2022<br>2,000 units                          | May 10, 2022<br>2,000 units                          |
| Issue date   | June 1, 2022   | March 21, 2023                                       |
| Number of units issued   | 1,600 units  | 400 units  |
| Number of units still available for issuance   | 0  | 0  |
| Ratio of the number of issued subscribable shares to the total number of issued shares | 1.06%  | 0.26%  |
| Duration   | 5 years  | 5 years  |
| Exercise method  | Issue new shares                                     | Issue new shares                                     |
| Vesting period and percentage(%)   | 50% at 2-year-maturity<br>100% at 3-year- maturity   | 50% at 2-year-maturity<br>100% at 3-year- maturity   |
| Number of shares subscribed through exercise of the warrants                           | 570,920 share  | 13,500 share   |
| Amount of the shares subscribed through exercise of the warrants                       | NT\$ 21,482,509                                      | NT\$ 653,400   |
| Number of unexercised shares   | 946,580 shares                                       | 349,500 shares                                       |
| Subscription price per share of the unexercised shares                                 | NT\$ 36.1  | NT\$ 48.4  |
| Ratio of the number of unexercised shares to the total number of issued shares (%)     | 0.63%  | 0.23%  |
| The effect on shareholders' equity   | No actual significant impact to shareholders' equity | No actual significant impact to shareholders' equity |

### 3.5.2 As of the printing day of the annual report, the names, obtaining & subscription of the managerial officers obtaining employee stock warrants and the top 10 employees obtaining employee stock warrants certificates

March 31, 2025

| Title<br>(Note 1)            | Name  | Amount of<br>stock<br>warrants | Ratio of<br>certificates<br>amount to<br>total shares<br>issued<br>(note 4) | Subscribed (note 2)  |   |                               |   | Not subscribed (note 2) |  |                               |   |                 |
|------------------------------|---|--------------------------------|---|----------------------|---|-------------------------------|---|-------------------------|--|-------------------------------|---|-----------------|
|                              |   |                                |   | Shares<br>subscribed | Share-<br>subscription<br>price<br>(Note 5) | Total<br>subscription<br>cost | Ratio of<br>subscription<br>to total shares<br>issued<br>(Note 4) | Shares<br>subscribed    | Share-<br>subscription<br>price (Note 6) | Total<br>subscription<br>cost | Ratio of<br>subscription<br>to total shares<br>issued<br>(Note 4) |                 |
| Manager                      | CEO   | 990,000                        | 0.65%   | 432,500              | 36.1<br>38.3                                | 16,230,350                    | 0.28%   | 557,500                 | 36.1<br>48.4                             | 20,433,250                    | 0.37%   |                 |
|                              | Executive consultant (note 7)               |                                |   |                      |   |                               |   |                         |  |                               |   | Lee Chao-Fu     |
|                              | General Manager of P&B Collection Co., Ltd. |                                |   |                      |   |                               |   |                         |  |                               |   | Chan Fu-Ju      |
|                              | Vice General Manager                        |                                |   |                      |   |                               |   |                         |  |                               |   | Hsu Li-Ting     |
|                              | Vice General Manager                        |                                |   |                      |   |                               |   |                         |  |                               |   | Ren Yi-Fan      |
|                              | Vice General Manager                        |                                |   |                      |   |                               |   |                         |  |                               |   | Wang Jui-Wen    |
|                              | Financial officer                           |                                |   |                      |   |                               |   |                         |  |                               |   | Chang Jung-Hua  |
|                              | Assistant Vice President                    |                                |   |                      |   |                               |   |                         |  |                               |   | Su Zhang-Ren    |
|                              | Assistant Vice President                    |                                |   |                      |   |                               |   |                         |  |                               |   | Chou Chung-Kao  |
|                              | Assistant Vice President                    |                                |   |                      |   |                               |   |                         |  |                               |   | Ho Chun-Lung    |
|                              | Assistant Vice President                    |                                |   |                      |   |                               |   |                         |  |                               |   | Lin Shang-Tien  |
|                              | Assistant Vice President                    |                                |   |                      |   |                               |   |                         |  |                               |   | Yeh Shih-Chi    |
|                              | Assistant Vice President                    |                                |   |                      |   |                               |   |                         |  |                               |   | Chen Ta-Chun    |
|                              | Special Assistant                           |                                |   |                      |   |                               |   |                         |  |                               |   | Li Zong-Heng    |
|                              | Accounting officer                          |                                |   |                      |   |                               |   |                         |  |                               |   | Sung Chia-I     |
| Corporate governance officer | Li Chiu-Ti                                  |                                |   |                      |   |                               |   |                         |  |                               |   |                 |
| Employee<br>(Note 3)         | Consultant (note 8)                         | 408,000                        | 0.27%   | 88,000               | 36.1<br>38.3<br>48.4                        | 3,362,900                     | 0.06%   | 320,000                 | 36.1<br>48.4                             | 11,945,600                    | 0.21%   |                 |
|                              | Manager                                     |                                |   |                      |   |                               |   |                         |  |                               |   | Zheng Qiu-Yue   |
|                              | Manager                                     |                                |   |                      |   |                               |   |                         |  |                               |   | Ni Yun-Chang    |
|                              | Manager                                     |                                |   |                      |   |                               |   |                         |  |                               |   | Chung Chun      |
|                              | Manager                                     |                                |   |                      |   |                               |   |                         |  |                               |   | Hsu Yu-Chien    |
|                              | Section Manager                             |                                |   |                      |   |                               |   |                         |  |                               |   | Tseng Hsiu-Ting |
|                              | Senior Specialist                           |                                |   |                      |   |                               |   |                         |  |                               |   | Tseng Shu-Chen  |
|                              | Senior Specialist                           |                                |   |                      |   |                               |   |                         |  |                               |   | Chen Hsiang-Ju  |
|                              | Deputy Assistant Vice President             |                                |   |                      |   |                               |   |                         |  |                               |   | Sun Yu-Lan      |
|                              | Assistant Manager                           |                                |   |                      |   |                               |   |                         |  |                               |   | Chien Kuang-I   |
| Section Manager              | Tseng Tse-Fu                                |                                |   |                      |   |                               |   |                         |  |                               |   |                 |

|                                 |                  |  |  |  |  |  |  |  |  |  |  |
|---------------------------------|------------------|--|--|--|--|--|--|--|--|--|--|
| Manager                         | Tung Chen-Hua    |  |  |  |  |  |  |  |  |  |  |
| Assistant Manager               | Lo Hui-Chun      |  |  |  |  |  |  |  |  |  |  |
| Assistant Manager               | Pan Wei-Ju       |  |  |  |  |  |  |  |  |  |  |
| Section Manager                 | Lin Wwi-Chun     |  |  |  |  |  |  |  |  |  |  |
| Deputy Factory Director         | Chen Po-Chou     |  |  |  |  |  |  |  |  |  |  |
| Section Manager                 | Kuo Chia-Hung    |  |  |  |  |  |  |  |  |  |  |
| Senior Engineer                 | Wang Yung-Sheng  |  |  |  |  |  |  |  |  |  |  |
| Manager                         | Chien Hsiu-Mei   |  |  |  |  |  |  |  |  |  |  |
| Manager                         | Hsieh Hui-Chen   |  |  |  |  |  |  |  |  |  |  |
| Section Manager                 | Lai Po-Ta        |  |  |  |  |  |  |  |  |  |  |
| Assistant Manager               | Wu Li-Ling       |  |  |  |  |  |  |  |  |  |  |
| Senior Specialist               | Lin Yu-Lan       |  |  |  |  |  |  |  |  |  |  |
| Section Manager                 | Tsao Chiung-Tan  |  |  |  |  |  |  |  |  |  |  |
| Section Manager                 | Pan Wen-Chi      |  |  |  |  |  |  |  |  |  |  |
| Section Manager                 | Chang Hsiu-Sui   |  |  |  |  |  |  |  |  |  |  |
| Assistant Manager               | Chang Hsuan-Kuo  |  |  |  |  |  |  |  |  |  |  |
| Factory Director                | Chiang Chih-Hung |  |  |  |  |  |  |  |  |  |  |
| Deputy Assistant Vice President | Chen Chang-Cheng |  |  |  |  |  |  |  |  |  |  |
| Senior Engineer                 | Chen Ping-Wen    |  |  |  |  |  |  |  |  |  |  |
| Manager                         | Chih Ching-Hung  |  |  |  |  |  |  |  |  |  |  |
| Specialist                      | Yeh Ming-Chieh   |  |  |  |  |  |  |  |  |  |  |
| Specialist                      | Hsu Ching-Wen    |  |  |  |  |  |  |  |  |  |  |
| Section Manager                 | Yeh I-Chun       |  |  |  |  |  |  |  |  |  |  |
| Section Manager                 | Wang Wen-Chi     |  |  |  |  |  |  |  |  |  |  |
| Section Manager                 | Lin Yu-Tzu       |  |  |  |  |  |  |  |  |  |  |
| Senior Engineer                 | Kuo Hui-Wen      |  |  |  |  |  |  |  |  |  |  |

Note 1: Including managers and employees (note the ones being resigned or died), disclose individual names and titles, but the status of acquisition and subscription can be disclosed in a summary manner.

Note 2: The column number is adjusted according to the actual issuing times.

Note 3: The top 10 employees obtaining the certificates voucher are the employees other than the managers.

Note 4: The total number of issued shares means the number of shares listed in the change registering data on MOEA.

Note 5: The executed employee stock subscription option price shall disclose the stock price at the time of execution.

Note 6: The unexecuted employee stock option subscription price shall disclose the adjusted subscription price according to the issuing method.

Note 7: He has not been an executive consultant since November 1, 2023.

Note 8: Retired on March 31, 2024

### 3.6 Issuance of new restricted employee shares:None

**3.7 Issuance of new shares in connection with mergers or assigneeing other companies: None**

**3.8 Implementation of funding utilization plan: The Company has not issued or completed private placement of securities or those which have completed in the last three years and the benefits of the plan have not yet shown.**

# 4. Operation Overview

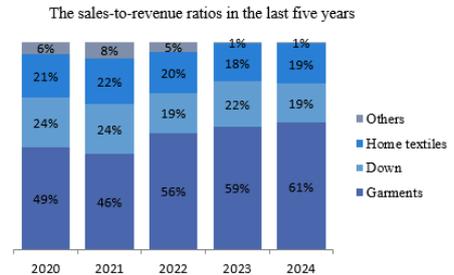
## 4.1 Business Activities

### 4.1.1 Business scope

#### 4.1.1.1 The primary business content and sales-to-revenue ratios

Unit: NT\$ thousand

| Item          | Year | 2024      |                            |
|---------------|------|-----------|----------------------------|
|               |      | Sales     | Sales-to-revenue ratio (%) |
| Garments      |      | 4,849,161 | 61%                        |
| Down material |      | 1,517,460 | 19%                        |
| Home Textiles |      | 1,495,575 | 19%                        |
| Others        |      | 30,767    | 1%                         |
| Total         |      | 7,892,963 | 100%                       |



#### 4.1.1.2 Current products and services

The company is conducting cleaning and processing of down material, OEM of garments, production and sales of down bedding and Household Textiles.



#### 4.1.1.3 Planned new products(services)

##### ➤ Garment

With years of experience in product development and design, the Company continues to monitor market trends and work closely with customers. By doing this, we are able to develop customized service products to enhance the market competitiveness of our brand partners, establish long-term mutual trust partnerships, and realize win-win cooperation and value improvement.

##### 1). Product development and technology innovation

Create high-functional apparel that meets the market demand and enhances brand loyalty and market penetration through market trend analysis and brand demand matching.

##### 2). Smart production and equipment optimization

- Continue to introduce automated production equipment to improve production efficiency and quality stability, reduce labor dependence, and improve process accuracy.
- Design and develop specialized auxiliary equipment based on the needs of the site production, optimize the production process, and improve the consistency of production capacity and quality.
- Establish a big data analysis system and smart database, improve the decision-making efficiency and innovation capability of the development center.
- Continue to optimize the internal computing system and data management, improve the efficiency of statement output and data processing, reduce administrative operating time, and improve internal operating smoothness.

##### 3). R&D of technology and cultivation of talent

- Provide solutions to customers' design problems, optimize the sewing process and production process, and improve the production efficiency of bulk goods.
- Expand the size of the technical team, strengthen the recruitment and training of technical

expertise, and improve the professional competence and technical autonomy of the development center.

- Strengthen the R&D of the core technology of water-proof strips, strengthen education and training, improve personnel's competence, and ensure that products meet the high quality standards.

#### ➤ Down material

Strengthen environmental protection certification and technological innovation, and lead the industry to continue to develop.

##### 1). Strengthen the environmental protection and traceability system to ensure sustainability

To ensure that products comply with international environmental protection standards, the Company continues to promote and add various certifications, including bluesign, Higg MSI (Materials Sustainability Index, Textile Exchange (TE), DOWNPASS, JBA, and TFEA, to further enhance the competitiveness of products.

##### 2). Promote the development of green and functional products

Driven by the global trend of carbon neutrality, the Company actively participates in carbon reduction actions. In addition to optimizing the production process to reduce carbon emissions, the Company also invests in the development of green chemical products. Green chemicals are converted into bio-based chemicals through natural plant and animal extracts, which can effectively reduce the load of chemicals on the environment, reduce the carbon footprint of product production, and make products more environmentally friendly.

##### 3). Develop biomass down to promote a circular economy

The Company uses the natural bio-based formula certified by the US Department of Agriculture (USDA) as the cleaning agent, replacing the traditional chemical cleaning agent. By doing this, we further reduce the burden on the environment, strengthen the green and environmental protection concept, and promote resource recycling.

##### 4). Continue to optimize functional down products

- Water repellent down: Optimizes fluffiness.
- Thermal down: Improve the color and texture and introduce new-type heat retaining materials, such as KL Graphene Down technology, to improve the warmth.
- Anti-bacterial down: Strengthen antibacterial performance and develop eco-friendly antibacterial technology, such as chitosan antibacterial down, taking into account both product function and environmental requirements.

##### 5). Innovative graphene water repellent composite down technology

The water repellent down with graphene technology creates a new generation of composite functional down, providing customers with higher performance and broader product choices, further expanding the scope of market applications.

#### ➤ Home Textile

The Home Textile Division has introduced advanced automated equipment, including automatic quilt folding machines, automatic down filling machines, automatic turning machines, and hem folding devices, to improve production capacity and product quality.

At the same time, with the experience of cross-industry automation development, the Company introduces smart production equipment based on the leading smart manufacturing model in the industry to reduce production and operating costs, improve production efficiency, and ensure

the stability of product quality.

In addition, the Division actively explores opportunities in emerging markets, seeks diversified development models, continues to promote innovative R&D, integrates fashion and home textile design elements, and injects new momentum into the market, committed to creating more trendy home textile products.

