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# KNH ENTERPRISE CO., LTD.



## 2024 ANNUAL REPORT

KNH Website: <http://www.knh.com.tw>

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

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*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.*

- I. Spokesperson  
Name: Wu, Jeng-Rong  
Title: Vice President / Group Administration  
Tel: 886-2-2345-9909 Ext 2800  
E-mail: [delia.wu@knh-global.com](mailto:delia.wu@knh-global.com)
- Deputy Spokesperson  
Name: Lai, Ting-Fu  
Title: Accounting Director  
Tel: 886-2-2345-9909 Ext 2810  
E-mail: [tiffany.lai@knh-global.com](mailto:tiffany.lai@knh-global.com)
- II. Headquarters, Branches and Plant:
1. Headquarters (Jiali Plant): No. 77-1, Tong'anliao, Min'an Vil., Jiali Dist., Tainan City, Taiwan.  
Tel: (06)722-2173
  2. Jiali III Plant: No.1-2, Yuantou, Lingzailiao Vil., Jiangjun Dist., Tainan City, Taiwan  
Tel: (06)794-6173
  3. Kouliao Plant: No.66-1 Sanji, Jiangjun Vil., Jiangjun Dist., Tainan City, Taiwan (Plant 1 & Plant 2)  
Tel: (06)794-1573
  4. Taipei Branch: 27F., No.456, Sec.4, Xinyi Rd., Xinyi Dist., Taipei City, Taiwan  
Tel: (02)2345-9909
  5. Taichung Branch: 8F.-1, No.285, Sec. 2, Taiwan Blvd., West Dist., Taichung City, Taiwan  
Tel: (04)2328-6260
  6. Tainan Branch: No.66-1 Sanji, Jiangjun Vil., Jiangjun Dist., Tainan City, Taiwan  
Tel: (06)794-1573
  7. Kaohsiung Branch: 15F.-1, No.315, Minghua Rd., Gushan Dist., Kaohsiung City, Taiwan  
Tel: (07)552-0131
- III. Stock Transfer Agent  
Name: Stock Administration / KGI Securities Co., Ltd.  
Address: 5th Floor, No. 2, Section 1, Chongqing South Road, Zhongzheng District, Taipei City  
Web: <https://www.kgi.com.tw>  
Tel: (02)2314-8800
- IV. Contact Information of the Certified Public Accountants for the Latest Financial Report  
Name: CPA Huang, Pei-Chuan, Chih, Ping-Chiun  
CPA Firm: PricewaterhouseCoopers Taiwan  
Address: 27th Floor, No. 333, Section 1, Keelung Road, Xinyi District, Taipei City  
Web: <https://www.pwc.tw/>  
Tel: (02)2729-6666
- V. Overseas Trade Places for Listed Negotiable Securities and Method to Inquire for Such Overseas Negotiable Securities: None.
- VI. Web: <http://www.knh.com.tw>

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## **One. LETTER TO SHAREHOLDERS**

Dear Shareholders:

Recalling the international political and economic situation in 2024, the global economic activities have generally slowed down and become more severe than expected. The inflation hit the historical high over decades. Many countries were suffering a crisis in the cost of living. The tightening of the financial environment in multiple territories, Russia–Ukraine War and ongoing COVID-19 epidemic have all severely affected the economic outlook. Various countries' governments have kept raising interest rates in response to inflation, thus increasing the corporate financing costs. However, the Company strove to achieve operational goals through product structure optimization and differentiation, and continued to develop industrial materials and medical materials, in order to quickly enter the relevant market areas. The operating results of the past year and outlook are reported as follows:

### **Operating results in 2024**

The company's consolidated revenue for 2024 was NT\$2,937,257 thousand, a decrease of NT\$999 thousand compared to the previous year. The consolidated net loss for the period was NT\$368,465 thousand, an increase in loss of NT\$1,027,150 thousand compared to the previous year. The main factors contributing to this were the recognition of non-operating income from the land and factory of the Shanghai plant in 2023, which had a positive impact on overall profitability. In contrast, in 2024, the company faced multiple unfavorable factors, including a weak overall economy, high interest rates, and high inflation, as well as weaker-than-expected post-pandemic economic recovery in China and adjustments in the supply strategies of OEM customers, leading to poorer profitability for the group compared to the previous year.

In order to cope with such challenging environment, the Company will take the following actions to improve its operating conditions, establish a more stable operating foundation, enhance overall competitiveness, and achieve long-term stable development goals.

1. Product sales strategy adjustment and cost control: Re-evaluate the product package, promote the sales of high-margin products as the first priority, and ensure that market demand and supply consistent through accurate market analysis and customer demand survey. Meanwhile, the Company's internal operations are also reviewed to help it find opportunities to improve performance and reduce costs, strictly control costs and ensure the effective use of resources.
2. Develop cross-disciplinary applications of high-end materials and develop eco-friendly

products: Increase the added value of products through the production of microfiber substrates, and apply microfiber substrates to clothing, footwear, home accessories, electronic wipes, and medical supplies, in order to enhance the profit structure. Meanwhile, the Company also combines the concept about environmental protection to reduce the impact posed by the production and product use on the environment. The Company will continue to launch natural recyclable and reusable non-woven fabrics, biodegradable women's products made of mass materials, care products, water-flushed wipes, dry wipes, cotton pads, and related materials and products that meet environmental requirements.

3. Improve the R&D and innovation speed: Continue to research and develop high value-added products; in addition to rapidly developing higher functional products in the hygiene materials field, the Company will also focus on the development and application of microfiber substrate products to strengthen the Company's strength in diversified operations and create better performance.

### **Business plans for 2025**

For our 2025 business strategy and direction, the Company will not only continue to expand the business of the hygiene products but also plan to officially enter the industrial and medical products fields through the development and promotion of high-technology microfiber substrates, work with various industries to apply microfiber substrates to clothing, footwear, home accessories, electronic wipes, and medical supplies. The Company tries its best to make good use of microfiber substrates, provide innovative, high-performance and eco-friendly products, create more business opportunities in new markets, and transform into the field of industrial materials and medical materials, in order to improve the Group's overall profitability further. For the Group's 2024 general business plan, we estimate to sell 3,266 million sheets of sanitary products and 3 thousand tons of non-woven products.

For the business focus of our own-branded products in Taiwan, we are dedicated to strengthening consumer perception of the brand image, expanding market share of different age groups while at the same time quickly launching products with new functions. By doing so, we will enhance and strengthen the profit structure. As for our OEM business, aside from the stable growth with existing customers, we vow to develop new customers and products to offer the best competitive price, further increasing business scale and profitability. Our microfiber substrate business is expected to be put into production in 2025. The main markets will center on industrial wiping materials, medical fabrics, artificial leather substrates and high functional upholstery materials. At the initial stage of production, these products will be promoted through participating in international fairs and magazines in order to increase the brand's publicity worldwide. At the same time, we plan to proactively expand our market scale via strategic alliances with vendors in

related industries to further increase our overall sales and profitability. In terms of internal management, by establishment of the new factory premises, it will strengthen the integration of resources, upgrade its operating flexibility, reflect the needs from various sides rapidly, and maintain high quality and high output, so as to maximize the Company's profit.

In 2025, in addition to continuing to develop new high functional and differentiated products in the field of hygiene material products, the Company will also combine different types of non-woven technologies and products in the industrial and medical-related fields. For the ESG practices, the Company places importance on eco-friendly issues, it constantly researches and develops materials that can be reduced, reused and decomposed in all of its business areas. The Company also strives to seek more eco-friendly materials to be applied to products, as our objective is to reduce environmental pollution while protecting the earth's resources, and creating a sustainable environment and future.

### **The Company's future development strategy, and the effect of external competition, legal environment and overall business environment**

Based on the Company's future development strategy, the Company will continue to focus on technology and product development. In the era of rising production costs and labor shortages, the pace of R&D innovation cannot stop. In the future, the Company will continue to improve product quality through technological innovation to accelerate industrial optimization, transformation and upgrading, gradually move toward intelligent production, cultivate technical engineers and management leaders who may integrate people, machinery, fibers, and product applications, and continue to promote the application and development of non-woven technologies and products, so that the Company's future development can be indefinite to help the Company go higher.

The green energy transformation speed is getting faster and faster all over the world. Taiwan-based enterprises need to deal with their own green energy transformation and also the pressure from the low-carbon competition internationally. EU's carbon tariff policy, supply chain policies of major manufacturers, net zero and green power are considered as the important matters that must be done and achieved.

In response to climate change, the Company not only supports the government's promotion of green policies, but also acts in response to the carbon reduction plans of world-renowned brands to integrate ESG practices into the Company's culture and implements the "Corporate GHG Inventory" operation. Starting with the basic work of the GHG inventory, the Company sets the Group's inventory boundary, confirm the scope of inventory, establish a product carbon footprint

inventory system, and then prepare the reduction strategy to improve the efficiency of green energy consumption, slow down the global warming and mitigate the impact posed by climate change on the environment and ecology, and move toward a decarbonized economy step by step. We hope to contribute to environmental protection through energy conservation and carbon reduction performance and make our earth a better place.

In the upcoming year, the Company will keep upholding the practical philosophy, strengthening its business constitution, solidifying its strength, satisfying the needs of our customers and consumers, upgrading consumers' sense of identity, maintaining high-quality corporate identity and fulfilling its corporate social responsibility to create greater profit and better welfare for shareholders and all employees.

Finally, I wish you  
Good health and all the best

**Chairman: Tai, Hwa-Ming**

## Two. CORPORATE GOVERNANCE REPORT

### I. Directors, General Manager, Vice President, Assistant Vice President and Supervisors of Departments and Branches

#### (I) Director:

Date: April 15, 2025

Job Title (Note 1)	Nationality or place of registration	Name	Gender / Age (Note 2)	Date elected	Term	First Date elected (Note 3)	Shares held upon election		Shares currently held		Shares held by spouse or minor children		Shares held in the name of other persons		Main working (education) experience (Note 4)	Current positions in the Company or other companies	Any managerial officer, or director who is a spouse or relative within the second degree of kinship Number			Remarks
							Number of shares	Shareholding percentage (%)	Number of shares	Shareholding percentage (%)	Number of shares	Shareholding percentage (%)	Number of shares	Shareholding percentage (%)			Number of shares	Shareholding percentage (%)	Job Title	
Chairman	R.O.C.	Tai, Hwa-Ming	M 61-70 years old	2023.06.15	2023.06.15   2026.06.14	2011.06.13	2,167,717	1.11	3,759,963	1.92	2,739,086	1.40	0	0	Director of Jiou Hong Industrial Co., Ltd. Director of Jian Sheng Bitumen Enterprise Ltd. Executive Assistant to Chairman of KNH Enterprise Co., Ltd. Associate of Far East College	Director of Taichu Engineer Co., Ltd. Supervisor of Jiou Hong Industrial Co., Ltd. Chairman of Outlook Investment Pte Ltd.	None	None	None	None
Director	R.O.C.	Tai, Hsiu-Ling	F 61-70 years old	2023.06.15	2023.06.15   2026.06.14	2011.06.13	1,343,487	0.69	1,343,487	0.69	0	0	0	0	Chairman of KNH (Shanghai) Co., Ltd. Director of Procurement Division of KNH Enterprise Co., Ltd. Director of Litnertex Co., Ltd. Chairman and General Manager of Shanghai Kang You International Trading Co., Ltd. Director of Captain Holding Co., Ltd. Chairman of Well Held International Limited. Director and General Manager of ChengDu KNH Technology Co., Ltd. Director of Carnation International Inc. Director of K. Jie Water & Environmental Engineering Co., Ltd. EMBA, National Chengchi University	Director of Outlook Investment Pte Ltd Chairman of K Jie Water & Environmental Engineering Co., Ltd. Director of Outlook Investment Pte Ltd. Chairman and General Manager of Shanghai KNH International Trading Co., Ltd. Chairman of KNH (Yangzhou) Co., Ltd. Director of Kang Yao Investment Co., Ltd. Chairman of Kang Yu Co., Ltd. (Kang Yu)	Director, General Manager of the Business Group	Tai, Hsiu-Ching	Sister	None
Director	R.O.C.	Hsieh, Shiu-Ling	F 61-70 years old	2023.06.15	2023.06.15   2026.06.14	2014.06.13	1,103,000	0.56	1,103,000	0.56	0	0	0	0	Finance Secretary of Dongyi Enterprise Co., Ltd. Supervisor of KNH Enterprise Co., Ltd. MBA, University Of Texas At Dallas	None	None	None	None	None
Director	R.O.C.	Lin, Min-Chen	M 51-60 years old	2023.06.15	2023.06.15   2026.06.14	2016.06.17	465,745	0.24	425,745	0.22	0	0	0	0	Supervisor of KNH Enterprise Co., Ltd. MBA of Royal Roads University	Director & CEO & CTO of Evans Information Management Corp. Vice President of Taiwan Keel Boat Association	None	None	None	None

Job Title (Note 1)	Nationality or place of registration	Name	Gender / Age (Note 2)	Date elected	Term	First Date elected (Note 3)	Shares held upon election		Shares currently held		Shares held by spouse or minor children		Shares held in the name of other persons		Main working (education) experience (Note 4)	Current positions in the Company or other companies	Any managerial officer, or director who is a spouse or relative within the second degree of kinship Number			Remarks
							Number of shares	Shareholding percentage (%)	Number of shares	Shareholding percentage (%)	Number of shares	Shareholding percentage (%)	Number of shares	Shareholding percentage (%)			Job Title	Name	Relation	
Director	R.O.C.	Tai, Hsiu-Ching	F 61~70 years old	2023.06.15	2023.06.15   2026.06.14	2023.06.15	760,063	0.39	760,063	0.39	0	0	0	0	Marketing Director of KNH Enterprise Co., Ltd. Chinese Culture University	None	Director / General Manager	Tai, Hsiu-Ling	Sister	None
Director	R.O.C.	Kang Yao Investment Co., Ltd.	M 41~50 years old	2023.06.15	2023.06.15   2026.06.14	2019.12.13	34,891,000	17.86	29,891,000	15.30	0	0	0	0	Director of Jian Sheng Bitumen Enterprise Ltd. Director of Cheng Chiuan Co., Ltd. General Manager of K. Jie Water & Environmental Engineering Co., Ltd. EMBA, Chang Jung Christian University	Supervisor of Jian Sheng Bitumen Enterprise Ltd. Advisor of municipal government of Tainan	None	None	None	None
		2019.12.13				2,249,725	1.15	2,249,725	1.15	291,890	0.15	0	0	None			None	None	None	
Director	R.O.C.	Kang Yao Investment Co., Ltd.	F 41~50 years old	2024.12.01	2024.12.01   2026.06.14	2019.12.13	34,891,000	17.86	29,891,000	15.30	0	0	0	0	New York Institute of Technology	Director of Outlook Investment Pte Ltd.	None	None	None	None
		2024.12.01				427,430	0.22	852,430	0.44	0	0	0	0	None			None	None	None	

Job Title (Note 1)	Nationality or place of registration	Name	Gender / Age (Note 2)	Date elected	Term	First Date elected (Note 3)	Shares held upon election		Shares currently held		Shares held by spouse or minor children		Shares held in the name of other persons		Main working (education) experience (Note 4)	Current positions in the Company or other companies	Any managerial officer, or director who is a spouse or relative within the second degree of kinship Number			Remarks
							Number of shares	Shareholding percentage (%)	Number of shares	Shareholding percentage (%)	Number of shares	Shareholding percentage (%)	Number of shares	Shareholding percentage (%)			Job Title	Name	Relation	
Independent Director	R.O.C.	Hsu, Chiang	M 71~80 years old	2023.06.15	2023.06.15   2026.06.14	2021.07.15	0	0	0	0	0	0	0	0	Director of Chang Jung Christian University Education Training Advisor of CPC Corporation, Taiwan Director of Commerce Development Research Institute Director of China Productivity Center Director of Wei Chuan Foods Corporation Adjunct Professor of Department of Industrial and Information Management, and College of Information and Management, National Cheng Kung University Director of Daiyi Technology Ltd. Professor and Moderator of Department of Business Management and Wang Tzu-Pin Academic Talk, Chang Jung Christian University Independent Director of Taiyen Biotech Co.,Ltd. Chairman of CSBC Corporation Taiwan Director of Creative Sensor Inc. (Representative of Teco Image Systems Co., Ltd.) M.A./Ph.D. of Department of Management and Organizational Psychology, University of Wyoming, USA	Emeritus Professor of Department of Business Administration, Chang Jung Christian University Independent Director of T.Y.C. Brother Industrial Co., Ltd. Founder of The International Friends of Chiang Society Senior School Affairs Advisor of Chang Jung Christian University Director of Wu Jin-mao Memorial Cultural And Educational Foundation Honorary Chairman of Chinese Management Association, Kaohsiung Branch	None	None	None	None
Independent Director	R.O.C.	Hwang, Jen-Te	M 71~80 years old	2023.06.15	2023.06.15   2026.06.14	2017.06.15	0	0	0	0	0	0	0	0	Member of Taskforce for Reforming Corporate Governance Working Conference  Professor and Head of Department of Economics, National Chengchi University Director of Joint Credit Information Center Director of Land Bank of Taiwan Director of Taiwan Accreditation Foundation Professor of Department of Finance, Kainan University Dean of School of Business, Kainan University Doctor in Economics, State University of New York	Adjunct Professor of Department of Economics, National Chengchi University	None	None	None	None

Job Title (Note 1)	Nationality or place of registration	Name	Gender / Age (Note 2)	Date elected	Term	First Date elected (Note 3)	Shares held upon election		Shares currently held		Shares held by spouse or minor children		Shares held in the name of other persons		Main working (education) experience (Note 4)	Current positions in the Company or other companies	Any managerial officer, or director who is a spouse or relative within the second degree of kinship Number			Remarks
							Number of shares	Shareholding percentage (%)	Number of shares	Shareholding percentage (%)	Number of shares	Shareholding percentage (%)	Number of shares	Shareholding percentage (%)			Job Title	Name	Relation	
Independent Director	R.O.C.	Ting, Pi-Hui	F 51~60 years old	2023.06.15	2023.06.15   2026.06.14	2022.06.16	0	0	0	0	0	0	0	0	Associate Vice President, Academic Affairs, Chang Jung Christian University Director of SMIMS Technology Corp. Director of GeoNet Co., Ltd. Professor of Department of Business Administration, Chang Jung Christian University President, Academic Affairs of Chang Jung Christian University Executive Director of the Academic Affairs Research Center, Chang Jung Christian University Ph.D. of Department of Business Administration, National Sun Yat-Sen University MBA of National Chiao Tung University	Director of SMIMS Technology Corp. Director of GeoNet Co., Ltd. Professor of Department of Business Administration, Chang Jung Christian University President, Academic Affairs of Chang Jung Christian University Executive Director of the Academic Affairs Research Center, Chang Jung Christian University	None	None	None	None
Independent Director	R.O.C.	Hu, Yen-Jung	M 71~80 years old	2023.06.15	2023.06.15   2026.06.14	2023.06.15	110	0	0	0	0	0	0	0	Vice President of KNH Enterprise Co., Ltd. Consultant of KNH Enterprise Co., Ltd. Ph.D. of Textile Engineering, Feng Chia University	Director of Tho Tan Tran Company Ltd.	None	None	None	None

Note 1: For corporate shareholders, this section shall indicate the names of the corporate shareholders and fill in Table 1 below.

Note 2: Please state the actual age, which can be expressed in interval form, such as 41 - 50 years old or 51 - 60 years old.

Note 3: Indicate the time for the first appointment as a director or supervisor, and provide a note where there is an interruption during the period of service.

Note 4: Experience related to the current position. If the person has worked for the Company's CPA firm or affiliates in the aforementioned period, please describe the titles and responsibilities: None.

Note 5: Where the chairman of the board of directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (for example: method of increase the number of independent directors with a majority of the directors not serving as an employee or manager): None.

1. For directors who are representatives of corporate shareholders, the names of the top ten shareholders of the corporate shareholders and their percentage of shareholding are as follows:

Date: April 15, 2025

Name of Institutional Shareholders	Major Shareholders of the Institutional Shareholders (Note 1)	
	Name	Shareholding percentage (%) (Note 2)
Kang Yao Investment Co., Ltd.	Tai, Jung-Chi	47.98
	Tai Chuang, Chun-Lan	19.05
	Tai, Hwa-Ming (Note 3)	4.51
	Tai, Hua Chung (Note 4)	4.51
	Tai, Chun-Heng	7.52
	Lai, Hsiang-Jui	6.51
	Tai, Shih-Yao	6.01
	Tai, Hsiu-Ling	3.91

Note 1: Where a institutional shareholder is not a corporate organization, the name of the shareholder and his/her shareholding ratio (the name of the contributor or donor and the percentage of their contribution shall be disclosed). If the person has passed away, "passed away" must be added.

Note 2: Said shareholdings refer to those available until the date of publication of the annual report and based on the latest information provided by the institutional shareholders.

Note 3: Inheritance was processed on March 26, 2024.

Note 4: Inheritance was processed on March 26, 2024.

2. Major institutional shareholders of institutional shareholders, if any: None.

3. Disclosure of information about directors' professional qualifications and independent directors' independence:

Date: April 15, 2025

Criteria	Professional Qualifications and Experience (Note 1)	Independence status of Independent Directors (Note 2 & 3)	Whether he/she meets any circumstances referred to in Article 30 of the Company Act	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Name				
Tai, Hwa-Ming	Mr. Tai has been a director of the Company since 2011. Mr. Tai has an in-depth understanding of the Company's overall operations and decision-making helps improve the Company's governance efficiency and maximize shareholders' interests.	N/A	None	None
Tai, Hsiu-Ling	Mr. Tai, Hsiu-Ling became the General Manager of the Company in 2011. She is also the Chairman of the Company's subsidiary in China. She specializes in business administration, leadership and marketing and has accumulated extensive experience in the nonwoven and daily hygiene products industry.	N/A	None	None

Criteria  Name	Professional Qualifications and Experience (Note 1)	Independence status of Independent Directors (Note 2 & 3)	Whether he/she meets any circumstances referred to in Article 30 of the Company Act	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Hsieh, Shiu-Ling	Ms. Hsieh, Shiu-Ling has an MBA from the University of Texas at Dallas. She specializes in risk management and accounting and finance. She previously served as a financial official of Tuntex Group Tun Yih Ent. Co., Ltd. and a supervisor of the Company for many years. She also has extensive in the securities industry.	N/A	None	None
Lin, Min-Chen	Mr. Lin, Min-Chen holds an MBA from Royal Roads University. He specializes in information technology, international marketing, business law, risk and asset management. He has served as a supervisor of the Company for a number of years and is currently the CEO and Chief Information Officer of Evans Information Management Corp. and Vice Chairman of the Taiwan Keel Boat Association.	N/A	None	None
Tai, Hsiu-Ching	Ms. Tai is currently the General Manager of the Company's Business Division and has extensive experience in business management, decision-making, and sales and marketing.	N/A	None	None
Kang Yao Investment Co., Ltd. (Representative: Tai, Fu-Jen)	With an EMBA, Chang Jung Christian University, Mr. Tai Fu-Jen possesses extensive industrial experience in construction and water treatment engineering. He specializes in business administration, and leadership and is knowledgeable in industrial technology and technology. He is a current municipal advisor to the Tainan City Government.	N/A	None	None
Kang Yao Investment Co., Ltd. (Representative: Tai, Chen-Fan)	Has served as a director of the Company's subsidiary since 2021, and has served as a director of the Company since December 2024. Mr. Tai has a deep understanding of the Company's operations and decision-making processes, which is helpful to enhance the effectiveness of corporate governance and maximize the value of shareholders.	N/A	None	None

Name	Criteria  Professional Qualifications and Experience (Note 1)	Independence status of Independent Directors (Note 2 & 3)	Whether he/she meets any circumstances referred to in Article 30 of the Company Act	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Hsu, Chiang	<p>Mr. Hsu, Chiang is the Company's independent director who has a doctorate's degree from the Department of Management and Organizational Psychology, University of Wyoming, USA. He previously served as Chairman of CSBC Corporation, Taiwan and has experience in supervising chief accounting officers and chief audit officers in public companies. He has met accounting and finance qualifications as defined by the competent authorities and is in line with the qualifications set forth in Article 2 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies". Mr. Hsu, Chiang is a current Emeritus Professor of Department of Business Administration at Chang Jung Christian University and independent director of T.Y.C. Brother Industrial Co., Ltd.</p> <p>He is currently an independent director for 2 term.</p>	<ol style="list-style-type: none"> <li>1. 2 years prior to his appointment and during his term of office, Mr. Hsu, Chiang met the independence criteria set forth in Articles 3 and 4 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies".</li> <li>2. Up until now, the number of the Company's shares held by the person, spouse and relatives within second degree of kinship 0.</li> <li>3. He does not serve in a company with specific relationships as defined by law.</li> <li>4. In the most recent 2 years, such company did not receive any remuneration for providing business, legal, financial or accounting services.</li> </ol>	None	1
Hwang, Jen-Te	<p>Serving as the Company's independent director, Mr. Hwang, Jen-Te has a Doctorate's degree in Economics, State University of New York. He previously served as dean of the School of Business, Kainan University, director and member of the Corporate Governance Reform Taskforce of Land Bank of Taiwan. He is on par with the professional qualifications set forth in Article 2 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies. He is currently still serving as an Adjunct Professor in the Department of Economics, National Chengchi University.</p> <p>He is currently an independent director for 3 term.</p>	<ol style="list-style-type: none"> <li>1. 2 years prior to his appointment and during his term of office, Mr. Hsu, Chiang met the independence criteria set forth in Articles 3 and 4 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies".</li> <li>2. Up until now, the number of the Company's shares held by the person, spouse and relatives within second degree of kinship 0.</li> <li>3. He does not serve in a company with specific relationships as defined by law.</li> <li>4. In the most recent 2 years, such company did not receive any remuneration for providing business, legal, financial or accounting services.</li> </ol>	None	None

Name	Criteria Professional Qualifications and Experience (Note 1)	Independence status of Independent Directors (Note 2 & 3)	Whether he/she meets any circumstances referred to in Article 30 of the Company Act	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Ting, Pi-Hui	An independent director of the Company. Ms. Ting holds a doctoral degree in Business Administration, National Sun Yat-Sen University, and serves as the Associate Vice President, Academic Affairs, Chang Jung Christian University. Ms. Ting meets the professional qualifications listed in Article 2 of "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies". At the same time, Ms. Ting is the President, Academic Affairs, the Executive Director of the Academic Affairs Research Center, and Professor of Department of Business Administration of Chang Jung Christian University, and the Director of SMIMS Technology Corp. and GeoNet Co., Ltd. He is currently an independent director for 2 term.	<ol style="list-style-type: none"> <li>1. 2 years prior to his appointment and during his term of office, Mr. Hsu, Chiang met the independence criteria set forth in Articles 3 and 4 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies".</li> <li>2. Up until now, the number of the Company's shares held by the person, spouse and relatives within second degree of kinship 0.</li> <li>3. He does not serve in a company with specific relationships as defined by law.</li> <li>4. In the most recent 2 years, such company did not receive any remuneration for providing business, legal, financial or accounting services.</li> </ol>	None	None
Hu, Yen-Jung	He was the Vice President of the Company's R&D Center from 1998 to 2014 and has extensive industry experience. He meets the professional qualifications specified in Article 2 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies". He is currently an independent director for 1 term.	<ol style="list-style-type: none"> <li>1. 2 years prior to his appointment and during his term of office, Mr. Hsu, Chiang met the independence criteria set forth in Articles 3 and 4 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies".</li> <li>2. Up until now, the number of the Company's shares held by the person, spouse and relatives within second degree of kinship 0.</li> <li>3. He does not serve in a company with specific relationships as defined by law.</li> <li>4. In the most recent 2 years, such company did not receive any remuneration for providing business, legal, financial or accounting services.</li> </ol>	None	None

Note 1: Professional qualifications and experience: Specify the professional qualifications and experience of individual directors. If the director is a member of the Audit Committee with accounting or financial expertise, their accounting or financial background and work experience shall be specified; while also stating whether the director meets the circumstances provided in Article 30 of the Company Act.

Note 2: For independent directors, their state of independence must be specified, including but not limited to whether they, their spouses, second-degree relatives serve as a director, supervisor or employer in the Company or affiliates; the proportion of shares held by the independent director himself/herself, their spouses or second-degree relatives (or in the name of others); whether the independent director serves as a director, supervisor or an employee of a company with which the Company has a specific relationship (refer to

Subparagraphs 5 to 8, Paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies); and amount of remuneration received for commercial, legal, financial and accounting services provided by the Company or its affiliates in the past two years.

4. Diversity and Independence of the Board:

- (1) Board diversity (Specify the Board's diversity policy, objectives and achievements. The diversity policy includes but is not limited to director selection criteria, the professionalism expected of directors; their qualifications and experience, gender, age, nationality and culture as well as the composition or proportion of the Board; and describe the company's specific goals and their achievements based on the policy disclosed above):

To improve the structure of the Company's Board of Directors and to continue to provide a continuous effective, collaborative and diverse Board of Directors, Article 20 of the Company's Corporate Governance Best-Practice Principles sets forth the competencies (including basic qualifications and values, professional knowledge and capabilities) a Board member should possess. Moreover, an appropriate diversity policy should also be formulated according to its operations, business pattern and development needs. A policy is advised to include, but not be limited to, building a database for director candidates based on the following standards for ongoing director succession planning:

- A. Integrity, responsibility, innovation and decision-making capabilities.
- B. Professional knowledge and skills that are on par with the Company's core values and beneficial to the Company's business management.
- C. Experience in the industry associated with the business of the Company.
- D. At least 1 female director.
- E. The competencies of the Board of Directors as a whole should include business management ability, decision-making and leadership ability, industrial technology and manufacturing, accounting and finance, and marketing.
- F. The list of director candidates must meet qualification review and related regulations. This ensures that when there is a vacancy for a director or a plan for additional directors, new director candidates can be effectively identified and selected.