## 4.1.2 Industry overview

### 4.1.2.1 The present industry status and development

The Company and its subsidiaries are specialized in the production of down, bedding, ski suits and outdoor sports jackets, and it is one of the few companies that perfectly integrate upstream down materials, downstream garments and home textiles. Therefore, its revenue mainly comes from the fine-washing and processing of down raw materials, OEM garment manufacturing, down bedding and home textile products. The current status and development of these three industries are described as follows:

#### ➤ Garment

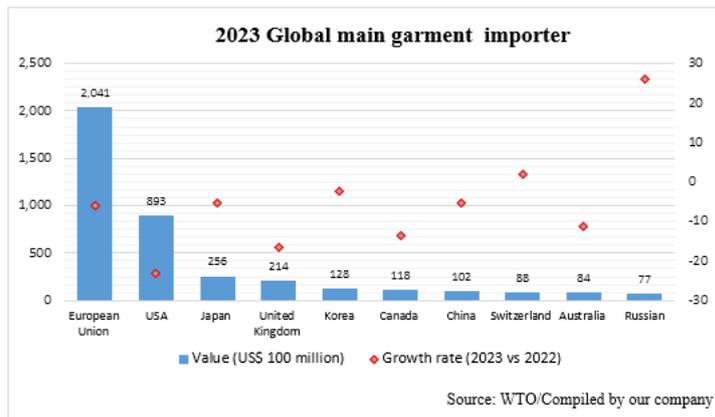
According to the statistics of the World Trade Organization (WTO), the total global export of apparel in 2023 reached US\$548 billion, a decrease of 5% compared to 2022. This decline was mainly due to uncertainties in the global economy, including continued inflationary pressure, geopolitical conflicts (e.g., Russo-Ukrainian War), and interest rate hikes, which caused weak consumer demand and further curbed the growth momentum of the global apparel market.

Among the major export countries, China remained the world's largest supplier of garments. Although the export volume declined by 9.7%, the overall performance was better than that of Myanmar, Vietnam and India. However, the U.S. and Europe markets promote the "de-risking" strategy in the supply chain, and the rise of political risks has made China's apparel export face a greater challenge. Meanwhile, with low labor costs and duty-free access, the market share of Bangladesh has increased to 8.6%, surpassing Vietnam to become the second largest exporter of apparel in the world. In contrast, Taiwan's export of apparel in 2023 was US\$500 million, a year-on-year decline of 27%, reflecting the lack of global market orders.

In the import market, the EU, the US and Japan continue to be the three largest importers in the world, accounting for 50.8% of the world's total apparel imports, demonstrating the core influence of mature economies in the global apparel trade. However, the import volume of US apparel declined by 23% in 2023, the largest decline since the pandemic. This was mainly due to the intensification of the US-China strategic competition.

At the same time, the consumer power in emerging markets is steadily growing, and the structure of the global apparel import market is gradually diversifying. Given this, the dominant position of traditional markets may be challenged. Taiwan's apparel imports reached US\$2.4 billion in 2023, up by 3.1% year-over-year. This demonstrates the market's resilience and reflects the growth potential of regional economies.

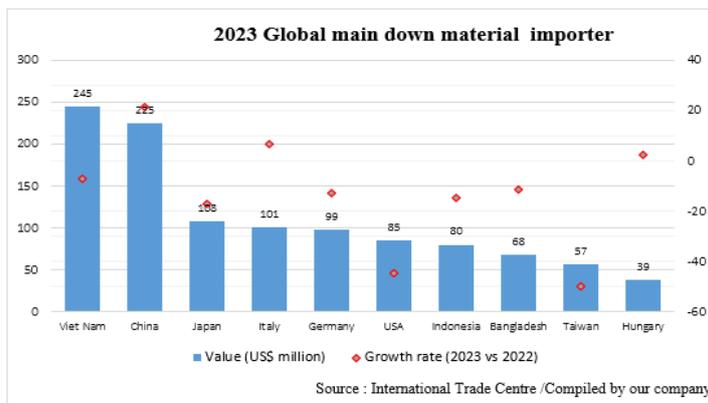
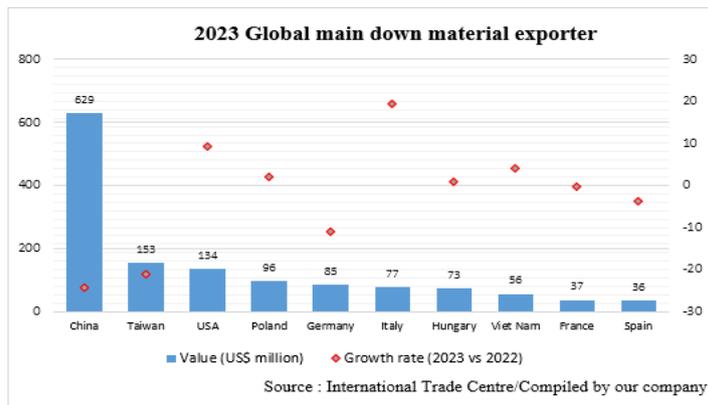




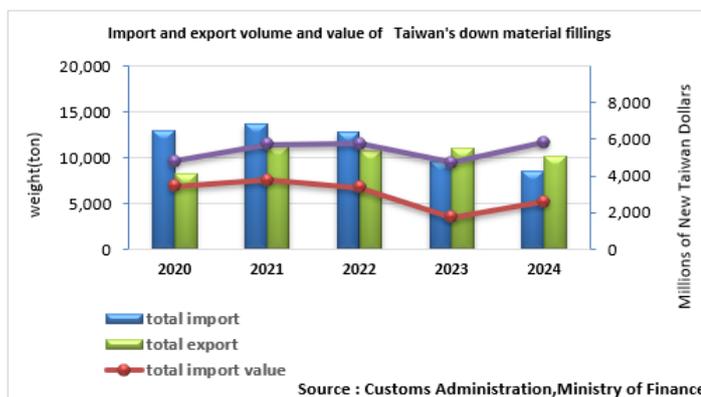
➤ Down material

According to the statistics of the International Trade Center (ITC), the global trade of down for down in 2023 was approximately US\$1.6 billion, a decrease of 13% compared to 2022. Among them, China, Taiwan, the United States, Germany and Poland remained the world's top five down and feather exporters, with a combined export value of about 1.1 billion U.S. dollars, accounting for 68.6% of the global export market.

As the world's second largest exporter, Taiwan's export volume in 2023 reached US\$153 million, a 21% decline compared to 2022. However, Taiwan still maintained its important position in the international market, demonstrating its stable competitive advantages.



According to the data of Customs Administration, Ministry of Finance, the main source of imported down material in Taiwan in 2024 was from Asia and Europe, and the Asian market is mainly supplied by China and South Korea. The export markets are mainly targeted at China, Vietnam and Japan. It is worth noting that down prices in 2024 reached their highest point since the 2021 outbreak, with a 23% increase in export value compared to the previous year, indicating that Taiwan continued to play a key role in the global down supply chain.



As global climate change intensifies, weather is becoming more extreme, with summers getting warmer and winters getting colder, increasing the demand for highly efficient warmth-retaining filling materials. Thanks to its lightweight and high heat-retaining properties, down has long been widely used in high-end bedding, apparel, bedding and furniture fillings, and has become a key material highly relied on by the global market.

As an upstream supplier of the down industry, the market demand changes are closely related to the downstream industries (apparel, bedding, homeware, etc.). The demand fluctuations in the downstream market are also closely related to the overall economy. In the future, enterprises need to pay attention to global economic trends, changes in the consumer market and sustainable development policies, and continue to optimize the layout of the supply chain to ensure competitiveness and strengthen market adaptability.

#### ➤ Home Textile

Over the years, the global textile industry has developed into three categories: home textiles, apparel textiles and industrial textiles. Among them, home textiles, as a necessity for consumers; they play a significant role in the market. As consumers' income increases and living quality improves, the market for home textile products continues to have growth potential. However, in 2023, due to the slowdown of global economic growth, the consumption demand has weakened, particularly in the demand for protective supplies (such as masks and protective clothing) has significantly declined, which further affected the market for raw materials and finished goods, causing a significant decline in the global trade of textile products.

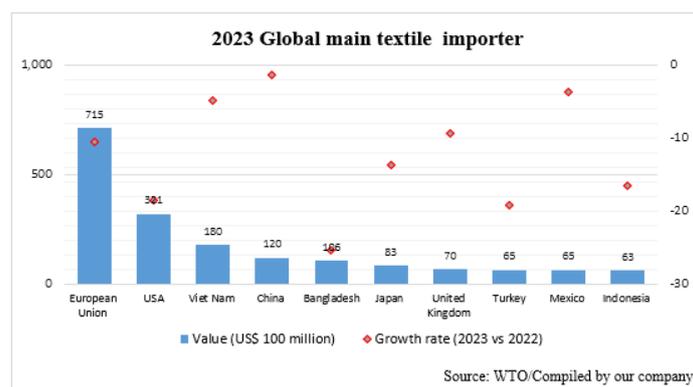
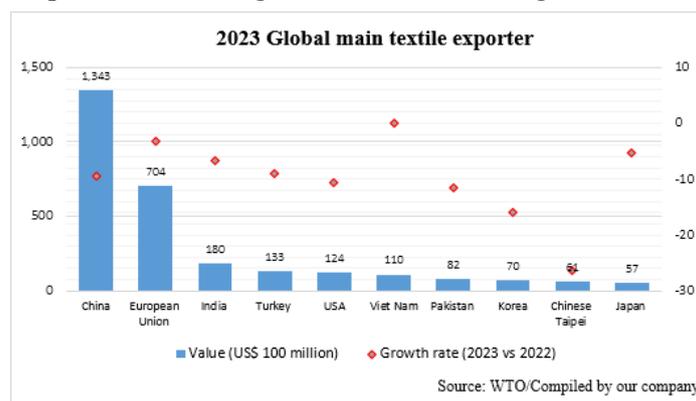
According to the statistics of the World Trade Organization (WTO), the total global trade of textile products in 2023 was US\$324 billion, a decrease of 7.7% compared to 2022, indicating that the overall industry is facing the challenge of weak demand and supply chain adjustment.

Market changes in major export countries: China, the EU and India continue to be the three largest exporters in the world, accounting for 68% of the world's exports, demonstrating their dominant position in the market. Except for Vietnam, which maintained the same export amount as the previous year, other major textile export countries all saw a decline in export amount in 2023.

Taiwan's export of textile products: The export amount in 2023 reached US\$6.1 billion. However, the decline is higher than the global average, reflecting the deep impact of external

economic pressure on Taiwan's textile industry. Although Taiwan has competitive advantages in terms of technology and quality, it is necessary for Taiwan to actively adjust strategies in the face of weak global market demand. The supply chain and rising production costs must be adjusted in order to maintain market competitiveness.

As the global economic landscape continues to change, the development of the home textile market will be influenced by multiple factors, including consumer disposable income, rising demand for eco-friendly and sustainable materials, as well as the promotion for digital transformation in the industry. In the future, enterprises need to pay attention to market changes, strengthen the flexibility of the supply chain, and actively develop high value-added products to improve competitive advantages and ensure stable growth in the global market.



Looking ahead to 2025, the IMF forecasts that global economic growth will maintain at 3.3% in 2025 and 2026. With the steady and accelerated investment in the labor market, IMF adjusted the US economic growth forecast to 2.7% in 2025, and pointed out that as the labor market gradually subsides and the energy price is expected to drop, the global inflation pressure is expected to further ease. However, the global economy is still facing challenges such as high production cost, high debt level and rising protectionism, and the market adjustment pressure is inevitable.

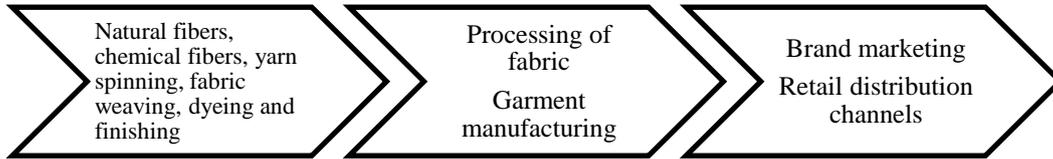
| IMF Economic Growth Forecast |          |          |
|------------------------------|----------|----------|
| Region/Country               | 2025 (%) | 2026 (%) |
| Global Market                | 3.3      | 3.3      |
| USA                          | 2.7      | 2.1      |
| Euro Zone                    | 1.0      | 1.4      |
| China                        | 4.6      | 4.5      |
| Japan                        | 1.1      | 0.8      |

According to the forecast of the Central Research Institute, Taiwan's economic growth rate in 2025 is expected to be 3.1%. However, the global trade environment is still affected by the US's unilateralism and China's economic recovery challenges. These two uncertainties will become

an important key to Taiwan's economic growth.

#### 4.1.2.2 Linkage of industry upstream, midstream, and downstream

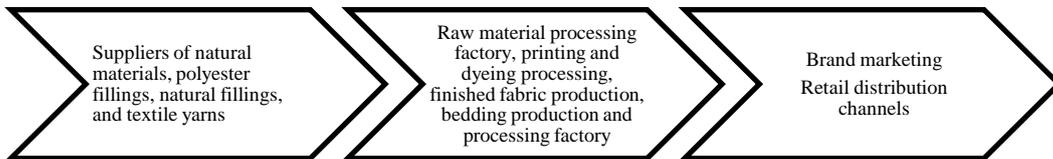
##### ➤ Garment



##### ➤ Down material



##### ➤ Home Textile



#### 4.1.2.3 Products' various development trends and competition situations

##### ➤ Garment

The Russo-Ukrainian War in 2023 caused high inflationary pressure and rising costs of raw materials, which further affected the consumer market in Europe and the US. Due to this, the inventory of brand customers was increased, and more conservative sourcing strategies were made. Meanwhile, consumers continue to increase their demand for outdoor functional clothing, and brands are required to implement sustainable development, which gives rise to the market trend of circular and renewable materials and functional fabric. Product development trends:

- 1). Growing demand for functional apparel: Consumers prefer functional apparel such as sun protection, windproof, waterproof, and breathable apparel, enhancing comfort and durability for outdoor sports.
- 2). Environmental and sustainable product development: Global brands and customers are actively promoting environmental protection and circular economy, and the market has significantly increased demand for renewable materials and low-carbon emission products.
- 3). Technical innovation, pattern optimization and product diversification
  - Through the Global Mark Center database, the Company takes a proactive approach and provide customers with technical advice by optimizing the structure of the position that is

not easily adjusted.

- Based on the demand for insulation, the Company provides the calculation of the insulation layer made of resin cotton or down filling, to ensure the product's functionality and market competitiveness.
- To meet the needs of customers, the Company expands the development and production line of sleeping bag products, providing one-stop solutions.

➤ Down material

The global market is transforming and innovating alongside the changes in consumer demand, technological advancement and the promotion of sustainable development. The main development trends include:

1). Sustainability and increased demand for environmental protection materials

Consumers are increasingly concerned about animal welfare and environmental protection issues, which drives the market's demand for raw materials and recycled down that meet ethical standards. Major brands are actively adopting the products certified by the Global Recycled Standard (GRS) and Responsible Down Standard (RDS) to ensure the transparency and sustainability of the supply chain.

2). Innovation and development of high-function down technology

As consumers increase their demand for outdoor activities and sports equipment, the demand for lightweight and insulated down products with high functionality, such as graphene down, biomass antibacterial down and water-repellent down, have become the focus of market attention.

3). Combining fashion and functionality to expand market applications

Down products are no longer limited to functional apparel, but have gradually become a fashionable item. Through innovative design, diversified colors and multifaceted functional applications, brands promote the expansion of the down market from the traditional functional market to the fashion market.

4). The expansion of e-commerce and digital sales channels

As the global e-commerce market grows rapidly, the online sales channels of down products are expanding. The e-commerce platform has become an important channel to directly connect the brand and the consumer.