For the management objectives of the Board members' diversity policy and achievement, please see P.29-30. For "Implementation of diversified policies for the composition of the members of the Board", please see P.35.

- (2) Independence of the Board of Directors (The number and proportion of independent directors must be specified; explain the independence of the Board of Directors; with details on whether matters stated in Paragraph 3 and 4, Article 26-3 of the Securities and Exchange Act are met; with a description provided where there is a spouse or second-degree relative between directors or between directors and supervisors):

The Company's Board of Directors currently consists of 11 directors, including 4 independent directors (representing more than 1/3 of the total number of seats). Independent directors do not serve three consecutive terms. The candidate nomination system is adopted for all directors. If a candidate is able to serve a term of office of 3 years, the candidate receiving the highest number of votes shall be elected, and may be eligible for re-election.

None of the board members are subject to the circumstances listed in Article 30 of the Company Act except for the two directors, namely, Tai, Hsiu-Ling and Tai, Hsiu-Ching who are related to each other as sisters (2 seats), the remaining directors are not related to each other as spouses or within second-degree kinship.

## (II) General Manager, Vice President, Assistant Vice President and Supervisors of Departments and Branches:

Date: April 15, 2025

Job Title (Note 1)	Nationality	Name	Gender	Date elected	Shares held		Shares held by spouse or minor children		Shares held in the name of other persons		Main working (education) experience (Note 2)	Current positions in or other companies	Any manager who is a spouse or a relative within the second degree of kinship			Remarks (Note 3)
					Number of shares	Shareholding percentage (%)	Number of shares	Shareholding percentage (%)	Number of shares	Shareholding percentage (%)			Job Title	Name	Relation	
Chairman	R.O.C.	Tai, Hwa-Ming	M	2023.06.15	3,759,963	1.92	2,739,086	1.40	0	0	Director of Jiou Hong Industrial Co., Ltd. Director of Jian Sheng Bitumen Enterprise Ltd. Executive Assistant to Chairman of KNH Enterprise Co., Ltd. Associate of Far East College	Director of Taichu Engineer Co., Ltd. Supervisor of Jiou Hong Industrial Co., Ltd. Chairman of Outlook Investment Pte Ltd.	None	None	None	None
Director / General Manager	R.O.C.	Tai, Hsiu-Ling	F	2011.07.01	1,343,487	0.69	0	0	0	0	Chairman of KNH (Shanghai) Co., Ltd. Director of Procurement Division of KNH Enterprise Co., Ltd. Director of Litnertex Co., Ltd. Chairman and General Manager of Shanghai Kang Yu International Trading Co., Ltd. Director of Captain Holding Co., Ltd. Chairman of Well Held International Limited. Director and General Manager of ChengDu KNH Technology Co., Ltd. Director of Carnation International Inc. Director of K. Jie Water & Environmental Engineering Co., Ltd. EMBA, National Chengchi University	Director of Outlook Investment Pte Ltd Chairman of K Jie Water & Environmental Engineering Co., Ltd. Director of Outlook Investment Pte Ltd. Chairman and General Manager of Shanghai KNH International Trading Co., Ltd. Chairman of KNH (Yangzhou) Co., Ltd. Director of Kang Yao Investment Co., Ltd. Chairman of Kang Yu Co., Ltd. (Kang Yu)	Director, General Manager of the Business Group	Tai, Hsiu-Ching	Sister	None
Director, General Manager of the Business Group	R.O.C.	Tai, Hsiu-Ching	F	2011.07.01	760,063	0.39	0	0	0	0	Marketing Director of KNH Enterprise Co., Ltd. Chinese Culture University	None	Director / General Manager	Tai, Hsiu-Ling	Sister	None
Vice President	R.O.C.	Yang, Ho-Hsi	M	2011.01.01	50,216	0.03	0	0	0	0	Assistant Vice President of Manufacturing Operation Center of KNH Enterprise Co., Ltd. Nan-Tai Junior College of Engineering	Director of K. Jie Water & Environmental Engineering Co., Ltd.	None	None	None	None
Vice President and Financial Manager	R.O.C.	Wu, Jeng-Rong	F	2011.09.01	87,565	0.04	1,691	0	0	0	Audit Manager of PwC Taiwan Assistant Vice President of Group Administration of KNH Enterprise Co., Ltd.	Director of Outlook Investment Pte Ltd. Director of Shanghai KNH International Trading Co., Ltd.	None	None	None	None

Job Title (Note 1)	Nationality	Name	Gender	Date elected	Shares held		Shares held by spouse or minor children		Shares held in the name of other persons		Main working (education) experience (Note 2)	Current positions in or other companies	Any manager who is a spouse or a relative within the second degree of kinship			Remarks (Note 3)
					Number of shares	Shareholding percentage (%)	Number of shares	Shareholding percentage (%)	Number of shares	Shareholding percentage (%)			Job Title	Name	Relation	
Corporate Governance Manager				2021.02.24							Director of Shanghai Kang You International Trading Co., Ltd. Director of KNH Enterprise Co., Ltd. Director of ChengDu KNH Technology Co., Ltd. Director of Hi-Pure Biotechnology Co., Ltd. EMBA, National Chengchi University	Director of KNH (Yangzhou) Co., Ltd. Director of K. Jie Water & Environmental Engineering Co., Ltd. Director of Kang Yu Co., Ltd. (Kang Yu)				
Vice President	R.O.C.	Cheng, Fu-Liang	M	2019.09.01	0	0	0	0	0	0	General Manager of Suzhou Yifurou Nano Material Technology Co., Ltd. Bachelor of Chemical Engineering, National Taipei University of Technology	General Manager of KNH (Yangzhou) Co., Ltd.	None	None	None	None
Vice President	R.O.C.	Chang, Yu-Chun	M	2024.12.01	0	0	0	0	0	0	General Manager of Combi (Taiwan) Co., Ltd. Bachelor of Finance and Marketing, Bond University Australia, Gauteng, South Africa	None	None	None	None	None
Assistant Vice President	R.O.C.	Su, Chien-Chung	M	2019.03.01	211	0	0	0	0	0	Director of R&D, KNH Enterprise Co., Ltd. Master of Textile Engineering, Feng Chia University	None	None	None	None	None
Assistant Vice President	R.O.C.	Chien, Chen-Yao	F	2023.05.02	0	0	0	0	0	0	Senior Manager, Operational Excellence, ASML Senior Manager, IE, Hon Hai B-subgroup Senior Manager, IE & FE, Lenovo Group (Wuhan, China) IE Manager, Compal Group (Nanjing, China) Project Manager, Wistron Group (Czech Republic) IE and FE Manager of Tatung (Czech Republic) Master of Global Business Administration, The University of Manchester, UK	None	None	None	None	None
Assistant Vice President	R.O.C.	Fang, Chia-To	M	2024.11.18	0	0	0	0	0	0	Chief of Automation Division, Primax Electronics Manager of Automation Division, Wistron Corporation Manager of Automation Division, Lite-On Technology Section Manager, Phillips Equipment, Chungli Master of Textile Engineering, Chung Yuan Christian University	None	None	None	None	None

Job Title (Note 1)	Nationality	Name	Gender	Date elected	Shares held		Shares held by spouse or minor children		Shares held in the name of other persons		Main working (education) experience (Note 2)	Current positions in or other companies	Any manager who is a spouse or a relative within the second degree of kinship			Remarks (Note 3)
					Number of shares	Shareholding percentage (%)	Number of shares	Shareholding percentage (%)	Number of shares	Shareholding percentage (%)			Job Title	Name	Relation	
Accounting Director	R.O.C.	Lai, Ting-Fu	F	2018.05.14	0	0	0	0	0	0	Vice Director of Finance Division of YC CO., LTD. Vice Director of Finance Division of ACHEM Technology Corporation Bachelor of Accounting, Ming Chuan University	None	None	None	None	None

Note 1: It shall include information on general manager, vice presidents, assistant vice president, all departments and branch regardless of the title, and any position equivalent to general manager, vice president or assistant vice president. In reference to the requirements stipulated in Order No. Tai-Tsai-Zheng (3) 0920001301, the manager's scope is as follows: (1) general manager or equivalent position (2) vice president and equivalent position (3) Assistant Vice President and equivalent position (4) Financial Manager (5) Accounting Manager (6) Others with the right to manage affairs and sign for the Company.

Note 2: Experience related to the current position. If the person has worked for the Company's CPA firm or affiliates in the aforementioned period, please describe the titles and responsibilities: None.

Note 3: If the general manager or a person holding an equivalent position are the same person as the chairman or are spouses or relatives within the first degree of kinship, relevant information regarding the reason, rationality, necessity, and measures shall be disclosed:

(1) As of the publication date, no half of the directors are also employees or managers of the Company.

## II. 2024 Remuneration to Directors, General Manager, and Vice Presidents:

### (I) Remuneration of general directors and independent directors:

Period: Year 2024

Unit: NTD thousand

Job Title	Name	Remuneration to directors								Ratio of Total Remuneration (A+B+C+D) to Net Loss (%) (Note 8)		Employee remuneration for other activities								Ratio of Total Remuneration (A+B+C+D+E+F+G) to Net Loss (%) (Note 8)		Remuneration from Invested Businesses Other than Subsidiaries or the Parent Company (Note 9)	
		Base Compensation (A) (Note 1)		Retirement pension (B)		Directors Compensation (C) (Note 2)		Allowances (D) (Note 3)				Salaries, bonuses and special expenses (E) (Note 4)		Retirement pension (F) (Note 5)		Employee's remuneration (G) (Note 6)							
		The Company	Companies in the financial statements (Note 7)	The Company	Companies in the financial statements (Note 7)	The Company	Companies in the financial statements (Note 7)	The Company	Companies in the financial statements (Note 7)	The Company	Companies in the financial statements (Note 7)	The Company	Companies in the financial statements (Note 7)	The Company	Companies in the financial statements (Note 7)	The Company		Companies in the financial statements (Note 7)		The Company	Companies in the financial statements (Note 7)		
																Cash	Stock	Cash	Stock				
General director	Chairman	Tai, Hwa-Ming	480	480	0	0	0	0	40	40	520 (0.14%)	520 (0.14%)	3,164	3,164	0	0	0	0	0	0	3,684 (1.00%)	3,684 (1.00%)	None
	Director	Tai, Hsiu-Ling	120	120	0	0	0	0	63	63	183 (0.05%)	183 (0.05%)	3,065	4,995	189	189	0	0	0	0	3,436 (0.93%)	5,366 (1.46%)	None
	Director	Hsieh, Shiu-Ling	120	120	0	0	0	0	60	60	180 (0.05%)	180 (0.05%)	0	0	0	0	0	0	0	0	180 (0.05%)	180 (0.05%)	None
	Director	Lin, Min-Chen	120	120	0	0	0	0	60	60	180 (0.05%)	180 (0.05%)	0	0	0	0	0	0	0	0	180 (0.05%)	180 (0.05%)	None
	Director	Tai, Hsiu-Ching	120	120	0	0	0	0	60	60	180 (0.05%)	180 (0.05%)	3,268	3,268	54	54	0	0	0	0	3,501 (0.95%)	3,501 (0.95%)	None
	Director	Kang Yao Investment Co., Ltd. (Representative: Tai, Jung-Chi) (Note 10)	1200	1200	0	0	0	0	20	20	1,220 (0.33%)	1,220 (0.33%)	0	0	0	0	0	0	0	0	1,220 (0.33%)	1,220 (0.33%)	None
	Director	Kang Yao Investment Co., Ltd. (Representative: Tai, Fu-Jen)	120	120	0	0	0	0	60	60	180 (0.05%)	180 (0.05%)	0	0	0	0	0	0	0	0	180 (0.05%)	180 (0.05%)	None

Job Title	Name	Remuneration to directors								Ratio of Total Remuneration (A+B+C+D) to Net Loss (%) (Note 8)		Employee remuneration for other activities								Ratio of Total Remuneration (A+B+C+D+E+F+G) to Net Loss (%) (Note 8)		Remuneration from Invested Businesses Other than Subsidiaries or the Parent Company (Note 9)		
		Base Compensation (A) (Note 1)		Retirement pension (B)		Directors Compensation (C) (Note 2)		Allowances (D) (Note 3)				Salaries, bonuses and special expenses (E) (Note 4)		Retirement pension (F) (Note 5)		Employee's remuneration (G) (Note 6)								
		The Company	Companies in the financial statements (Note 7)	The Company	Companies in the financial statements (Note 7)	The Company	Companies in the financial statements (Note 7)	The Company	Companies in the financial statements (Note 7)	The Company	Companies in the financial statements (Note 7)	The Company	Companies in the financial statements (Note 7)	The Company		Companies in the financial statements (Note 7)		The Company	Companies in the financial statements (Note 7)					
														Cash	Stock	Cash	Stock							
General director	Director	Kang Yao Investment Co., Ltd. (Representative: Tai, Chen-Fan) (Note 10)		0	0	0	0	0	0	10	10	10 (0.00%)	10 (0.00%)	0	0	0	0	0	0	0	0	10 (0.00%)	10 (0.00%)	None
Independent Director	Independent Director	Hsu, Chiang		300	300	0	0	0	0	84	84	384 (0.10%)	384 (0.10%)	0	0	0	0	0	0	0	0	384 (0.10%)	384 (0.10%)	None
	Independent Director	Hwang, Jen-Te		300	300	0	0	0	0	81	81	381 (0.10%)	381 (0.10%)	0	0	0	0	0	0	0	0	381 (0.10%)	381 (0.10%)	None
	Independent Director	Ting, Pi-Hui		300	300	0	0	0	0	81	81	381 (0.10%)	381 (0.10%)	0	0	0	0	0	0	0	0	381 (0.10%)	381 (0.10%)	None
	Independent Director	Hu, Yen-Jung		300	300	0	0	0	0	81	81	381 (0.10%)	381 (0.10%)	0	0	0	0	0	0	0	0	381 (0.10%)	381 (0.10%)	None
<p>1. Please describe the independent directors' remuneration policy, system, standards, and structure, and explain the factors including the independent directors' duties, risks, and invested time connecting to the remuneration amount: Please see P.22-23.</p> <p>2. In addition to the disclosure in the above table, in the most recent fiscal year, remuneration received by directors (e.g., serving as a consultant for a non-employee of the parent company/companies included in the financial statements/investment businesses): None.</p>																								

Note 1: Refers to the remuneration of directors in 2024 (including directors' salary, job add-on, severance pay, various bonuses, and rewards etc.).

Note 2: The Company did not distribute remuneration to directors in 2024.

Note 3: Refers to the related operation expenses of the directors in 2024 (including travel expenses, special disbursement, various allowances, housing and car etc.).

Note 4: Refers to the remuneration earned by Directors for concurrently serving as an employee in 2024 (including concurrently General Manager, Vice Presidents, other managers and employees), including salary, job add-on, severance pay, various bonuses, rewards, travel expenses, special disbursement, various allowances, housing and vehicles and in-kind benefits and the salary expenses recognized in accordance with IFRS 2 "Share-based Payment," including obtaining Employee Stock Option, Employee Restricted Stock and participating in subscribing shares for capital increased by cash.

Note 5: The pension refers to the allocation account as stated.

Note 6: The Company did not distribute remuneration to employees in 2024.

Note 7: Refers to the total amount of remuneration paid by all companies (including the Company) in the consolidated report to the directors of the Company.

Note 8: Net income after tax refers to the net income after tax presented in the Company's 2024 parent only financial statements.

Note 9: a. Fills in the relevant remuneration received to the company's directors from Invested Businesses Other than Subsidiaries or Parent Company.

b. Remuneration refers to remuneration, compensation (including remuneration to employees, directors and supervisors) and operation expenses of the received by the directors of the Company as directors, supervisors or managers other than subsidiaries or parent company.

Note 10: On December 1, 2024, Representative of Kang Yao Investment Co., Ltd., Dai, Jung-Chi, stepped down; and Tai, Chen-Fan was appointed as the new director.

\* The content disclosed in the table in regards of remuneration is different from the income specified in the Income Tax Act; therefore this table is for disclosure of information purpose and is not for taxation.

(II) Remuneration of General Manager and Vice Presidents:

1. Summary Table of Remuneration:

Period: Year 2024

Unit: NTD thousand

Job Title	Name	Salary (A) (Note 1)		Retirement pension (B) (Note 2)		Bonuses and Allowances (C) (Note 3)		Employee Compensation (D) (Note 4)				Ratio of Total Remuneration (A+B+C+D) to Net Loss (%) (Note 8)		Remuneration from Invested Businesses Other than Subsidiaries or the Parent Company (Note 9)
		The Company	Companies in the financial statements (Note 5)	The Company	Companies in the financial statements (Note 5)	The Company	Companies in the financial statements (Note 5)	The Company		Companies in the financial statements (Note 5)		The Company	Companies in the financial statements (Note 5)	
								Cash	Stock	Cash	Stock			
Chairman	Tai, Hwa-Ming	15,995	20,854	787	787	4,918	6,760	0	0	0	0	21,700 (-5.89%)	28,401 (-7.71%)	None
General Manager	Tai, Hsiu-Ling													
General Manager of the Business Group	Tai, Hsiu-Ching													
Vice President	Yang, Ho-Hsi													
Vice President and Financial Manager and Corporate Governance Manager	Wu, Jeng-Rong													
Vice President	Cheng, Fu- Liang													
Vice President (Note 10)	Lin, Glen													
Vice President (Note 11)	Chang, Yu-Chun													

## 2. Remuneration Range Table:

Breakdown of remuneration to each general manager and vice president	General Manager and vice presidents	
	The Company (Note 6)	Companies in the financial statements (E) (Note 7)
Under NTD 1,000,000	Chang, Yu-Chun	Chang, Yu-Chun
NTD 1,000,000 (inclusive) ~ NTD 2,000,000 (exclusive)	Lin, Glen	Lin, Glen
NTD 2,000,000 (inclusive) ~ NTD 3,500,000 (exclusive)	Tai, Hwa-Ming; Tai, Hsiu-Ling; Tai, Hsiu-Ching; Yang, Ho-Hsi; Wu, Jeng-Rong; Cheng, Fu-Liang	Tai, Hwa-Ming; Tai, Hsiu-Ching; Yang, Ho-Hsi
NTD 3,500,000 (inclusive) ~ NTD 5,000,000 (exclusive)	None	Wu, Jeng-Rong; Cheng, Fu-Liang
NTD 5,000,000 (inclusive) ~ NTD 10,000,000 (exclusive)	None	Tai, Hsiu-Ling
NTD 10,000,000 (inclusive) ~ NTD 15,000,000 (exclusive)	None	None
NTD 15,000,000 (inclusive) ~ NTD 30,000,000 (exclusive)	None	None
NTD 30,000,000 (inclusive) ~ NTD 50,000,000 (exclusive)	None	None
NTD 50,000,000 (inclusive) ~ NTD 100,000,000 (exclusive)	None	None
Over NTD 100,000,000	None	None
Total	8	8

Note 1: Refers to salary, job add-on, severance pay, various bonuses and rewards in 2024 earned by general manager and vice presidents.

Note 2: The pension refers to the allocation account as stated.

Note 3: Refers to the 2024 remuneration earned by General Manager and Vice Presidents, various bonuses, rewards, travel expenses, special disbursement, various allowances, housing and vehicles and in-kind benefits and the salary expenses recognized in accordance with IFRS 2 "Share-based Payment," including obtaining Employee Stock Option, Employee Restricted Stock and participating in subscribing shares for capital increased by cash.

Note 4: The amount of distribution of employee remuneration to general managers and deputy general managers and above is as resolved by the Board of Directors on January 17, 2025.

Note 5: Refers to the total amount of remuneration paid by all companies (including the Company) in the consolidated report to the general manager and vice presidents of the Company.

Note 6: Refers to the total remuneration paid by the Company to each general manager and vice president; the names of the general manager and vice presidents are to be disclosed in the respective tier.

Note 7: Refers to the total remuneration paid by all the companies (including the Company) in the consolidated report to each of the Company's general manager and vice president should be disclosed, and the names of the general manager and vice presidents should be disclosed in the respective tier.

Note 8: Net profit after tax refers to the net profit after tax of the Company's 2024 parent only financial statement.

Note 9: a. Fills in the relevant remuneration received to the company's general manager and vice presidents from Invested Businesses Other than Subsidiaries or Parent Company.

b. Remuneration refers to remuneration, compensation (including remuneration to employees, directors and supervisors) and operation expenses of the received by the general manager and vice presidents of the Company as directors, supervisors or managers other than subsidiaries or parent company.

Note 10: Stepped down on June 5, 2024.

Note 11: Took office on December 1, 2024.

\* The content disclosed in the table in regards of remuneration is different from the income specified in the Income Tax Act; therefore this table is for disclosure of information purpose and is not for taxation.

3. Top 5 executives with the highest remuneration: (Note 1)

Period: Year 2024  
Unit: NTD thousand

Job Title	Name	Salary (A) (Note 2)		Retirement pension (B) (Note 3)		Bonuses and Allowances (C) (Note 4)		Employee Compensation (D) (Note 5)				Ratio of Total Remuneration (A+B+C+D) to Net Loss (%) (Note 7)		Remuneration from Invested Businesses Other than Subsidiaries or the Parent Company (Note 8)
		The Company	Companies in the financial statements (Note 6)	The Company	Companies in the financial statements (Note 6)	The Company	Companies in the financial statements (Note 6)	The Company		Companies in the financial statements (Note 6)		The Company	Companies in the financial statements (Note 6)	
								Cash	Stock	Cash	Stock			
Chairman	Tai, Hwa-Ming	1,800	1,800	0	0	1,364	1,363	0	0	0	0	3,164 (-0.86%)	3,164 (-0.86%)	None
General Manager	Tai, Hsiu-Ling	2,360	3,288	188	188	704	1,706	0	0	0	0	3,253 (-0.88%)	5,183 (-1.41%)	None
Vice President and Financial Manager and Corporate Governance Manager	Wu, Jeng-Rong	2,546	3,537	155	155	685	1,251	0	0	0	0	3,386 (-0.92%)	4,944 (-1.34%)	None
Vice President	Cheng, Fu-Liang	1,804	3,821	73	73	308	582	0	0	0	0	2,185 (-0.59%)	4,476 (-1.21%)	None
General Manager of the Business Group	Tai, Hsiu-Ching	2,651	2,652	53	53	616	616	0	0	0	0	3,321 (-0.90%)	3,321 (-0.90%)	None

Note 1: The remuneration to the Company's managers in 2024 is the total amount of salaries, severance pay and pensions, bonuses and special expenses received from all companies included in the consolidated financial statements, and the top five highest paid executives are ranked in order.

Note 2: The salaries, bonuses, and severance pay of the top five highest paid executives in 2024.

Note 3: The pension refers to the allocation account as stated.

Note 4: Refers to the 2024 remuneration earned by the top five highest paid executives, various bonuses, rewards, travel expenses, special disbursement, various allowances, housing and vehicles and in-kind benefits and the salary expenses recognized in accordance with IFRS 2 "Share-based Payment," including obtaining Employee Stock Options, Employee Restricted Stock and participating in subscribing shares for capital increased by cash.

Note 5: The Company did not distribute remuneration to directors in 2024.

Note 6: Refers to the total amount of remuneration paid by all companies (including the Company) in the consolidated report to the Company's top five highest paid executives.

Note 7: Net profit after tax refers to the net profit after tax of the Company's 2024 parent only financial statement.

Note 8: a. Fills in the relevant remuneration received to the Company's top five highest paid executives from Invested Businesses Other than Subsidiaries or Parent Company.

b. Remuneration refers to remuneration, compensation (including remuneration to employees, directors and supervisors) and operation expenses received by the Company's top five highest paid executives as directors, supervisors or managers other than subsidiaries or parent company.

\* The content disclosed in the table in regards of remuneration is different from the income specified in the Income Tax Act; therefore this table is for disclosure of information purpose and is not for taxation.

- (III) Names of management team provided with employee remuneration: As the Company recorded a loss for 2024, no remuneration to employees was estimated.
- (IV) During the past two years, total remuneration, as a percentage of net income paid to directors, general manager, and vice presidents, as a percentage of net income of parent only or individual financial reports, and analyze remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure:

Job Title	Year	Ratio of total remuneration paid to directors, general manager and vice presidents to net income(loss) (%) (Note 1)			
		2024		2023	
		The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements
Director		-3.78%	-4.3%	3.85%	4.27%
General Manager / Vice presidents		-5.89%	-7.71%	4.35%	5.43%

Note 1: Subject to the income(loss) after tax identified in the individual financial statements 2024 and 2023. The remuneration to the Company's directors, general managers, and vice presidents was net loss after tax in 2024, resulted in a decrease in the ratio of total remuneration to net loss after tax for the year.

1. Policies, standards, packages and procedures for determining remuneration to directors (including independent directors), and its linkage to business performance and future risk exposure:

- (1) As stipulated in Article 21 of the Articles of Incorporation, the Board of Directors is authorized to resolve the remuneration to directors (including independent directors) and supervisors, and is subject to their contribution to the Company's operation and the value of the contribution, and based on the typical pay levels adopted by peer companies. The remuneration shall be payable, irrelevant to the operating profit or loss generated.

The Company's "Procedures of Remuneration to Directors, Functional Committees' Members, Managers and Internal Auditors" stipulates that the reasonableness of remuneration shall be subject to review by the Remuneration Committee and the Board of Directors.

- (2) The Company does not provide remuneration to independent directors or other directors. Based on Paragraph 5, Article 27 of the Articles of Incorporation, the remuneration distribution to directors are based on the Company's profitability for the recent fiscal year (i.e., pre-tax benefits plus the number of remuneration to employees and directors) shall not exceed 5% of the aforementioned total amount after making up for losses.

The Company's "Procedures of Remuneration to Directors, Functional Committees' Members, Managers and Internal Auditors" specifically stipulates that the Remuneration Committee shall take into account the performance of the Board of Directors as a whole (performance evaluation results of the Board), the Company's operating performance, the Company's future operations and the risk appetite. The remuneration distribution proposal shall be subject to the board of directors' approval and then reported at the shareholders' meeting.

The distribution of remuneration to individual directors is based on the weighted value of their participation in and contribution to the Company's operations.

2. Policies, standards, packages, and procedures for determining remuneration to general manager and vice presidents, and its linkage to business performance and future risk exposure:

- (1) As stipulated in the Company's "Procedures of Remuneration to Directors, Functional Committees' Members, Managers and Internal Auditors", remuneration to the Company's managers shall be based on their participation in and contribution to the Company's operations. They shall be paid between 0% and 150% of the peer industry rate. Salaries are subject to fixed and variable salaries - fixed salaries are evaluated based on years of service and job values. In contrast, variable salaries are connected to performances (such as financial performance, talent cultivation and quality and risk). The rationality of related salaries should be reviewed by the Remuneration Committee and the Board of Directors.

- (2) The Company's employee compensation to the managers is in accordance with Paragraph 5, Article 27 of the Articles of Incorporation, the employee compensation shall be allocated subject to the profit sought by the

Company for that year (namely, the earnings before tax plus remuneration to employees and directors as stated) less the previous loss, and shall be no less than 1% of the said amount. The Company's "Procedures of Remuneration to Directors, Functional Committees' Members, Managers and Internal Auditors" specifically stipulates that the Remuneration Committee shall take into account the performance of the Board of Directors as a whole, the Company's operating performance, future operations and the risk appetite. The remuneration distribution proposal shall be subject to the board of directors' approval and then be reported at the shareholders' meeting.