The competition in the e-commerce market is developing towards high-end, technology innovation and sustainable development. Enterprises must actively improve product quality, strengthen supply chain management and expand the e-commerce sales model in order to adapt to changes in the global market. In the future, through R&D of green technology materials, intelligent manufacturing and brand value enhancement, the industry will further deepen its international market deployment to ensure its competitive advantages.

➤ Home Textile

1). Changes and development of product market

Down bedding products have shifted from only possessing a simple insulation function to a diversified product of humanized design, functionality and the application of natural raw materials to meet the consumer's demand for aesthetics and value. In recent years, with the increase in the market's demand for high-quality beddings, the application of polyester and new materials has gradually expanded, not only improving the integrity of products, but also providing more diverse choices for customers.

In response to market changes, the Company will adopt differentiated strategies to meet the needs of different markets, improve its competitive advantages, and continue to strengthen its brand value and product competitiveness in terms of material R&D, design and innovation, and smart production.

## 2). Technology advancement and industry reform

Intelligence and environmental protection have become the two main trends in the development of the global textile industry. The advancement of technology is driving the innovation of the production model. The introduction of automation equipment, AI applications and digital supply chain management has become an important strategy for improving efficiency and reducing costs.

However, the global textile industry is facing a number of challenges, including raw material and resource shortage, tightening environmental protection regulations, and carbon emission management pressure. Enterprises need to actively seek sustainable development models, such as using environmental protection and renewable materials, and optimizing production processes to meet the requirements of the green supply chain, ensuring that they maintain market competitiveness under the trend of sustainable development.

## 3). Supply chain optimization and digital management

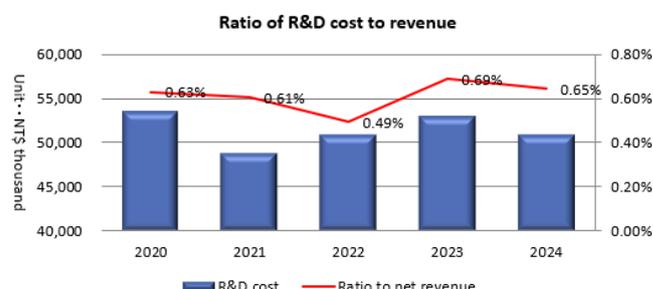
To improve market competitiveness, we must strengthen supply chain management, ensure the stability and timeliness of raw material supply. Enhance the transparency and operating efficiency of the supply chain through digital technology, effectively reducing operating costs and market risks. For example, use big data to analyze market demand, optimize production plans, reduce inventory and pressure, and increase production flexibility.

### 4.1.3 Overview of technology and R&D

#### 4.1.3.1 R & D expenses invested in the most recent year and as of the printing date of the annual report

Unit : NT\$ thousand

| Year<br>item      | 2024   | As of March<br>31,2025 |
|-------------------|--------|------------------------|
| R & D<br>expenses | 50,985 | 13,150                 |



#### 4.1.3.2 Successfully developed technology or product

##### ➤ Garment

With advantages in mastering high complexity of sewing, heat sealing technology, and the of high quality of down material and resin cotton, the Garment Division specializes in snowsuits and snowpants, waterproof and breathable outdoor sportswear and jackets with high-efficiency thermal insulation for outdoor sports. To reduce raw material consumption, the R&D Center's various units and technical support teams continue to research and develop computer smart applications, big data summary analysis and database construction. This improves the efficiency of the model and the utilization rate of materials, and reduces the waste and error rate of data transmission and file transfer between the technology department and the factory, in order to improve the overall R&D timeliness and reduce costs. The R&D results of apparel-related products in 2024 are as follows:

##### 1). Development of new products

- Obtained an invention patent in Taiwan for “method for producing wadding by mixing kapok ball granules with polyester and kapok polyester wadding” .
- Continue to expand the technical data related to the insulation of jackets, and use the temperature to recommend to the customer according to their style design, cotton filling structure, and fabric specifications.
- The new product developed is to be applied for polyester filling incorporating Repreve branded recycled performance fiber. We have also adjusted the manufacturing process to create a similar inner double-layer structure, which retains more air in the middle to create more fluffiness and thickness.
- The new product developed is to be applied to synthetic down filling, incorporating Repreve branded recycled performance fiber, designed to be fluffier, warmer, and more dispersible. This is suitable for machine filling and lightweight small-grid quilting designs.
- The new product developed is to be applied to bio-based short fibers, with the inner filling and tiling products with four-sided stretch and quality similar to that of pure fibers.
- Developed special biodegradable additives that can be used in Kwong Lung's polyester products to give them the biodegradable properties and accelerate the composting decomposition rate of polyester ASTM D5511.
- Special Japanese antimicrobial cotton is applied to polyester filling, and has been tested effective by Boken in Japan.
- The modularized ability of Kwong Lung's polyester cotton and apparel products has been certified by a third-party educational institution ISO14067 to perform carbon footprint calculation and analysis of the carbon emissions during the product life cycle. The product life cycle survey covers the period from the time the raw materials are retrieved to the time the product leaves the organization. The Company has established the model and the inventory checklist, and has the ability for principle confirmation collection and distribution, carbon database coefficient establishment, life cycle carbon emission calculation and analysis, data quality management, and carbon footprint report preparation.

## 2). Optimization of production technology

- Quality improvement plan for strips: The rubber roller processing of the adhesive machine evens the pressure distribution of the adhesive. This helps improve the adhesive quality.
- The transmission line design that improves the quality of seams: Thread breakage occurs at irregular intervals and will more likely to occur when there are more stitches (longer stitch distances). Through research and development to change the thread path, reduce the tight twist effect of twisting and rotating the thread, and increase the number of continuous stitches.
- Minimize the number of cardboards and the main structure of splices to develop characteristic plates.
- Established the basic pattern for oversized garments, to be combined with the customer's design style and style of the customers to maintain the consistency of the volume and structure.
- The Company has established a customer database and compiled the data by position and code, and structured it in a pattern that facilitates the development process.
- The application and use of the 3D service simulation system: The number of development cycles can be effectively reduced, and the development cycle can be shortened. For example, the effect of expanding the fluffiness and shrinking the waist and foot opening.

The new sleeping bag is designed with different weights of down and colors to present the simulation of the use of a sleeping bag. The complex layout of the installation is changed to the 3D test system to assess whether the test effect and modification can meet the needs of the customer.

- The automated guided mold cyclic template design effectively improves efficiency and sectional research, enabling a single guided mold to be applied to multiple sections to improve production efficiency.
- The establishment of the guide mold design database has provided basic information and development parts, pictures, and step-by-step instructions, which have improved the production efficiency of the four factories.
- Strips of multi-factor systematic experimental design can more quickly obtain valid parameters, shorten the time to complete the test, and enable more effective tracking and testing results.
- Enhance the seamless laser quality, maintain the temperature and humidity in the laser room, and strictly control the collection and storage of materials, to effectively ensure the quality of products produced by large goods.
- Continue to refine the TPI project, and modularize the production of similar positions to effectively improve the production efficiency of similar products.



### 3). Continued optimization of cloud Mark System

- Construction of the second-generation Global Mark Center database: The Global Mark Center database mainly digitally stores the sample room's development files and documents of each stage of development of styles, patterns, and layouts in the global database system in an efficient way, allowing the problems encountered during the development process, and the modification process to be recorded and restored as much as possible. New recruits can learn and share quickly in board making and mark layout, The Global Mark Center combines pattern design, mark layout and electronic database.
  - Second Generation Global Mark Center - the Development and Execution System can digitally display and update the development schedule of samples in a visual Gantt chart and updated in real time. This way, the development schedule and progress of the styles is grasped and the development data, such as pattern making and sewing, can be digitally saved for future tracking and data analysis. The system displays the real-time progress of all the styles currently being developed by each global pattern shop. Users can click on each style or enter keywords into the search engine to obtain detailed information on the development progress of that specific style.
- 4). AI technology is applied to translation, automatic development and integration of ERP information.
- Introduce AI auxiliary program development.
  - Introduce Chat GPT/Claude/GitHub Copilot auxiliary program development.
  - Through technical tools, the Company is able to integrate external data with internal ERP

systems to achieve information integration.

## ➤ Down material

The rise of outdoor recreational sports in recent years has led to a significant increase in the demand for functional clothing. Consumers not only pay attention to the functionality and insulation effect of their clothing, but also the aesthetic and design. Down has become an important component of functional clothing from a simple insulation material. The Company will invest in the R&D of innovative technologies and develop diversified and high-performance down products to meet the market demand.

### 1). Water repellent down

The water repellent treatment is particularly suitable for outdoor clothing, home textile, family care, and military activities. Major characteristics:

- High thermal efficiency: Water-repellent down performs 34% more fluffy than normal down, even in humid conditions, ensuring good insulation in extreme climates.
- Anti-dust and dirt attachment: Water-repellent down surface has a protective function, preventing the attachment of dust and dirt and the generation of odor, while extending the life of down.
- Energy saving and fast drying: Water repellent down dries faster than ordinary down after washing. The drying time can be reduced to 50%, saving energy and increasing convenience.
- Environmental sustainability: Water repellent down is bluesign-certified. Water repellent down provided by us can reduce environmental impact.



### 2). Insulation technology

High-efficiency insulation materials are required for outdoor activities (such as hiking and skiing). The different types of insulation materials developed by Kuang Long improve insulation performance:

- First generation: Thermobrid® Plus Down (charcoal powder)
- Second generation: KL Graphene Down, enhances heat retaining through the far-infrared function.
- Third generation: Water repellent + graphene composite functional down, suitable for extreme weather clothing.



### 3). Sanitation technology

To meet the consumer's demand for hygienic down products, Kwong Lung has developed antibacterial and odor control processing technology to effectively suppress the bacteria growth and odor.

- First generation: Silver ions antibacterial.
- Second generation: Quaternary ammonium salts antibacterial.
- Third generation: Biomass antibacterial, chitosan or plant extracts are processed into the down to achieve long-lasting protection, high efficiency antibacterial, odor suppression, especially suitable for people with allergies.



#### 4). Circular textile technology

At Kwong Lung, we make efforts to promote eco-friendly recycled textile technology, and have introduced the recycled down system since 2019. We have been certified by Global Recycling Standard (GRS), and developed high-standard recycled products:

- 2020: "Reborn Down" - to improve health and safety.
- 2021: Full recycled down products (combined with recycled nylon and recycled polyester).
- 2022: RSL management technology to ensure the environmental friendliness and safety of recycled down.

#### 5). Keratin development

Not only does Kwong Lung focus on the development of down products, the R&D team has also been actively developing the application of keratin and explore its potential in agriculture, cosmetics, and biotechnology maintenance since 2021:

- 2021: "Peptide Hand Sanitizer" - reduce alcohol damage to the skin.
- 2022: Development of low-carbon extraction technology through cooperation with Kainan University.
- 2024: "Keratin nylon", to develop skin-friendly yarns to improve the comfort of textile materials.



#### 6). Authentication technology development

To address the problem with fake down going around in the market, Kwong Lung has developed advanced physical and chemical tests to effectively identify abnormal compounds such as silicon and polyurethane, ensuring the quality of raw materials.

- APO self-examination technology was introduced in 2022 to strengthen the environmental monitoring of recycled down.
- Regular cross-check and verification with third-party organizations are conducted to

improve the accuracy and stability of internal tests.

#### 7). Construction of smart factory

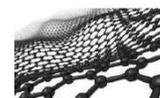
Since 2019, the Company has invested in the construction of smart factories. Through automated machinery and electronic management systems, we improve production efficiency and environmental protection monitoring capabilities:

- The Company has fully digitalized the production management (one stop service for raw materials, production, quality control, etc.).
- The energy monitoring system was established in 2023 to track carbon emissions, power consumption, and water consumption in real time.
- The low-carbon dryer technology was introduced in 2024 to reduce energy consumption of the water washing section.

#### ➤ Home Textile

- 1). Environmental protection: The color is placed directly in the masterbatch to reduce the dyeing process in the later stage and reduce environmental pollution. Use coconut shreds as bedding to reuse resources. 
- 2). The use of graphene: Through nanotechnology, the yarn and chemical fiber raw materials are added to make the product heat-generating, antimicrobial, anti-ultraviolet and flame retardant so that the product has a synergy of new comprehensive function and safety.
- 3). Fillings: In cooperation with Japan's professional fiber technology company, improve the formula of super quick-drying polyester fiber cotton. While improving the filling elasticity and quick-drying functionality, it reduces costs. At the same time, it also developed a special polyester fiber filling with heat generation and moisture absorption for quilt products with another Japanese company, so that it has a good heat generation function, which not only keeps warmth but also helps users quickly fall asleep.
- 4). Product development: Together with customers, we are committed to developing a series of new hotel products, including skilled fabrics and soft and delicate fillers, to provide a more comfortable and relaxed sleeping environment for the public.

### 4.1.4 Long-term and short-term business development plan



#### ➤ Garment

##### 1). Short-term business development plan:

- Optimize customer portfolio and market strategy
  - ✓ Adjust customer base according to market demand, increase customer adequacy and partnership density, and ensure the stability of long-term cooperation.
  - ✓ Establish strategic alliances with upstream suppliers to expand market marketing influence and improve brand competitiveness.
- Supply chain integration and comprehensive service model
  - ✓ The vertical integration of the supply chain of fillings covers down material, R&D, sampling, and production, providing customers with complete services and solutions.
  - ✓ The Company integrates the R&D Center and the Development Center of raw materials. The Company prioritizes customer demand to increase resource utilization, and strengthen product development and customization capabilities.
- Innovative materials and eco-friendly technology

- ✓ Filler branding: “Green Loft” and “Beyond Down” are exposed through international exhibitions to enhance brand visibility, strengthen the differentiated functional product development, increasing market competitiveness.
- ✓ Develop the Repreve branded recycled performance fiber, optimize the manufacturing process to improve insulation and fluffiness, and meet the market demand for sustainable products. The design of the double-layer structure filling is to improve the air retention capacity, and enhance the thickness and insulation.
- ✓ Develop down-like filling to improve the dispersion of down, suitable for lightweight small-grid quilting designs, providing better insulation effects.
- Smart manufacturing and digital management improvement
  - ✓ Optimize the internal EPICOR system, accelerate the output of statements and the efficiency of computation, and promote AI and program applications, to increase the speed and accuracy of decision-making.
  - ✓ The Manufacturing Technology Department joins hands with TPI to fully implement the manufacturing execution system in overseas factories, establish an alert and follow-up system for production reports, and ensure transparent and controlled production processes.
  - ✓ With Taiwan being the global headquarters for logistics and sales, we integrate design, procurement, production, and logistics to enhance the responsiveness of the supply chain and collaborative operation capabilities.

## 2).Long-term business development plan:

- Deepen customer relationship and expand market share
  - ✓ Deepen collaboration with existing quality customers to expand the diversified product lines and transform into a full-rounded supplier of customers to increase market share.
  - ✓ Continue to optimize the sales team, technology R&D team and talent training program, establish the core competitiveness of the enterprise, ensure technology innovation and market adaptability.
- Agent for international brands to strengthen business chain
  - ✓ Serve as an agent of key brands, deep partnerships, increase product orders, and expand market size and revenue growth.
- Supply chain vertical integration and cost management
  - ✓ Strengthen R&D and raw material integration, optimize the reduction of main and secondary material costs through supply chain management, and improve product profitability.
  - ✓ Promote product R&D and process design integration, improve production efficiency and quality stability, develop new markets and new customers, and ensure continuous business growth.

## ➤Down material

In response to market changes, technological innovation and sustainable development trends, Kwong Lung has established short-term and long-term business development plans. Through product innovation, capacity optimization, supply chain management and sustainable operation, the Company ensures its competitiveness and leads the functional down market.

### 1).Short-term business development plan:

- Optimization of high-quality down
  - ✔ Improvement of the fine washing process: Adjustment of the fine washing process improves the quality of down and reduces the consumption of energy and resources.
  - ✔ Enhance QC SOP: Ensure the consistency of operation during the production process, reduce human error and maintain stable quality.
- New market development and product upgrade
  - ✔ Functional down market expansion: Functional down grades and sales strategies are broken down according to different market needs.
  - ✔ Brand exclusive product development: Launch exclusiv

## 2).Long-term business development plan:

- Global supply chain integration and sourcing strategy for down
  - ✔ Globalized raw material procurement: Vertical integration of the supply chain to reduce reliance on a single market and ensure supply stability.
  - ✔ Enhance supplier management: Improve the quality management standards for supplies, and strengthen the rapid delivery and flexible production scheduling.
- Upgrade of functional down technology
  - ✔ Development of market-oriented products: Develop high-end down filling materials for the outdoor function clothing market to improve the technical threshold.
  - ✔ Patent technology deployment: Invest in the R&D of high-performance down, develop water repellent, anti-bacterial, insulation patented technology to enhance product value.

## ➤Home Textile

### 1).Short-term business development plan:

- Market and product integration
  - ✔ Global market expansion: As competition intensifies, the distribution model has changed from the traditional multi-channel to the direct-sale model to improve the efficiency of the supply chain. The small and medium-sized personalized bedding market in Europe and the U.S. is growing rapidly, and the Company will further expand its sales deployment. The markets in China and South Korea will be our focus for development as they have great growth potential with increasing requirements of consumers for the quality of sleep.
  - ✔ Product line expansion: In addition to regular down and synthetic fiber quilts and pillows, actively develop horizontal products such as quilt cov
- Integration and expansion of production sites
  - ✔ Integrate production sites outside of China, such as Vietnam and Southeast Asia, to increase production scale and competitiveness.
  - ✔ The operation of the Mekong Factory has been well-developed. The Company will make good use of the local policies and raw material cost control flexibly to improve production efficiency and maximize profits.
  - ✔ In response to the shortage of labor and wages in China, the Company has developed and cultivated outstanding OEMs to ensure stable supply of production capacity.
- Supply chain integration and optimization

- ✔ Strengthen the localization of sourcing strategies, integrate upstream (raw materials) and downstream (sales) suppliers, reduce costs, and improve supply chain efficiency.
- ✔ Work with major customers to obtain raw material certification and develop low-carbon and renewable raw materials, enhancing the environmental protection value and carbon footprint management of products.

2). Long-term business development plan:

- Technology introduction and product value-added enhancement
  - ✔ Development of functional products: With the rise of health and environmental awareness, functional beddings have become the market trend.
  - ✔ Introduce advanced technology to enhance the added value of the Company's products; apply for patents to ensure the Company's competitive edge in the market.
  - ✔ Promote intelligent industrial production.

## 4.2 Market and production and sales overview

### 4.2.1 market analysis

#### 4.2.1.1 Sales regions of main products

Unit : NT\$ thousand

| Region | Year | 2023        |        | 2024        |        |
|--------|------|-------------|--------|-------------|--------|
|        |      | Sales value | %      | Sales value | %      |
| USA    |      | 3,307,140   | 42.90  | 3,626,528   | 45.95  |
| Japan  |      | 3,010,541   | 39.06  | 2,643,533   | 33.49  |
| China  |      | 410,967     | 5.33   | 600,629     | 7.61   |
| Taiwan |      | 99,267      | 1.29   | 47,559      | 0.60   |
| Others |      | 880,329     | 11.42  | 974,714     | 12.35  |
| Total  |      | 7,708,244   | 100.00 | 7,892,963   | 100.00 |

#### 4.2.1.2 market share

##### ➤ Garment

The Company's garment products are mainly for export, as shown in the table below, the Company's export of garment accounts for approximately 0.02% of the global market on average.

Unit : 100 million U.S. dollars

| Item/Year   | 2021                         | 2022                         | 2023                         |
|---|------------------------------|------------------------------|------------------------------|
| Global garment trade value                        | 5,488                        | 5,777                        | 5,480                        |
| The Company's consolidated garment revenue (Note) | 1.229<br>(NT\$3,687,783,000) | 1.933<br>(NT\$5,799,991,000) | 1.505<br>(NT\$4,514,309,000) |
| Global market share                               | 0.0224%                      | 0.0335%                      | 0.0275%                      |

Note : Using the conversion rate of US\$ 1.00 = NT\$ 30 Source : World Trade Organization (WTO)

##### ➤ Down material

The Company's down raw material products are mainly for export, as shown in the table below, the Company's export of down raw materials accounts for approximately 3.5% of the global market on average.

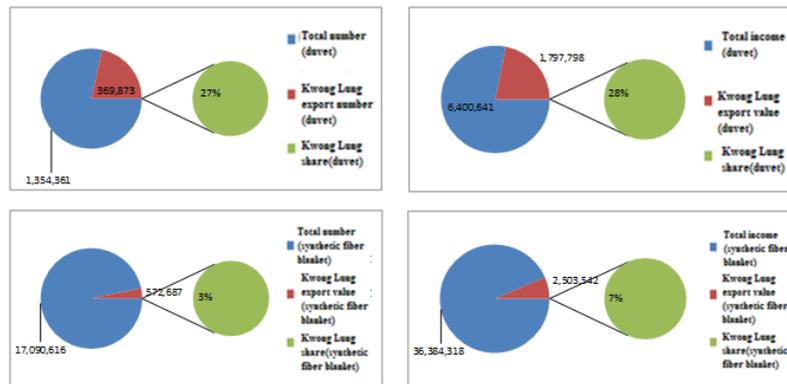
Unit : 100 million U.S. dollars

| Item/Year   | 2021                         | 2022                         | 2023                         |
|---|------------------------------|------------------------------|------------------------------|
| Global trade value of down                        | 18.09                        | 18.44                        | 15.99                        |
| The Company's consolidated revenue of down (Note) | 0.636<br>(NT\$1,908,228,000) | 0.651<br>(NT\$1,951,637,000) | 0.561<br>(NT\$1,684,098,000) |
| Global market share                               | 3.5158%                      | 3.5304%                      | 3.5084%                      |

Note : Using the conversion rate of US\$ 1.00 = NT\$ 30 Source : International Trade Centre,ITC

### ➤ Home Textile

The Japanese market has been the main market for the home textiles business division for a long time, with down duvets and synthetic fiber duvets being the main product categories. According to the data from the Ministry of Finance of Japan in 2024, the volume of down duvets exported accounted for 27% of Japan's total imports, the export value of down duvets accounted for 28% of Japan's total import value, the volume of synthetic fiber duvets exported accounted for 3% of Japan's total imports, and the export value of synthetic fiber duvets accounted for 7% of Japan's total import value, with a lot of room for growth in the business division's future development plan.



Source : Ministry of Finance of Japan

#### 4.2.1.3 The market's future supply and demand status and growth

### ➤ Garment

According to the forecast of the National Retail Federation (NRF), the retail sales amount in November and December last year is expected to grow between 2.5% and 3.5% year-on-year, down from a 5.3% increase last year. In addition, due to the impact of inflation and the decrease in household savings, the retail sales growth in the peak holiday season of 2024 may be the lowest in the past six years, with a projected growth of 2.3% to 3.3%, with a total of about US\$1.59 trillion. Although the retail sales growth in the US holiday season slowed down, apparel sales maintained a steady growth of 3.6%, and the online sales growth of 6.7%, indicating that consumers still have a strong demand for apparel.

Although growth is slowing down in the short term, as the global economy is gradually recovering, consumer confidence is increasing, and the apparel market still has growth potential in the medium and long term.

### ➤ Down material

Unstable climates due to global warming has caused the reduction in end-consumer demand for warming products, affecting sales in the down market. In addition, with the price of some unidentified fillers being low, coupled with the low polyester filler prices, the market for down

products has been further squeezed, resulting in low demand for general down products. However, as global consumers become more and more aware of the importance of health, the percentage of outdoor recreational sports increases year by year, and the demand for functional clothing continues to grow. High flexibility, high quality and innovative products continue to have strong market potential, particularly in the outdoor functional apparel and high-end brand market. The demand for eco-friendly certified down is also increasing.

➤ Home Textile

The home textile industry is undergoing a transformation period of digitization and smart manufacturing. The upstream and downstream companies in the industry chain actively adopt high-end manufacturing technologies to promote green production, improve product quality and production efficiency. In addition, the traditional foreign trade enterprises also face the challenge of upgrade, and must improve international competitiveness through product innovation, channel expansion and market development. By doing this, they will be able to gradually advance towards the mid-to-high-end of the global supply chain. As consumers increase their demand for eco-friendly, functional and personalized products, the home textile market will continue to expand, and enterprises need to improve their competitiveness through technological innovation and smart supply chain management, and steadily develop in the global market.

4.2.1.4 Competitive niche, favorable and unfavorable factors for long-term growth and response measures

➤ Garment

1).Competitive niche

- Advanced R&D capabilities: The Garment Division has been designing functional products that meet the needs and market trends of customers. Meanwhile, the Garment Division continues to integrate the R&D advantages of upstream and downstream suppliers to develop various new products, and sustainable and functional filling materials for customers. Additionally, the Division also designs and develops customized apparel products, enhancing customers' confidence in Kwong Lung's capabilities.
- Outstanding pattern-making and sample-making capabilities: Kwong Lung has professional pattern-making and sample making and the establishment of 3D pattern-making digital clothing capabilities, which enables a high degree of control over styles of digital virtual samples, shortens the development time, and reduces the number of times for modifying and sewing improving customer satisfaction and collaboration relation. We make good use of the Global Mark Center database to optimize the fit for difficult-to-adjust parts to provide customers with professional suggestions.
- Flexible production management: The Company produces various products to meet the one-stop needs of customers, provides flexible services to customers, supports the marketing and sales goals of customers, and maintains flexible responsiveness in the market changes.
- Solid customer relations: Implement rigorous production processes to ensure product quality, earn the trust of global leading brand customers, and establish long-term cooperative relationships.

2).Favorable factors for development prospects

- Cultivation of local talent and localization: The factory continues to recruit young and enthusiastic local talent to strengthen its future competitiveness and development.
- Innovation management and quality improvement: The Company focuses on innovative

management of the factory, and reduces costs through total quality management (TQM) to improve quality, enhance factory efficiency, and further increase customer trust.

- Technology innovation and automation: The Manufacturing Technology Department uses data semi-automatic management to control the progress of production. A schedule inspection system has also been introduced to adjust online operations at any time, increasing production capacity and improving production efficiency.
- Supply chain optimization: The Procurement Department improves the terms and conditions of supplier and freight agency transactions and cooperation projects, saving transportation costs, and allowing the Company's capital to be used more flexibly.
- Operations Center coordination: The Operations Center arranges comprehensive dispatching of production sites to effectively increase production capacity and create more profits.

### 3).Unfavorable factors for development prospects

The recent economic recovery speed is uncertain, the cost of raw materials is soaring, and the global climate is unstable, resulting in changes in sales of various products, posing challenges to the Company's development.

### 4).Response measures

- Enhancement of internal control and efficiency: Strengthen internal control, reduce management and sales expenses, and improve overall efficiency.
- Management of cross-border organizations and supply chain construction: Strengthen cross-border organization management, construct raw material cross-border supply chain, ensure stable supply, and reduce risks.
- Vertical integration and cost control: The vertical integration of the up-stream, mid-stream and down-stream suppliers is closely integrated to reduce unnecessary cost consumption and improve competitiveness.
- Optimization of information management system: The Company has built an electronic information management system that improves the timeliness and accuracy of information and supports decision-making.
- Cultivation of technical team: Build the composite ability of the technical team, continue to conduct human resource training, ensuring the technical advantages and innovative ability.

## ➤ Down material

### 1).Competitive niche

The Company was established in 1966 and has been in business for more than 50 years. Starting from a down processing enterprise dedicated only to raw material processing and export, it has become a vertical manufacturing enterprise of raw materials, bedding and clothing production and processing. The Company has accumulated rich production technology and experience, and each of its production technology is self-developed and self-cultivated technical personnel. In addition to having multiple supply bases for production in Asia and the vertical specialization of labor among factories, Kwong Lung can disperse the risk of single factory shipments during the outbreak of avian influenza. In addition, with rich production experience and a team with independent development capabilities, using the natural material characteristics of down and the environmental protection process, Kwong Lung can have an important position in the global green energy product trend.

### 2).Favorable factors for development prospects

- Quality reliability and production control: Kwong Lung adopts a strict quality control mechanism to ensure that the production of raw materials are in line with international standards. The Company has a professional laboratory and complete quality control process, including pre-production employee training, process supervision, final product inspection, and international certification agency inspection. In doing so, we ensure that the shipping quality is stable and meets customer specifications, and that we establish a good reputation in the industry.
- Integration of global raw material sourcing and supply chain: Through a global sourcing strategy, we directly purchase raw wool, sorted velvet and fine washed velvet from major production areas. This not only ensures a stable supply of goods but also reduces production costs. With the rise of production costs in China, the Company has adopted the direct sourcing strategy for raw materials and internal processing to improve production efficiency, and reduce the impact of avian influenza on the supply chain through the cross-border supply source configuration.
- Demand trends and capacity deployment in the international market:
  - ✔ Expansion of the Vietnam production site: The Company has established a production site in Vietnam more than 20 years. The expansion of the scale of the Mekong Factory has become a key production site, reducing the impact of the rise in production costs in China.
  - ✔ Fast delivery in the Japanese market: After setting up the processing base in Japan, the Company provides fast and flexible delivery services to elevate customer satisfaction.
- Product traceability and Responsible Down Standard: As consumers become more aware of the importance of animal protection, they are paying more attention to the source of their products. At Kwong Lung, we are committed to adhering to the live-plucking and force-feeding prohibition. We have also passed third-party certifications such as JTAS, RDS, and DOWNPASS, ensuring the transparency of the source of the supply chain and further enhancing market credibility.
- Reborn down market demand growth: The global trend of resource recycling has led to the growth of demand for recycled down, especially in Europe, Japan and Korea. With the applications of recycled down gradually expanding, the Company is taking a proactive approach in promoting the development and application of recycled down products.

### 3).Unfavorable factors for development prospects

- As consumers have increased demand for high quality of life, the demand for down products continues to grow. The competition among Chinese manufacturers is becoming fierce. With industry integration accelerating, the price war and technology upgrade are posing challenges to Kwong Lung.
- The traditional outdoor apparel and down market has been affected by the rapid growth of thin and lightweight down products due to diversified design and low price strategy. With brands continuing to launch high-performance products, the R&D progress of Kwong Lung's functional products is tested.