### III. Implementation of Corporate Governance

#### (I) Operation of the Board of Directors:

1. A total of 6 [A] meetings of the Board of Directors were held in 2024. The attendance of directors is as follows:

Job Title	Name	Attendance in Person [B]	By Proxy	Attendance Rate (%) [B/A] (Note 1)	Remarks (Note 2)
Chairman	Tai, Hwa-Ming	6	0	100.00	
Director	Hsieh, Shiu-Ling	6	0	100.00	
Director	Tai, Hsiu-Ling	6	0	100.00	
Director	Lin, Min-Chen	6	0	100.00	
Director	Tai, Hsiu-Ching	6	0	100.00	
Director	Kang Yao Investment Co., Ltd. (Representative: Tai, Jung-Chi)	0	5	0.00	Stepped down on December 1, 2024 due to change in the representative; should have attended 5 meetings during the term of office.
Director	Kang Yao Investment Co., Ltd. (Representative: Tai, Fu-Jen)	6	0	100.00	
Director	Kang Yao Investment Co., Ltd. (Representative: Tai, Chen-Fan)	1	0	100.00	Newly appointed on December 1, 2024 due to change in the representative; should have attended 1 meeting during the term of office.
Independent Director	Hsu, Chiang	6	0	100.00	
Independent Director	Hwang, Jen-Te	6	0	100.00	
Independent Director	Ting, Pi-Hui	6	0	100.00	
Independent Director	Hu, Yen-Jung	6	0	100.00	
Other items that shall be recorded:					
I. Where the operation of the board of directors meets any of the following circumstances, the minutes concerned shall clearly state the meeting date, term, contents of motions, opinions of all independent directors and the Company's resolution of said opinions:					
(I) For the matters specified in Article 14-3 of the Securities and Exchange Act: The Company has established an Audit Committee; therefore, the matters specified in Article 14-5 of the Securities and Exchange Act do not apply. Please see "Status of operation of the Audit Committee" of the annual report.					
(II) Any other resolution(s) passed but with independent directors voicing opposing or qualified opinions on the record or in writing: None.					
(III) The attendance of independent directors of the board of directors in 2024: at least two independent director would attend the meetings of the Board of Directors in 2024. The attendance thereof is stated as follows:					
V: In person      ※: By proxy      ▼: Absent      ◆: Non-employment Period					

Name of Independent Director	1st meeting 2024. 01.30	2nd meeting 2024. 02.27	3rd meeting 2024. 05.13	4th meeting 2024. 08.12	5th meeting 2024. 11.12	6th meeting 2024. 12.30
Hsu, Chiang	V	V	V	V	V	V
Hwang, Jen-Te	V	V	V	V	V	V
Ting, Pi-Hui	V	V	V	V	V	V
Hu, Yen-Jung	V	V	V	V	V	V

- II. For the avoidance of conflict of interest by directors, the names of directors, content of proposal, reasons for the avoidance of conflict of interest, and the participation in the vote shall be stated: Please see “important resolutions of the Board of Directors” on P.57-63 of the annual report.
- III. TWSE/TPEX Listed Companies should disclose information including the evaluation cycle and period, evaluation scope, method, and evaluation content of the board’s self (or peer) evaluation:  
Please see “The Evaluation of the Board of Directors” P.25 of the annual report.
- IV. Enhancements to the functionality of the Board of Directors in the current and the most recent year (e.g. establishment of an Audit Committee, improvement of information transparency, etc), and the progress of such enhancements:
- In order to implement sound governance system for the Board of Directors, the diversity and professionalism of board members are strengthened:  
The composition of the Company’s Board of Directors is based on the diversity in terms of gender, age, industry experience and expertise in order to improve the board’s strategic guidance function (please see P.35 for implementation). Each director is also required to complete a 6-hour further education courses (please see continuing education of directors on P.38 for implementation) to maintain their core values and strengths and capabilities.
  - To enhance the frequency and efficiency of the Company’s board’s Board of Directors’ operations:  
A board meeting must be convened at least once a quarter to strengthen the frequency of reviewing the Company’s operating performances and important strategies. In 2024, a total of 6 board meetings were convened, with an average attendance rate of 85%. In addition, the Company stipulates that the self-evaluation of the Board of Directors, functional committees and individual directors shall be conducted internally once a year, and an external professional independent organization shall conduct a performance evaluation every three years. The evaluation results shall be completed within three months after the end of the year, strengthening the operational efficiency of the board meetings.
  - Improve Information Transparency:  
The Company has implemented the spokesperson system and updates the information on the website and has ranked in the top 21% to 35% for the 11th Corporate Governance Evaluation in 2024.
  - Establish relevant organizations to improve corporate governance operations:  
The Company established the Remuneration Committee in 2011, which is responsible for reviewing the remuneration system for directors and managers. Since 2020, the Audit Committee has been established to supervise the Company’s finance, internal control, legal compliance, and the control of potential risks. Since 2024, the Nomination Committee has been established to select and review the suitability of directors. Also, the Company has assigned the vice president of the Group Administration, Wu, Jeng-Rong, as the corporate governance manager since 2021. Wu will be responsible for the supervision and planning of corporate governance.

Note 1: Actual attendance rate (%) was calculated on the basis of the number of board meetings held during each director’s term and the number of meetings actually attended by that director.

Note 2: (1) If a director resigns before the end of the year, the resignation date shall be indicated in the remarks column.

(2) If there is a re-election of directors before the end of the year, the new and old directors should be must be stated in the remarks column, and indicate if such member is old, new, or re-elected, as well as the re-election date.

2. For the Evaluation of the Board of Directors:

- (1) The 2024 performance evaluation results of the Company's Board of Directors as a whole, board members, the Overall Remuneration Committee and the Entire Audit Committee are excellent (Note 1). These results have been reported to the Board of Directors' meeting held on January 17, 2025.

Evaluation cycles	Evaluation periods	Evaluation scope	Evaluation method	Evaluation content
Evaluation of the previous year is conducted in the first quarter of each year	2024.01.01   2024.12.31	Overall board	Internal self-evaluation of the board of directors	The measurement items (45 questions) for the performance evaluation of the Board of Directors as a whole have taken into account the Company's situation and needs based on five major concepts: 1. Participation in the operation of the company (12 questions) 2. Improvement of the quality of the board of directors' decision making (12 questions) 3. Composition and structure of the board of directors (7 questions) 4. Election and continuing education of the directors (7 questions) 5. Internal Control (7 questions)
		Board members	Self-evaluation of the board member	The measurement items (24 questions) for the performance evaluation of the board members have taken into account the Company's situation and needs based on six major concepts: 1. Grasping of the company's goals and tasks (4 questions) 2. Responsibility awareness of the directors (3 questions) 3. Participation in the operation of the company (8 questions) 4. Internal relationship management and communication (3 questions) 5. Professionalism and continuing education of directors (3 questions) 6. Internal Control (3 questions)
Evaluation of the previous year is conducted in the first quarter of each year	2024.01.01   2024.12.31	Overall Remuneration Committee	Internal self-evaluation of the board of directors	The measurement items (20 questions) for the performance evaluation of the Remuneration Committee have taken into account the Company's situation and needs based on five major concepts: 1. Participation in the operation of the company (4 questions) 2. Responsibility awareness of the functional committees (5 questions) 3. Improvement of the decision making quality of functional committee (7 questions) 4. Functional Committee composition and member selection (3 questions) 5. Internal Control (1 questions)
Evaluation of the previous year is conducted in the first quarter of each year	2024.01.01   2024.12.31	Entire Audit Committee	Internal self-evaluation of the board of directors	The measurement items (23 questions) for the performance evaluation of the Audit Committee have taken into account the Company's situation and needs based on five major concepts: 1. Participation in the operation of the company (4 questions) 2. Responsibility awareness of the functional committees (5 questions) 3. Improvement of the decision making quality of functional committee (7 questions) 4. Functional Committee composition and member selection (3 questions) 5. Internal Control (4 questions)

Note 1: The Company's Board performance evaluation results are divided into 3 levels: "Excellent" (ranging between 100-90), "Good" (score ranging between 89-80), and "To be improved" (score below 79).

(II) Status of operation of the Audit Committee:

The Company's Audit Committee is made up with all independent directors, totaling 4 seats. The Committee is responsible for assisting the Board of Directors in supervising the adequacy of the Company's financial statements, the selection and independence of CPAs, the effectiveness of internal controls, as well as the control of the Company's existing or potential risks etc.

1. Status of operation of the Audit Committee:

In 2024, the Audit Committee held a total of 5 [A] meetings. The attendance of independent directors is as follows:

Job Title	Name	Attendance in Person [B]	By Proxy	Attendance Rate (%) [B/A] (Note 1 & 2)	Remarks
Independent Director	Hsu, Chiang	5	0	100.00	
Independent Director	Hwang, Jen-Te	5	0	100.00	
Independent Director	Ting, Pi-Hui	5	0	100.00	
Independent Director	Hu, Yen-Jung	4	0	80.00	

Other items that shall be recorded:

I. Where the operation of the Audit Committee meets any of the following circumstances, the date and session of the Board of Directors' meeting, contents of the motion, any independent director's opinions expressing objections or reservations or important suggestions, Audit Committee's resolution results of the Audit Committee's resolution, and how the company has responded to the Audit Committee's opinions.

(I) For matters specified in Article 14-5 of Taiwan's Securities and Exchange Act:

Session and date of the Audit Committee	Motion content
6th meeting of the 2nd term 2024.02.27	(1) Motion for 2023 Business Report and Financial Statements.
	(2) Motion for the 2023 earnings distribution.
	(3) Motion for the audit and statement of the effectiveness of the 2023 internal control system.
	(4) Motion for amendment to the "Regulations Governing for Making Endorsements and Guarantees".
	(5) Motion for the 2024 evaluation of the independence, suitability and remuneration to the appointed CPAs.
7th meeting of the 2nd term 2024.05.13	(6) Motion for appointment of a service provider for the transfer pricing report project in 2023 and 2024.
	◆ Any independent director's opinions expressing objections or reservations or important suggestions: None.
	◆ Resolution of the Audit Committee: Approved by all members of the Audit Committee.
	◆ How the Company has responded to the Audit Committee's opinions: Approved by all directors present.
7th meeting of the 2nd term 2024.05.13	◆ Recusal of independent directors due to conflict of interest None.
	(1) Motion for the Company's consolidated financial statements for the first quarter of 2024.
	◆ Any independent director's opinions expressing objections or reservations or important suggestions: None.
	◆ Resolution of the Audit Committee: Approved by all members of the Audit Committee.
7th meeting of the 2nd term 2024.05.13	◆ How the Company has responded to the Audit Committee's opinions: Approved by all directors present.
	◆ Recusal of independent directors due to conflict of interest None.

	8th meeting of the 2nd term 2024.08.12	(1) Motion for the Company’s consolidated financial statements for the second quarter of 2024.
		(2) Motion for endorsement/guarantee for subsidiary KNH (Yangzhou) Co., Ltd.
		◆ Any independent director’s opinions expressing objections or reservations or important suggestions: None.
		◆ Resolution of the Audit Committee: Approved by all members of the Audit Committee.
		◆ How the Company has responded to the Audit Committee’s opinions: Approved by all directors present.
	9th meeting of the 2nd term 2024.11.12	◆ Recusal of independent directors due to conflict of interest None.
		(1) Motion for the Company’s consolidated financial statements for the third quarter of 2024.
		◆ Any independent director’s opinions expressing objections or reservations or important suggestions: None.
		◆ Resolution of the Audit Committee: Approved by all members of the Audit Committee.
		◆ How the Company has responded to the Audit Committee’s opinions: Approved by all directors present.
	10th meeting of the 2nd term 2024.12.30	◆ Recusal of independent directors due to conflict of interest None.
		(1) Motion for the 2025 budgets of the Company and its subsidiaries.
(2) Motion for adding the internal control system and enforcement rules of internal audit to the Company’s “Sustainability Information Management”.		
(3) Motion for the amendments to the Company’s internal control system and internal audit enforcement rules.		
(4) Motion for establishment of the Company’s Risk Office and formulation of the “Risk Management Handbook”, “Risk Management Procedures”, and “Risk Assessment Procedures”.		
	◆ Any independent director’s opinions expressing objections or reservations or important suggestions: None.	
	◆ Resolution of the Audit Committee: Approved by all members of the Audit Committee.	
	◆ How the Company has responded to the Audit Committee’s opinions: Approved by all directors present.	
	◆ Recusal of independent directors due to conflict of interest None.	

- (II) Any other motions not approved by the Audit Committee but passed by more than a two-third of directors: None.
- II. For the implementation and state of independent directors’ recusal for conflicts of interests, the independent directors’ name, contents of the motion, reasons for the required recusal, and participation in the voting process: For the implementation and state of independent directors’ recusal for conflicts of interests: None.
- III. State of communication between independent directors, internal audit supervisor and CPAs (such as material matters, methods and results of communications on the Company’s finances and business status):
- (I) Independent directors can understand the Company’s operation status (including financial business) and audit status through quarterly board meetings, occasional seminars, the Audit Committee, and the monthly “Summary of Audit Reports” provided by the audit unit each month. Communication can be engaged with the Audit Manager through reports and channels (such as telephone, fax, and emails, etc.). The communication between independent directors and internal audit officers in 2024 is summarized as follows:

Date	Communication method	Content	Attendees	Communication and implementation result
2024/10/25	Individual symposium (video)	1. 2024 Work report. 2. Description of the proposal for the 2025 audit plan.	Independent Director Hsu, Chiang Independent Director Hwang, Jen-Te Independent	The independent directors have fully understood the contents of the communication.

			Director Ting, Pi-Hui Independent Director Hu, Yen-Jung Audit Supervisor Lin, Hsiu-Chuan	
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- (II) Independent directors may communicate with accountants through quarterly board meetings, the Audit Committee meetings and from time to time in symposiums, and communicate with accountants separately at least once a year. The communication in 2024 is summarized as follows.

Date	Communication method	Content	Attendees	Communication and implementation result
2024/10/25	Individual symposium (video)	<ol style="list-style-type: none"> <li>The accountants explained the self-prepared financial report.</li> <li>The accountant discusses and communicates with attendees based on their inquiries.</li> </ol>	Independent Director Hsu, Chiang/ Independent Director Hwang, Jen-Te/ Independent Director Ting, Pi-Hui/ Independent Director Hu, Yen-Jung/ CPA Huang, Pei-Chuan	The independent directors have fully understood the contents of the communication and did not raise other comments.

IV. Annual focus and state of operation:

(I) Annual focus

- Review of fair presentation of the financial statements and final accounts.
- Review of the effectiveness of the internal control system.
- Review of endorsement/guarantee transaction limits and budgets, and appointment and remuneration of CPAs.

- (II) Operations in 2024: All motions at the Audit Committee meeting have been reviewed or approved by the Audit Committee and no objections were made by the independent directors.

Note 1: If a independent director resigns before the end of the year, the resignation date shall be indicated in the remarks column. Actual attendance rate (%) was calculated on the basis of the number of the Audit Committee meetings held during each member's term and the number of meetings actually attended by that member.

Note 2: If there is a re-election of independent directors before the end of the year, the new and old independent directors should be must be stated in the remarks column, and indicate if such member is old, new, or re-elected, as well as the re-election date. Actual attendance rate (%) was calculated on the basis of the number of the Audit Committee meetings held during each member's term and the number of meetings actually attended by that member.

(III) Corporate Governance Implementation Status and Deviations from “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies”:

Evaluation Item	Implementation Status (Note 1)		Deviations from “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons	
	Yes	No		Abstract Illustration
I. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies”?	V		The Company has formulated the “Corporate Governance Best Practice Principles for KNH” with reference to the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies,” jointly formulated by the Taiwan Stock Exchange Corporation (TWSE) and the Taipei Exchange (TPEX). Each amendment must be resolved and passed by the board of directors and it is disclosed on the Market Observation Post System and the Company’s website <a href="https://www.knh.com.tw/governance5.html">https://www.knh.com.tw/governance5.html</a> .	No material gap was found
II. Shareholding structure & shareholders’ rights				
(I) Does the company establish an internal operating procedure to deal with shareholders’ suggestions, doubts, disputes and litigations, and implement based on the procedure?	V		(I) In addition to appointing an agent to handle shareholder affairs, the Company has also appointed spokespersons and deputy spokespersons, and a shareholder Affairs Unit to assist in handling shareholders’ suggestions, doubts, and disputes. When necessary, legal consultants are involved for assistance. The official Chinese and English websites of the Company fully disclose the contact information of relevant personnel and information necessary for shareholders’ meetings, investor conferences and other important meetings. Shareholders may reflect their opinions or inquire about related issues by telephone and e-mail, and the issued will handled in accordance with law and relevant internal procedures for proper response.	No material gap was found
(II) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares?	V		(II) Through our stock agent, we fully grasp and understand the structure of major shareholders and ultimate controllers of major shareholders. As required by Article 25 of the Securities and Exchange Act, changes in shareholding are reported and announced to the competent authorities each month.	No material gap was found
(III) Does the company establish and execute the risk management and firewall system within its conglomerate structure?	V		(III) We have formulated the “Regulations Governing Establishment of Internal Control Systems by Public Companies” and the “Regulations Governing Supervision of Subsidiaries” in accordance with the requirements of the “Regulations Governing Management of Transactions with related parties”. Our risk control and firewall mechanisms between affiliates have been approved by the Board of Directors and implemented.	No material gap was found
(IV) Does the company establish internal rules against insiders trading with undisclosed information?	V		(IV) The Company’s Board of Directors passed the “Procedures for Handling Material Inside Information and Management of the prevention of insider trading” to establish the basis for the Company’s processing of internal material information and disclosure of the information. The Company will periodically amend relevant regulations to keep them in line with the existing laws and practices. In 2024, the directors received further education courses namely “Material Internal Information and Prevention of Insider Trading” and “Prevention of Insider Trading and Insider Equity Trading”, with a total of 11 participants for a total of 66 training hours. In 2024, the Company carried out education and training - “Procedures for Handling Material Inside Information and Management of the Prevention of Insider Trading” on employees, with a total of 534 participants for a total of 669.5 training hours.	No material gap was found
III. Composition and Responsibilities of the Board of Directors				
(I) Has the Board formulated a diversity policy and specific management objectives, and have they been implemented?	V		(I) The Company’s “Procedures for Election of Directors” and the “Corporate Governance Best-Practice Principles” have diversified policies for the composition of the members of the Board. The Company considers its business model and development needs to formulate an appropriate diversity policy (please see “Board Diversity and Independence” on P.13 of the annual report), including but not limited to the following two major standards: 1. Basic requirements: Gender and age. 2. Professional knowledge and skills: Industry experience and professional competence.	No material gap was found

Evaluation Item	Implementation Status (Note 1)		Abstract Illustration	Deviations from “Corporate Best Governance Principles for TWSE/TPEx Listed Companies” and Reasons						
	Yes	No								
			<p>The management objectives of the diversity policy of the Board of Directors and the progress of their accomplishments are as follows:</p> <table border="1"> <thead> <tr> <th>Management objective</th> <th>2024/12/31 Achievement</th> </tr> </thead> <tbody> <tr> <td>The number of directors who are also managers of the Company shall not exceed one-third of the number of directors.</td> <td>Achieved</td> </tr> <tr> <td>Women account for one-third of the board members</td> <td>Achieved</td> </tr> </tbody> </table> <p>As of the publication date of the annual report, there were 11 directors in total, including 4 independent directors (36%), 3 directors with employee status of the Company (27%), 5 female directors (45%), independent directors. The tenure of directors is no more than 3 terms (1 term: 1 independent director; 2 terms: 2 independent directors; 3 terms: 1 independent director), and the ages of directors are 71 years old or above (3 directors), 61 - 70 years old (4 directors) and under 60 years old (4 directors). All directors have extensive experience in diversified industries, including: nonwoven, industrial machinery, daily necessities, construction engineering, electrical and mechanical engineering, and water treatment engineering. These directors also possess a wide range of professional capabilities, including: management, leadership, risk management, marketing, industrial technology and manufacturing, financial accounting and finance, and information technology, so as to strengthen the structure of the Company’s Board of Directors. For the implementation of diversified policies for the composition of the members of the Board, please see [Note 2].</p>	Management objective	2024/12/31 Achievement	The number of directors who are also managers of the Company shall not exceed one-third of the number of directors.	Achieved	Women account for one-third of the board members	Achieved	
Management objective	2024/12/31 Achievement									
The number of directors who are also managers of the Company shall not exceed one-third of the number of directors.	Achieved									
Women account for one-third of the board members	Achieved									
(II) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?	V		(II) The Company established the Nomination Committee on November 12, 2024, which is responsible for the selection and review of the suitability of directors, and evaluates the independence of independent directors, and proposes a list of candidates to the Board of Directors. The Company established the Remuneration Committee on November 28, 2011. The Remuneration Committee is responsible for the recommendation of the policies, systems, standards and structures for the performance evaluation of directors and managerial performances as well as the periodic evaluation of the remuneration to directors and managers. The Company also established the Audit Committee on June 11, 2020. Recommendations shall be provided by the Audit Committee to the Board of Directors as a reference for decision making regarding matters that may have a significant impact on the Company’s financial operations.	No material gap was found						
(III) Has the company established the Procedures for the Board of Director’s Performance Evaluation and its evaluation methods, and does the company perform regular performance evaluation each year and submit the results of performance evaluations to the board of directors and use them as reference in determining compensation for individual directors, their nomination and additional office term?	V		(III) On May 14, 2018, the Board of Directors of the Company adopted the “Procedures for the Board of Director’s Performance Evaluation”, which stipulate that the self-performance evaluation of the Board of Directors, functional committees and individual board members shall be conducted once a year. The Board of Directors approved the amendments to the “Procedures for the Board of Director’s Performance Evaluation” on January 30, 2024, that the external professional independent institutions or external experts and scholars should evaluate the performance once every three years, and the evaluation results should be completed within three months after the end of the year. At the end of the year, the Finance Division collects relevant information and is responsible for filling out the “Self-evaluation Questionnaire of the Performance” for the Board of Directors as a whole, the Remuneration Committee and the Audit Committee. The “Self-evaluation Questionnaire of the Board Member” will be filled out by the board members. The results of the said questionnaires are disclosed on the Company’s website.	No material gap was found						
			<p>The Company’s internal performance evaluation on the Board of Directors as a whole, individual board members, the Remuneration Committee and the Audit Committee in 2024 were all excellent, and the results were reported to the Board of Directors on January 17, 2025.</p> <p>In the external evaluation of the Board of Directors in 2023, the Company</p>							

Evaluation Item	Implementation Status (Note 1)		Abstract Illustration	Deviations from “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons								
	Yes	No										
(IV) Does the company regularly evaluate the independence of CPAs?	V		<p>commissioned “Taiwan Investor Relations Institute” to conduct the performance evaluation of the Board of Directors. The evaluation report was issued on February 22, 2024, and was submitted to the report at the Board of Directors on February 27, 2024. The Company has implemented the recommendations made by the Institute into the Company’s practical operations.</p> <p>The Company’s Remuneration Committee reviews the rationality of the remuneration to directors, members and managers based on the said performance evaluation results and the “Board of Directors’ Performance Evaluation Results” and “Procedures of Remuneration to Directors, Functional Committees’ Members, Managers and Internal Auditors”, which will also be used as a reference for the nomination for reappointment.</p> <p>(IV) The Company has established the “Procedures for Evaluating the CPA’s Independence and Competency”. Before appointing CPAs every year, it is necessary for the Company to obtain the “Audit Quality Indicators (AQIs)” provided by CPAs and review their independence and suitability by the Audit Committee and the Board of Directors. The 2025 evaluation results were reviewed and approved by the Audit Committee and the Board of Directors on February 25, 2025, and the CPAs all meet the Company’s independence and suitability standards. Please see Note 3 for the evaluation criteria of the independence and suitability of CPAs.</p>	No material gap was found								
IV. Where the company is a TWSE/TPEX listed company, has the company designated an appropriate number of personnel that specializes (or is involved) in corporate governance affairs (including but not limited to providing directors/supervisors with the information needed and assist directors and supervisors in complying with the laws and regulations to perform their duties, convention of board meetings and shareholder meetings, preparation of board meeting and shareholder meeting minutes etc.)?	V		<p>The Company has established a full-time legal manager under the President’s Office to be responsible for the registration of companies and registration of changes; and a Legal Compliance Team under the Group Administration to be responsible for matters associated with the convening of Board of Directors’ meeting, document preparation for shareholders’ meetings, and contact of the stock agent. Therefore, a number of suitable and appropriate corporate governance personnel has been assigned.</p> <p>Also, the Company has assigned the vice president of the Group Administration, Wu, Jeng-Rong, as the corporate governance manager by resolution of the Board of Directors’ meeting held on February 24, 2021. Wu will be responsible for the supervision and planning of corporate governance. Responsibilities of the Corporate Governance Manager include:</p> <ol style="list-style-type: none"> <li>1. Handles matters in relation to the board meeting and shareholders’ meeting</li> <li>2. Produces minutes for the board meeting and the shareholders’ meeting</li> <li>3. Assists in the appointment of directors and continuing education</li> <li>4. Provides information necessary for the directors to carry out their business</li> <li>5. Assists the directors in legal compliance</li> </ol> <p>Corporate governance keys for the year:</p> <ol style="list-style-type: none"> <li>1. A total of 6 board meetings and 5 Audit Committee meetings were held in 2024.</li> <li>2. A total of 1 annual general shareholders’ meeting was held in 2024.</li> <li>3. All members of the Board of Directors have completed at least 6 credits for their continuing education courses.</li> <li>4. The Company takes out liability insurance for the directors and key employees, and reports to the Board of Directors after the insurance renewal.</li> <li>5. The Company conducted the performance evaluation on the Board of Directors and functional committees. The evaluation results for the Board of Directors, the Audit Committee and Remuneration Committee were excellent.</li> <li>6. The Company was ranked in the top 21% to 35% of the 11th annual corporate governance evaluation.</li> <li>7. In 2024, the Head of Corporate Governance has completed 12 hours of further education as required by law.</li> </ol> <table border="1" style="width: 100%; margin-top: 10px;"> <thead> <tr> <th>Course</th> <th>Organizing agency</th> <th>Course name</th> <th>Course</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>	Course	Organizing agency	Course name	Course					No material gap was found
Course	Organizing agency	Course name	Course									

Evaluation Item	Implementation Status (Note 1)			Deviations from “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons																
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V. Does the company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities’ meetings?	V		The Company has maintained good communication with investors, employees, consumers, public associations, banks, etc., through labor conferences, consumer/customer service lines, procurement, finance and other dedicated units, and sets up an area for stakeholders on the Company website in order to respond to important matters of corporate social responsibility in relation to stakeholders. The communication with stakeholders is reported to the Board of Directors at least once a year. For the implementation of the stakeholder issues, communication channels, communication content and frequency of different types of stakeholders in 2024, please see [Note 4]. The communication results with stakeholders were reported to the Board of Directors on February 25, 2025.	No material gap was found																
VI. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	V		The Company appointed Shareholders Service Dept. of KGI Securities Co., Ltd. as the Company’s shareholders service entity dedicated to assist in the handling of the shareholders’ meeting affairs.	No material gap was found																
VII. Information Disclosure																				
(I) Does the company have a corporate website to disclose both financial standings and the status of corporate governance?	V		(I) The Company has a website: <a href="http://www.knh.com.tw/">http://www.knh.com.tw/</a> and has established a dedicated section “Investor” to disclose the Company’s latest financial affairs and a dedicated section “Corporate Governance” to disclose information regarding the Company’s execution status of corporate governance.	No material gap was found																
(II) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	V		(II) The Company’s website is created in both Chinese and English. Each responsible unit collects information depending on the contents, and the disclosed information is periodically maintained by the unit in charge of the official website. Moreover, we implement a spokesperson system in accordance with requirements and fully disclose the contact means of the spokesperson. Information associated with investor conference is disclosed on the website available for investors.	No material gap was found																
(III) Has the company published and reported its annual financial report within two months after the end of a fiscal year, and published and reported its financial reports for the first, second, and third quarters, as well as its operating status for each month before the specified deadline?	V		(III) The Company publishes and reports its financial report within two months after the end of each fiscal year, and publishes and reports its financial reports for the first, second, and third quarters, as well as its operating status for each month.	No material gap was found																
VIII. Is there any other important information to facilitate a better understanding of the company’s corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations,	V		(I) Employee rights and wellness: The Company organizes the communication meeting between the labor and management for 4 times per year, and sets up the “employees mailbox” and “sexual harassment prevention hotline”. The Company also establishes the worker welfare committee, which will hold the meeting at least 4 times per year to discuss the motions about employees’ welfare, and also provide the gifts or subsidies for marriages, joyful events, or bereavements, group	No material gap was found																

Evaluation Item	Implementation Status (Note 1)		Deviations from “Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	
supplier relations, rights of stakeholders, directors’ and supervisors’ training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?			<p>insurance and accident insurance, etc. Meanwhile, the Company establishes the regulations government employees’ retirement and forms the Labor Pension Supervisory Committee according to the Labor Standards Act. The Company contributes a specific percentage of the salary to the pension account opened at Bank of Taiwan as the labor pension reserve on a monthly basis, in order to cover the future payment of pension to labors. According to the Labor Pension Act, the Company has contributed no less than 6% of the salary to each employee’s personal account maintained at Bureau of Labor Insurance on a monthly basis since July 1, 2005.</p> <p>(II) Investor relations and rights of stakeholders:</p> <ol style="list-style-type: none"> <li>1. Offer the stakeholders the email, <a href="mailto:knh@knh-global.com">knh@knh-global.com</a>, to help them communicate with the Company about sustainability issues including environment, society and corporate governance.</li> <li>2. Set up the email, <a href="mailto:whistleblower@knh-global.com">whistleblower@knh-global.com</a> and hotline at 02-2349909 #2268, as the channels for internal and external stakeholders to report on any corruption or unethical conduct.</li> </ol> <p>(III) Supplier relations:</p> <ol style="list-style-type: none"> <li>1. Qualified raw material suppliers are required to sign the “Code of Conduct for Suppliers” and promise to abide by matters such as labor rights, environmental safety and ethical laws and regulations.</li> <li>2. In order to verify that the suppliers’ product quality satisfies the Company’s requirements, the Company establishes the “Regulations Governing Management of Supplier”, and arrange the on-site audit at the suppliers’ premises by the type of supplies and risk level.</li> <li>3. Carried out 7 times of auditing related to matters such as safety and health at the supplier’s business location in 2024, followed by improvements and tracking.</li> </ol> <p>(IV) Continuing education for directors:</p> <p>The directors may pursue their continuing education per their personal need, and shall disclose the continuing education on the website designated by the competent authority. For the contents of the in-service training courses for directors as of the publication date of the annual report, please see [Note 5].</p> <p>(V) Implementation of risk management policies and risk evaluation measures:</p> <ol style="list-style-type: none"> <li>1. The Company requires visitors and contractors entering the production area to sign an undertaking of confidentiality related to health and security to protect the Company and its own interests. A total of 145 persons signed the statement in 2024.</li> <li>2. 6 fire drills with a total of 358 employees taking part were carried out in the Company’s plants in 2024 in order to reduce operational risks. Information security promotion is performed each December or the next January.</li> <li>3. The Company establishes the “Regulations Governing Management of New Product Risk” with respect to new products, and has its R&amp;D unit call related personnel to analyze risk and complete risk assessment report based on the “Failure Mode Analysis Form”. A total of 13 reports have been issued in 2024.</li> </ol> <p>(VI) Implementation of customer relations policies:</p> <p>The Company has maintained good relations with its customers. It has accepted audits and evaluations of important customers in an irregular basis, carried out various improvements on product quality and management according to customer needs, and implement matters related to corporate social responsibility. A total of 203 questionnaires for customers’ satisfaction were distributed in 2024, and the average satisfaction attained 95.7 scores.</p> <p>(VII) Purchasing insurance for directors:</p> <p>The Company has purchased the liability insurance for the directors, and reported the insured value, coverage and insurance premium to the Board of Directors. The liability insurance coverage applicable for 2024 has been</p>

Evaluation Item	Implementation Status (Note 1)		Deviations from “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	
			Abstract Illustration
			reported to the Board of Directors on February 27, 2024.
<p>IX. Please description the improvement of the result of Corporate Governance Evaluation System by the Corporate Governance Center of the Taiwan Stock Exchange announced in the last year.</p> <p>(I) The improvements in 2024 from the previous year are as follows:</p> <ul style="list-style-type: none"> <li>◆ The Company established the Nomination Committee on November 12, 2024, and more than half of the members are independent directors. Independent directors serve as convener and meeting chairperson.</li> <li>◆ The Company established a Risk Office in 2024, and formulated the “Risk Management Handbook”, “Risk Management Procedures”, and “Risk Assessment Procedures”, and the Audit Committee supervises the risk management.</li> <li>◆ Based on the GRI Standards, the Company voluntarily prepared the 2023 sustainability report in both Chinese and English in 2024 in accordance, and uploaded it to the MOPS and the Company’s website.</li> </ul> <p>(II) The priorities for future corporate governance assessment are as follows. Their feasibility of future improvement is being constantly evaluated:</p> <ul style="list-style-type: none"> <li>◆ Assess and formulate the plan to enhance corporate value.</li> <li>◆ Evaluate the necessity for functional committees (sustainable development committee) other than those required by the law.</li> <li>◆ The Sustainability Report discloses relevant ESG information with reference to the SASB Standards and includes the SASB Industry Index Comparison Table.</li> </ul>			

Note 1: Regardless of clicking “yes” or “no,” it should be explained in the summary column.

Note 2: Implementation of diversified policies for the composition of the members of the Board:

Items	Basic composition				Industry experience											Professional skills															
	Job Title	Gender	Also serves as an employee of the Company	Age		Term of the Independent director	Nonwoven	Industrial machinery	Daily Necessities	Construction Engineering	Electromechanical	Bank	Water Treatment	Securities	Law	Marine Shipping	Food Industry	Auto Parts Industry	Business Administration	Leadership Decision	Risk management	Marketing	Industrial Technology &	Industrial Technology and	Financial Accounting and	Business Law	Information Technology	Asset Management	Industrial System Analysis	Management Psychology	
				Below 60 years old	61-70 years old																										Over 71 years old
Tai, Hwa-Ming	Director	M	V	V					V			V							V	V				V							
Tai, Hsiu-Ling	Director	F	V		V		V	V											V	V		V									
Hsieh, Shiu-Ling	Director	F			V								V							V				V							
Lin, Min-Chen	Director	M		V						V	V				V					V	V				V	V	V				
Tai, Hsiu-Ching	Director	F	V		V		V	V											V	V		V		V							
Tai, Fu-Jen	Director	M		V					V			V							V	V				V							
Tai, Chen-Fan	Director	F		V			V												V	V											
Hsu, Chiang	Independent Director	M			V	2 terms										V	V	V	V	V		V							V	V	
Hwang, Jen-Te	Independent Director	M			V	3 terms					V								V	V		V									
Ting, Pi-Hui	Independent Director	F		V		2 terms					V													V							
Hu, Yen-Jung	Independent Director	M			V	1 terms					V													V							

Note 3: Evaluation on the CPA's independence and competency is stated as following:

Evaluation Item	Evaluation Result	Whether they are independent or not
1. No direct or indirect substantial financial interest between the CPA and the Company.	Yes	Yes
2. No substantially close business relationship between the CPA and the Company.	Yes	Yes
3. No potential employment relationship exists when the CPA audits the Company's report.	Yes	Yes
4. No borrowing/lending of fund between the CPA and the Company.	Yes	Yes
5. The CPA never accepts any expensive gift or present from the Company or the Company's directors or managers (valuing more than the value required under the general social etiquette standards).	Yes	Yes
6. The CPA has never provided the Company with the audit service for consecutive seven years.	Yes	Yes
7. The CPA doesn't hold any of the Company's shares.	Yes	Yes
8. The CPA, his/her spouse or family dependent(s) and audit team members have never held the position as director, manager, or any position materially critical to the audited case in the most recent two years, and will never hold said positions in the future audit period.	Yes	Yes
9. Whether the CPA meets the requirements about independence referred to in the Statement of the Norm of Professional Ethics for Certified Public Accountant of the Republic of China No. 10, and whether the Company acquires the "Statement of Independence" issued by the CPA.	Yes	Yes
10. Whether the audit firm's quality indicator (AQI) has been obtained.	Yes	Yes

Note 4: Specific implementation on the category of stakeholders, their concerned issues, communication channels, response methods and frequency for 2024 is as follows:

A total of 99 questionnaires were collected from stakeholders in 2024, and after a comprehensive assessment of issues such as KNH's future vision, sustainability strategy, impact on the value chain, and the global and domestic issues concerned by peers, 13 related issues were screened after evaluation in accordance with KNH's current business condition. Results are as follows:

Stakeholders	Issues of high concern	Communication method	Frequency of communication
Shareholder	<ul style="list-style-type: none"> <li>● Financial Performance</li> <li>● Customer satisfaction</li> <li>● Product R&amp;D and Innovation</li> <li>● Product safety</li> <li>● Labor rights</li> <li>● Employer/employee relationship</li> </ul>	<ul style="list-style-type: none"> <li>● Number of patents obtained for products announced in the annual report</li> <li>● Product insurance status announced on the company official website</li> <li>● Sustainability report published on the Company's website</li> <li>● Shareholders' meetings and investor meetings are held every year to explain the Company's business strategies and directions</li> </ul>	<ul style="list-style-type: none"> <li>● 2 patents applied</li> <li>● Product liability insurance application status updated on the official website every year</li> <li>● GHG emissions disclosed in the annual sustainability report</li> <li>● One shareholders' meeting and two online investor conferences were held in 2024.</li> </ul>
Peer industry /public association	<ul style="list-style-type: none"> <li>● Product R&amp;D and Innovation</li> <li>● Product safety</li> <li>● Financial Performance</li> <li>● Risk control and management</li> <li>● GHG reduction</li> </ul>	<ul style="list-style-type: none"> <li>● Implementation of corporate governance announced on the company official website</li> <li>● Releasing financial information on a regular basis</li> <li>● Financial and operational risk evaluation and transfer</li> <li>● Shareholders' meetings and investor meetings are held every year to explain the Company's business strategies and directions</li> <li>● Annual stakeholder questionnaires</li> <li>● Supplier audits are disclosed in the annual report</li> <li>● Energy conservation management and GHG reduction announced in the annual report</li> <li>● Cooperated with United Way of Taiwan to assist many social welfare organizations</li> </ul>	<ul style="list-style-type: none"> <li>● Important resolutions of the Board of Directors and organization announced on the company official website/annual report</li> <li>● Quarterly financial statements/annual reports/monthly revenue announcements</li> <li>● One shareholders' meeting and two online investor conferences were held in 2024.</li> <li>● Distribute industry/association questionnaires on a yearly basis</li> <li>● Supplier on-site audits disclosed on the company website/annual report</li> <li>● Annual report and annual carbon inventory announced in the Company's annual report</li> <li>● Recipients, materials and donation amount announced in the annual report</li> </ul>

Employee	<ul style="list-style-type: none"> <li>● Management strategy and future development</li> <li>● Salary and Benefits</li> <li>● Labor environment, health and safety</li> </ul>	<ul style="list-style-type: none"> <li>● Product insurance status announced on the company official website</li> <li>● Performance appraisal</li> <li>● Regular labor-management meetings/Employee Welfare Committee meetings</li> <li>● Set up sexual harassment prevention mailbox/employee opinion mailbox/report to the supervisor</li> <li>● Regular health examination and safety promotion, monthly medical care, occasional health care promotion</li> </ul>	<ul style="list-style-type: none"> <li>● Product liability insurance application status updated on the official website every year</li> <li>● Annual performance interviews with all employees and new recruits</li> <li>● Communication meeting between the labor and management 5 times / Employee Welfare Committee meeting 7 times</li> <li>● No reports were made by employees</li> <li>● Annual health checkups, environmental disinfection, and fire drills are disclosed in the annual report and sustainability report</li> </ul>
Supplier/contractor	<ul style="list-style-type: none"> <li>● Product R&amp;D and Innovation</li> <li>● Product safety</li> <li>● Labor rights</li> <li>● Employer/employee relationship</li> <li>● Labor environment, health and safety</li> </ul>	<ul style="list-style-type: none"> <li>● Releasing financial information on a regular basis</li> <li>● Financial and operational risk evaluation and transfer</li> <li>● Shareholders' meetings and investor meetings are held every year to explain the Company's business strategies and directions</li> <li>● Annual survey on customer satisfaction</li> <li>● Product insurance status announced on the company official website</li> </ul>	<ul style="list-style-type: none"> <li>● Quarterly financial statements/annual reports/monthly revenue announcements</li> <li>● Important resolutions of the Board of Directors and organization announced on the company official website/annual report</li> <li>● One shareholders' meeting and two online investor conferences were held in 2024.</li> <li>● Annual consumer satisfaction survey; service hotline/Email available</li> <li>● Unscheduled disclosure of product testing results and quality certifications, and annual product liability insurance updates through the official website</li> </ul>
Customer/consumer	<ul style="list-style-type: none"> <li>● Product safety</li> <li>● Promoting stakeholder communication</li> <li>● Customer satisfaction</li> </ul>	<ul style="list-style-type: none"> <li>● Annual survey on customer satisfaction</li> <li>● the Company's shopping website, product website, FB fan group, social media</li> <li>● Number of patents obtained for products announced in the annual report</li> <li>● Product insurance status announced on the company official website</li> </ul>	<ul style="list-style-type: none"> <li>● Annual consumer satisfaction survey; service hotline/email available</li> <li>● Occasional communication on company website and social media</li> <li>● 2 patents applied</li> <li>● Unscheduled disclosure of product testing results and quality certifications, and annual product liability insurance updates through the official website</li> </ul>
Bank	<ul style="list-style-type: none"> <li>● Corporate governance</li> <li>● Financial Performance</li> <li>● Risk control and management</li> </ul>	<ul style="list-style-type: none"> <li>● Implementation of corporate governance announced on the company official website</li> <li>● Convene Board, Remuneration Committee and Audit Committee meetings</li> <li>● Non-scheduled meetings explaining financial performance, risk response, and future development strategies</li> <li>● Convene shareholders' meetings and hold investor conferences each year</li> <li>● Number of patents obtained for products announced in the annual report</li> <li>● Product insurance status announced on the company official website</li> </ul>	<ul style="list-style-type: none"> <li>● Important resolutions of the Board of Directors and organization announced on the company official website/annual report</li> <li>● 6 Board meetings, 2 Remuneration Committee meetings and 5 Audit Committee meetings were held</li> <li>● Review and analysis of financial performance disclosed in the annual report</li> <li>● One shareholders' meeting and two online investor conferences were held in 2024.</li> <li>● 2 patents applied</li> <li>● Product inspection results and quality certifications were released from time to time, consumer hotline/email made public on the company website</li> </ul>

Note 5: The continuing education taken by in-service directors in 2024 and as of the publication date of the annual report:

Name of Directors	Course name	Organizing agency	Course date	Course hours	Whether the continuing education meets the requirements
Tai, Hwa-Ming	Core ESG Issues That Boards Should Care About	Taiwan Investor Relations Institute	2024/06/12	3.0	Comply with the continuing education hours, scope of continuing education, continuing education system, arrangement of continuing education and disclosure of information required under the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE/TPEx Listed Companies.
	Legal Responsibilities and Corresponding Risks and Prevention of Directors and Supervisors	Taiwan Investor Relations Institute	2024/05/13	3.0	
Hsieh, Shiu-Ling	Core ESG Issues That Boards Should Care About	Taiwan Investor Relations Institute	2024/06/12	3.0	
	Legal Responsibilities and Corresponding Risks and Prevention of Directors and Supervisors	Taiwan Investor Relations Institute	2024/05/13	3.0	
Tai, Hsiu-Ling	Core ESG Issues That Boards Should Care About	Taiwan Investor Relations Institute	2024/06/12	3.0	
	Legal Responsibilities and Corresponding Risks and Prevention of Directors and Supervisors	Taiwan Investor Relations Institute	2024/05/13	3.0	
Lin, Min-Chen	Legal Responsibilities and Corresponding Risks and Prevention of Directors and Supervisors	Taiwan Investor Relations Institute	2024/05/13	3.0	
	Building a New Carbon Era with Sustainability Knowledge	GDP Taiwan Presentation	2024/03/22	3.0	
Tai, Hsiu-Ching	Core ESG Issues That Boards Should Care About	Taiwan Investor Relations Institute	2024/06/12	3.0	
	Legal Responsibilities and Corresponding Risks and Prevention of Directors and Supervisors	Taiwan Investor Relations Institute	2024/05/13	3.0	
Tai, Fu-Jen	Core ESG Issues That Boards Should Care About	Taiwan Investor Relations Institute	2024/06/12	3.0	
	Legal Responsibilities and Corresponding Risks and Prevention of Directors and Supervisors	Taiwan Investor Relations Institute	2024/05/13	3.0	
Tai, Chen-Fan	Continuing Education Course for Principal Accounting Officers of Issuers, Securities Firms, and Securities Exchanges	Accounting Research and Development Foundation	2024/11/21	12.0	
Hsu, Chiang	Labor Disputes and Corporate Governance	Taiwan Corporate Governance Association	2024/08/08	3.0	
	Core ESG Issues That Boards Should Care About	Taiwan Investor Relations Institute	2024/06/12	3.0	
Hwang, Jen-Te	Core ESG Issues That Boards Should Care About	Taiwan Investor Relations Institute	2024/06/12	3.0	
	Legal Responsibilities and Corresponding Risks and Prevention of Directors and Supervisors	Taiwan Investor Relations Institute	2024/05/13	3.0	
Ting, Pi-Hui	Breaking Through the Carbon Tariff Barrier - In-Depth Look at CCA & CBAM's Response Strategies	Digital Governance Association	2024/03/28	3.0	
	Corporate Carbon Management Thinking after the Climate Change Response Act was passed	Taiwan Corporate Governance Association	2024/01/12	3.0	
Hu, Yen-Jung	Core ESG Issues That Boards Should Care About	Taiwan Investor Relations Institute	2024/06/12	3.0	
	Legal Responsibilities and Corresponding Risks and Prevention of Directors and Supervisors	Taiwan Investor Relations Institute	2024/05/13	3.0	

(IV) Composition, Duties and Operations of the Remuneration Committee:

The Company has established the “Remuneration Committee” on November 28, 2011 which holds a meeting at least twice a year. The committee’s duties include regularly review relevant measures of “Remuneration Committee Charter” and the “Procedures of Remuneration to Directors, Functional Committees’ Members, Managers and Internal Auditors” professionally and objectively; conduct regular amendments and reviews of performance evaluation and evaluation of remuneration policies, systems, standards and the structure Company’s directors and managers. The Committee shall propose for suggestions to the board of directors as the Company’s decision-making references.

1. Information on Remuneration Committee members:

April 30, 2025

Criteria		Professional Qualifications and Experience (Note 1)	Independence Criteria (Note 2)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Remuneration Committee Member
Position Title	Name			
Convener/Independent Director	Hsu, Chiang	For relevant contents, please see Disclosure of information about directors’ professional qualifications and independence on P.9-13.		1
Independent Director	Hwang, Jen-Te			0
Independent Director	Ting, Pi-Hui			0
Independent Director	Hu, Yen-Jung			0

Note 1: Professional qualifications and experience: Please specify professional qualifications and experience of each Remuneration Committee member.

Note 2: The state of independence of Remuneration Committee members, including but not limited to whether they, their spouses, second-degree relatives serve as a director, supervisor or employer in the Company or affiliates; the proportion of shares held by the independent director himself/herself, their spouses or second-degree relatives (or in the name of others); whether the independent director serves as a director, supervisor or an employee of a company with which the Company has a specific relationship (refer to Subparagraphs 5 to 8, Paragraph 1, Article 6 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange); and amount of remuneration receive for commercial, legal, financial and accounting services provided by the Company or its affiliates in the past two years.

2. Operation of the remuneration committee:

- (1) There are 4 members in the Remuneration Committee.
- (2) Term: June 15, 2023 to June 14, 2026.
- (3) In 2024, the Remuneration Committee held a total of 2 meetings “A”, and the attendance of the committee members is as follows:

Job Title	Name	Attendance in Person [B]	By Proxy	Attendance Rate (%) [B/A] (Note 1)	Remarks (Note 2)
Convener	Hsu, Chiang	2	0	100	
Committee Member	Hwang, Jen-Te	2	0	100	
Committee Member	Ting, Pi-Hui	2	0	100	
Committee Member	Hu, Yen-Jung	2	0	100	

Other items that shall be recorded:

- I. 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 (e.g. 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.
- II. 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.

III. The matters of discussion and resolution results of the 2023 Remuneration Committee, and the Company's response to opinions of the Remuneration Committee.

Term	Session	Date	Discussions items	Resolution	The Company's handling of the Remuneration Committee members' opinion
5	4	2024/01/30	Amendments to the Company's "Procedures for the Board of Director's Performance Evaluation".	All members present approved unanimously pending resolution by the Board of Directors	All directors present approved unanimously
			Motion for 2023 year-end bonus for managers.		
			Motion for allocation of remuneration to directors 2023.		
			Motion for allocation of employee compensation and managers 2023.		
5	5	2024/11/12	Motion for amendment to the Company's "Procedures of Remuneration to Directors, Functional Committees' Members, Managers and Internal Auditors".		
			Motion for amendment to the Company's "Procedures for Year-end Bonus".		
			Motion for appointment of the new manager of the Company.		

Note 1: If a Remuneration Committee member resigns before the end of the year, the resignation date shall be indicated in the remarks column. Actual attendance rate (%) was calculated on the basis of the number of the Remuneration Committee meetings held during each member's term and the number of meetings actually attended by that member.

Note 2: If there is a re-election of the Remuneration Committee before the end of the year, the new and former Remuneration Committee members should be stated in the remarks column, and indicate if such member is a former, new, or re-elected member, as well as the re-election date. Actual attendance rate (%) was calculated on the basis of the number of the Remuneration Committee meetings held during each member's term and the number of meetings actually attended by that member.

(V) Information on Nomination Committee members and operation:

The Company established the “Nomination Committee” on November 12, 2024. The Committee consists of at least three directors, who shall be nominated by the Board of Directors. The Committee shall be formed by more than half of the independent directors and shall exercise the duty of care of a good administrator to faithfully perform its powers and responsibilities. The Committee shall select and review the suitability of directors and evaluate the independence of independent directors, and submit a list of candidates to the Board of Directors.

1. Professional qualifications, experience, and operation of the members of the Nomination Committee:

- (1) The Company’s Nomination Committee consists of 3 members.
- (2) Term: November 12, 2024 to June 14, 2026.
- (3) In 2024, the Nomination Committee held a total of 1 meeting “A”, and the attendance of the committee members is as follows:

Job Title	Name	Professional Qualifications and Experience (Note 1)	Attendance in Person [B]	By Proxy	Attendance Rate (%) [B/A] (Note 1)	Remarks (Note 2)
Convener	Hwang, Jen-Te	Please refer to P.9-13 for the professional qualifications of directors.	1	0	100	Newly elected on November 12, 2024.
Committee Member	Hu, Yen-Jung		1	0	100	Newly elected on November 12, 2024.
Committee Member	Tai, Hsiu-Ling		1	0	100	Newly elected on November 12, 2024.

Other items that shall be recorded:

- I. If the board of directors declines to adopt or modifies a recommendation of the Nomination 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 Nomination Committee’s opinion: None.
- II. Resolutions of the Nomination 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’ opinions should be specified: None.
- III. The matters of discussion and resolution results of the 2024 Nomination Committee, and the Company’s response to opinions of the Nomination Committee.

Term	Session	Date	Discussions items	Resolution	The Company’s handling of the Nomination Committee members’ opinions
1	1	2024/11/12	Election of the convener and meeting chair of the Company’s 1st Nomination Committee	All the attending members unanimously elected Mr. Hwang, Jen-Te as the convener and meeting chair of the current term	N/A

Note 1: If a Nomination Committee member resigns before the end of the year, the resignation date shall be indicated in the remarks column. Actual attendance rate (%) was calculated on the basis of the number of the Nomination Committee meetings held during each member’s term and the number of meetings actually attended by that member.

Note 2: If there is a re-election of the Nomination Committee before the end of the year, the new and former Nomination Committee members should be stated in the remarks column, and indicate if such member is a former, new, or re-elected member, as well as the re-election date. Actual attendance rate (%) was calculated on the basis of the number of the Nomination Committee meetings held during each member’s term and the number of meetings actually attended by that member.

(VI) Implementation of sustainable development promotion and deviations from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons:

Promotion	Implementation Status (Note 1)			Deviations from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
I. Has the company constructed a governance structure to promote sustainable development and established a dedicated (part-time) unit for the promotion of sustainable development, which is managed by senior management by authorization of the board of directors and is supervised by the board of directors?	V		<p>1. Since 2022, the Company has established the Sustainability Office under the President’s Office, under which the Environmental Sustainability Team, Social Responsibility Team, and Corporate Governance Team were set up. The General manager serves as the convener of the Sustainability Office and serves as the horizontal integration and horizontal cross Inter-department communication platform, responsible for supervising the operations of the Environmental Sustainability Team, Social Responsibility Team, and Corporate Governance Team. Actively implement the concept of sustainable development.</p> <p>2. In order to continue to win the favor of customers and to meet the carbon reduction goal earlier, the Company regards GHG inventory as a top ESG topic, and has formulated a GHG inventory plan in 2023. On a quarterly basis, the detailed implementation schedule and progress of each GHG inventory project, as well as complete inventory procedures drawn up are reported to the Board of Directors. The Board of Directors supervises and controls the progress of milestones, targets and plans, and urges the management team to evaluate and make adjustments when necessary. The 2023 GHG data of the Company’s three factories in Tainan has been verified by LRQA in 2024.</p>	No significant difference
II. Has the company performed risk assessments on environmental, social, and corporate issues in relation to the Company’s operations according to material principles, and formulated relevant risk management policies or strategies? (Note 2)	V		<p>In 2024, the Company established the Risk Handbook and Risk Management Procedures, and established a clear and standardized framework to assist in managing the Company’s operational risks and achieve strategic goals. This policy aims to ensure that all risks are effectively identified, evaluated, mitigated, monitored, and reported, thereby minimizing their impact on the Company’s business, and protecting the Company’s assets, employees, reputation, and stakeholders’ interests. The Company established the Risk Office under the General Manager’s Office in 2025. The General Manager serves as the convener of the Risk Office, and the risk managers and risk specialists are deployed under the General Manager. The Risk Office is responsible for identifying, assessing, managing and monitoring the risks related to the Company’s operations and strategies, ensuring the effective operation of the risk management procedures, and supporting the Company’s long-term stable development.</p> <p>The Company’s current risk management policies or strategies are as follows:</p> <p>1. In terms of the environment:</p> <p>(1) The Company’s “Environmental Risk Management Rules” are formulated by the General Affairs Department. Each year, the Company’s internal and external environmental issues are collected by each department and stakeholders. Finally the Company’s material environmental issues are identified by the Company’s environmental management representatives. Afterwards, the Environmental Management Review Committee reviews the implementation progress and results of measures to address risks.</p> <p>(2) Each year, the General Affairs Department establishes “environmental performance targets” and “environmental improvement project” for the current year, which are used as the basis for the environmental management targets for the relevant departments. The General Affairs Department</p>	No significant difference

Promotion	Implementation Status (Note 1)		Abstract Illustration	Deviations from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons									
	Yes	No											
			<p>oversees the statistics of the effectiveness and monitors the implementation.</p> <p>2. In terms of society:</p> <p>(1) In an effort to reduce occupational safety risks, we have established an Occupational Safety and Health’s Office and abides by safety and health laws. Each year, fire drills and safety promotion are provided to develop the capabilities of employees’ emergency responses and self-safety management.</p> <p>(2) In order to reduce product safety risks, all of our products are in compliance with government laws and revelations. At the same time, to ensure customer service quality, we have established a customer service hotline and communication website, and take the initiative to conduct customer satisfaction surveys each year to further strengthen the collaborative relationship with customers. In addition, to shift product liability risks, mitigate financial losses, and improve product safety, the Company has taken out liability insurance on products.</p> <p>3. In terms of corporate governance:</p> <p>(1) in order to reduce regulatory compliance risk, we have established a corporate governance organization and implemented an internal control mechanism. By doing this, we ensure that all personnel and operations are in compliance with related laws and regulations. With respect to research and development of products, we also apply for patents to protect the Company’s rights and Interests.</p> <p>(2) To strengthen Board functions, we plan relevant further education programs for directors each year and take out directors’ liability insurance to protect them from lawsuits or claims.</p> <p>(3) As a means to reinforce the communication of stakeholders, we analyze important issues of stakeholder concerns each year and have built various communication channels for proactive communication. In doing so, we are able to reduce the risk of lawsuits resulting from confrontation and misunderstanding. An investor mailbox is also available and the spokesperson is responsible to reply to investors.</p>										
<p>III. Environmental Issues</p> <p>(I) Does the company establish proper environmental management systems based on the characteristics of their industries?</p>	V		<p>(I) As of the publication date of the annual report, all plants in Taiwan and Shanghai plant in China are ISO-14001 certified. In addition to operating under the ISO-14001 environmental management system, we identify potential opportunities and risks through internal and external audits for further improvements and control. The most recent ISO-14001 certifications are as follows and are still valid as of the publication date of the annual report.</p> <table border="1" data-bbox="774 1803 1177 1998"> <thead> <tr> <th>Plant</th> <th>Most recent acquisition date</th> <th>Expiration date</th> </tr> </thead> <tbody> <tr> <td>Taiwan</td> <td>2022/07/03</td> <td>2025/07/02</td> </tr> <tr> <td>Shanghai</td> <td>2022/12/05</td> <td>2025/12/05</td> </tr> </tbody> </table>	Plant	Most recent acquisition date	Expiration date	Taiwan	2022/07/03	2025/07/02	Shanghai	2022/12/05	2025/12/05	No significant difference
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Shanghai	2022/12/05	2025/12/05											

Promotion	Implementation Status (Note 1)			Deviations from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(II) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	V		<p>(II) At the beginning of each year, the General Affairs Department selects one issue (e.g., water saving, energy-use efficiency and waste reduction) for setting “environmental performance targets” and “environmental improvement project”, which are used as the basis for the environmental management targets for the relevant departments of the current year. The contents include the establishment of base year data, promotion measures and targets and the General Affairs Department is responsible for statistics of effectiveness and supervision of the implementation.</p> <p>In 2024, the target for the environmental performance is to reduce total waste by an average of 0.5% or more (a reduction of more than 0.5% in production value is expected to be considered as meeting the target) per month compared to the same period last year in all manufacturing plants (including Jiali Plant, Jiali III Plant and Kouliiao Plant). The actual improvement project is proactive management of electricity use, replacement of old equipment and installment of energy-saving facilities. By doing this, we will reduce unnecessary power loss, further improving energy efficiency. Based on the results of the Company’s internal statistics, compared to last year’s production value per unit of electricity consumption, Plant 1 (Jiali) decreased by 0.74% (achieved), Plant 3 (Jiangjun) decreased by 1.97% (achieved), and the Kouliiao Plant increased by 3.06% (not achieved). The reason is that 229 incidents occurred in the Kouliiao Plant in 2024, and the hardware facilities such as the plant reconstruction needed to be cleaned and restored with electricity. Therefore, the goal was not achieved as the plant used more electricity.</p> <p>In 2024, the target for environmental performance is to reduce total waste by an average of 0.5% or more (a reduction of more than 0.5% in production value is expected to be considered as meeting the target) per month compared to the same period last year in all manufacturing plants (including Jiali Plant, Jiali III Plant and Kouliiao Plant). The actual improvement project is to strengthen the awareness of employee classification, recycling and reuse of resources, and develop the recycling of secondary products to reduce the amount of waste generated, thereby improving environmental friendliness and enhancing the 4R efficiency of resources. Based on the results of the Company's internal statistics, compared to last year's production value per unit of waste consumption, the Plant 1 (Jiali) decreased by 0.63% (achieved), the Nonwoven Plant increased by 5.83% (not achieved), and the Kouliiao Plant decreased by 25.13% (achieved). The reason is that the amount of waste generated by the Nonwoven Plant in 2024 was higher, and the number of defective goods/expired goods has increased. Therefore, the amount of waste generated did not reach the target.</p> <p>The environmental performance target for 2025 is to reduce the total water consumption of all the Company’s manufacturing plants (including the Jiali Plant, Jiali III Plant and the Kouliiao Plant) by more than 1% per month compared to the same period last year (the target is to reduce the total water consumption by more than 1% of the total production value). The goal is to review the escape of cooling water through towers in the plants and regularly check the raw water and wastewater pipelines in the plants to prevent waste caused by water leakage. The ultimate goal is to achieve the target value of water reuse and enhance the</p>	No significant difference