### 4).Response measures

- Control of source of goods and cost management: The diversified sourcing strategy reduces reliance on a single market. Through direct sourcing from Europe, China, and other regions, the stable supply of raw materials is ensured.
- Improvement of formula and diversification of products: Through the combination of the characteristics of down from different production sites, the Company is able to reduce

production costs, improve the flexibility of material application, and provide customers with more choices while maintaining quality standards.

- Brand reputation and quality assurance: Strict quality control and testing mechanism to improve market credibility. We carry out tests with our main customers to provide high quality certification and strengthen customer collaboration.

## ➤ Home Textile

### 1).Competitive niche

The Company's Home Textile Division has been cultivating the Japanese market for a long time, and has built a solid brand reputation and high quality, and actively expanded in the international market. With the promotion of the overall development strategy of the Company, the Company has expanded to the production base in Vietnam. With the development of local raw materials, new product design and labor and tariff preferential treatment, the Company provides a more complete and high-efficiency service system. In addition, the Company focuses on cost control and resource integration, promotes fully automated and semi-automatic production technology, to reduce reliance on labor, improve production efficiency, and ensure competitive advantages.

### 2).Favorable factors for development prospects

- With the advantage and key customers of Vietnam's mass production, the Company has been able to stay ahead of the competition in the global supply chain and outperform the competitors in China.
- Flexibly adjust the production and supply chain strategies according to the needs of different markets, ensuring that the production capacity and market development can grow simultaneously.
- New material technology development and product upgrading: We actively invest in polyester production capacity and develop functional polyester fabric to enhance market competitiveness and expand product applications.

### 3).Unfavorable factors for development prospects

- With the rising price of raw materials worldwide and the labor cost, the uncertain factors such as exchange rate fluctuations may increase the cost of production, further squeezing the profit margins.
- Other competitors are also moving to low wage countries in Southeast Asia. As the industry is labor-intensive, the production base of home textile products must face the low wages and the movement of third countries such as Southeast Asia, which makes management more difficult.
- As there are changes in international trade policies, with tariffs on Chinese products imposed by the U.S., the competitiveness of exports is affected, increasing logistics and tariff costs.

### 4).Response measures

- Strengthen resource integration and supply chain management
  - ✔ Improve asset utilization, enhance capacity utilization efficiency, accelerate capital turnover, and establish a more profitable business model.
  - ✔ Strengthen inventory management, increase the turnover rate of finished goods and semi-finished goods, reduce the risk of inventory pressure of raw materials, and elevate the effectiveness of capital utilization.

- ✓ Analyze and optimize the supply chain strategy to ensure the stable supply of global raw materials and reduce the impact of market fluctuations.
- ✓ With the core of production site in Vietnam, the Company develops the raw material supply source in Southeast Asia, and integrates the local supply chain to improve the cost and quality advantages.
- Enhance production efficiency and reduce costs
  - ✓ Cultivate multi-skilled employees to enhance production flexibility and ensure optimization of manpower scheduling and production efficiency.
  - ✓ Promote smart production and automation technology, drop reliance on labor, reduce production costs, and improve market competitiveness.
  - ✓ Establish overseas foundry and Vietnam supply chain advantages to optimize production layout.
- Product upgrade
  - ✓ Accelerate the development of high value-added products and develop higher functionality and higher quality home textile products to increase profit margins.
  - ✓ Establish a closer long-term cooperative relationship with customers, ensure that product development meets market demand through market insights and fast responses.

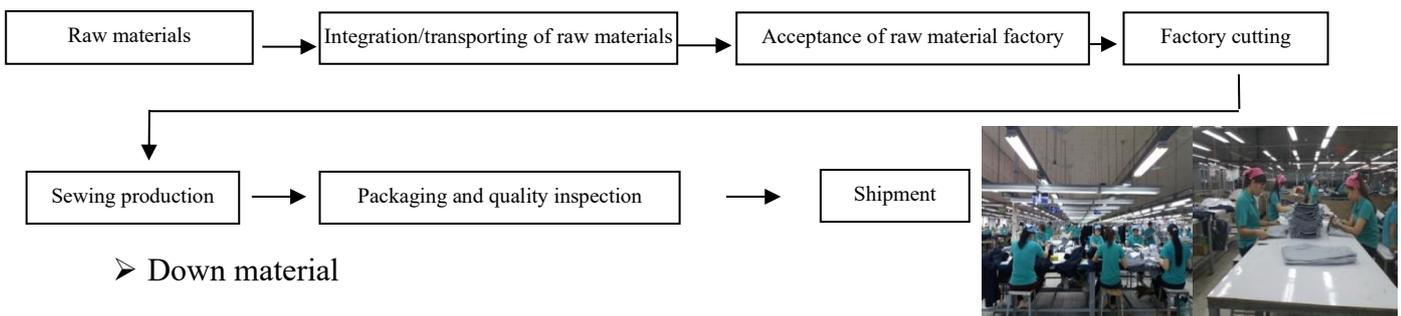
## 4.2.2 Key applications and production processes of main products

### 4.2.2.1 Key applications of main products

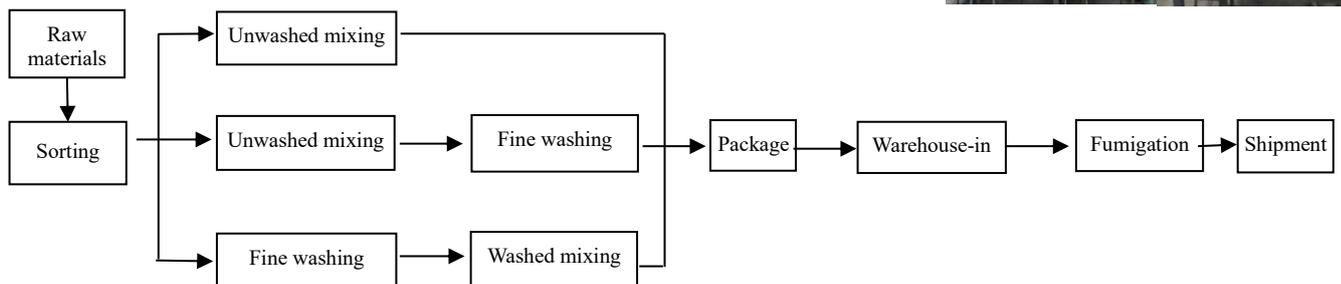
| Type          | Key applications   |
|---------------|--|
| Garment       | Functional jackets, warm coats, light jackets, ski suits, casual pants, washed jeans, ski pants, and beach pants                                     |
| Down material | Down jackets, winter quilts, four-season quilts, cushions, seating pads, sofas, pillows, sleeping bags, gloves, and filling materials for snow boots |
| Home Textile  | Household sleeping insulation products, sleeping bags, and home decoration products  |

### 4.2.2.2 Production process

#### ➤ Garment

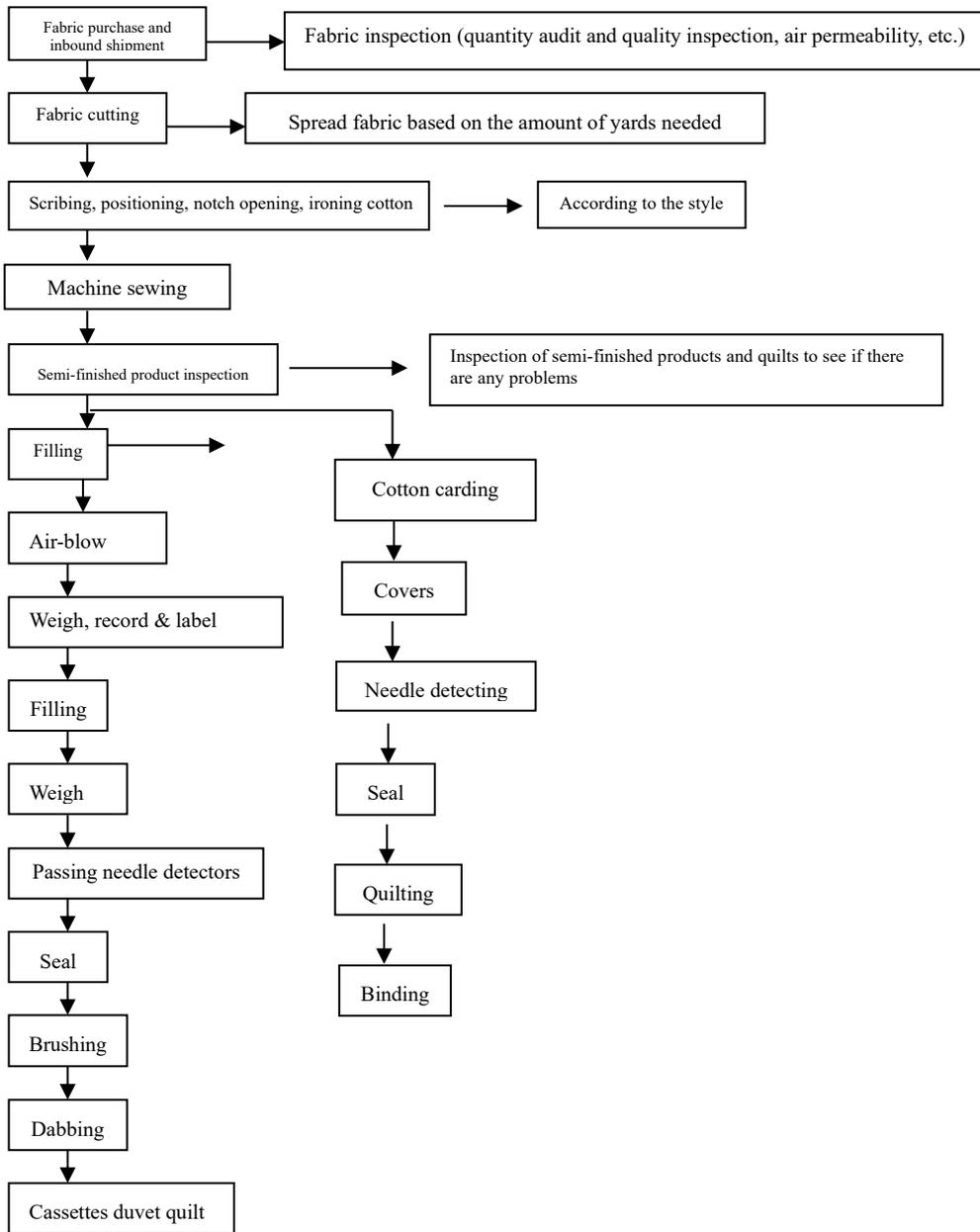


#### ➤ Down material





➤ Home Textile



**4.2.3 Supply status of main raw materials**

➤ Garment

1). The main raw materials of garments are divided into main materials (shell fabric and linings) and auxiliary materials (zippers, buttons, machine sewing threads, etc.). Due to the characteristics of garment manufacturing, different main and auxiliary materials are used for different styles and they must meet customers' requirement and style design. They are designated to be purchased from major textile-related manufacturers domestic and abroad. However, the Company has maintained good cooperative relations with various suppliers over the years, so the quality and timeliness of supply from suppliers is stable and normal.

- 2).Construct supplier evaluation system as a supplier screening system to improve the quality and cooperation of supply chain.
- 3).At present, the following matters need to be strengthened in the procurement of main and auxiliary materials:
  - Increase the proportion of own sourcing purchased items
  - Optimize suppliers' trading terms
  - Localize material procurement
  - Control and reduce the cost of raw materials

➤ Down material

In recent years, there have been sporadic cases of avian influenza in various countries. The epidemic situation is under control, but the supply fluctuates greatly in the short term. In France, poultry has been vaccinated against avian influenza since October 2023, and the concrete effect is still under observation. It is hoped that supply will gradually stabilize. To respond to the changes in the down market and meet the needs of brand customers, the procurement department keeps abreast of the latest market information through global procurement, and is vertically integrated with the company's various business units to give full play to the value of raw materials.

➤ Home Textile

Recently, in addition to the continuous increase of wages in China, under the changeable climate and natural disasters, the raw materials needed for home textile products, such as down, cotton cloth and chemical fiber, are also facing the dilemma of global price increase. Affected by the epidemic situation, many factors have caused China's raw materials to gradually lose their price advantage. In order to improve the product competitiveness, we should maintain a strategic partnership with suppliers to overcome difficulties and maintain the price advantage. The Home Textile Products Department has actively pursued the strategy of global procurement. At present, the key areas of the layout are ASEAN member countries and RCEP member countries with competitive quality and price, such as Vietnam, Thailand, Indonesia, etc., which not only can increase raw material sources to ensure the quality and control cost of raw materials, but also has the strategic meaning of reducing the risk of a single raw material source and using international preferential tariff agreements to have preferential tariffs on the import of raw materials and the export of goods. The Procurement Department focuses on development, quality, innovation and price, develops alternative products and alternative manufacturers, and establishes a diversified resource database. It establishes close relationship with customer's designated raw material suppliers, enhance the collection of information on new materials and innovative functional designs, and increases sensitivity to prices to respond in a timely and effective manner. Utilization of the group's centralized freight transportation to reduce transportation costs and we adopt more efficient production and distribution processes.

#### 4.2.4 The names and procurement (sales) values and percentages of suppliers whose procurement (sales) accounted for more than 10% of the total procurement (sales) in any of the last two years. The reason for the increase and decrease should also be provided.

##### 4.2.4.1 Information on the major suppliers in the last two years

Unit : NT\$ thousand

| Item | 2023                |           |   |                              | 2024                |           |   |                              | As of the previous quarter-end date in 2025 (Note 2) |        |   |                              |
|------|---------------------|-----------|---|------------------------------|---------------------|-----------|---|------------------------------|--|--------|---|------------------------------|
|      | Name                | Amount    | Percentage of the annual net purchase (%) | Relationship with the issuer | Name                | Amount    | Percentage of the annual net purchase (%) | Relationship with the issuer | Name   | Amount | Percentage of the net purchase as of the first quarter-end date in the current year [%] | Relationship with the issuer |
| 1    | Company A           | 608,697   | 10  | -                            | Company A           | 836,106   | 15  | -                            | -  | -      | -   | -                            |
| 2    | Other               | 4,060,042 | 90  | -                            | Other               | 4,697,179 | 85  | -                            | -  | -      | -   | -                            |
|      | Net purchase amount | 4,668,739 | 100                                       | -                            | Net purchase amount | 5,533,285 | 100                                       | -                            | Net purchase amount                                  | -      | -   | -                            |

Note 1: List the names and procurement values and percentages of suppliers whose procurement accounted for more than 10% of the total procurement in the last two years. However, if the name of the supplier shall not be disclosed due to the contractual agreement, or the counterparty of the transaction is an individual and a non-related party, it may be listed by using a code.

Note 2: As of the printing date of the annual report, if companies that are listed or whose stocks have been traded on the securities firm's business premises have the latest financial information which has been attested or reviewed by CPAs, the information should be disclosed.

Note 3: The increase in purchases from Company A was mainly due to the increase in orders from customers.

##### 4.2.4.2 Information on the major customers in the last two years

Unit : NT\$ thousand

| Item | 2023             |           |  |                              | 2024                |           |  |                              | As of the previous quarter-end date in 2025 (Note 2) |        |  |                              |
|------|------------------|-----------|--|------------------------------|---------------------|-----------|--|------------------------------|--|--------|--|------------------------------|
|      | Name             | Amount    | Percentage of the annual net sales (%) | Relationship with the issuer | Name                | Amount    | Percentage of the annual net sales [%] | Relationship with the issuer | Name   | Amount | Percentage of the net sales as of the first quarter-end date in the current year [%] | Relationship with the issuer |
| 1    | Customer A       | 1,171,917 | 15                                     | -                            | Customer A          | 1,269,319 | 16                                     | -                            | -  | -      | -  | -                            |
| 2    | Customer B       | 788,336   | 10                                     | -                            | Customer C (note 3) | 880,993   | 11                                     | -                            | -  | -      | -  | -                            |
| 3    | Other            | 5,747,991 | 75                                     | -                            | Customer B          | 860,214   | 11                                     | -                            | -  | -      | -  | -                            |
| 4    | -                | -         | -                                      | -                            | Other               | 4,882,437 | 62                                     | -                            | -  | -      | -  | -                            |
|      | Net sales amount | 7,708,244 | 100                                    | -                            | Net sales amount    | 7,892,963 | 100                                    | -                            | Net sales amount                                     | -      | -  | -                            |

Note 1: List the names and sales values and percentages of customers to whom sales accounted for more than 10% of the total sales in the last two years. However, if the name of the customer shall not be disclosed due to the contractual agreement, or the counterparty of the transaction is an individual and a non-related party, it may be listed by using a code.

Note 2: As of the printing date of the annual report, if companies that are listed or whose stocks have been traded on the securities firm's business premises have the latest financial information which has been attested or reviewed by CPAs, the information should be disclosed.

Note 3: The sales amount to customer C in 2023 accounted for less than 10%.

Note 4: The sales amounts to customers A, B, and C all increased, mainly due to the growth in overall sales in 2024 and the increase in customer order demand.

### 4.3 The number of staffs, average service years, average age and educational distribution ratio in the last two years and as of the printing date of the annual report

March 31, 2025

| Year                           |                    | 2023   | 2024   | As of March 31, 2025<br>in the current year |
|--------------------------------|--------------------|--------|--------|---|
| Number of employees            | Direct personnel   | 4,256  | 4,160  | 4,346                                       |
|                                | Indirect personnel | 283    | 341    | 346   |
|                                | Total              | 4,539  | 4,501  | 4,692                                       |
| Average age                    |                    | 34.83  | 35.23  | 35.05                                       |
| Average service years          |                    | 5.90   | 5.86   | 5.72  |
| Educational distribution ratio | Ph.D.              | 0.03%  | 0.04%  | 0.07%                                       |
|                                | Master's           | 1.18%  | 0.99%  | 1.03%                                       |
|                                | University/College | 12.91% | 13.38% | 14.24%                                      |
|                                | High school        | 33.24% | 33.31% | 33.61%                                      |
|                                | Below high school  | 52.64% | 52.28% | 51.05%                                      |

### 4.4 Information on environmental protection expenses

In the most recent year and as of the printing date of the annual report, losses suffered as a result of polluting environment (including matters of compensation and environmental protection inspection results showing violation of the environmental protection regulations, for which the disposition date, the disposition No., the provisions of the statute violated, the content of the violation, and the content of the disposition should be disclosed), the estimated amount aroused at present and may arise in the future, and response measures should be disclosed. If it is impossible to be reasonably estimated, the facts for it cannot be reasonably estimated should be explained: None

### 4.5 Labor relations

#### 4.5.1 Various employee benefit measures, education, training, retirement system and its implementation, as well as labor-management agreements and various employee rights protection measures

##### 4.5.1.1 Employee benefit

##### 1). Welfare system

- Employees in the Taiwan area are provided with labor insurance, group insurance, maternity / parental leave, and pensions in accordance with the law, and the insurance is provided for employees on the first day of their registration to the jobs. In addition, expatriate employees are provided with higher and better group insurance plans, so that expatriate employees can work abroad without worries. Various social insurance systems in the mainland China and other parts of Asia also are provided for employees in accordance with local laws and regulations.
- The "Kwong Lung Enterprise Co., Ltd. Employees' Welfare Committee" is established in Taiwan in accordance with law. The members come from various departments of the Company. Representative members are selected or elected pro-rata to the number of employees in departments. By holding a regular meeting every month, the Committee exercises relevant powers during the meeting, decides employee welfare policies, and plans various employee activities. It promotes the welfare business in accordance with the resolutions. The Committee holds regular events, employee travel, and year-end dinners every year.

##### 2). Salary system

- The company adjusts salaries based on market salary levels, economic trends and personal performance to maintain overall salary competitiveness. In 2024, the average salary adjustment for non-supervisor employees in Taiwan is 1.6%.
- A bonus of 6,000 yuan will be given to each person on the Dragon Boat Festival and Mid-Autumn Festival, and listed as personal income.

### 3). Maternity benefits and scholarships

- Kwong Lung responds to the government's parenting policy and provides maternity benefits and scholarships. The policies are committed to helping parents balance work and family life. As a company deeply rooted in Taiwan, Kwong Lung hopes to better support our employees by promoting this plan. If the employee or spouse gives birth after the probation period expires, a one-time birth gift will be given at NT\$ 168,000 per child.
- Parents of children under the age of 5 will receive a childcare subsidy of NT\$4,500 per month until the child reaches the age of 5. In addition to receiving childcare allowance, those who have children under the age of 3 can also apply for "childcare subsidies", with the monthly subsidy amount for each child being NT\$3,000.
- For those employees with children in elementary school to high school, if the child's academic performance in a semester meets the application requirements, each child can apply for the children's scholarship ranging from NT\$3,000 to 6,000.

### 4). Incentive programs

- Kwong Lung launched its "employee stock ownership trust" in March 2014, and has invited employees to become Kwong Lung shareholders; Taiwanese employees can choose to participate according to their personal intention. A fixed amount is allocated from the monthly salary of participants, and the Company will allocate a corresponding reward and deposit it into a special trust account. The trust allows employees the opportunity to share the operational results of the Company over the long term, accumulate wealth, and create a mutually beneficial partnership.
- Kwong Lung adopts multiple incentive systems and tools, such as employee compensation, employee and shareholding trust to improve employees' coherence to the organization, and retains excellent employees with multiple incentive tools and also realizes the spirit of profit sharing.

### 5). Promoting work-life balance of employees

- Various lectures are held internally from time to time, such as investment and wealth management, real estate, financial markets, etc., and among diverse lectures offered, employees can freely choose topics of interest to participate.



- Implement performance leave measures that are superior to the Labor Standard Act. In addition to the leave required by law according to the years of service, employees with superior performance have additional 3 to 7 days of leave, encouraging employees to take appropriate vacations.

- Kwong Lung's Taiwan headquarters implements a humane flexible work schedule, with a starting time between from 7:30 and 9:10 am until between 4:30 and 6:10 pm, convenient for employees to flexibly allocate working hours between family and work.
- In addition to implementing flexible work schedule, the Company also provides a more flexible system for employees to submit applications for working at home, facilitating employees to take care of family and work.
- In consideration of employees' hard working, Kwong Lung prepares an employee rest area with a healthy fruit bar at the headquarters, providing fresh seasonal fruits and coffee throughout the day, providing a small space for employees to relax after work and find new inspiration new ideas at any time.
- The office fully uses height adjustable desks, a healthy working method of alternating between sitting and standing, which is ergonomic and user-friendly, making it easy to use the workspace and improve work efficiency.



#### 4.5.1.2 Employee cultivation

##### 1). Performance appraisal system

- In order to implement corporate strategy and annual goals, and strengthen organizational effectiveness, Kwong Lung complies with the performance assessment policy and system to implement performance management. In addition, the performance assessment results serve as a reference for human resources decisions such as employee compensation, promotion and salary adjustment, and talent development. In 2024, the percentage of employees who received regular performance assessment and career development review was 100%, regardless of gender or management and non-management classification.

##### 2). Training and development

- The Company's sustainable operation depends on long-term talent learning and development, and the Company improves the professional skills and knowledge of employees through a sound training system to cultivate excellent talents.
- Kwong Lung assists new employees in understanding the corporate culture, organization rules, service rules, management system, department introduction ,salary ,benefits, and required professional skills. To smoothly adapt to the new environment and understand the business direction. Kwong Lung provides factory training and onboarding training.After entering the job,Kwong Lung provides specific job training,including job rotation,authorization,job agency,meetings ,group activities,project participation,overseas traineeship,job guidance,and specific ability development.Kwong Lung regards the growth and cultivation of employees as an important issue.
- The Company provides external training resources and on-the-job training scholarships to encourage employees to continue their training and receive stimulation from external knowledge. It helps employees enrich their knowledge and skills, improve work efficiency and quality, and connect employees' learning and growth with the Company's development goals.

● Hours of education and training in 2024

| Title                    | hours   |         | Employees |       | Average |      |
|--------------------------|---------|---------|-----------|-------|---------|------|
|                          | Female  | Male    | Female    | Male  | Female  | Male |
| Non-management positions | 165,021 | 86,046  | 3,363     | 1,752 | 49      | 49   |
| Management positions     | 3,043   | 2,029   | 315       | 207   | 10      | 10   |
| Total                    |         | 256,139 |           | 5,637 |         | 45   |

4.5.1.3 Retirement system

- 1). Kwong Lung’s factories comply with the relevant local statutory pension system, and provide pension for each employee in accordance with the regulations. For the Taiwan area, according to the Labor Standards Act and the Labor Pension Act, employees who joined the Company before June 30, 2005 (inclusive) are entitled to the years of service in old system, but they will be entitled to the years of service in new system only after they have freely selected their qualifications for the new pension. The pension in the old system is monthly contributed to the Central Trust of China's pension reserve account in the old system according to the monthly salary of each worker with years of service in the old system.
- 2). According to the New Pension System, 6% is contributed to each employee’s individual pension accounts based on the labor pension bracket for each eligible worker in the new pension system. In addition to the fixed 6% pension contributed by the employer, employees can also choose a pension bracket ranging from 0% to 6% according to their own wishes, and deposit the amount in their individual pension accounts.

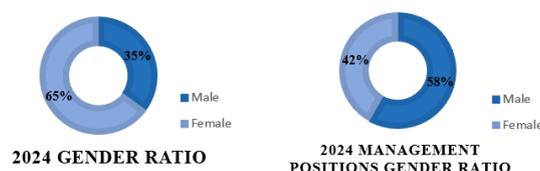
4.5.1.4 Agreement between management and labor and the measures to safeguard employees' interests

1). Equality and diversity

- In a new society that implements gender equality, lactation rooms are setup in Kwong Lung’s headquarters in Taiwan. The lactation rooms are equipped with heaters to provide a comfortable and warm lactation space for mothers, so that mothers can have privacy and be undisturbed for their nursing needs.
- Employees in Taiwan who have worked for half year can apply for unpaid parental leave before their children reach the age of three according to the “Act of Gender Equality in Employment” and the “Regulations for Implementing Unpaid Parental Leave for Raising Children”, and the maximum period is not more than two years. The company will arrange to return to the original unit after the expiration of the unpaid parental leave.
- Kwong Lung is committed to protecting employees’ human rights, and will not discriminate against race, gender, age, political position or religious belief as the assessment criteria for employee employment, assessment and promotion. Realize that men and women have equal pay for equal work and equal opportunities for promotion, and implement workplace equality and diversity. As of 2024, 65% of positions are held by women and 41.7% of senior executive positions are held by women.

● 2024 Employees structure

| Age          | Employees | Male  | Female |
|--------------|-----------|-------|--------|
| 30 and under | 1,298     | 551   | 747    |
| 31~50        | 2,959     | 951   | 2,008  |
| 51 and above | 244       | 65    | 179    |
| total        | 4,501     | 1,567 | 2,934  |



- The average salary difference ratio of male to female employees of each rank is calculated by gender as shown in the following table in 2024.

| Title                   | Taiwan |        | China |        | Vietnam |        |
|-------------------------|--------|--------|-------|--------|---------|--------|
|                         | Male   | Female | Male  | Female | Male    | Female |
| Technician/Assistant    | 1.0    | 1.0    | 1.2   | 1.0    | 1.0     | 1.0    |
| Engineer/Specialist     | 0.9    | 1.0    | 0.8   | 1.0    | 1.0     | 1.0    |
| Section manager/Manager | 0.9    | 1.0    | 1.5   | 1.0    | 1.1     | 1.0    |
| Director and above      | 1.1    | 1.0    | NA    | 1.0    | 0.7     | 1.0    |

## 2). Communication and consultation

- Kwong Lung has set up employee communication mail. Employees can communicate any comments via the "employee mail" and "sexual harassment grievance mailbox." In addition, the Company's internal first-level supervisors and human resources departments will conduct employee interviews from time to time, as a platform for interaction between the top and bottom.
- In order to enable employees to participate and express business decision-making opinions, Kwong Lung launches the I Voting online discussion and voting system to encourage employees to conduct online discussions and votes on the Company's major decision-making issues.
- Kwong Lung promotes the core value of ethical enterprises, encourages a mutual respect and ethical culture, and strengthens employees' moral awareness through the advocacy of the ethical corporate management best practice principles. There were no complaints of any violation of ethical codes in 2024.

### 4.5.1.5 Protective measures taken to ensure a safe working environment and maintain employees' personal safety

#### 1). Work safety an environmental safety

- The factories in Taiwan hold education and training on labor safety and hygiene every year, and regularly send employees to receive relevant labor safety retraining courses. The overseas factories provide uniforms and complete and effective protective gear for on-site employees to wear.
- In order to ensure the safety of personnel in case of any incident, Kwong Lung complies with the internal fire protection plan, establishes a training plan and personnel training of self-defense firefighting groups, plans emergency escape routes, escape procedure advocacy and slogan formulation, and regularly sends people to receive first-aid training. For fire safety projects, all factories also comply with the local fire laws and regulations to make relevant registration and have exercise drills regularly.





- Kwong Lung cares about every work partner, and actively increases operating personnel's personal protective equipment, regularly holds lectures, and develops instructions, to improve personal protection related concepts. As the down material comes from the waterfowl farming industry, there is still considerable controversy as to whether it can be an infection source of avian influenza virus. As a member of the world, the Company adopts high specifications to prevent the spread of avian influenza, providing the customers and end consumers with the best protection.
- The plant areas are equipped with designated disinfection equipment according to the disinfection standards of the World Animal Health Organization. Each plant area is regularly disinfected every quarter, and the frequency of disinfection is increased during the monsoon season. Fumigation and disinfection with high temperature or formaldehyde is strictly implemented and supervised and guided by government agencies, and the Company cooperates with the inspection regulations of customs and epidemic control units of various countries. Regarding the harmfulness of formaldehyde vapor to human body, the Company specially designates an agent storage space for this substance, self-examines and purchases ventilation and exhaust equipment to do ensure the safety of operating personnel as much as it can.