Promotion	Implementation Status (Note 1)		Deviations from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons												
	Yes	No													
(III) Has the company assessed the potential risks and opportunities for business operations now and the future regarding climate change and will it adopt response measures relating to climate issues?	V	<p>efficiency of water reuse.</p> <p>In terms of administration, the Group also promotes digital operations (such as: online system for the control of public property shipments, employee resignation application process system, etc.) to replace physical signatures with online processes, effectively reducing the number of paper and related consumables, etc.</p> <p>(III) In an effort to reduce the risk of business s interruption, we have the “Business Continuity Plan (BCP)” in place, which identifies potential risks directly caused by climate disasters, such as floods, fires and earthquakes. Contingency measures have also been formulated and fire insurance and business interruption insurance taken out for potential risks directly caused, such as unstable supply of water and electricity and impact on the Company’s image. For potential impacts, contingency measures and future opportunities of climate change on the Company, please see [Note 3].</p>	No significant difference												
(IV) Has the company calculated the GHG emissions, water consumption, and total weight of waste in the past two years, and formulated policies on energy conservation and carbon reduction, GHG reduction, water consumption, or other waste management?	V	<p>(IV) The Company produces nonwoven fabrics, cotton pads, sanitary pad, pantliners, diapers, wet wipes, and other products. In order to ensure minimum impact of production activities on the environment and fulfill the responsibility for environmental protection, the Company has formulated an environmental management policy - “Compliance with Laws and Prevention of Pollution. Treasure resources and reduce waste” is the Company’s environmental management policy.</p> <p>1. Preliminary calculation of Scope 1 and Scope 2 data for 2024 for the three plants in Tainan (including the Jiali Plant, Jiali III Plant and the Kouliiao Plant). The relevant statistics are as follows:</p> <p>(1) GHG emissions (2023 GHG data, verified by LRQA; 2024 GHG data, external verification expected to be completed in Q3 2025:</p> <p style="text-align: right;">Units: ton-CO<sub>2e</sub></p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Year</th> <th>2024</th> <th>2023</th> </tr> </thead> <tbody> <tr> <td>Scope 1</td> <td>1,617.90</td> <td>2,720.42</td> </tr> <tr> <td>Scope 2</td> <td>12,532.45</td> <td>13,842.67</td> </tr> <tr> <td>Total</td> <td>14,150.35</td> <td>16,563.09</td> </tr> </tbody> </table> <p>◆ Scope 1: Direct emissions from the Company’s processes or facilities, including fuel combustion from stationary equipment (e.g. boilers, emergency generators), mobile fuel from transportation (official vehicles, forklifts), and fugitive sources (e.g., refrigerants, fire extinguishers, septic tanks, etc.).</p> <p>◆ Scope 2: Indirect GHG emissions from energy sources, with the main source being purchased electricity.</p> <p>(2) GHG emission intensity: Unit: tCO<sub>2e</sub>/million revenue</p>	Year	2024	2023	Scope 1	1,617.90	2,720.42	Scope 2	12,532.45	13,842.67	Total	14,150.35	16,563.09	No significant difference
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IV. Social Issues																			
(I) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	V	(I)	The Company adheres to the principles promulgated by the “UN Universal Declaration of Human Rights”, the “UN Guiding Principles on Business and Human Rights”, the “UN Global Compact” and the “UN International Labor Organization”, and respects internationally recognized basic human rights, including freedom of association, caring for vulnerable groups [employees with disabilities: 7 people, indigenous: 1 person], banned child labor [number of child workers: 0 people, controlled according to check-in data], eliminating all forms of forced labor, and eliminating discrimination in employment [incidents violating the Labor Act in 2024: 0 incidents]. In addition, the Company abides by the labor-related regulations of its business location, respecting and maintaining dignity for current employee contracts and temporary personnel, interns, etc. The information is disclosed in the Company’s official website (social responsibility/labor human rights), and is also specified in the Company’s management rules and regulations (for example, principle 4.1 of the Employee Recruitment and Management Practices).	No significant difference															
(II) Has the Company established and implemented reasonable measures for employee benefits (including: remuneration, holidays and other benefits), and appropriately reflect the business performance or achievements in the employee remuneration?	V	(II)	<p>1. Remuneration System:</p> <p>(1) According to the provisions of Paragraph 3, Article 27 of the Articles of Incorporation, after the total profit in the current year make up for loss, no less than 1% of the total amount shall be allocated as employee compensation.</p> <p>(2) The Company authorizes the salary standards based on the employees’ educational background/working experience, expertise, years of experience, and personal performance. The employees’ basic pay will not vary based on their gender, race, religion, political affiliation, marital status and labor union/society.</p> <p>2. Workplace Diversity and Equality:</p> <p>The Group continues to build a diverse workplace which helps increase the overall business performance. As of the end of December 2024, female employees accounted for 48.11% of the total number of employees in the Group, with female senior managers at the assistant vice president level or above accounting for 0.52%. 25.36% of the employees were aged 51 or older .64.11% were aged 30-50, and 10.53% were under 30 years old. There were 7 employees with disabilities and 1 were indigenous people.</p> <p>3. Leave System:</p> <p>The Company’s Leave System has been established as required by the Labor Standards Act and Act of Gender Equality in Employment. The existing “major injury leave,”</p>	No significant difference															

Promotion	Implementation Status (Note 1)		Abstract Illustration	Deviations from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
(III) Does the company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	V		<p>“birthday leave,” “public welfare leave,” and “maternal leave,” are better than the leave category of the law. These leaves are handled in accordance with the regulations.</p> <p>4. Allowances, gifts and subsidies: Please see “Employee Welfare Measures” on P.87-88 of the annual report for details.</p> <p>5. Association between business performance and employee remuneration: (1) The Company has formulated the “Regulations Governing Management of Employee Performance” and “Regulations Governing Management of Year-End Bonus”. Based on these operating procedures, employee performance appraisal results and the year-end bonus system are effectively linked, motivating employees to create operational performance. (2) In consideration of the revisions of the Regulation for Basic Wages, the operating performance and price index, the Company does not regularly adjust the salary to meet regulatory requirements and maintain the standard of living of employees (the 2024 average annual adjustment is approximately 0%-3%).</p> <p>(III) 1. Measures, education policies and implementation of a safe and healthy workplace for employees (please see P.90): (1) All plants of the Company perform periodic inspections on the workplace environment (a total amount of NT\$397,600 spent in 2024); the Company has special doctors and nurses in the plant for the health of employees (a total amount of NT\$539,700 spent in 2024); to continue to follow up the health of employees, the Company regularly holds health examination (a total of 251 employees took part in 2024 for a total amount of NT\$0 as it was paid by the Bureau of Labor). The Company regular conducts safety and health education and training programs (a total of 569 employees took part in 2024, with a total of 739 hours); a firefighting seminar was held (358 employees took part in 2024, with a total of 1,432 hours); for the safety and health promotion of employees, aside from the “Safety and Health Rules” established by the plant, the Company also sends relevant information (such as: Dengue Fever prevention) by emails, or posts the information on the Company’s internal website and bulletin boards. (2) In terms of occupational disaster prevention, the Company adopts the PDCA cycle - Plan, Do, Check, and Action to improve systems while continuing to implement audits and management review. By doing so, we are on par with the requirements of the safety and health policy, objectives and management plans in order to improve the capabilities of safety and health autonomous management. Moreover, we also carry out consultation with employees and their representatives and encourage them to proactively participate in the process of the activities of safety and health management system</p>	No significant difference

Promotion	Implementation Status (Note 1)		Abstract Illustration	Deviations from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
(IV) Does the company provide its employees with career development and training sessions?	V		<p>for improvement.</p> <p>2. In 2024, there were 4 occupational accidents, injuring 4 employees in Taiwan, and there were 6 occupational accidents, injuring 6 employees in China, totaling 10 occupational accident with 10 people injured (accounting for 1.3% of the total number of employees at the end of 2024), which did not meet the goal of zero occupational accidents. After reviewing and formulating plans for improvement, protection facilities and warning signs were added to the production line in the plant. As well as these, machines were also inspected to ensure the safety of employees at work.</p> <p>3. Describe the number of fire incidents, the number of casualties, and the ratio of the number of casualties to the total number of employees in the year, and the related improvement measures in response to the fire.</p> <p>One fire accident occurred on February 29, 2024, and no personnel were injured. The improvement measures are to review whether there are similar facilities in each plant by reassessing the joints of rigid and flexible pipes, thereby preventing accidents and managing risk caused by similar equipment and facilities.</p> <p>(IV) The Company has standardized provisions for each unit and position (please see the job description and departmental training manual), and implements educational training in accordance with the approved annual education and training program. Furthermore, we also take a proactive approach to promote the KNH curriculum system to construct a talent development mechanism. We aim to achieve the sustainable and diversified talent cultivation through two major aspects: new employee education and training and on-the-job general training, in 3 major areas: management function, professional functions and core functions. Furthermore, the Company has initiated succession plans. For 2024 employee career development training implementation and key management succession plans, please see “Employee Education and Training Implementation” on P.88.</p>	No significant difference
(V) Does the Company comply with relevant laws and international standards with regard to issues of customer health and safety, privacy, marketing and labeling in relation to the products and services and establish relevant policies and complaint procedure to protect the right of the consumers or customers?	V		<p>(V) 1. We have established “Regulations Governing Management of New Product Risks”, “Regulations Governing Management of Personal Data Protection” and various product regulations. In the aspects of customer health and safety, customer privacy, marketing and labeling, we comply with regulations of the Company and laws and international guidelines in places where our products are sold, or follow the clear labeling required by customers.</p> <p>2. The Company has established the “Regulations Governing Customer Service”, “Corrective Prevention and Constant Improvement Rules” and set up a “consumer service hotline” at 0800-213168 via which dedicated personnel are assigned to process customers’ complaints. The Quality Assurance Center is responsible to verify the cause and reply with a complete investigation report within 10 days. Furthermore, all</p>	No significant difference

Promotion	Implementation Status (Note 1)		Deviations from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	
		Abstract Illustration	
(VI) Has the company established supplier management policies demanding compliance with relevant regulations and their execution status regarding issues such as environmental, occupational safety, and health, or labor rights?	V	<p>products have been insured under product liability insurance.</p> <p>3. The Company established “Regulations Governing Market Monitoring and Recall Notification” to ensure the stability of product quality and trust of consumers. Each year, meetings are also arranged for communication with key customers.</p> <p>(VI) The Company has established the “Code of Conduct for Suppliers,” which requests suppliers to follow all applicable environmental laws in order to provide a safe and health workplace for employees. The Company avoids discrimination against labors and prohibits child labor and should further value the rights and benefits of labors. As of the end of December in 2024, 440 suppliers have signed to comply with the Code of Conduct.</p> <p>We have set up “Regulations Governing Management of Supplier” as the guidelines for supplier assessment. New suppliers are required to fill in the “Vendor Survey” and sign the “Quality Agreement”. The Company’s Quality Assurance Unit must also conduct on-sit audits, covering environmental, safety and health items, such as education and training, plant design, technical standards, health management, and laboratory control. The QA unit then completes the “Supplier Assessment Audit Form” as the assessment result.</p> <p>The Company classifies suppliers according to their influence and importance on products (1-6 categories) and assessment scores (4 levels). An evaluation on quality performance is conducted for suppliers of specific categories. In 2024, we conducted 7 on-site audits on suppliers.</p>	No significant difference
V. Has the company taken reference from the internationally accepted reporting standards or guidance when compiling sustainability report to disclose non-financial information? Have the reports mentioned previously obtained the assurance of third party verification?		V Although the Company is not a company that is required by the competent authority to prepare a sustainability report, in order to fulfill its corporate social responsibility, the Company voluntarily prepared the 2023 Sustainability Report (in both Chinese and English) in 2024 with reference to the internationally accepted report preparation standards (GRI). The Sustainability Report was uploaded to MOPS and the Company’s official website.	The Company will evaluate whether to obtain third-party verification for the sustainability report depending on future development needs.
<p>VI. If the Company has established its own Sustainable Development Best-Practice Principles based on the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies”, please describe any discrepancy between the principles and their implementation:</p> <p>Although the Company has not yet established Sustainable Development Best-Practice Principles, we still uphold our original intention of “giving back to local society”. During the unfortunate period of SARS, bird flu, or COVID-19, the Company was the first to donate face masks to medical personnel and prevention units. The Company was doing its utmost to support the supply of medical grade masks and mask materials in Taiwan. In support of the Tainan City Government’s philosophy of giving priority to the disadvantaged, the Company donates materials to the disadvantaged, such as the elderly living alone, the homeless, disadvantaged people with disabilities, children in remote areas, North Tainan Fund for Children and Families, and students from low-income families. At the same time, we fulfill our corporate social responsibility by caring for disadvantaged groups through donations of money or materials. Our specific actions are briefly described as follows:</p> <p>(I) Donated:</p>			

Promotion	Implementation Status (Note 1)		Deviations from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	
		Abstract Illustration	
<p>Aside from the above donation of anti-pandemic materials, the Company has cooperated with the “United Way of Taiwan” since 2008, and obtained the supplies for maternals and child health products from various social welfare units through the association. It directly transports maternal and child health products to social welfare units in need, which thereby assisted many social welfare organizations. In 2024, the Company donated to 50 organizations including the Taiwan Volunteer Firefighters Association, Tainan City Holistic Development Association, and Good Shepherd Social Welfare Foundation, totaling NT\$2.41 million.</p> <p>(II) The promotion of local tourism development and promotion of corroborate resources with the combination of industry, government, and academic resources: By upholding the philosophy of innovative breakthroughs, industrial knowledge inheritance, talent cultivation and social feedback, the Company constructed the first nonwoven tourism factory “KNH Non-woven Fabric Tourism Factory” in Taiwan in 2013. The Company has carefully planned the themes in the Kingdom including the “Manufacturing Process,” “Knowledge for Women and Children,” and the “Nonwoven Kingdom” as a means to pass down the knowledge in terms of the industry and women and children. We have also established digital multimedia and interactive facilities so that tourists are able to further understand the nonwoven industry through the method of the combination of industry, government and academic resource such as the Exhibition Room, DIY Classroom, and the “5-Senses Experience.” In order to achieve the corporate spirit of giving back to the local community, the Kingdom has been open to the public free of charge. According to statistics, the number of visitors was 4,076 in 2024. We hope that, by combining traditional industry with tourism, more people will be able to learn about the nonwoven industry through education, passing on the legacy, and industrial sustainability.</p> <p>(III) High quality and development of green energy products: The Company has a strong sense of social responsibility. In addition to adhering to the direction of manufacturing products that are closer to the needs of consumers, we also research and develop products that pose beneficial factors to society. For example, we have won the National Brand Yushan Award, a number of Taiwan Excellence Awards and have joined the Epidemic Prevention National Team, and was awarded “Contribution to Commercial Development and Employment by Companies Over 50 Years” by MOEA. In terms of green energy products, we have invested in the development of the R&amp;D of biodegradable and eco-friendly nonwoven fabrics in order to make a contribution to the environment. While doing this, we also adhere to our ultimate goal of “create a better, cleaner and healthier future”.</p>			
<p>VII. Other important information to facilitate better understanding of the implementation of the company’s promotion of sustainable development: None.</p>			

Note 1: If “Yes” is selected for the implementation, please explain the key policies, strategies and measures taken and their implementation; if “No” is selected for the implementation, please provide the difference and reason for “Deviations from the ‘Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies’ and Reasons” column, and explain any policy, strategy and measure planned for the future.

Note 2: The principle of materiality refers to a significant impact on the Company’s investors and other stakeholders on environmental, social, and corporate governance issues.

Note 3: The potential risks and opportunities for business operations now and the future regarding climate change and response measures relating to climate issues are as follows:

Risk Category	Potential financial impact	Response measures	Future Opportunities
Flood	Production affected, resulting in a financial loss, decreased income.	<ol style="list-style-type: none"> <li>Set up Business Continuity Planning (BCP), as well as an emergency response team to improve emergency response capabilities and minimize disasters.</li> <li>Organize annual fire drills and earthquake drills.</li> <li>Use fireproof materials for buildings, and regularly assign people to detect fire detection system.</li> <li>Ensure that building constructions comply with the earthquake and wind resistance specifications required by the Ministry of the Interior.</li> <li>Take out fire insurance and business interruption insurance.</li> </ol>	Enhance natural disaster resilience
Fires			
Earthquakes			

Unstable water and electricity supply	Production is affected, increasing operating costs.	<ol style="list-style-type: none"> <li>1. Construct eco-friendly buildings that are energy-efficient.</li> <li>2. The discharged water and miscellaneous drainage of buildings after treatment are recycled and reused to improve the efficiency of water resources.</li> </ol>	<ol style="list-style-type: none"> <li>1. Construct eco-friendly buildings</li> <li>2. Improve the efficiency of water resources</li> </ol>
Impact to the Company's image	When stakeholders' expectations are not met, the Company's reputation or image is damaged.	<ol style="list-style-type: none"> <li>1. Strength innovate and high quality products (such as obtaining international certification ISO9001 and many Taiwan Excellence Awards).</li> <li>2. Leaning towards developing more products, such as the development of biodegradable and environmentally friendly nonwoven fabrics.</li> </ol>	Increase customer collaboration opportunities

#### Climate-related Information of TWSE Listed Companies: Implementation of Climate-Related Information

Items	Implementation Status
1. Describe how the board of directors monitors climate-related issues.	According to the "Roadmap for the Sustainable Development of TWSE/TPEX Listed Companies" published by the Financial Supervisory Commission in March 2022, the Company with paid-in capital of less than NT\$5 billion should be subject to the GHG inventory and verification (i.e., GHG inventories were completed in 2026, and verification was completed in 2028). Subsequent GHG inventories and assurance operations will be carried out in accordance with the competent authority's guidelines and relevant regulations. The Sustainability Office reports to the Board of Directors on a quarterly basis for the control of the Company's GHG inventory and the progress of the verification schedule.
2. Describe the role of management in assessing and managing climate-related risks and opportunities.	
3. Describe the short-, medium- and long-term climate-related risks and opportunities identified by the organization.	Climate-related risks and opportunities in the short term do not have a particularly significant impact on the industry where the Company is engaged. In the long run, the impact on climate issues is bound to increase year by year. In order to reduce the impact of product use on the environment, the Company will continue to introduce nonwoven fabrics that are naturally recyclable and biodegradable consumer products, and related materials and products that meet environmental requirements. However, due to the existing design and production model, the capital budget must be allocated year by year for R&D, production, and plant renovation. The financial problems derived are both risks and opportunities for the company.
4. Describe the impact of climate-related risks and opportunities on the organization's business, strategy, and financial planning.	
5. Describe the financial impact of extreme climate events and transformation actions.	Please see Note 3: The potential risks and opportunities for business operations now and the future regarding climate change and response measures relating to climate issues.
6. Describe the organization's processes for identifying and assessing climate-related risks.	Please see Note 3: The potential risks and opportunities for business operations now and the future regarding climate change and response measures relating to climate issues.
7. Describe the organization's climate-related risk management process.	Currently, there is no specific management process for climate-related risks (e.g. using scenario analysis to assess resilience to climate change).
8. Describe how the identification, assessment, and management processes of climate-related risks are integrated into the organization's overall risk management system.	There is currently no transformation plan for managing climate-related risks.
9. If internal carbon pricing is used as a planning tool, the basis for setting the pricing shall be stated.	There is currently no planning tool for the use of carbon pricing.
10. If climate-related goals have been set, specify the activities covered, the scope of GHG emissions, the planned schedule, and the progress made in each year.	No climate-related target has been set for the time being.

Items	Implementation Status
<p>If carbon credits or renewable energy certificates (RECs) are used to achieve the relevant targets, the source and quantity of carbon credits to be offset or the quantity of renewable energy certificates (RECs) shall be specified.</p>	
<p>11. GHG inventory and assurance status, as well as reduction goals, strategies, and concrete action plans.</p>	<p>The “Greenhouse Gas Inventory Measures” were established in 2023. The implementation progress and schedule of each project are reported to the Board of Directors and a complete inventory procedure formulated on a quarterly basis. The Company’s greenhouse gas data for the three plants in Tainan in 2023 was verified by the LRQA in 2024, with a verification statement obtained.</p>

(VII) The state of the performance of Ethical Corporate Management, any deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies:

Evaluation Item	Implementation Status (Note 1)		Abstract Illustration	Deviations from “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No		
I. Establishment of ethical corporate management policies and programs				
(I) Has the company established an ethical management policy that has been passed by its Board of Directors, and clearly specified in its rules and external documents the ethical corporate management policies and the commitment by the Board of Directors and senior management on rigorous and thorough implementation of such policies and methods?	V		(I) The Company has formulated the “Ethical Corporate Management Best Practice Principle” and “Principle for Ethical Corporate Management Best Practice and Guidelines for Codes of Ethical Conduct” as the Company’s ethical corporate management policy and practice. These are also announced on the Company’s website and internal personnel management rules, applicable to the directors, managers and employees of the Company. In a bid to implement ethical corporate management, we provide education and training courses to all employees (including senior management) each year. In 2024, internal and external education and training courses cover “Ethical Corporate Management Best Practice Principle”, “Principle for Ethical Corporate Management Best Practice and Guidelines for Codes of Ethical Conduct”, Regulations Governing Procedure for Whistle-Blowing”, “Prevention of Insider Training”, and “Subsequent Handling Process After Receiving Courtesy Gifts”. A total of 2,659 employees participated in the courses, totaling 3,411 hours; a total of 11 directors participated in the courses (see continuing education on P.38), totaling 72 hours. The total number of abovementioned employees and directors was 2,670, with a total of 3,483 hours.	No significant difference
(II) Has the company established a risk assessment mechanism against unethical behavior, analyzed and assessed business activities within their business scope on a regular basis which are at a higher risk of being involved in unethical behavior, and established prevention programs at least covering the preventive measures specified in Paragraph 2, Article 7 of “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies”?	V		(II) The Company’s “Principle for Ethical Corporate Management Best Practice and Guidelines for Codes of Ethical Conduct”, covering prevention measures of operating activities with higher unethical conduct risks, stipulated in Paragraph 2, Article 7 of the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies”. Each year, the responsible unit reviews changes in company operations to determine whether to revise and adjust operating activities with higher unethical conduct risks.	No significant difference
(III) Does the company establish policies to prevent unethical conduct with clear statements regarding relevant procedures, guidelines of conduct, penalty for violation, rules of appeal, and the commitment to implement the policies?	V		(III) The Company formulated the “Ethical Corporate Management Best Practice Principle” and the “Principle for Ethical Corporate Management Best Practice and Guidelines for Codes of Ethical Conduct” on November 13, 2014 with clear statements regarding operating procedures, relevant procedures, guidelines of conduct, penalty for violation, rules of appeal for preventing unethical conduct. The Company amends and implements the above Codes on a regular basis in accordance with the relevant laws and regulations.	No significant difference

Evaluation Item	Implementation Status (Note 1)		Abstract Illustration	Deviations from “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No		
II. Fulfill operations integrity policy				
(I) Does the company evaluate business partners’ ethical records and include ethics-related clauses in business contracts?	V		(I) The Company would evaluate the trading counterpart’s ethical management record at first, and expressly state the ethical management clauses in the trading contract.	No significant difference
(II) Has the company set up a dedicated responsible unit to promote corporate ethical management under the Board of Directors, and has such unit reported its execution in terms of ethical management policy and preventive programs against unethical behaviors and the supervision status to the Board of Directors on a regular basis (at least once a year)?		V	(II) Although we have not set up a dedicated unit for the promotion of corporate ethical management under the Board of Directors, the duties of HR Division in the internal organization includes the promotion of ethical corporate management. The HR Division is responsible for revising and monitoring the ethical corporate management policy and plans of prevention of unethical conducts, and reports to the Board of Directors at least once a year. For the implementation status of 2024, please see “I. Establishment of ethical corporate management policies and programs” (I) as above, and a report was made to the Board of Directors on December 30, 2024.	The Company will evaluate whether to set up a dedicated ethical corporate management unit under the Board of Directors depending on the future development needs.
(III) Has the Company defined any policy against conflict of interest, provides adequate channel thereof, and fulfills the same precisely?	V		(III) Policies to prevent conflicts of interest have been formulated in the “Principle for Ethical Corporate Management Best Practice and Guidelines for Codes of Ethical Conduct.” Aside from regular promotion and implementation, the Company also provides appropriate reporting channels.	No significant difference
(IV) Has the company established an effective accounting system and internal control system in order to implement ethical management, and propose relevant audit plans according to the assessment results of the risks of unethical behaviors, and review the compliance status of the prevention of unethical behaviors, or entrust an account to carry out the review?	V		(IV) The Company has constructed a comprehensive accounting system, internal control system and various management regulations. An internal audit is also conducted from time to time to get a grasp of the implementation status of the prevention plan of unethical corporate management.	No significant difference
(V) Does the company regularly hold internal and external educational trainings on operational integrity?	V		(V) The Company holds internal education and training for the “Ethical Corporate Management Best Practice Principle” for new employees, and annually conducts recurrent training. For 2023 internal and external education and training, please see “I. Establishment of ethical corporate management policies and programs” (I) above.	No significant difference
III. Operation of the integrity channel				
(I) Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?	V		(I) The Company discloses the “Regulations Governing Procedure for Whistle-Blowing” on Company’s website with a clear whistle-blowing system, reward system and whistle-blowing channels have been formulated. The Auditing Division has been designated to be the acceptance unit in terms of reporting objects. One whistle-blowing case was received by the subsidiary (KNH	No significant difference

Evaluation Item	Implementation Status (Note 1)		Deviations from “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons	
	Yes	No		Abstract Illustration
(II) Has the company implemented any standard procedures and/or subsequent measures after carrying out an investigation or confidentiality measures for handling reported misconduct?	V		Yangzhou) in 2024.  (II) The Company has formulated the standard operating procedures and related non-disclosure mechanism with respect to the investigation on complaints in the “Regulations Governing Procedure for Whistle-Blowing” and the “Principle for Ethical Corporate Management Best Practice and Guidelines for Codes of Ethical Conduct.”	No significant difference
(III) Has the Company adopted any measures to prevent the complainants from being abused after filing complaints?	V		(III) The Company has defined the protective measures in its “Regulations Governing Procedure for Whistle-Blowing” and the “Principle for Ethical Corporate Management Best Practice and Guidelines for Codes of Ethical Conduct.”	No significant difference
IV. Enhancing Information Disclosure Does the company disclose its ethical corporate management best practice principles and the results of its implementation on the company’s website and MOPS?	V		The Company discloses the “Ethical Corporate Management Best Practice Principle” and the “Principle for Ethical Corporate Management Best Practice and Guidelines for Codes of Ethical Conduct” and the “Regulations Governing Procedure for Whistle-Blowing” at the Corporate Governance section on its website.	No significant difference
V. Where the company may have establish its own Ethical Corporate Management Best Practice Principle in accordance with the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies,” and shall elaborate the practice of business integrity and the variations from the aforementioned regulations:  The Company carries out ethical corporate management-related operations in accordance with the “Ethical Corporate Management Best Practice Principle” and “Principle for Ethical Corporate Management Best Practice and Guidelines for Codes of Ethical Conduct”. Therefore, there are no significant differences.				
VI. Other important information to facilitate a better understanding of the company’s ethical corporate management policies:  The Company’s board of directors has passed the amendments to the “Ethical Corporate Management Best Practice Principle” and the “Principle for Ethical Corporate Management Best Practice and Guidelines for Codes of Ethical Conduct” on November 13, 2023 in compliance with the spirit of the latest Principle for Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies. The Company has upheld the sustainable management philosophy for many years. All of the Company’s directors and high-rank management also performed their obligation to manage and supervise with due diligence to prevent insider trading or avoid benefiting themselves or others. The Company complies with the laws and regulations prescribed by the competent authority. Meanwhile, it set up the consumer service hotline and email box to provide the communication and complaining channels to consumers.				

Note 1: Regardless of clicking “yes” or “no,” it should be explained in the summary column.

(VIII) Other significant information that will provide a better understanding of the state of the Company’s implementation of corporate governance may also be disclosed:

1. At KNH, we continue to strengthen the operation of corporate governance. Currently, there are 4 independent directors, 4 non-employee directors and 3 employee directors, totaling 11 members; whereas the Audit Committee and Remuneration Committee are made up of all independent directors.
2. The Company’s corporate governance operations are explained in detail at the “Corporate Governance” section on the Company’s official website.
3. The Company also discloses material information to the public in both Chinese and English in a timely manner, and holds investor conferences on a regular basis.

(IX) Implementation of the internal control system

1. Statement of Internal Control: Please refer to the announcement on MOPS > Single Company > Corporate Governance>Company Rules/Internal Control>Announcement of Statement of Internal Control (<https://mops.twse.com.tw/mops/#/web/t06sg20>)
2. Any CPA commissioned to conduct a project review of the ICS shall disclose the CPA’s audit report: None.

(X) In 2024 and as of the publication date of the annual report, important resolutions of the shareholders’ meeting and the board of directors:

1. The Company’s 2024 general shareholders’ meeting was held at No.66-1 Sanji, Jiangjun Vil., Jiangjun Dist., Tainan City, Taiwan (Kouliao Plant of the Company) on June 12, 2024. The resolutions and implementation status are as follows:

Major resolutions	Subsequent Implementation Status
1. Motion for acknowledged the Company’s business report and financial statements 2023.	Resolved to pass, and relevant operational statements has been submitted to the competent authority for review and announcement in accordance with the Company Act and relevant regulations.
2. Ratified the motion for the 2023 earnings distribution.	Resolved to pass, and the cash dividend distribution for the current period was NT\$58,608,825, with the ex-dividend date set at July 24, 2024; and the distribution was completed on August 9, 2024 (cash dividend of NT\$0.3 per share).
3. Motion for amendment to the “Regulations Governing for Making Endorsements and Guarantees”.	Resolved to pass, and the amended articles have been disclosed on the MOPS and the Company’s official website.

2. Significant resolutions of the board of directors during 2024 up to the date of publication of the annual report:

Term	Session	Date	Major resolutions	Matters listed in Article 14-5 of the Securities and Exchange Act	Independent director has a dissenting or qualified opinion
19	7	2024. 01. 30	<ol style="list-style-type: none"><li>(1) Report on the results of the Company’s 2023 performance evaluation of the Remuneration Committee (proposal by the Remuneration Committee).</li><li>(2) Report on the results of the Company’s 2023 performance evaluation of the Audit Committee (proposal by the Remuneration Committee).</li><li>(3) Report on the results of the Company’s 2023 performance evaluation of the Board of Directors (proposal by the Remuneration Committee).</li><li>(4) Amendments to the Company’s “Procedures for the Board of Director’s Performance Evaluation” (proposed by the Remuneration Committee).</li><li>(5) Proposal of the allocation of year-end bonus to managers 2023 (Proposed by the Remuneration Committee).</li><li>(6) Motion for allocation of employee compensation and managerial officers 2023 (Proposed by the Remuneration Committee).</li><li>(7) Motion for allocation of remuneration to directors 2023 (proposed by the Remuneration Committee).</li></ol>	None	None

Term	Session	Date	Major resolutions	Matters listed in Article 14-5 of the Securities and Exchange Act	Independent director has a dissenting or qualified opinion
			<p>(8) Motion for adding a line of credit from Republic of China Export-Import Bank.</p> <p>◆Independent director's opinion: None.</p> <p>◆Directors' recuse from conflict of interest: Other important resolutions had no such situation, except for (5) (6) and (7).</p> <p>(5) (6) The Chairman Tai, Hwa-Ming and Directors Tai, Hsiu-Ling and Tai, Hsiu-Ching had to recuse themselves as they are the Company's managers and the discussion of motion involved the resolution of the year-end bonus for the managers and the amount of distribution of employee remuneration to managers. Chairman Tai, Hwa-Ming designated independent director Hsu, Chiang to act as the Chairman of the Board of Directors for the discussion.</p> <p>(7) Chairman Tai, Hwa-Ming; Directors Tai, Shiu-Ling; Hsieh, Shiu-Ling; Tai, Hsiu-Ching; Hsieh, Hsiu-Ling; Lin, Min-Chen; and Tai, Fu-Jen recused themselves from the meeting due to conflicts of interest as the motion involved the amount of remuneration to directors. Chairman Tai, Hwa-Ming designated Independent Director Hsu, Chiang to act as the chair for the discussion.</p>		<p>◆The Company's response to independent director's opinion: None.</p> <p>◆Resolution: Approved unanimously by all directors present unanimously, except for (5) (6) and (7).</p> <p>(5) (6) (7) - all directors present approved unanimously, except for directors involved in the motion recused themselves due to a conflict of interest.</p>

Term	Session	Date	Major resolutions	Matters listed in Article 14-5 of the Securities and Exchange Act	Independent director has a dissenting or qualified opinion
19	8	2024. 02. 27	<p>(1) Report on the Company’s reinvestment in China in 2023.</p> <p>(2) Report on the implementation of the Company’s audit plan for October to December 2023 and the results thereof.</p> <p>(3) Report on the Company’s 2023 stakeholder issues of concern and the Company’s handling of them.</p> <p>(4) Report on liability insurance for the Company’s director and key personnel for 2024.</p> <p>(5) Report on the progress of the “GHG Inventory and Verification Schedule Plan” for the Company and the subsidiaries in the consolidated financial statements for Q4 2023.</p> <p>(6) Report on the implementation of the expropriation of state-owned land for non-residential buildings by the Company’s subsidiary, KNH (Shanghai) Co., Ltd.</p> <p>(7) Report on the motion for cancellation of the investment in the China-based investee KNH (Shanghai) Co., Ltd.</p> <p>(8) Report on the 2023 external performance evaluation report of the Board of Directors.</p> <p>(9) Motion for the Company’s 2023 business report and financial statements (proposed by the Audit Committee).</p> <p>(10) Motion for the 2023 earnings distribution (proposed by the Audit Committee).</p> <p>(11) Motion for distributing shareholder dividends in cash for 2023.</p> <p>(12) Motion for the audit and statement of the effectiveness of the 2023 internal control system (proposed by the Audit Committee).</p> <p>(13) Motion for amendment to the “Regulations Governing for Making Endorsements and Guarantees” (proposed by the Audit Committee).</p> <p>(14) Motion for the 2024 evaluation of the independence, suitability and remuneration to the appointed CPAs (proposed by the Audit Committee).</p> <p>(15) Motion for renewal of short-term bank facilities.</p> <p>(16) Motion for the Company’s general shareholders’ meeting held in 2024.</p>	(9) (10) (12) (13) (14)	None
			◆Independent director’s opinion: None.	◆The Company’s response to independent director’s opinion: None.	
			◆Directors’ recuse from conflict of interest: None.	◆Resolution: Approved by all present directors unanimously.	
19	9	2024. 05. 13	<p>(1) Report on the Company’s Q1 2024 operating results and financial status.</p> <p>(2) Report on the implementation of the Company’s audit plan for January to March 2024 and the results thereof.</p> <p>(3) Report on the progress of the “GHG Inventory and Verification Schedule Plan” for the Company and the subsidiaries in the consolidated financial statements for Q1 2024.</p> <p>(4) Report on the actual allocation of 2023 remuneration to employees and directors.</p> <p>(5) Motion for the Company’s consolidated financial statements for the first quarter of 2024 (Proposed by the Audit Committee).</p> <p>(6) Motion for adding a mid-term line of credit from Chang Hwa Bank.</p>	None	None

Term	Session	Date	Major resolutions	Matters listed in Article 14-5 of the Securities and Exchange Act	Independent director has a dissenting or qualified opinion
			<p>◆Independent director’s opinion: None.</p> <p>◆Directors’ recuse from conflict of interest: None.</p>	<p>◆The Company’s response to independent director’s opinion: None.</p> <p>◆Resolution: Approved by all present directors unanimously.</p>	
19	10	2024.08.12	<p>(1) Report on the Company’s Q2 2024 operating results and financial status.</p> <p>(2) Report on the implementation of the Company’s audit plan for April to June 2024 and the results thereof.</p> <p>(3) Report on the progress of the “GHG Inventory and Verification Schedule Plan” for the Company and the subsidiaries in the consolidated financial statements for Q2 2024.</p> <p>(4) Motion for the Company’s consolidated financial statements for the second quarter of 2024 (Proposed by the Audit Committee).</p> <p>(5) Motion for the renewal of endorsements/guarantees of KNH (Yangzhou) Co., Ltd. (proposed by the Audit Committee).</p>	<p>(4)</p> <p>(5)</p>	None
			<p>◆Independent director’s opinion: None.</p> <p>◆Directors’ recuse from conflict of interest: None.</p>	<p>◆The Company’s response to independent director’s opinion: None.</p> <p>◆Resolution: Approved by all present directors unanimously.</p>	
19	11	2024.11.12	<p>(1) Report on the Company’s Q3 2024 operating results and financial status.</p> <p>(2) Report on the implementation of the Company’s audit plan for July to September 2023 and the results thereof.</p> <p>(3) Report on the progress of the “GHG Inventory and Verification Schedule Plan” for the Company and the subsidiaries in the consolidated financial statements for Q3 2024.</p> <p>(4) Report on the implementation of the Company’s sustainable development.</p> <p>(5) Motion for the Company’s consolidated financial statements for the third quarter of 2024 (Proposed by the Audit Committee).</p> <p>(6) Motion for establishing the Company’s audit execution plan for 2025.</p> <p>(7) Motion for the formulation for the Company’s “Nominating Committee Charter” and establishment of the Nomination Committee.</p> <p>(8) Motion for the appointment of the Company’s first Nomination Committee</p> <p>(9) Motion for amendment to the Company’s “Procedures of Remuneration to Directors, Functional Committees’ Members, Managers and Internal Auditors” (proposed by the Remuneration Committee).</p> <p>(10) Motion for the amendment to part of the provisions of the Company’s “Regulations Governing Year-End Bonus Payment” (proposed by the Remuneration Committee).</p> <p>(11) Motion for appointment of the new manager of the Company (proposed by the Remuneration Committee).</p>	None	None
			<p>◆Independent director’s opinion: None.</p>	<p>◆The Company’s response to independent director’s opinion: None.</p>	

Term	Session	Date	Major resolutions	Matters listed in Article 14-5 of the Securities and Exchange Act	Independent director has a dissenting or qualified opinion
			<p>◆Directors' recuse from conflict of interest: Other important resolutions had no such situation, except for (8). (8) Independent Directors Hwang, Jen-Te; Hu, Yen-Jung, and Tai, Shiu-Ling recused themselves from the meeting due to conflicts of interest as they were nominated as members of the Nomination Committee.</p>	<p>◆Resolution: Approved unanimously by all directors present unanimously, except for (8).  (8) - all directors present approved unanimously, except for directors involved in the motion recused themselves due to a conflict of interest.</p>	
19	12	2024. 12. 30	<p>(1) Report on the ethical corporate management status for 2024. (2) Report on the implementation of the intellectual property management plan for 2024. (3) Motion for the 2025 budgets of the Company and its subsidiaries (Proposed by the Audit Committee). (4) Motion for amendment to the Company's "Procedures for the Board of Director's Performance Evaluation". (5) Motion for amendment to the Company's "Regulations Governing Management of Transactions with Related Parties". (6) Motion for formulation of the Company's "Sustainable Information Management Regulations". (7) Motion for establishment of the Company's Risk Office and formulation of the "Risk Management Handbook", "Risk Management Procedures", and "Risk Assessment Procedures" (proposed by the Audit Committee). (8) Motion for adding the internal control system and enforcement rules of internal audit to the Company's "Sustainability Information Management"(proposed by the Audit Committee). (9) Motion for the amendments to the Company's internal control system and internal audit enforcement rules (proposed by the Audit Committee). (10) Motion for amendment to the Company's audit execution plan for 2025. (11) Motion for the Company's 2023 Sustainability Report.</p>	(8) (9)	None
			◆Independent director's opinion: None.	◆The Company's response to independent director's opinion: None.	
			◆Directors' recuse from conflict of interest: None.	◆Resolution: Approved by all present directors unanimously.	
19	13	2025. 01. 17	<p>(1) Report on the performance evaluation results of the Company's directors, the Board of Directors as a whole, and functional committees for 2024 (proposed by the Remuneration Committee). (2) Motion for the distribution of year-end bonus to managers for 2024 (proposed by the Remuneration Committee). (3) Motion for formulation of the "2025 Procedures for bonuses to the Vice President of the Hygiene Products &amp; International Operations Center"</p>	None	None
			◆Independent director's opinion:	◆The Company's response to independent director's	

Term	Session	Date	Major resolutions		Matters listed in Article 14-5 of the Securities and Exchange Act	Independent director has a dissenting or qualified opinion
			<p>None.</p> <p>◆Directors' recuse from conflict of interest: Other important resolutions had no such situation, except for (2).</p> <p>(2) The Chairman Tai, Hwa-Ming and Directors Tai, Hsiu-Ling and Tai, Hsiu-Ching had to recuse themselves as they are the Company's managers and the discussion of motion involved the resolution of the year-end bonus for the managers and the amount of distribution of employee remuneration to managers. Chairman Tai, Hwa-Ming designated independent director Hsu, Chiang to act as the Chairman of the Board of Directors for the discussion.</p>	<p>opinion: None.</p> <p>◆Resolution: Approved unanimously by all directors present unanimously, except for (2).</p> <p>All directors present approved unanimously, except for directors involved in Motion (2) who recused themselves due to a conflict of interest. Motion (3) was approved by all attending directors and will be resolved in the next meeting.</p>		
19	14	2025. 02. 25	<ol style="list-style-type: none"> <li>(1) Report on the Company's reinvestment in China in 2024.</li> <li>(2) Report on the implementation of the Company's audit plan for October to December 2024 and the results thereof.</li> <li>(3) Report on the Company's 2024 stakeholder issues of concern and the Company's handling of them.</li> <li>(4) Report on liability insurance for the Company's director and key personnel for 2025.</li> <li>(5) Report on the progress of the "GHG Inventory and Verification Schedule Plan" for the Company and the subsidiaries in the consolidated financial statements for Q4 2024.</li> <li>(6) Motion for formulation of the "2025 Procedures for bonuses to the Vice President of the Hygiene Products &amp; International Operations Center"</li> <li>(7) Motion for the Company's 2024 business report and financial statements (proposed by the Audit Committee).</li> <li>(8) Motion for the 2024 loss allocation (proposed by the Audit Committee).</li> <li>(9) Motion for distributing shareholder dividends in cash for 2024.</li> <li>(10) Motion for the audit and statement of the effectiveness of the 2024 internal control system (proposed by the Audit Committee).</li> <li>(11) Motion for the 2025 evaluation of the independence, suitability and remuneration to the appointed CPAs (proposed by the Audit Committee).</li> <li>(12) Motion for amendment to the Company's "Articles of Incorporation".</li> <li>(13) Motion for renewal of short-term bank facilities.</li> <li>(14) Motion for change of endorsements/guarantees of KNH (Yangzhou) Co., Ltd. (proposed by the Audit Committee).</li> <li>(15) Motion for the Company's general shareholders' meeting held in</li> </ol>	<ol style="list-style-type: none"> <li>(7)</li> <li>(8)</li> <li>(10)</li> <li>(11)</li> <li>(14)</li> </ol>	None	

Term	Session	Date	Major resolutions	Matters listed in Article 14-5 of the Securities and Exchange Act	Independent director has a dissenting or qualified opinion
			2024.		
			◆Independent director's opinion: None.	◆The Company's response to independent director's opinion: None.	
			◆Directors' recuse from conflict of interest: None.	◆Resolution: Except for motion (6) which was approved by all attending directors, all other motions were approved by all directors present at the meeting.	
19	15	2025. 03. 14	(1) Motion for formulation of the "2025 Procedures for bonuses to the Vice President of the Hygiene Products & International Operations Center" (2) Change of the time of the Company's 2025 Annual General Meeting.	None	None
			◆Independent director's opinion: None.	◆The Company's response to independent director's opinion: None.	
			◆Directors' recuse from conflict of interest: None.	◆Resolution: Approved by all present directors unanimously.	

(XI) During 2024 and as of the publication date of the annual report, a director has expressed a dissenting opinion with respect to a material resolution passed by the board of directors, and said dissenting opinion has been recorded or prepared as a written declaration, disclose the principal content thereof: None.

#### IV. Information Regarding the Company's CPA Fee

##### (I) The CPA fee

Unit: NTD thousands

Accounting Firm (Note 1)	Name of CPA (Note 1)	Period Covered by CPA's Audit	Audit Fee (Note 2)	Non-Audit Fee (Note 2)	Total	Remarks
PricewaterhouseCoopers Taiwan	Huang, Pei-Chuan	January 1, 2024 to December 31, 2024	4,070	1,070	5,140	None
	Chih, Ping-Chiun					

Note 1: If the Company has changed the CPAs or the accounting firm this year, please indicate the audit period separately, and explain the reason for the replacement in the remarks column. The fee for audit and non-audit services shall be disclosed. Contents of the non-audit services shall be disclosed.

Note 2: Describe non-audit services (e.g., tax certification, assurance or other financial consultation services): The non-audit fees during the audit were NT\$520 thousand for tax (certified by Tsai An-Tan Tsai of the same firm), NT\$550 thousand for transfer pricing, totaling NT\$1,070 thousand.

- (II) 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.
- (III) When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10% or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) therefor shall be disclosed: None.

## V. Alternation of CPA Information

If the Company has replaced its certified public accountant within the last two fiscal years or any subsequent interim period, it shall disclose the following information:

### (I) Regarding the former CPAs

Date of change	Approved by the Board of Directors on February 27, 2024		
Reason and description of the change	In response to the internal organizational adjustment of PwC Taiwan, the CPAs for auditing the Company's financial statements were changed from Penny Pan and Huang, Pei-Chuan to CPAs Huang, Pei-Chuan and Chih, Ping-Chiun, starting from 2024.		
Explain whether the company or the CPA terminated or discontinued the engagement	Party	CPA	The Company
	Situation		
	Voluntarily terminated the engagement	N/A	N/A
	Discontinued the engagement	N/A	N/A
An audit report issued during the most recent 2 years containing an opinion other than an unqualified opinion, state the opinion and reason	During the past two years, the CPAs did not issue an audit report containing an opinion other than an unqualified opinion.		
Different opinions from the issuer	Yes		Accounting principle or practice
			Disclosure of financial report
			Audit scope or steps
			Others
	None	V	
	Explanatory Notes: None.		
Other matters for disclosure (matters covered in items 1-4 to 1-7, subparagraph 6, Article 10 of these Regulations should be disclosed)	None		

## (II) Regarding the successor CPA

Accounting Firm	PricewaterhouseCoopers Taiwan
Name of CPA	CPA Huang, Pei-Chuan and Chih, Ping-Chiun
Date of engagement	Approved by the Board of Directors on February 27, 2024
If prior to the formal engagement of the successor CPA, the company consulted the new CPA regarding the accounting treatment of or application of accounting principles to a specific transaction, or the type of audit opinion that might be rendered on the company's financial report	None
Written views of the former CPA on which the successor disagreed with the former CPA	None

(III) Reply letter from the former CPA regarding matters covered in items 1 and 2-3, subparagraph 6, Article 10 of these Regulations: None.

**VI. Any of the Company's chairman, general manager, or managers in charge of finance or accounting held a position in the CPA's firm or its affiliates in the most recent year: None.**

**VII. Transfer & Pledge of Stock Equity by Directors, Managerial Officers and Holders of 10% or More of Company Shares in 2024 and up to the date of publication of the Annual Report**

(I) Changes in shareholding by directors, managers, and shareholders with 10% shareholdings or more:

Unit: Share

Job Title	Name	2024		As of April 15, 2025 (Note 1)	
		Net increase (decrease) in shares held	Increase (decrease) in shares pledged	Net increase (decrease) in shares held	Increase (decrease) in shares pledged
Chairman	Tai, Hwa-Ming	1,592,246	0	0	0
Director / General Manager	Tai, Hsiu-Ling	0	0	0	0
Director	Hsieh, Shiu-Ling	0	0	0	0
Director	Lin, Min-Chen	(10,000)	0	0	0
Director	Kang Yao Investment Co., Ltd. (Note 2)	0	0	0	0
	Kang Yao Investment Co., Ltd. (Representative: Tai, Fu-Jen)	0	0	0	0
	Kang Yao Investment Co., Ltd. (Representative: Tai, Chen-Fan (Note 3))	0	0	425,000	0
Director, General Manager of the Business Group	Tai, Hsiu-Ching	0	0	0	0
Independent Director	Hsu, Chiang	0	0	0	0
Independent Director	Hwang, Jen-Te	0	0	0	0
Independent Director	Ting, Pi-Hui	0	0	0	0
Independent Director	Hu, Yen-Jung	0	0	0	0
Vice President	Yang, Ho-Hsi	0	0	0	0

Vice President and Financial Manager	Wu, Jeng-Rong	0	0	0	0
and Corporate Governance Manager					
Vice President	Cheng, Fu-Liang	0	0	0	0
Vice President (Note 4)	Chang, Yu-Chun	0	0	0	0
Assistant Vice President	Su, Chien-Chung	0	0	0	0
Assistant Vice President	Chien, Chen-Yao	0	0	0	0
Assistant Vice President (Note 5)	Fang, Chia-To	0	0	0	0
Accounting Director	Lai, Ting-Fu	0	0	0	0

Note 1: The actual increase or decrease as of the closing date of the general shareholders' meeting.

Note 2: The Company's major shareholders holding more than 10% of the Company's shares.

Note 3: Newly elected on December 1, 2024.

Note 4: Newly elected on December 1, 2024.

Note 5: Newly elected on November 18, 2024.

- (II) Information on transfer of equity: During this year and as of the end of the publication date of the annual report, there is no related persons as the counterpart of the transfer of equity; therefore there is no need for listing.
- (III) Information on pledge of equity: During this year and as of the end of the publication date of the annual report, there is no related persons as the counterpart of the pledge of equity; therefore there is no need for listing.

**VIII. Relationship information, if among the Company's top ten shareholders any one is a related party or a relative within spouse and the second degree of kinship of another**

Date: April 15, 2025

Name (Note 1)	Shares held by the shareholder		Shares held by spouse or minor children (Note 2)		Shares held in the name of other persons (Note 2)		Title or name and relationships of the 10 largest shareholders where they are related parties, spouses, or relatives within the second degree of kinship (Note 3)		Remarks
	Number of shares	Shareholding percentage (%)	Number of shares	Shareholding percentage (%)	Number of shares	Shareholding percentage (%)	Name	Relation	
Kang Yao Investment Co., Ltd.	29,891,000	15.3	0	0	0	0	-	-	-
Kang Yao Investment Co., Ltd. (Representative: Tai, Jung-Chi)	8,821,393	4.52	3,818,428	1.95	0	0	Tai Chuang, Chun-Lan	Spouse	-
Tai, Jung-Chi	8,821,393	4.52	3,818,428	1.95	0	0	Tai Chuang, Chun-Lan	Spouse	-
Tung, Hsiang-Jung	7,301,000	3.74	0	0	0	0			
Taichu Engineer Co., Ltd.	4,750,906	2.43	0	0	0	0	-	-	-
Taichu Engineer Co., Ltd. (Representative: Tai, Hwa-Ming)	3,759,963	1.92	2,739,086	1.40	0	0	Lai, Hsiang-Jui	Spouse	-
First Commercial Bank As Custodian Of Investments Of Southstar Assets Limited	4,301,900	2.20	0	0	0	0	-	-	-
First Commercial Bank As Custodian Of Investments Of Southstar Assets Limited (Representative: Chuang, Shu-Chuan)	0	0	0	0	0	0	-	-	-
Tai Chuang, Chun-Lan	3,818,428	1.95	8,821,393	4.52	0	0	Tai, Jung-Chi	Spouse	-
Tai, Hwa-Ming	3,759,963	1.92	2,739,086	1.40	0	0	Lai, Hsiang-Jui	Spouse	-
Lai, Hsiang-Jui	2,739,086	1.40	3,759,963	1.92	0	0	Tai, Hwa-Ming	Spouse	-
Jiou Hong Industrial Co., Ltd.	2,665,543	1.36	0	0	0	0	-	-	-
Jiou Hong Industrial Co., Ltd. (Representative: Tai, Chun-Heng)	1,693,342	0.87	20,000	0.01	0	0	Tai, Hwa-Ming	Father and Son	-
							Lai, Hsiang-Jui	Mother and Son	-
Tai, Fu-Jen	2,249,725	1.15	291,890	0.15	0	0	-	-	-

Note 1: Top ten shareholders are listed. Those who are institutional shareholders, the names and their representatives are also listed separately.

Note 2: The calculation of proportion of shareholding shall be the holding by the person, spouse, and dependents or in the name of a third party separately.

Note 3: The aforementioned shareholders for disclosure shall include institutional shareholders and natural persons, with the relations between the shareholders as required by the Criteria for the Compilation of Financial Statements by Securities Issuers.

**IX. Number of Shares of the Same Invested Enterprise Held by the Company, Directors, Managerial Officers, and Enterprises Directly or Indirectly Controlled by the Company and Combined Shareholding Percentage**

Date: December 31, 2024; Unit: Share

Shift in investment (Note 1)	Investment by the Company		Investments by the directors, managers, and companies directly or indirectly controlled by the Company		Combined investment	
	Number of shares	Shareholding percentage (%)	Number of shares	Shareholding percentage (%)	Number of shares	Shareholding percentage (%)
K. Jie Water & Environmental Engineering Co., Ltd.	4,000,000	100	-	-	4,000,000	100
Kang Yu Co., Ltd.	10,000,000	100	-	-	10,000,000	100
Outlook Investment Pte Ltd	78,363,590	100	-	-	78,363,590	100
Shanghai KNH International Trading Co., Ltd.	-	-	-	100	-	100
KNH (Shanghai) Co., Ltd.	-	-	-	100	-	100
KNH (Yangzhou) Co., Ltd.	-	-	-	100	-	100

Note 1: Refers to the Company's investments accounted for under equity method.

### Three. CAPITAL OVERVIEW

#### I. Capital Stock and Shares

##### (I) Source of Capital:

##### 1. Issued shares and types during 2024 and as of the publication date of the annual report:

Unit: Shares; NTD

Month / Year	Par value	Authorized stock		Paid-in capital		Remarks		
		Number of shares	Amount	Number of shares	Amount	Source of capital	Capital Increased by Assets Other than Cash	Others
2020.02	10	250,000,000	2,500,000,000	195,362,750	1,953,627,500	Cancellation of treasury stock: 10,000 shares (Note)	None	-

Note: Approved by the Ministry of Economic Affairs document Jing-Shou-Shang-Zi No. 10901024750 on February 24, 2020.

Unit: Share

Stock Type	Authorized stock			Remarks
	Outstanding stocks (Note)	Unissued shares	Total	
Registered stock	195,362,750	54,637,250	250,000,000	-

Note: The stock of a listed company.

##### 2. General information about the reporting system: None.

##### (II) List of Major Shareholders:

Name of major shareholder (Note)	Shares Number of shares	Shareholding percentage (%)
Kang Yao Investment Co., Ltd.	29,891,000	15.03
Tai, Jung-Chi	8,821,393	4.52
Tung, Hsiang-Jung	7,301,000	3.74
Taichu Engineer Co., Ltd.	4,750,906	2.43
First Commercial Bank As Custodian Of Investments Of Southstar Assets Limited	4,301,900	2.20
Tai Chuang, Chun-Lan	3,818,428	1.95
Tai, Hwa-Ming	3,759,963	1.92
Lai, Hsiang-Jui	2,739,086	1.40
Jiou Hong Industrial Co., Ltd.	2,665,543	1.36
Tai, Fu-Jen	2,249,725	1.15

Note: Names, number and percentage of shares held by shareholders with a shareholding of more than 5% and the top ten shareholders.

##### (III) The Company's Dividend Policy and Implementation Status:

##### 1. Dividend policy formulated in the Articles of Incorporation:

The company belongs to industry for weaving, weaving with a wide range of applications, the whole industry

demand is still growing. The Company's dividend policy is planned after taking into consideration the Company's current and future entire financial structure, investment plan required for future development, level of the Company's capital and the impact of capital expansion on the level of dividends. The total stock dividends to be distributed shall be no less than 10% of the "total distributable surplus" less the earnings retained subject to the overview of operation each year. The dividends shall be distributed in the form of cash dividends as the first priority, and the cash dividends distributed shall be no less than 50% of the total stock dividends to be distributed, while the others shall be distributed in the form of stock dividends. However, if cash dividends are lower than NT\$0.1 per share, stock dividends will be issued instead.

Where the Company has a profit at the end of each fiscal year, the Company shall first allocate the profit to recover losses for preceding years. Ten percent of any remaining net earnings shall be allocated as the Company's legal reserve unless and until the accumulated legal reserve reaches the paid in capital. In addition, the special reserve shall be appropriated or reversed, plus the previous year accumulated undistributed earnings as the "total stock dividends to be distributed" in accordance with the relevant laws and regulations, and depending on operating conditions retain appropriate amount, for the distribution of dividends to shareholders, by the board of directors to the case the shareholders' meeting agreed allocation.

Where the Company retains no allocable earnings or the earnings are far less than the allocable earnings of the previous year, or in consideration of the Company's overview of finance, business and operation, the Company may allocate the reserve instead, in whole or in part, pursuant to laws or the competent authority's requirements.

Subject to the resolution made by a majority of the directors present at a meeting attended by more than two-thirds of the whole directors, the Board of Directors may distribute the stock dividend and bonus to be distributed, capital surplus or legal reserve in cash, in whole or in part, and report the same to the shareholders' meeting, free from the preceding paragraph requiring resolution by a shareholders' meeting.

2. Proposal of share distribution on this shareholders' meeting:

The Company's motion for the distribution of cash dividends of NT\$39,072,550 for 2024 has been approved by the Board of Directors on February 25, 2025 by special resolution with a par value of NT\$0.2 per share. As required in Paragraph 4, Article 27 of the Articles of Incorporation, it only requires to be reported on the 2025 shareholders' meeting.

3. Description of Expected Significant Changes in Dividend Policy: None.

(IV) The effects of stock grants drafted by this shareholders' meeting on The Company's operating performance and earnings per share: Not applicable.

(V) Employees' and Directors' remuneration:

1. Information Relating to Compensation of Employees and Directors in the Articles of Incorporation:

Regarding the remuneration to employees and directors, the Company may, by a resolution adopted by a majority of votes at a meeting of the Board of Directors attended by more than two-thirds of the total number of directors, allocate the remuneration to employees in the form of shares or in cash, and remuneration to directors in cash. The allocable amount shall be allocated based on the Company's earnings (namely, profit before income tax plus stated remuneration to employees and directors) less the loss to be covered in the following manner:

- (1) Employee compensation: not less than 1%. When the stock dividend is distributed, the distribution object may include the Company employee, which is in conformity with the certain conditions, which shall be prescribed by the board of directors.
- (2) Directors Compensation: no more than 5%.

2. The basis for estimating the amount of employee and director 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 2024:

- (1) The estimation basis of remuneration to employees and directors for the current period:  
The basis for estimating the amount of employee and director compensation which adopt the Company's earnings (namely, profit before income tax plus stated remuneration to employees and directors) less the loss to be covered. According to the regulations of the Articles of Incorporation, employee and director's compensation is estimated and recognized as current expenses.
- (2) Calculation basis for number of shares distributed as employee compensation:  
No allocation of employee compensation in the form of shares was planned in 2024.
- (3) Accounting treatments for difference between estimated and actual payment amount:

Whereas there is a difference between estimated and actual payment amount, it should be treated as a change in accounting estimates and stated into account in the year of allocation.