## 2). Health and care

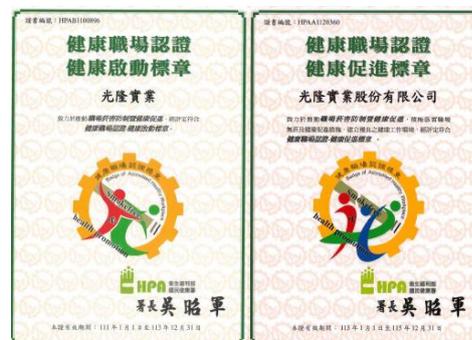
- Kwong Lung has always attached great importance to employees' health. Through holding various health seminars, arranging health checkups and promoting healthy concepts, it has strengthened employees' health awareness and conveyed the correct concepts of prevention and health care.
- Special health examinations are conducted in accordance with the examination items stipulated in the "Worker Health Protection Regulations" and managed according to different levels. New recruits are given a general physical examination before they arrive at work, and current employees are given regular health examinations. The company also promotes the "Maternity Protection Plan," "Ergonomic Hazard Prevention Plan," and "Abnormal Workload-induced Illnesses" and the "Unlawful Infringement Prevention Plan" as mandated by the Ministry of Labor.
- Records of physical and health examination results for 2024 were analyzed, assessed, managed, and kept encrypted. Any abnormality in the inspection report will be immediately notified and followed up. At the same time, medical and disease prevention seminars will be held regularly. The Company also hires dedicated nurses to be stationed at the plants and occupational physicians to provide on-site services on a monthly basis to provide additional health service activities. In 2024, a total of 4 health seminars were held, and health information was shared through internal e-mail boxes and bulletin boards from time to time.



- Through the questionnaire surveys of "Voluntary Musculoskeletal Observation Questionnaire", "Female Worker Maternal Health Risk Assessment Form" and "Overload Questionnaire", the Company understands the risk of illness among employees, and implements health management based on the grades according to laws and regulations, and subsequently assigns high-risk employees to arrange interviews with doctors and nurses, providing health services and consultations, implement health education propaganda, care for the health of employees, evaluate the hazards of the workplace, and provide relevant suggestions for improving the operating environment and working hours to prevent the occurrence of occupational diseases. There were no work-related ill health incidents reported among the Company's employees in 2024.

### 3). Healthy Workplace Certification

- Kwong Lung is committed to creating a friendly workplace environment, establishing a healthy and safe working environment and improving the physical and mental health of employees. With its long-term efforts to promote workplace health, it has also been recognized by the Ministry of Health and Welfare and awarded badge of accredited healthy workplace .



### 4). Disabling injury situation

- Due to the type of industry, most of the needlestick injuries are caused by sewing machine needles. After tracking and confirming, all of them are caused by non-compliance with the standard operation procedures. After reviewing and taking corrective actions, the employees were required to follow the standard operation procedures. Moreover, we continue to raise our employee's awareness of identifying hazards in the factory and create a safe workplace culture so that every employee can work safely in a safe workplace. 2024 Statistics on the disabling injury

| Area                           | Injury(number of people) |        | Disabling injury frequency rate(FR) |        | Number of workdays lost |        | Disabling injury severity rate (SR) |        | Number of workdays lost |           |
|--------------------------------|--------------------------|--------|-------------------------------------|--------|-------------------------|--------|-------------------------------------|--------|-------------------------|-----------|
|                                | Male                     | Female | Male                                | Female | Male                    | Female | Male                                | Female | Male                    | Female    |
| Taiwan                         | 2                        | 1      | 15                                  | 3      | 1                       | 0      | 9                                   | 1      | 132,000                 | 298,000   |
| China                          | 0                        | 0      | 0                                   | 0      | 0                       | 0      | 0                                   | 0      | 75,392                  | 136,896   |
| Asia (Taiwan & China excluded) | 11                       | 23     | 3                                   | 4      | 58                      | 146    | 17                                  | 23     | 3,382,456               | 6,279,392 |

Disabling frequency rate (FR) : number of disabling injuries \* 1,000,000/total hours worked (in million).

Disabling severity rate (SR) : number of work days lost\* 1,000,000/total hours worked (in million).

- 5). The number of fires, the number of fatalities and injuries and the ratio of the number of fatalities and injuries to the total number of employees in the current year, and related improvement measures in response to fires: None.

## 4.5.2 In the most recent year and as of the printing date of the annual report, losses

suffered as a result of labor disputes (including matters of labor inspection results showing violation of the Labor Standards Act, for which the disposition date, the disposition No., the provisions of the statute violated, the content of the violation, and the content of the disposition should be disclosed), the estimated amount aroused at present and may arise in the future, and response measures should be disclosed. If it is impossible to be reasonably estimated, the facts for it cannot be reasonably estimated should be explained: None.

## 4.6 Information security management

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

#### 4.6.1.1 Information security risk management framework

To ensure the implementation of the information security management system and implement information security policies, Kwong Lung has established an information security organization and regularly reports the effectiveness of information security management implementation and management policy directions to the Board of Directors. The implementation status of 2024 was reported to the Board of Directors on 2024.12.19.

|                                   |  |  |
|-----------------------------------|--|--|
| Information security organization | Information Security Promotion Team                          | Responsible for making decisions on information security management system-related matters and convening management review meetings.           |
|                                   | Information Security Enforcement and Emergency Response Team | Responsible for planning and executing various information security operations and emergency response to major information security incidents. |
|                                   | Information Security Review Unit                             | Responsible for the internal audit of the information security management system.  |

#### 4.6.1.2 Information security policy

To ensure the confidentiality, integrity, availability, and legality of information assets, and to avoid internal or external deliberate or accidental threats, Kwong Lung has established the "Information Security Policy" in accordance with the Company's business needs. Declaration of the management's determination is made to support information security as a reference for relevant personnel to reduce the impact of any information security incident, continue operations, improve the information security management system, and protect the rights and interests of the Company and stakeholders.

#### 4.6.1.3 Information management plans and resources invested in information security management

|                   |   |
|-------------------|---|
| Internet Security | <ul style="list-style-type: none"> <li>• Information security protection for external services through the intrusion prevention service.</li> <li>• Strategy for minimizing the opening of firewalls and monitor network traffic.</li> <li>• Introduce security information and event management system to collect and save logs for correlation analysis to monitor threat activities.</li> <li>• Store important backups to different equipment and implement off-site backups to enhance data protection.</li> <li>• Complete office wireless network upgrade, significantly improving speed and information security.</li> <li>• Continue to strengthen the protection of the information system framework and the establishment of an information security SOC outsourcing mechanism to improve the interpretation and response speed of information security incidents.</li> <li>• Joined the "Taiwan Cyber Crisis Coordination Center" (TWCERT/CC) to share information</li> </ul> |
|-------------------|---|

|   |  |
|---|--|
|   | <p>security information among enterprises and provide real-time notification and response of information security incidents.</p> <ul style="list-style-type: none"> <li>• Introduced multi-factor authentication to reduce the risk of password cracking or leakage.</li> <li>• Visualized and alerting of the abnormal traffic on the Internet, and proactive protection of malicious and high-risk websites.</li> <li>• Penetration tests are regularly conducted. The penetration tests on key external service systems were completed in 2024. The test results showed that the relevant protection mechanisms were operating normally, with no significant information security risks found.</li> </ul>   |
| Device safety                               | <ul style="list-style-type: none"> <li>• Deploy the Endpoint Antivirus software based on the device type to perform virus and malware scanning on a regular basis.</li> <li>• Mail protection service system to ensure e-mail security.</li> <li>• Servers and endpoints are equipped with an Endpoint Detection Response (EDR) system to monitor and protect against abnormal behaviors.</li> <li>• Hierarchical management of information assets to control risk factors of key assets.</li> <li>• The endpoint repair management system to ensure the updated status of endpoints.</li> <li>• In order to improve the performance of the network and strengthen information security management, the Company completed the upgrade of the corporate network equipment in 2024, and replaced old network switches and wireless network base stations. In doing so, we ensure the stability of the corporate network and improve the overall network user experience.</li> <li>• Backup structure optimized, and the server room in Taiwan upgraded to the overseas cloud server room.</li> </ul> |
| Application Security                        | <ul style="list-style-type: none"> <li>• Continue to enhance the security control of application programs with detail inspection of various stages of the application design, development and testing.</li> <li>• Check if there are any risks or loopholes in the code and the system interface before deploying.</li> </ul>  |
| Personnel Safety and Education and Training | <ul style="list-style-type: none"> <li>• Control over employee account permissions and regular inventory checks.</li> <li>• Implement necessary security control procedures for employees' personal information equipment.</li> <li>• Information security awareness seminars and random tests are held twice a year to ensure that all employees have a certain degree of information security awareness. In 2024, online general information security education training for employees was two hours per employee, totaling 258 employees.</li> </ul>  |
| Certification and expenses                  | <ul style="list-style-type: none"> <li>• In 2024, the Company was certified for ISO 27001 (2022 edition), and the Microsoft Defender score was increased to 60.75%, which was 17% higher than the average of similar organizations.</li> <li>• The cost of construction in 2024 was about NTD 7.63 million for the group's email protection, endpoint protection, identity verification and protection, information security health inspection, information security training, and licenses.</li> </ul>  |

**4.6.2 List the losses, possible impacts and countermeasures suffered by major information security incidents in the most recent year and up to the date of publication of the annual report. If it cannot be reasonably estimated, the fact that it cannot be reasonably estimated shall be stated: None.**

**4.7 Material contracts**

March 31, 2025

| Nature of Contract | Contracting Parties                             | Contract Term Dates   | Main Content                         | Restrictive Clauses |
|--------------------|---|-----------------------|--------------------------------------|---------------------|
| Long-term loans    | TaipeiFubo Bank                                 | 2023.12.28~2028.12.28 | Long-term credit loansNTD185,000,000 | None                |
|                    | TaipeiFubo Bank                                 | 2024.12.10~2029.12.10 | Long-term credit loansNTD57,000,000  | None                |
|                    | The Export-Import Bank of the Republic of China | 2024.06.27~2026.06.27 | Long-term credit loansNTD300,000,000 | None                |
|                    | The Export-Import Bank of the Republic of China | 2024.12.23~2026.12.23 | Long-term credit loansNTD100,000,000 | None                |
|                    | Hua Nan Bank                                    | 2024.03.07~2029.03.07 | Long-term credit                     | None                |

|  |                                     |                       |   |      |
|--|-------------------------------------|-----------------------|---|------|
|  |                                     |                       | loansNTD20,000,000  |      |
|  | Hua Nan Bank                        | 2024.06.07~2029.06.07 | Long-term credit loansNTD14,100,000                       | None |
|  | Hua Nan Bank                        | 2023.12.15~2025.06.16 | Special loan project for the elderly house NTD229,663,769 | None |
|  | Sumitomo Mitsui Banking Corporation | 2023.12.28~2046.12.28 | Long-term credit loansJPY300,000,000                      | None |

## 5. Review and analysis of the financial status and financial performance, and risk management

### 5.1 Financial status

Unit : NT\$ thousand ; %

| Item   | Year | 2023      | 2024       | Difference |           |
|--|------|-----------|------------|------------|-----------|
|  |      |           |            | Amount     | %         |
| Current assets   |      | 4,016,935 | 4,910,950  | 894,015    | 22.26     |
| Non-current assets   |      | 3,961,130 | 5,365,042  | 1,403,912  | 35.44     |
| Total assets   |      | 7,978,065 | 10,275,992 | 2,297,927  | 28.80     |
| Current liabilities  |      | 1,723,024 | 3,347,649  | 1,624,625  | 94.29     |
| Non-current liabilities  |      | 654,541   | 956,379    | 301,838    | 46.11     |
| Total liabilities  |      | 2,377,565 | 4,304,028  | 1,926,463  | 81.03     |
| Capital stock  |      | 1,508,093 | 1,514,025  | 5,932      | 0.39      |
| Capital reserve  |      | 2,233,250 | 2,254,850  | 21,600     | 0.97      |
| Retained earnings  |      | 1,951,777 | 2,050,343  | 98,566     | 5.05      |
| Total other equity interests   |      | (94,005)  | 9,684      | 103,689    | (110.30)  |
| Non-controlling interests  |      | 1,385     | 143,062    | 141,677    | 10,229.39 |
| Total shareholders' equity   |      | 5,600,500 | 5,971,964  | 371,464    | 6.63      |
| <p>1. Main causes and impacts of material changes in assets, liabilities and equity in the last two years:</p> <p>1). Increase in current assets: mainly due to increase in accounts receivable and inventory.</p> <p>2). Increase in non-current assets: mainly due to the increase in real estate, plant and equipment and investment real estate.</p> <p>3). Increase in total assets: mainly due to the increase in inventory, real estate, plant and equipment and investment real estate.</p> <p>4). Increase in current liabilities, non-current liabilities and total liabilities: mainly due to the increase in short-term and long-term loans and accounts payable.</p> <p>5). Increase in other equity: mainly due to the increase in exchange differences in the translation of financial statements of foreign operating entities.</p> <p>6). Increase in non-controlling interests: Mainly due to the non-controlling interests generated after acquiring 60% equity of the merged entity Koutou Co., Ltd. in 2024.</p> <p>2. Response plan: The aforementioned changes have not yet had significant impacts on the Company. The working capital generated by the Company's future operating activities and part of the funds obtained from the financing of financial institutions will be sufficient to meet the needs of the Company's future operations.</p> |      |           |            |            |           |

### 5.2 Financial performance

#### 5.2.1 The main reasons for the significant changes in operating revenue, operating net profit and income before tax in the last two years:

Unit : NT\$ thousand ; %

| Item                               | Year | 2023        | 2024        | Increase (decrease) amount | Change ratio (%) |
|------------------------------------|------|-------------|-------------|----------------------------|------------------|
|                                    |      |             |             |                            |                  |
| Operating costs                    |      | (6,326,110) | (6,527,567) | (201,457)                  | 3.18             |
| Gross profit                       |      | 1,382,134   | 1,365,396   | (16,738)                   | (1.21)           |
| Operating expenses                 |      | (784,901)   | (788,755)   | (3,854)                    | 0.49             |
| Net operating profit               |      | 597,233     | 576,641     | (20,592)                   | (3.45)           |
| Non-operating income and expenses  |      | 149,184     | 165,141     | 15,957                     | 10.70            |
| Net income before tax              |      | 746,417     | 741,782     | (4,635)                    | (0.62)           |
| Income tax expenses                |      | (169,268)   | (135,380)   | 33,888                     | (20.02)          |
| Net income from the current period |      | 577,149     | 606,402     | 29,253                     | 5.07             |
| Other comprehensive income         |      | 5,233       | 134,595     | 129,362                    | 2,472.04         |
| Total comprehensive income         |      | 582,382     | 740,997     | 158,615                    | 27.24            |
| Change analysis:                   |      |             |             |                            |                  |

1. Decrease in income tax expense: mainly due to decrease in net profit before tax.
2. Increase in other comprehensive income and total comprehensive income: mainly due to the increase in exchange differences in the translation of financial statements of foreign operating entities.

**5.2.2 The expected sales volume and its basis, the possible impact on the Company's future financial business, and the response plan: According to the Company's product launch schedule, operation plan, market demand forecast, industry competition situation, and assessment of main customers' business outlook, it is expected that the Company's industry will still maintain a stable growth trend.**

## 5.3 Cash flow

### 5.3.1 Analysis of changes in cash flow in 2024

Unit : NT\$ thousand

| Beginning cash balance | Net cash inflow (outflow) from operating activities | Net cash inflow (outflow) from investing activities | Net cash inflow (outflow) from financing activities | Impact of exchange rate changes | Cash surplus (insufficiency) | Remedy for insufficiency |                |
|------------------------|---|---|---|---------------------------------|------------------------------|--------------------------|----------------|
|                        |   |   |   |                                 |                              | Funding plan             | Financing plan |
| 923,081                | 106,395   | (898,862)   | 387,504   | 110,967                         | 629,085                      | None                     | None           |

1. Operating activities: Mainly due to inventory adjustments and decrease in net profit before tax in this period.
2. Investing activities: mainly due to the purchase of real estate, plant and equipment during the period.
3. Financing activities: mainly due to borrowing.

**5.3.2 Improvement plan for insufficient liquidity: The Company has no liquidity insufficiency.**

### 5.3.3 2025 cash liquidity analysis

Unit : NT\$ thousand

| Beginning cash balance | Net cash inflow (outflow) from operating activities | Net cash inflow (outflow) from investing activities | Net cash inflow (outflow) from financing activities | Cash surplus (insufficiency) | Remedy for insufficiency |                |
|------------------------|---|---|---|------------------------------|--------------------------|----------------|
|                        |   |   |   |                              | Funding plan             | Financing plan |
| 629,085                | 1,061,041   | (417,977)   | (685,926)   | 586,223                      | None                     | None           |

1. Operating activities: mainly from cash collected from business income.
2. Investing activities: mainly increase investment at home and abroad and plant equipment.
3. Financing activities: mainly the payment of cash dividends and the raising and repayment of bank loans.

## 5.4 Impacts of major capital expenditures on financial operations in the most recent year

In order to meet the needs of future operational development, approximately NT\$50,013,000 was invested in building a factory in Bo Hsing in 2024. The source of funds is operating income and will have no significant impact on the financial business.

## 5.5 The reinvestment policy in the most recent year, the main reasons for its profit or loss, improvement plans, and investment plans for the coming year

### 5.5.1 Re-investment policy

The Company's current reinvestment policy is based on the Company's future operation direction and is gradually implemented. At this stage, it is mainly based on the promotion and extension of related businesses in the primary industry. The Company pays attention to the future profitability and prospects of reinvested companies, and strictly abides by the principles of legality, profitability and liquidity. The investment strategy takes into account risks, returns and asset growth, and achieves the goals of return and asset growth under risk control.

### **5.5.2 Main reasons for profit or loss and improvement plans**

The loss of affiliated companies that adopted the equity method in 2024 was NT\$ 13,785,000. Mainly due to the high initial investment costs in the operation. The profitability will continue to improve and cost control and performance improvement will be effectively implemented in the future.

### **5.5.3 Investment plan for the coming year : none**

## **5.6 Risk matters which should be analyzed and assessed in the most recent year and as of the printing date of the annual report**

### **5.6.1 Effects of changes in interest rate and exchange rate and inflation on the Company's profit and loss, and future response measures**

#### 5.6.1.1 Impacts of changes in interest rates and exchange rates on the Company's profit and loss

| 2024                               | Net amount<br>(NT\$ thousands) | As a ratio of net<br>revenue (%) | As a ratio of net income<br>before tax (%) |
|------------------------------------|--------------------------------|----------------------------------|--|
| Interest income and<br>expenditure | 16,922                         | 0.21                             | 2.28                                       |
| Exchange gains and<br>losses       | 47,494                         | 0.60                             | 6.40                                       |

5.6.1.2 Impacts of inflation on the Company's profit and loss: The Company does not suffer significant impact from inflation, and the Company's quotations for customers and suppliers are mostly floatingly adjusted by the market, so the impact on the Company's profit and loss is limited.

#### 5.6.1.3 Future response measures

- 1). Interest rate changes: The Company regularly evaluates banks' borrowing rate and obtains the average market interest rate. The Company also has close communications with banks to obtain more favorable borrowing rates. The market interest rate trends are taken into consideration for long-term borrowings, in order to obtain fixed-rate borrowing from banks at appropriate time.
- 2). Exchange rate changes: Collect relevant information on exchange rate changes constantly, fully grasp the trends and changes in international exchange rates, and actively respond to the negative effects of exchange rate fluctuations. A specific foreign exchange operation strategy and strict control procedure are set to monitor foreign exchange changes.
- 3). Inflation: Pay close attention to the inflation situation, appropriately adjust the product price and material inventory, to reduce the impact of inflation on the Company and the purchase contracts signed with major material and cooperative suppliers.

### **5.6.2 Policies, main causes of gain or loss and future response measures with respect to engaging in high-risk, high-leveraged investments, lending to others, endorsement guarantees, and derivatives trading**

#### 5.6.2.1 Policy

The Company is not engaged in high-risk and highly leveraged investments. However, in order to effectively control the related risks and improve the safety of financial operations,

the Company has formulated relevant regulations such as the "Procedures for Lending Funds to Other Parties," "Procedures for Endorsement & Guarantee," and "Procedures for Derivative Trade" in accordance with the relevant regulations of the Securities and Futures Commission, Ministry of Finance. At the same time, the Company's auditing unit has established relevant systems for risk management and evaluation operations, in accordance with the "Regulations Governing Establishment of Internal Control Systems by Public Companies" issued by the Securities and Futures Commission.

#### 5.6.2.2 Main reasons for its profit or loss

- 1). The loan collected interest in accordance with the provisions of the "Procedures for Lending Funds to Other Parties" in 2024, and the details at the end of the period were as follows:

| Loaning from                 | Loaned to              | Loan amount     | Interest-rate collar |
|------------------------------|------------------------|-----------------|----------------------|
| P&B Collection Co., Ltd.     | Manumech Corporation   | NT\$ 12 million | 2.2%                 |
| P&B Collection Co., Ltd.     | Koutou Co., Ltd.       | NT\$ 85 million | 2.2%                 |
| Bo Hsing Enterprise Co.,Ltd. | Fuhua Garment Co.,Ltd. | USD1 million    | 3.7%                 |

- 2). The endorsement guarantee did not produce any profit or loss in 2024 and the details at the end of the period were as follows:

| Endorsement guarantor        | Endorsement guarantee           | Guarantee amount |
|------------------------------|---------------------------------|------------------|
| Kwong Lung (SuZhou) Co.,Ltd. | Kwong Lung Feather (B.V.I) Ltd. | RMB 10 million   |

- 3). The information on the derivative product trading in 2024 is as follows:

Unit : NT\$ thousand

| Kwong Lung Enterprise Co., Ltd.<br>Trading Information \ Contract Type |                        |                 |   | Forward contract | SWAP |
|--|------------------------|-----------------|---|------------------|------|
| For non-trading purpose  | Non-Hedging Accounting | Open contract   | Total contract amount   | 372,108          | 0    |
|  |                        |                 | Fair value  | 2,109            | 0    |
|  |                        |                 | The amount of unrealized gains and losses recognized in this year | 2,467            | 0    |
|  |                        | Closed contract | Total contract amount   | 905,753          | 0    |
|  |                        |                 | The amount of unrealized gains and losses recognized in this year | (569)            | 0    |

Unit : NT\$ thousand

| Kwong Lung Japan Co.,Ltd.<br>Trading Information \ Contract Type |                        |                 |   | Forward contract | SWAP |
|--|------------------------|-----------------|---|------------------|------|
| For non-trading purpose  | Non-Hedging Accounting | Open contract   | Total contract amount   | 63,514           | 0    |
|  |                        |                 | Fair value  | 3,039            | 0    |
|  |                        |                 | The amount of unrealized gains and losses recognized in this year | 246              | 0    |
|  |                        | Closed contract | Total contract amount   | 216,524          | 0    |
|  |                        |                 | The amount of unrealized gains and losses recognized in this year | 8,850            | 0    |

### 5.6.2.3 Future response measures

- 1). The Company has enacted the "Procedures for Lending Funds to Other Parties" and the "Procedures for Endorsement & Guarantee" for internal control to comply with, so as not to adversely affect the Company's financial situation.
- 2). The Company's derivative product trading should be aimed at ensuring the operational profit of the Company's business and avoiding the risks caused by foreign exchange, interest rate, or asset price fluctuations. All foreign exchange-related trading are all for hedging purposes, and trading not related to hedging should not be undertaken. The trading's counterparties are also selected from those already have conducted business with the Company to avoid credit risk. The Company has also formulated the "Procedures for Derivative Trade" for internal control to comply with.

### 5.6.3 Future R&D projects and expected R&D expenses

5.6.3.1 Future R&D plan please refer to the detailed description in [V. Operation Overview (1) 1) (Planned new products)] of this annual report.

5.6.3.2 Estimated R & D expenses: The estimated R & D expenses in 2025 account for about 0.59% of revenue, which is not much different from the ratio in 2024.

### 5.6.4 Impacts of important domestic and foreign policy and legal changes on the Company's finance and sales, and the response measures

In addition to conducting the Company's daily operation in accordance with relevant domestic and foreign laws and regulations, the Company has set up full-time legal personnel, maintained close consultation with entrusted CPAs and lawyers, always paid attention to the main domestic and foreign policy development trends and regulatory changes, in order to fully grasp and respond to the changes of various policies and laws and customers' market dynamics constantly, as the basis for decision-making of supervisors at the management level. Therefore, recent changes in domestic and overseas policies and laws and regulations have not had any significant impacts on the Company's financial business.

### 5.6.5 The impact of technological changes (including information security risks) and industrial changes on the company's financial business and the corresponding measures.

In response to the digital and AI trends, the key points and results of the work in 2024 are as follows:

#### 5.6.5.1 Artificial Intelligence/Artificial General Intelligence (AI/AGI)

- 1). Automatic translation: The AI technology is used to translate various documents automatically, improving the accuracy of translation, and shortening the time of manual processing to 77%.
- 2). 2AI/AGI-assisted development: Fully introduce ChatGPT, Claude and GitHub Copilot and other generative AI tools to assist program development efficiency and innovation.

#### 5.6.5.2 Business Intelligence (BI)

- 1). Data analysis platform construction: Complete the Group's business estimation, sales analysis, achievement rate of apparel shipping, production progress monitoring and Backlog management BI system
- 2). M365 Power BI integration: Officially adopt Microsoft M365 Power BI as the BI platform to unify the Group's data analysis standards.

#### 5.6.5.3 Electronic Data Interchange (EDI)

- 1). Automatic file transfer of customer orders: Develop the file transfer and data comparison functions for the orders of new and existing customers.
- 2). Document processing automation: Provide functions such as business PDF/EXCEL comparison, quotation transfer and order import, order quantity and amount checking,

customized invoice output, etc., reducing manual errors and saving working hours.

#### 5.6.5.4 Robotic Process Automation (RPA)

- 1). Automation procurement: Develop a program that can place orders by itself, reduce manual errors, and improve order placement efficiency.
- 2). Feedback of automatic sampling information: The actual size of the sample is transmitted to the customer system.
- 3). Data automatically imported: Develop a web crawler program to automatically collect bank exchange rate and stock-related information.

#### 5.6.5.5 ERP and system optimization

- 1). Autonomous ERP: Completed building of an ERP system in Vietnam and Indonesia factories.
- 2). Optimization of production and procurement: Integration of inspection reports of fabric inspection orders, comparison of differences between the amount of fabric procurement and material inspection, and automatic alerts, development of product exports and optimized allocation of fabric procurement to maximize performance.

#### 5.6.5.6 Accounting and credit control

- 1). Optimization of credit control: Refine the credit rating management of customers, alert customers of overdue accounts receivable, improve the efficiency of capital management and reduce risks.
- 2). Bank data exchange: Automated EDI data exchange with banks to enhance the efficiency of accounting processes.

#### 5.6.5.7 Group digitalization upgrade

- 1). Company website optimization: New site-wide search, site map, e-newsletter subscription, new category of finished products and 3D videos, continuous update of personal media content and inter-website traffic flow.
- 2). Digital platform integration: Use M365 SharePoint to replace the existing forum and proposal voting platform for unified and collaborative environment.

### **5.6.6 Impacts of changes in corporate image on the corporate risk management, and the response measure**

The Company upholds the corporate values of "Innovative Breakthrough, Ethical, Commitments and Collaboration," to face customers, suppliers and investors, strictly abides by government laws and regulations, strengthens corporate governance, and establishes a good corporate image. There is no corporate crisis caused by changes in corporate image. The Company has received the external good evaluation as follows:

| Year | Award/Evaluation  |
|------|---|
| 2022 | Ranked in the top 20% bracket of the 8th Corporate Governance Review. |
| 2023 | Ranked in the top 5% bracket of the 9th Corporate Governance Review.  |
| 2024 | Ranked in the top 5% bracket of the 9th Corporate Governance Review.  |

#### **5.6.7 Expected benefits and possible risk of engaging in merger and acquisition, and the response measure: The Company has no such situation.**

#### **5.6.8 Expected benefits and possible risk of factory expansion, and the response measure: The Company has no such situation.**

#### **5.6.9 Risks of purchase or sales concentration and response measures**

##### 5.6.9.1 Purchase concentration risk and response measures

In the past three years and the most recent period, any single supplier accounted for less than 15% of the Company's net purchase, showing that suppliers are dispersed, and there should be no risk of purchase concentration. The Company will determine the suppliers to be purchased from, based on suppliers' quality of supply, prices, market conditions and customers' requirements. As the raw material market is very competitive, there is no shortage of raw materials.

#### 5.6.9.2 Sales concentration risk and response measures

In the past three years and the most recent period, any single customer accounted for less than 16% of the Company's net sales, and there should be no risk of sales concentration. With the rise of outdoor activities, the demand for outdoor activity supplies and sportswear has gradually increased, and these products have extremely strict requirements for the functionality they need. The Company has years' experience and technology accumulation, receiving international high-quality certification and multiple product patents, provides customers with the most complete service, deeply trusted and recognized by customers, and maintains long-term stable cooperative relations with customers. In addition, the Company is also actively developing other overseas markets in order to diversify market risks. Overall, due to the characteristics of the Company's products, hi-mix, low-volume and customization, the concentration risk is still limited.

**5.6.10 Effects and risk of large-scale share transfer or changes in Directors, Supervisors, or major shareholders with shareholding more than 10% on the Company, and the response measure: The Company has no such situation.**

**5.6.11 Effects and risks of changes in controlling rights on the Company, and the response measure: The Company has no such situation.**

**5.6.12 For litigation or non-litigation matters, it shall state the major litigation, non-litigation or administrative litigation that has been determined or is still in litigation of the Company and the Company's Directors, Supervisors, General Manager, substantial responsible person, major shareholders holding more than 10% of the shares, and subordinate companies. If the result may have material impacts on the shareholders' equity or the price of the securities, the facts of the dispute, the amount of the subject matter, the commencement date of the litigation, the parties involved in the proceedings, and the handling as of the printing date of the annual report shall be disclosed: The Company has no such situation.**

**5.6.13 Other important risks and response measures: None.**

**5.7 Other important matters: None.**

## **6. Special notes**

### **6.1 Information about affiliated enterprises**

Please go to the Public Information Launch Station [<https://mops.twse.com.tw>] for inquiry.

### **6.2 Private placement of securities in the most recent year and as of the printing date of the annual report: None**

### **6.3 Other require supplementary information: None**

## **7. Matters that may affect shareholders' equity or securities price in the most recent year and as of the printing date of the annual report:**

Please refer to the important resolutions of the shareholders' meetings and board meetings in the most recent year and as of the printing date of the annual report.

**Kwong Lung Enterprise Co., Ltd.**

**Chairman : Chan Ho-Po**