3. The status for distribution of remuneration passed by the board of directors:
  - (1) As the Company recorded net loss before tax in 2024 and did not estimate the remuneration to employees and directors, there was no actual distribution.
  - (2) Any discrepancy between the actual distributed amount and figure, the difference, reason and response should be disclosed: No difference: None.
  - (3) The amount of any employee remuneration 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 only financial reports or individual financial reports for the current period and total employee remuneration: None.
  
4. The actual distribution of remuneration for employees and directors in the previous fiscal year (including shares distributed, monetary amount, stock price) and any discrepancy between the actual distributed amount and amount of compensation for employees and directors. The discrepancy, cause, and response shall be stated:

The actual distribution of remuneration of employees and directors for 2023 was less than the estimated amount by NT\$437,346 in the financial statements for the year, in which the expense was recognized. The difference was mainly attributed to changes in accounting estimates. Changes in accounting estimates will be accounted for as adjustments to profit or loss for 2024.

(VI) Buyback of Treasury Stock: None.

**II. Corporate bonds: None.**

**III. Preferred shares: None.**

**IV. Global depository receipts: None.**

**V. Employee share subscription warrants and new restricted employee shares: None.**

**VI. Mergers or acquisitions or with acquisitions of shares of other companies: None.**

**VII. Implementation of Fund Usage Plan:**

- (I) For the period as of the quarter preceding the date of publication of the annual report, the contents of the plan with respect to each uncompleted public issue or private placement of securities, and to such issues and placements that were completed in the most recent 3 years but have not yet fully yielded the planned benefits: None.
  
- (II) For the period as of the quarter preceding the date of publication of the annual report, the implementation of the plan with respect to each uncompleted public issue or private placement of securities, and to such issues and placements that were completed in the most recent 3 years but have not yet fully yielded the planned benefits: None.

## Four. OPERATION SUMMARY

### I. Business Activities

#### (I) Business Scope:

##### 1. Main areas of business operations:

- (1) General import/export trading (except the business requiring license).
- (2) Manufacturing and selling businesses of products such as various household and sanitary paper products and cotton chemical fiber processing products.
- (3) Manufacturing and trade of machine and equipment
- (4) Manufacturing and selling of sanitary pads, pantliners, wet wipes, cotton pads, diapers, faces masks, medical equipment, and agent distribution.
- (5) Production, sale, agency and distribution of various nonwoven fabric products and processed products thereof
- (6) Wholesale and retail of cosmetics, western pharmaceuticals and cleaning products.
- (7) Environmental testing service and waste water treatment.
- (8) Waste cleaning (removal) and treatment, resource recovery.
- (9) Manufacture, wholesale and retail of pollution control equipment.

##### 2. The proportion of the Company's business:

Period: Year 2024

Product Category	Sanitary pad	Diaper	Wet Wipes	Nonwoven Fabric and others
Percentage (%)	54.52	13.15	21.35	10.98

##### 3. Main product:

The Company's main product lines cover Sanitary pad, Diaper, Wet Wipes, Nonwoven Fabric and others.

##### 4. New products development:

###### (1) Nonwoven fabrics:

A. Functional nonwoven fabrics, B. Medical nonwoven fabrics, C. High tenacity no-woven fabrics, D. Elastic nonwoven fabrics, E. Ultra-fine composite spunbond nonwoven fabrics, F. Ultra fine composite spun bond nonwovens.

###### (2) Processed products:

A. Functional personal hygiene products, B. Medical and health care products, C. Functional adult care products, D. Biodegradable and eco-friendly reusable sanitary products, E. Functional cleaning supplies, F. Functional skin care products, G. Household cleaning products, H. Functional masks, I. Clothing products, J. Leather products, K. Industrial wiping products.

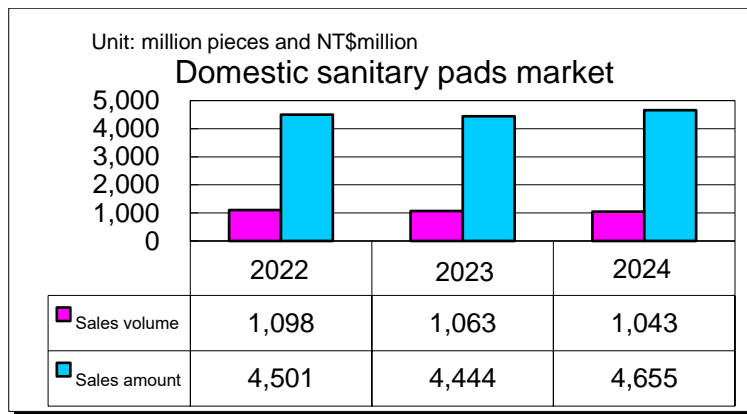
#### (II) Industry Overview:

##### 1. Overview and development of industry:

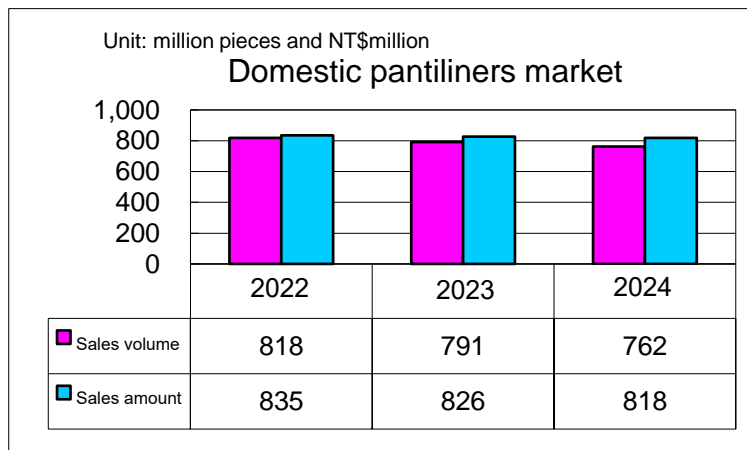
The nonwoven fabric may be applied to develop various innovative materials and products, given the diversified possibilities depending on technologies and engineering methods. Given the changeable factors in the industry of consumable products, it is necessary to keep innovating new products and release new products to be in line with the market development trend and consumers' need for new function. The overview and development of the industry is stated as follows:

###### (1) Sanitary pad:

Sanitary pads and pantliners are the matured livelihood commodities, and the sales thereof remain stable. The competition among various brands is getting fierce. The Company runs advertisements via mass media to strengthen the consumers' impression about its brand to build customers' loyalty, and also applied diversified marketing strategies to attract consumers, in hopes of expanding its market share. Meanwhile, the Company develops functional and differentiated products, continues to improve its products, upgrade the entire added value of products and satisfies consumers' needs, and is expected to bring new niches for the Company. The Company shall also insist its product quality and better meet consumers' needs to upgrade customers' satisfaction and also to stabilize or expand its market share.



Date source: Market survey data 2024 provided by Kantar Taiwan.



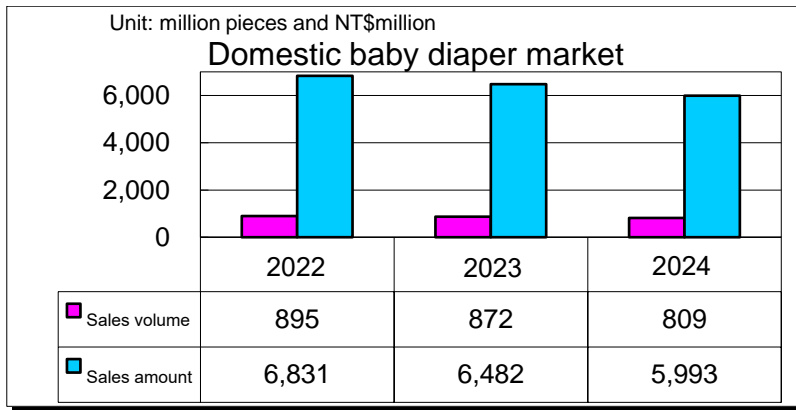
Date source: Market survey data 2024 provided by Kantar Taiwan.

(2) Diaper:

The population structure has changed in Taiwan due to low birth rate and aging society. The newborn totaled 134,800 persons only in 2024, declining from the previous year, and the low birth rate remained unchanged. Relatively, the aging population has increased year by year recently and Taiwan has entered the aging society. The percentage of the aged more than 65 years in the total population kept increasing, attaining 19.2% in 2024. Such change affected the supply and demand in the diaper market. The supply appeared to be more than the demand in the baby diaper market of Taiwan. Besides, given the high homogeneity in products, the competition in the baby diaper market was so fierce. Meanwhile, given the economic factors, the M-shaped society was formed, and the baby diaper market suffered material changes in structure. Wearing comfort and fitness was already the minimum requirement. High-quality and delicate products and low-price products co-existed in the market. The suppliers identified the market segments through pricing and also kept researching and developing various functional products to meet different customers' needs.

Except the baby diaper markets in Asia and emerging and developing countries, in which the demand was growing, the other overseas markets were declining or became sluggish. Notwithstanding, given the increasing consuming capacity emerged upon implementation of the two-child policy and economic growth in Mainland China, Mainland China inevitably became a battleground which various suppliers were fighting for.

Taiwan was entering the aging society. Percentage of the elderly in the population structure was increasing year by year and, therefore, the elderly care became more and more important. Following the increasing demand for adult diaper and other livelihood commodities for the elderly, more and more suppliers would join the market and, therefore, more options would be available to the consumers. Notwithstanding, the growth rate thereof still varied depending on the product price.



Date source: Market survey data 2024 provided by Kantar Taiwan.

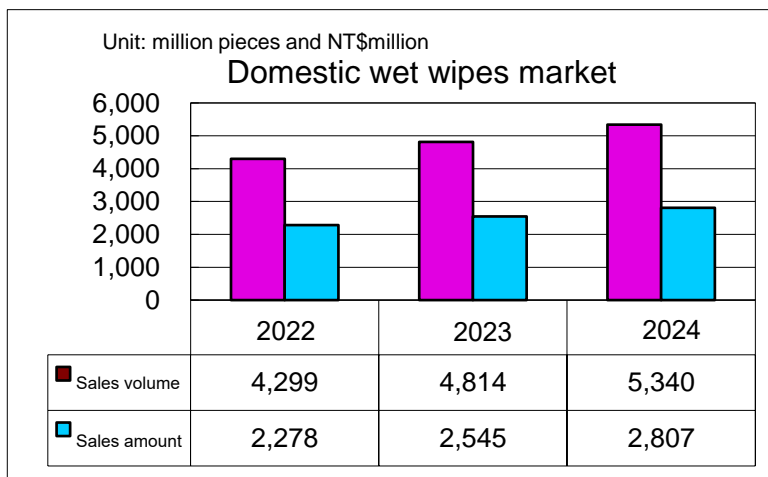
Unit: tens of thousands of people

Items \ Year	2019	2020	2021	2022	2023	2024
Number of the newborn	17.78	16.53	15.38	13.90	13.6	13.48
Number of the elderly (more than 65 years old)	360.70	378.73	393.90	408.60	429.70	448.87

Date source: Statistic data by Ministry of Interior.

### (3) Wet Wipes:

Due to the changes in consumers' life style, family structure and personal habit, and the increasing percentage of elder people, the wet wipe consumers were no longer limited to babies and children; in terms of the high demands for products for special needs, household cleaning, antibacterial and the elderly, different groups of personal cleaning and house cleaning products have driven the overall wet wipes market to maintain its increased demand in recent years (see the following Chart). Differentiated products kept hitting the market. The wet wipe made of nonwoven fabric accounted for a substantial market share in the markets of Asia and Taiwan. By the characteristics, such as sanitation, easy to carry and easy to use, the wet wipe products met the modern people's livelihood needs. Domestic and foreign suppliers kept releasing new products and working hard to research and develop new materials and formula, in order to expand and distinguish the functions and purposes of the products on an ongoing basis. Given the upgrading environment protection awareness in the recent years, how to develop the products that meet the environmental protection requirements and also satisfy consumers needs formed a tough challenge to suppliers. In the future, few products other than livelihood commodities would be affected by the market prosperity, while the entire demand for family care wet wipe products would remain growing stably. The product quality, market segment, functionality and diversity would be the key factors and development trend based on which various suppliers strive for market shares.



Date source: Market survey data 2024 provided by Kantar Taiwan.

(4) Nonwoven Fabric and others:

Taiwan's nonwoven industry plays a crucial role in the global nonwoven market. As the demand for high-quality and functional nonwoven products continues to increase in various industries, Taiwan's nonwoven industry has become one of the key players in global nonwoven manufacturing. In particular, Taiwan's nonwoven industry is developing in diverse and stable directions in the fields of medical, hygiene, industrial, and environmental protection. In recent years, the impact of the pandemic and the rise of environmental awareness have brought new opportunities and challenges to this industry.

Nonwoven fabric is a fabric made from fibers or staple fibers through physical, chemical, or thermal processing, without the need for a weaving process. Based on different manufacturing processes, nonwoven fabrics are mainly divided into dry nonwoven fabrics, wet nonwoven fabrics and thermal bonded nonwoven fabrics. These nonwoven fabric materials are highly flexible and adaptable, and can be used in various fields, such as medical care, protective, cleaning, sanitation, packaging, filtration, and building materials.

Since the development in the early 1990s to now, Taiwan's nonwoven industry has reached a certain scale. Taiwan is one of the major nonwoven-producing countries in the world, especially in the field of medical and hygiene supplies. According to statistics from the Taiwan Nonwoven Fabrics Industry Association, there are more than 200 nonwoven related companies in Taiwan, covering a complete industrial chain from raw material supply, manufacturing, and processing to application product development.

In Taiwan, the nonwoven industry is characterized by two main features: (1) small and medium-sized enterprises; (2) the products of most enterprises are positioned in high value-added and high-functionality specialized markets, such as medical protection, consumer products, and filtration materials.

The application areas of nonwoven fabrics in Taiwan are relatively wide, mainly divided into the following areas:

1. Medical protection field: With the spread of the global pandemic, the demand for medical protection products such as masks, isolation gowns and surgical gowns, has surged. Taiwanese nonwoven manufacturers have the capabilities to produce high-performance medical protective products, and have advanced production equipment and quality control systems. Taiwan has the world-leading mask production technology. The masks produced not only meet the domestic market demand, but are exported to other countries in large quantities.

2. Sanitary products: The demand for sanitary products, such as adult diapers, baby diapers, and feminine sanitary pads, has been growing steadily. As consumer demand for product quality and functionality increases, Taiwanese nonwoven companies are gradually deepening their technological R&D and market application in this field.

Filtration and industrial applications: Nonwoven fabrics are also used in a wide range of filtration materials, including air filters, oil-water separation, and smoke filters. The demand for nonwoven materials as filters and protective layers in automobiles, home appliances, and industrial processes is increasing year by year.

4. Packaging and consumer products: As the consumer market demand is diversified, the application of nonwoven fabrics in packaging, household products, and pharmaceutical packaging has also gradually expanded. Taiwanese companies have developed a number of innovative consumer products by utilizing the lightweight, flexible, and environmentally friendly characteristics of nonwoven fabrics.

The technological development of the nonwoven fabric industry has always been the main driving force for the industry's growth. As the production process is constantly innovated, Taiwanese nonwoven companies actively adopt advanced manufacturing process technologies to improve product performance and increase the added value of products. For example, the application of thermal bonding nonwoven fabric technology has significantly improved the strength and durability of materials, and its use has become increasingly widespread in fields such as filtration and healthcare. In addition, the application of digital technology is also gradually emerging in the nonwoven fabric industry. The introduction of digital monitoring, production line automation, and other technologies can help improve production efficiency, reduce costs, and ensure product stability and consistency.

As the world pays attention to environmental protection, the nonwoven industry is facing challenges and opportunities for sustainable development. The plastic pollution problem is becoming increasingly severe, and the environmental friendliness of traditional plastic-based nonwoven materials, such as polypropylene (PP), is being questioned. Therefore, Taiwanese nonwoven companies are actively seeking alternative materials that are environmentally friendly, such as biodegradable nonwoven fabrics and bio-based nonwoven fabrics, and have invested enormous resources in the R&D of related technologies. Meanwhile, Taiwan's enterprises are actively involved in the circular economy, promoting technological

innovation in nonwoven fabric recycling and reuse. For example, some enterprises have begun to use recycled materials to produce nonwoven fabrics and develop recyclable and strong products, which not only help with environmental protection, but also enhance the competitiveness of enterprises in the market.

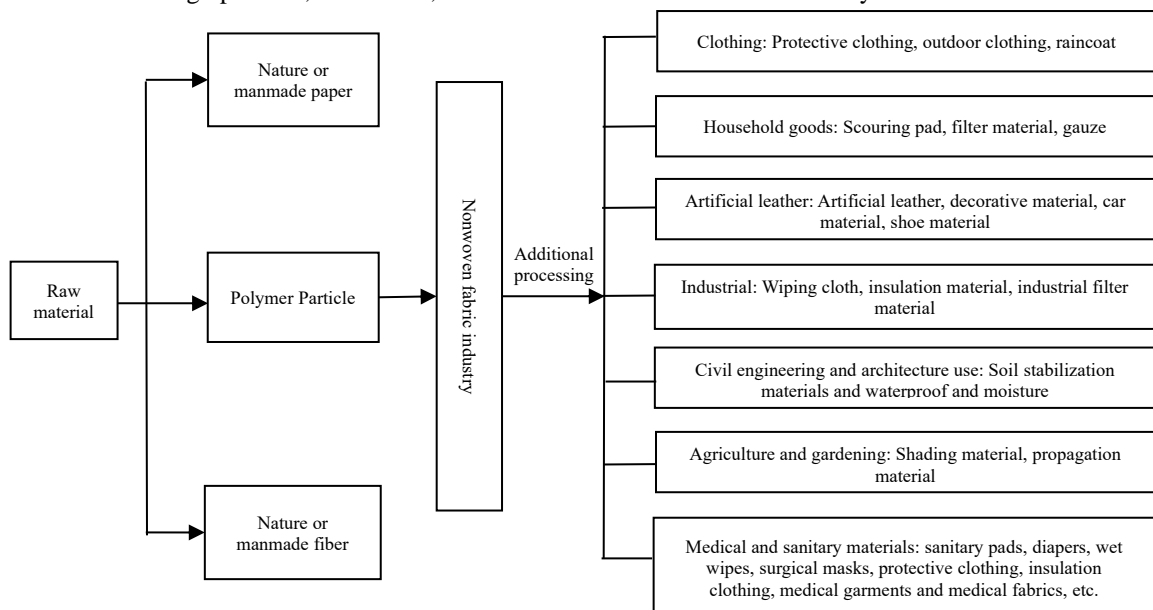
The market demand structure of nonwoven fabric products is changing; the demand in traditional medical, protective and hygiene fields remains stable, but consumer demand for functional products is becoming more versatile. For example, the demand for high-efficiency filter materials is gradually increasing in the industrial and environmental protection fields. This requires that nonwoven fabric products must not only have good mechanical properties, but also have special properties, such as anti-bacteria, anti-irradiation, and heat resistance. Furthermore, as people's living standards improve, their demand for a high quality of life is also increasing, which gradually increases the demand for nonwoven products in the high-end consumer products. These diversified and upgraded requirements force companies to constantly innovate their technologies and adjust product structures so as to meet market demand.

Taiwanese nonwoven manufacturers are faced with fierce competition from the global market. The rapid development of emerging markets such as China and India has brought opportunities for Taiwan's nonwoven companies; however, they also face the challenges of cost control and market share expansion. To maintain competitiveness in the global market, Taiwan's companies must balance between improving production efficiency, reducing costs, and enhancing product quality.

Looking forward to the future, Taiwan's nonwoven industry will continue to develop towards high quality, multi-functional and sustainable development. As global environmental awareness rises, the nonwoven fabric industry will accelerate its green transformation and adopt more environmentally friendly materials and technologies. Meanwhile, as the global demand for high-end products increases, Taiwan's nonwoven companies will actively explore new application fields, especially in high value-added fields such as smart manufacturing and medical care. In terms of technological innovation, Taiwan's nonwoven companies will strengthen cooperation with research and development institutions to promote the R&D of new materials, while actively exploring intelligent and automated production technologies. With the advancement of production technology, the production efficiency of Taiwan's nonwoven fabric will continue to increase, and the cost will further be reduced, thereby enhancing overall competitiveness. In general, Taiwan's nonwoven industry is faced with challenges such as external competition and market demand structure changes while maintaining steady growth. How to gain a foothold in global competition and achieve sustainability will be the key to the future development of Taiwan's nonwoven fabric industry.

Taiwan's nonwoven industry is highly competitive in the global market. In the future, the industry will achieve greater potential in terms of technological innovation, environmental protection development, and market expansion. As the market demand is diversified and environmental awareness enhanced, the Taiwan nonwoven industry must actively adjust its strategy, take the green and sustainable development path, and continuously improve product technology content and added value. In doing so, the nonwoven industry in Taiwan will be able to continue to maintain its competitive advantage in the global market.

2. Correlation among upstream, midstream, and downstream sections of the industry:



### 3. Product development trends:

#### (1) Sanitary pad:

Following the upgrading of life level and reflection of personal characteristics in the modern society, female consumers' criteria for selection of sanitary pad are upgrading relatively. For the time being, the design of the sanitary pad circulating on the market is still oriented toward ultra-thin sanitary pad with wings series. Meanwhile, suppliers also strengthen the development of distinguishable products which follow the ergonomics and hold the characteristics such as high absorption, breathable and dry, lateral leakage resistance, anti-bacterial, cotton surface and satisfaction by meeting needs for period blood flow at different time intervals. Suppliers shall ensure that the products meet consumers' need in function and also need to educate consumers via powerful media to achieve the purpose of rebuilding the brand and extending the brand vitality.

#### (2) Diaper:

In the recent years, the newborn birth rate has been growing sluggishly, and the demand for baby diaper declined relatively. Baby diapers include basic functions including "dry surface, strong absorption, breathable and comfortable and leak prevention" are till the mainstream of the market, and the additional antibacterial function will further upgrade these products. The market has grown by a large margin with the using age of diaper pants gradually decreasing, and they should also be the focus for product development. In addition, as the population slowly aging, the demand for adult diapers will gradually increase. It is expected that adult diapers will be the focus product in the future diaper market.

#### (3) Wet Wipes:

For the time being, babies and children are still the main consumers of wet wipes. Notwithstanding, following the changes in life and family population types, suppliers keep developing various functional wet wipes, e.g. anti-bacterial wet wipes, cool wet wipes, kitchen wet wipes, floor wet wipes, and feminine wipes, etc. Therefore, the product development appears to be considerably optimistic. Due to the raising environmental protection and personal awareness and the government's propagation of home environment, the home environmental cleanness has been upgraded. Therefore, when researching, developing and designing products, the suppliers would value the softness, sanitation and convenience of the product materials, and also value the environmental protection, reduce pollution and personalize the product (by age, gender, timing and function) as the focus of development of wet wipes.

#### (4) Nonwoven Fabric and others :

Taiwan's nonwoven industry is one of the key bases for the world's textile manufacturing, with its strong technical foundation and complete industrial chain. As market demand is diversified and environmental awareness is rising, the development trend of Taiwan's nonwoven products is experiencing rapid change. With this background, from medical protection products to high-end consumer products to the application of environmentally friendly functional materials, Taiwan's nonwoven industry is facing unprecedented opportunities and challenges.

Nonwoven fabric is a material made of fibers that have been physically, chemically, thermally, or solvent-bonded without the need for traditional weaving or embroidery. Due to its unique structure and characteristics, nonwoven fabrics are widely used in many industries, including medical, sanitary, filtration, packaging, and industrial applications. Taiwan's nonwoven industry is relatively mature, with strong R&D capabilities and technological innovation backgrounds. According to statistics, Taiwan has more than 200 nonwoven-related companies, of which small and medium enterprises are the main driving force, and most of them are in the high value-added field. This gives Taiwan's products a stronger market competitiveness in terms of quality and technology.

The development trend of Taiwan's nonwoven fabric products shows that technological innovation is the main driving force for the overall industry upgrade. The application scope of nonwoven fabric products is expanding continuously and plays an important role in multiple industries. Traditional nonwoven fabrics are mainly used in the field of health materials and packaging. However, with the advancement of technology, particularly under the innovation of material science and process technology, the applications of Taiwanese nonwoven fabrics have gradually extended to highly functional and special demand areas.

As the market demand for high-performance nonwoven continues to rise, Taiwan's nonwoven industry is actively innovating in the development of products with special properties. For example, nonwoven products in the medical field need to have special features such as waterproofing, breathability and antibacterial properties. With the continuous development of medical technology, Taiwanese nonwoven companies not only focus on the basic protective properties of their products but have also

developed medical protective gear with multiple functions such as antibacterial, antiviral, and anti-allergy properties. Given the efforts, they also account for a higher percentage of the global market. In addition, as the demand for environmental protection increases, Taiwanese enterprises have begun to develop biodegradable nonwoven fabrics and other materials. These products have better sustainability and meet the market demand for green and eco-friendly materials.

The concept of smart materials is gradually applied to the nonwoven fabric industry. Taiwanese companies have invested enormous resources in new technologies such as sensors and smart fibers to develop products with sensing and smart adjustment functions. For example, smart masks, smart clothes, and other products can regulate breathability and humidity under specific conditions, which can help enhance comfort and use performance. The development of such products not only meets consumer demand for high-tech products, but also provides Taiwanese nonwoven companies with opportunities to expand into the high-end market.

With a global emphasis on environmental protection, the development of the nonwoven fabric industry is inevitably moving towards environmental protection and sustainable development. The environmental issue of conventional polypropylene (PP) and other plastic-based nonwoven fabric materials is becoming increasingly severe, and how to reduce the environmental impact has become the focus of the future development of the nonwoven fabric industry. Taiwan's nonwoven industry is actively exploring alternative materials and developing bio-based nonwoven products. These products can decompose in the natural environment and reduce environmental pollution. The benefits of using degradable materials not only lie in environmental protection, but also enable enterprises to comply with the increasingly strict environmental protection regulations around the world. For example, the introduction of plant fibers and PLAs (polylactylated acid) has turned traditional plastic-based fabrics into green materials, which helps increase the market competitiveness of Taiwanese nonwoven companies and meet the current sustainable development trend. In addition to developing degradable materials, Taiwan's nonwoven companies are exploring the circular economy. Many enterprises have begun to study how to recycle and reuse waste products and materials, thereby reducing resource consumption and mitigating environmental impact. These recycled materials can be reused in production to make new nonwoven fabric products, achieve resource circulation and further promote the green transformation of the nonwoven fabric industry.

As consumer needs are becoming more diversified, the scope of applications for Taiwan's nonwoven products is gradually expanding, and is no longer limited to medical and sanitary products. This development trend shows that the market demand for textile products is shifting towards finer and higher-end products. Taiwan's nonwoven industry is gradually showing its strengths in the medical field. In addition to traditional masks, surgical clothing, and isolation clothing, the demand for nonwoven products has gradually shifted to high value-added medical and healthcare products with the advancement of medical technology. For example, high-end medical filter materials, artificial organ casings, medical testing films, etc. These high-end products must have higher performance requirements, such as stronger antimicrobial, breathability and compatibility properties. As personalized consumption becomes a trend, more and more consumers are willing to spend money on customized products. Taiwanese nonwoven companies have begun to provide diversified customized services according to market demand, such as designing products with different sizes, colors, and functional characteristics to meet the needs of different industries and consumers. These products not only meet the needs of consumers for personalization, but also enhance the competitive advantage of the enterprise. The applications of Taiwan's nonwoven fabrics in eco-friendly packaging, household cleaning and personal care fields are also expanding. For example, many eco-friendly carrier bags, tableware packaging, disposable household cleaning wipes, and other products developed by companies are gradually replacing conventional plastic bags and paper bags, becoming important green alternatives in the market.

Taiwan's nonwoven manufacturers are faced with fierce competition from the global market, particularly from emerging markets such as China and India. These countries have lower manufacturing costs and are accelerating the improvement of technology, which has caused market pressure on Taiwanese companies. However, Taiwan's nonwoven industry still has a place in the global market with its advantages in high quality and high technology. In response to the competition from emerging markets, Taiwanese nonwoven companies need to accelerate the process of branding and segmentation for different markets. Taiwanese companies need to maintain advantages in technology and quality, strengthen market operations and brand construction, and increase brand influence and market recognition. As the global market demand for intelligence, digitization, and automated production increases, Taiwanese nonwoven companies should also increase their investment in smart manufacturing technology to improve production efficiency, reduce costs, and ensure product consistency and stability.

In the future, Taiwan's nonwoven products will continue to develop toward high value-added, multi-functional and environmentally friendly sustainability. In terms of technological innovation, the Company will increase the R&D of new materials and actively develop intelligent and personalized products. At the same time, environmental protection and sustainable development will become the important

development direction of the nonwoven fabric industry. As the market demand changes, the application areas of Taiwan’s nonwoven fabric products will become more versatile, and the future nonwoven fabric market will focus more on green transformation and innovative applications. Taiwan’s nonwoven industry will face more intense competition. However, as technology continues to upgrade and innovative products are launched, Taiwanese nonwoven companies will be able to maintain their competitiveness in the global market.

We have developed a new product - “microfiber substrate (Ultra fine composite spun bond nonwovens)” with high technical content. Its density and strength of nonwoven fabric is several times higher than ordinary nonwoven fabric, even suppressing general fabrics. We hope that with its unique characteristics, this new nonwoven product will separate itself from past sanitary materials and beauty care. In the future, we plan to expand into new markets such as apparel, home decor, electronic wipes and medical devices. Hoping to drive the operating performance for the next phase of the Company.

#### 4. Competition:

The Company’s core competency is specialized in manufacturing consumable hygiene products. With the production technology accumulated in the nonwoven fabric industry and excellent brand identity, the Company has already won recognition in the market. As the market keeps opening and expanding, the competition is getting fierce increasingly. The Company invests in R&D of main materials actively, produce high-rank products and upgrade the product level. Meanwhile, the Company also develops, and manufactured production equipment independently and thereby benefits the control over product quality and cost control and cut the production cost and timeframe remarkably. The strength in acting OEM for international leading suppliers makes the Company secure the considerable disadvantages more than the others in the same trade.

In terms of the nonwoven fabric applied to medical supplies, the global nonwoven fabric market appears to grow continuously, especially in the application areas including medical treatment and health, protection and filtering. Therefore, the application of nonwoven fabric to the textile product for industry is expected to undergo great development. Globally, development of the nonwoven fabric technology and equipment is oriented toward high efficiency, wider breadth, and machinery and electronics integration, and focused on improvement of the production process and innovation of technology. For the time being, the nonwoven fabric produced by the Company independently is provided for its own use and processed to other products. Meanwhile, the Company works hard to develop and improve functional nonwoven fabric and strengthen the ability of vertical integration to upgrade the Company’s competitive strength.

### (III) Research and Development:

Research and Development Expenses and Achievements in 2024 and until the date of publication of the annual report:

Unit: NTD thousand

Year	2024	
R&D Expense	39,806	
Development achievements	I. Consumable products: 1. Functional pantiliner and sanitary pad 2. Eco-friendly pantliners and sanitary pads 3. New generation anti-bacterial wet wipe 4. Functional feminine wipes 5. Eco-friendly wet wipes 6. Domestic Cleaning Pads	II. Other products: 1. Eco-friendly spun-laced nonwovens 2. Microfiber spun-laced fabric 3. Elastic nonwoven fabric 4. Functional nonwoven fabric 5. Domestic nonwoven wipes 6. Microfiber substrate and related products

Note: As the financial information of 2025 Q1 has not been audited by the CPA before the date of publication of the annual report. Therefore, the financial information is not listed.

### (IV) Long-term and short-term business development plans:

#### 1. Short-term plan:

##### (1) Marketing strategy

A. Develop new channels per the product orientation and establish the marketing strategies by product and channel differentiation.

- B. Continue to manage the private brand, activate the brand vitality, and control consumers' needs from time to time to release new products.
- C. Develop overseas markets and new business lines actively and ensure the Company's sustainable development through diversified business strategies.

(2) R&D strategy

- A. Control the market trends and develop differentiated products to upgrade the success rate of new product development, mass production and launch into market.
- B. Actively work with the academic and research entities and continue participating in various R&D projects boosted by governmental entities to enhance the range of new product development.
- C. Application for R&D patents to protect the Company's interest and right.
- D. Ally academic/research entities and medical institutions to develop medical products jointly.
- E. Ally academic and industrial sectors to develop the advanced Solid-state batteries.

(3) Production strategy

- A. Strictly control and execute the operating procedure for self-inspection online to upgrade the product quality.
- B. Continue to improve and maintain equipment to upgrade production efficiency and reduce wastage rate and work hard to executing various cost down programs.

2. Long-term plans:

- (1) Apply diversified marketing strategies and diversified products to attract different types of consumer and increase the market share.
- (2) Control the core technology, keep upgrading the production quality and develop new production process to upgrade the competitiveness.
- (3) Work hard to develop the sale markets domestically and overseas, build international brand identity to become the most trustworthy enterprise and brand preferred by consumers.

## II. Market Analysis and Sales Overview

(I) Market Analysis:

1. Main Product sales area:

Period: Year 2024

Area	Percentage (%)
Domestic	51
Asia	23
Other Asia	14
Europe	11
Africa	1
Total	100

2. Market Share: (Taiwan Area)

(1) Sanitary pad:

Company	A	B	KNH	C	D
Sale quantity	36.8%	30.0%	11.3%	7.1%	6.9%

Date source: Market survey data 2024 provided by Kantar Taiwan.

(2) Pantliners:

Company	A	B	KNH	C	D
Sale quantity	36.5%	29.0%	27.2%	2.7%	-

Date source: Market survey data 2024 provided by Kantar Taiwan.

(3) Diaper:

Company	A	B	C	D	KNH
Sale quantity	37.5%	34.3%	8.6%	6.8%	0.5%

Date source: Market survey data 2024 provided by Kantar Taiwan.

(4) Wet Wipes:

Company	A	KNH	B	C	D
Sale quantity	15.6%	10.2%	8.1%	6.0%	4.2%

Date source: Market survey data 2024 provided by Kantar Taiwan.

3. Future market supply and demand and growth:

(1) Future sales and growth:

A. Sanitary pad:

Sanitary pad and pantliner refer to the typical product reflecting “small commodity but big market”, required by each female of appropriate age. Domestically, the Company’s Carnation Yu Shou cotton ultra-thin series and Nano core ultra-thin pantliner emphasize the Nano anti-bacterial function. Carnation sanitary pad cool cotton series emphasizes a skin-friendly cotton surface and leads the market sales of sanitary pad and pantliner stably. The Company released Carnation sanitary pad pure cotton and cooling pantliner series, which reflects a new market as developed, in hopes of continuing to expand the market share.

In the future, the Company will continue to develop new products to consumers’ satisfaction to upgrade customers’ loyalty and invest fund in advertising resources adequately to enhance the brand identity and upgrade the market share as the primary objective.

Overseas, in addition to the existing business lines, the Company will continue to develop the marketing regions and work hard to solicit for other OEM orders. In consideration of the larger overseas market scale, it is expected that the entire sales volume will keep growing as usual.

B. Diaper:

Domestically, the newborn birth rate declines. Notwithstanding, the demand for adult diaper increases following the aging of population. Given the high homogeneity of the two types of product, the competition of both products appears to be fierce and matured in the market. The Company releases super-quality products to lead the upgrading of market and works hard to develop overseas channels and solicit for OEM orders to increase its sales volume in domestic and overseas markets.

C. Wet Wipes:

The statistic data show that the wet wipe market continued to grow, and the parity-price and pure-water products still predominated over others. Development of Carnation wet wipe for children and Carnation ice cool wet wipe in different types of packaging was planned based on different consumer groups. As the Company holds sufficient production capacity for the time being, it will continue to develop products under different brands and made of natural formula, and increase the sales volume of the entire wet wipe product lines by diversified products and market segments.

D. Nonwoven Fabric and others:

The global nonwoven fabric market appears to be growing continuously, especially in the application areas including medical treatment and health, protection and filtering. Therefore, the application of nonwoven fabric to the textile product for industry is expected to undergo great development.

(2) Future supply and demand:

For the time being, the Company’s production equipment holds the sufficient production capacity, and the supply of raw materials and supplies is sufficient without doubt, so that the Company is able to meet the future market demand.

#### 4. Competitive niche:

The Company has long been committed to the development of its industry by constantly optimizing product structures and introducing functional products. As well as this, through our microfiber substrate business, we expanded our business into the industrial and medical markets. The competitive niches of the industry are analyzed as follows:

(1) Take the R&D and equipment as the core competitiveness strength and develop multiple applied products:

The Company controls the key production technology and actively researches and develops and improves equipment which may respond to the market rapidly and satisfy the need for customized products, thereby helping cut production costs and provide customers with more preferential product price. Therefore, the Company is trusted by international leading suppliers based in Europe and the U.S.A., and the Company's OEM and ODM orders grow continuously, thereby making the Company become the main supplier in the territories of Asia.

(2) Integrate the cross-strait production capacity and dedicated to flexible production.

(3) Upgrade the traditional industry and move forward toward the area of biomedicine:

The Company holds multiple patents for nonwoven fabric and processed products. In the traditional area of nonwoven fabric, the Company's private brands have achieved considerable strength. In order to be in line with the trend and develop diversified nonwoven fabric products, the Company will make every endeavor to apply the nonwoven fabric for industry to medical treatment, biotech and environmental protection, and develop related high value-added product to upgrade the Company's competitiveness.

#### 5. Advantageous and disadvantageous factors for development prospects and response measures:

(1) Advantageous factors:

A. The nonwoven fabric industry applies few types of raw materials. Products of different characteristics may be produced depending on different production process. Therefore, the nonwoven fabric is applied more and more extensively, in the areas including medical treatment, industry, semi-conductor and communications, etc. The Company holds the technology to develop nonwoven fabric leading products and the key ability to adjust the production process in a flexible manner. The Company will move forward toward new application of functional materials and development of new technology.

B. The Company have already accumulated the production technology in the nonwoven fabric industry for many years and already won recognition in the market. Therefore, its product series development is complete more than the others in the same trade and can keep pacing with the other domestic leading suppliers. In the future, the Company will develop the products which are convenient, comfortable, diversified, low-public hazard and low-pollution to be in line with the new materials selection, new production process development and environmental protection issues.

(2) Disadvantageous factors:

A. The demand in the domestic consumables market is limited. Besides, the international brand resources are sufficient, which attracts the consumer group with low loyalty by adopting such marketing strategy as low price to expand its own market share.

Responsive measures:

- a. Strengthen the private brand awareness, upgrade the product quality and cut production cost to enhance the competitiveness of products.
- b. Continue R&D, keep releasing new products, and apply for patents to maintain the product interest.
- c. Attend international exhibits actively and build international brand identity to help develop overseas market and extend the marketing reach to expand the market scale.

B. Increasing distribution expenses.

Responsive measures:

- a. Adjust the product portfolio tied with various print advertisements and media advertisements to upgrade the sales volume and profit.
- b. Develop new sale channels and set up the Company's e-shop to contact with consumers directly.
- c. Utilize the private brand strength and negotiate with channel providers by teamwork to cut the distribution contract amount.

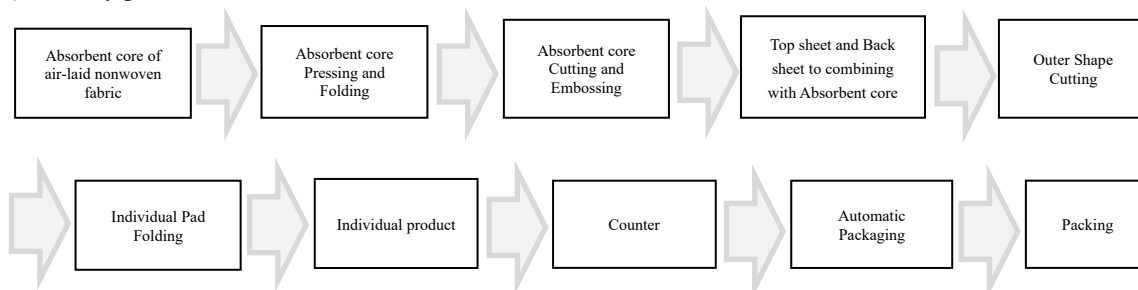
(II) Major uses and production process of the primary products:

1. Primary products of the company include Sanitary Pad, Diaper, Wet Wipes, Nonwoven Fabric and others. Major uses of the primary products:

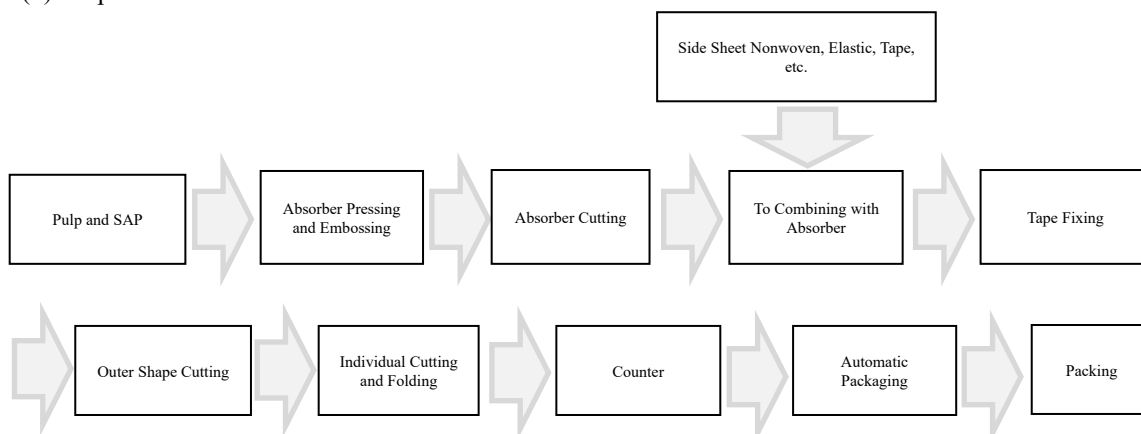
Category	Important use
Sanitary pad	Including sanitary pad, pantliner and maternity napkin, usable by women during menstrual period, in daily life and after childbirth to maintain their personal hygiene and health.
Diaper	Including diaper and alternative diaper. The diaper may be worn by babies or adults in their daily lives to take in waste to prevent it from contaminating clothes and to keep their body's clean and comfortable. The nursing pad is used by adult patients with urinary incontinence in their daily lives to take in dropping to keep their bodies clean and comfortable.
Wet Wipes	Products such as skin cleansing wipes, antibacterial wipes, feminine wipes, cool wipes and paper towels are cleaning products and make-up removal products that are for personnel, families, catering, or transportation services.
Nonwoven Fabric and others	Including cotton pads, nonwoven fabrics, face mask, professional machinery and others, among which nonwoven fabrics include surface covering materials for general sanitary products and industrial nonwoven fabrics, and special machinery includes the machines that produce various sanitary products and nonwoven fabrics for sanitary materials.

2. Production process:

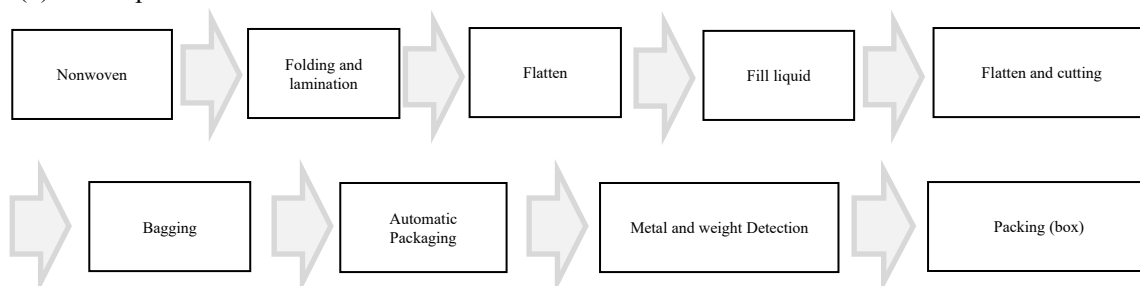
(1) Sanitary pad:



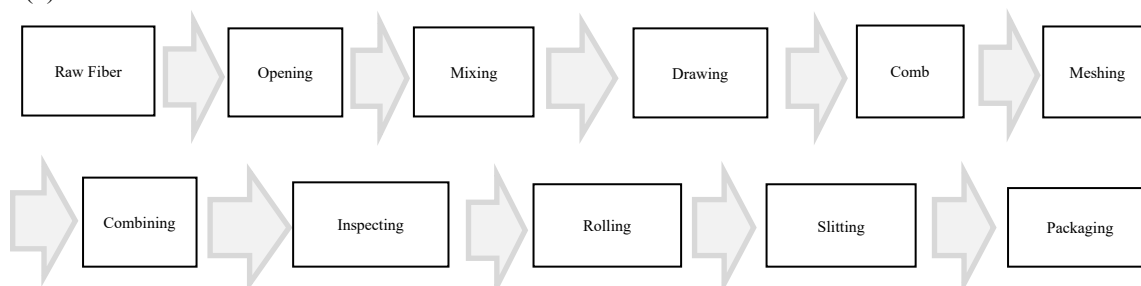
(2) Diaper:



(3) Wet Wipes:



(4) Nonwoven Fabric and others:



(III) Supply Status of Main Materials:

1. Main raw materials include:

Pulp, Fiber, Composite fiber, air-laid nonwoven fabric, Absorbent powder, EVA, Waterproof PE film and Rayon fiber:

Raw Materials Items	Major suppliers	Supply status
Pulp	Foreign import	The Company has signed long-term contracts with suppliers to ensure a stable source of raw materials.
Fiber	Foreign import and Domestic purchase	Source of supply is stable
Composite fiber	Foreign import and Domestic purchase	Source of supply is stable
Air-Laid Nonwoven Fabric	Imported from overseas or self-production to supply	Source of supply is stable
Absorbent powder	Foreign import and Domestic purchase	Source of supply is stable
Hot melt adhesive	Domestic purchase	Source of supply is stable
Waterproof PE film	Foreign import and Domestic purchase	Source of supply is stable
Rayon fiber	Foreign import	Source of supply is stable

2. Analysis for Major suppliers (domestic and foreign):

Items	Percentage (%)
Foreign Import	55.83%
Domestic purchase	44.17%
Total	100.00%

(IV) List of customers that account for more than 10% of total purchases (sales) within either of the last two years, their purchases (sales) amount and ratio, and reasons for changes in this amount and ratio:

1. Main suppliers in the last two years (Note 1):

The net purchase of goods from supplier A in 2024 is higher than that in 2023, to meet the needs of the Company's operations.

Unit: NTD thousand

Items	2023				2024			
	Name	Amount	Percent (%) of the net purchases of the year	Relation with Issuer	Name	Amount	Percent (%) of the net purchases of the year	Relation with Issuer
1	Company A	76,386	4.79	Non-related party	Company A	166,576	10.40	Non-related party
	Others (Note 2)	1,518,622	95.21	-	Others (Note 2)	1,439,925	89.60	-
	Net purchase (Note 2)	1,595,008	100.00	-	Net purchase (Note 2)	1,606,501	100.00	-

Note 1: As the financial information of 2025 Q1 has not been audited by the CPA before the date of publication of the annual report. Therefore, the financial information is not listed.

Note 2: Net sales of individual supplier or net sales of individual customer accounting for 10% or more of the net purchases of the year are not listed individually.

2. Main customers in the last two years (Note 1):

No major changes in main customers in the last two years.

Unit: NTD thousand

Items	2023				2024			
	Name	Amount	Percent (%) of the net sales of the year	Relation with Issuer	Name	Amount	Percent (%) of the net sales of the year	Relation with Issuer
1	Client A	836,756	28.48	Non-related party	Client A	943,669	32.13	Non-related party
2	Client B	425,554	14.48	Non-related party	Client B	428,324	14.58	Non-related party
	Others (Note 2)	1,675,946	57.04	-	Others (Note 2)	1,565,264	53.29	-
	Net Sales	2,938,256	100.00	-	Net Sales	2,937,257	100.00	-

Note 1: As the financial information of 2025 Q1 has not been audited by the CPA before the date of publication of the annual report. Therefore, the financial information is not listed.

Note 2: Net sales of individual supplier or net sales of individual customer accounting for 10% or more of the net purchases of the year are not listed individually.

### III. Information on employees for the past two years and up to the date of publication of the annual report

Date: April 30, 2025

Year		2023	2024	As of April 30, 2025 (Note)
Number of Employees	Administration staff	265	261	259
	Indirect Production staff	102	110	107
	Direct Production staff	395	398	402
	Total	762	769	768
Average Years of Service		41.68	43.31	43.4
Average Age (Years)		6 years and 2 months	11 years and 5 months	11 years and 6 months
Education distribution ratio (%)	Ph.D.	0	0	0
	Masters	7.09	6.89	6.77
	Bachelor's Degree	43.57	38.62	39.32
	Senior High School	36.35	37.06	37.24
	Below Senior High School	12.99	17.43	16.67

Note: Information available until the date of publication of the annual report for the current year.

### IV. Environmental protection expenditures

(I) Environmental protection:

Products manufactured by the Company do not involve the regulations of the RoHS and are made under excellent hygiene conditions free from any serious contamination during the manufacturing process, except for general industrial waste. Procedurally, the waste may be categorized into recyclable, combustible and non-combustible waste. The recyclable waste will be handed over to the recycling service provider. The combustible waste is delivered by the legal waste disposal service provider contracted by the Company to the large-scale incinerator, which meets the environmental protection requirements for incineration. Non-combustible waste is disposed of by a legitimate waste removal entity at public and private landfills, on par with the current environmental laws and regulations.

(II) The Company's investment in environmental pollution prevention equipment, their uses, and their expected benefits:

As of the date of publication of the annual report, the cumulative investment amount in major equipment related to environmental protection is as follows:

Unit: NTD thousand

Item	Equipment	Cumulative	Remarks
(1)	Waste Shelter Construction Project	510	To prevent secondary pollution and ensure compliance with regulatory requirements.
(2)	Dust collection equipment	418	Dust recovery to reduce airborne particulate matter pollution and meet air pollutant standards.

(III) During 2024 and up to the publication of the annual report, the losses caused from environmental pollution (including compensation and an environmental audit outcome that resulted in a violation of the environmental laws and regulations - the date of penalty, penalty reference, the legal provisions of the violation, the content of the violation and the content of the penalty). The current and future possible estimated amount and countermeasures shall also be disclosed. If it cannot be reasonably estimated, facts of the reason shall be given:

1. The total loss or penalty caused by environmental pollution:

In 2024 and up to the publication date of the annual report, the Company had no loss due to environmental pollution.

Date of penalty	Country	Plant	Penalty reference	The legal provisions of the violation	The content of the violation and the content of the penalty	Penalty Amount
2024.01.02	R.O.C.	Kouliiao Plant	Nan-Shi-Di-Yong-Zi No.1121685170	Paragraph 1, Article 15 of Regional Plan Act	It is authorized to set the requirements of the land use category permitted for use in Table 1 of Article 6 of the Regulations on Non-urban Land Use Control. According to the 21st amendment to the Regional Plan Act and the Tainan City Government, a fine was imposed for violation of the Regional Plan Act Point 3.	NT\$60,000

Up to the publication date of the annual report, aside from the matters mentioned above, the Company does not have any other penalty that required a fine due to violations.

2. Future countermeasures (including improvement measures) and possible expenditure (including the estimated amount of possible loss, penalty and compensation if failing to be reasonably estimated, the facts of the reason shall be stated):

None.

## V. Employer/employee relationship

(I) The Company's various policies including employee welfare measures, continuing training, training, retirement systems and their implementation, as well as agreements between labor and management and various employee rights protection measures:

1. Employee Welfare Measures:

Item	Content	Item	Content	
1	Single employee dormitory (factory)	11	Group accidental medical insurance	In order to meet the need for operation and strengthen the relationship between labors and management, the Company contributes welfare fund pursuant to laws on a monthly basis, and may also adopt said welfare measures, if necessary.
2	Staff restaurant (factory)	12	Purchase of the Company's products at staff price	
3	Provide work uniform (factory)	13	Compensation to Employees	
4	Benefit products for employees	14	Employee pension	
5	Year-end bonus and cash gift for new year holidays and major festivals	15	Employee's privileged retirement	
6	Employer's liability insurance	16	Incentive for employee's privileged retirement	
7	Employee death and funeral subsidies	17	New year holidays and major festivals celebration	
8	Monthly on-site physician service	18	Marriage gift for employee and the employee's children	
9	Travel insurance maintained for business trips overseas	19	Subsidy for employee's continuing education	
10	Group accidental death and disability insurance	20	Car loan for employees (sales representatives)	

Also, the Company has established the Employee Welfare Committee. The Committee holds meetings periodically and handles the employee welfare affairs, e.g. birthday gift, birthday leave, marriage subsidy, funeral subsidy for employees and their family members, consolation money for employee's hospitalization, festival events, benefits for Labor Day, domestic traveling subsidy and souvenir for employee's retirement.

2. Continuing education for employees:

In order to encourage employees to pursue lifelong learning, the Company has established the "Regulations Governing Subsidy to Employees' On-the-Job Education" since November 1999. The employees who attend the on-the-job master programs in graduate institutes of any domestic/overseas public/private universities and are held qualified may apply for the subsidy for continuing education, i.e. NT\$12,000 - NT\$36,000 per person per year. No employees applied for the subsidy for continuing education in 2024.

3. Implementation of employees' educational training:

In order to upgrade the employees' quality and job performance, facilitate productivity and upgrade the HR quality, enable the employees to exert their specialty in the organization and coordinate, encourage and grow with each other, the Company establishes the "Regulations Governing Employees' Educational Training" to satisfy the employees' need and fulfill the Company's purpose of training talents. The total training hours were 9,507 hours in 2024, and the expenditure was NT\$1,288 thousand. Averagely, each person had 17 hours of training.

For the purpose of sustainable management and ensuring the implementation of the Company's long-term strategies, we have arranged meetings for the chairman, general manager, and top executives of each business units since 2014. Aside from the 3 regular business and management meetings held each year to discuss the focus of corporate future strategies, we also organize diversified training courses given by outside instructors. In doing this, we hope to inject vitality into the Company's leaders. Additionally, we have taken a proactive approach to plan and construct a successor development mechanism since 2021, and further established a "talent development program" for the development path of key management-level personnel. Aside from defining key positions, a talent inventory is also regularly carried out. The inventory items include work/professional performance, personality/management traits and performance in the current job. According to the evaluation results and the corresponding maturity level of each successor, we gradually carry out necessary internal and external cultivation programs and implementation to ensure the management of the timeline upon succession. As well as internal cultivation, we also hire external talent for urgent high-risk key positions. Through a dual mechanism of internal and external search, we are able to ensure smooth operations of the Company. The development of key management-level personnel development in 2024:

- (1) A total of 2 newly-appointed middle and high supervisors were trained (e.g., administrative management training, professional training on each unit, on-site training) via the KNH training system. Their training was completed as scheduled and they perform well in their respective position.

4. Retirement system and Implementation Status:

In November 1986, the Company adopted the "Employee Retirement Management Measures" (referred to as the old pension system) in accordance with the Labor Standards Act, and in July 2005, it adopted the new "Employee Retirement Management Measures" (referred to as the new pension system) in accordance with the Labor Pension Act to be implemented in parallel. Since June 1995, the Company has set up the Regulations Governing the Retirement of Appointed Managers and contributed to the pension funds. The Company established the Business Entity Supervisory Committee of Labor Retirement Reserve to regularly review the pension deposits, pension payments and other auditable matters related to employee's pension funds. The old and new pension systems are described as follows:

(1) The old pension system:

A. Pension rate:

The old pension system deposit pensions of 2.0% of total monthly salary in the Bank of Taiwan, Trust Division.

B. The status of pension deposits:

Up to the date of publication of the annual report, the balance of the employees' pension deposits in the Bank of Taiwan Trust Division is NT\$178,916 thousand. From 2024 to April 30, 2025, a total of 16 employees have retired and received pensions.

C. Procedures and conditions for the application of employee retirement:

A worker may apply for voluntary retirement under any of the following conditions:

- (a) Where the worker attains the age of 55 years old and has worked for 15 years.
- (b) Where the worker has worked for more than 25 years.

(c) Where the worker attains the age of 60 years old and has worked for 10 years.

An employer shall not force a worker to retire unless any of the following situations has occurred:

(a) Where the worker attains the age of 65 years old.

(b) Where the worker is unable to perform his/ her duties due to disability.

The Company may request the central competent authority to adjust the age prescribed in the preceding paragraph if the specific job entails risk, requires substantial physical strength or otherwise of a special nature; provided, however, that the age shall not be reduced below 55 years old.

D. The criteria for payment of worker pensions:

Two bases are given for each full year of service rendered. But for the rest of the years over 15 years, one base is given for each full year of service rendered. The total number of bases shall be no more than 45. The length of service is calculated as half year when it is less than six months and as one year when it is more than six months. Where the worker is unable to perform his/ her duties due to disability, an additional 20% on top of the amount calculated according to the preceding subparagraph shall be given to workers forced to retire due to disability incurred from the execution of their duties.

(2) The new pension system:

The Company appropriates labor pension reserve funds of 6% of the total monthly wages of their employees and deposits such amount in a designated account. If the employees are willing for pension deposit, the Company will withhold pensions from their salary on a monthly basis. The total pension deposits was NT\$16,029 thousand in 2024 and up to the date of publication of the annual report. For the application procedure and standards for the retirement of employees related to the new pension system, please see the description in "Labor Pension Act".

5. Measures of labor and management agreement and employees' rights and interests:

Since the Company was incorporated, the labor and management have thoroughly understood the importance of harmony and valued the communication between both parties. For example, to be in line with the enforcement of the "Act of Gender Equality in Employment", the Company established its own "Regulations for Prevention, Correction, Complaint and Punishment of Sexual Harassment". The employees whose interest and right are infringed may file the complaint pursuant to the Regulations, and the employees' request may be negotiated and settled via the internal communication channels and labor-management meeting. Given this, the various problems may be settled reasonably.

(II) List any losses suffered by the company in the most recent fiscal year and up to the 2024 annual report publication date due to labor disputes (including any violations of the Labor Standards Act found in labor inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the substance of the legal violations, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided:

The Company did not incur other losses due to labor disputes. The Company holds 4 labor-management meetings per year to discuss about coordination of the labor-management relationship and promotion of the labor-management cooperation, and posts the meeting minutes in the public data folder on the Company's intranet accessible by all of the Company's employees. The Company continues to maintain the fair interactive mechanism between the labors and management, so that any dispute between the labors and management may be settled through negotiation at the meeting, for the harmony and mutual benefit between the labors and management.

(III) Code of conduct or ethics for employees:

In order to provide the code of conduct and business ethics to be followed by the employees, the Company established the "Work Rules" and the Rules were approved by the competent authority. Besides, company also established "Ethical Corporate Management Best Practice Principles" and "Principle for Ethical Corporate Management Best Practice and Guidelines for Codes of Ethical Conduct". The Rules expressly specify the employees' work behavior, professional dedication, conduct, ethics and non-disclosure obligation, and also provide the evaluation basis for the reward & punishment regulations to encourage employees with excellent performance and discipline employees against the rules.

Except the basic-level employees working at the production lines, the Company demands that all employees of the Company are required to sign an "Employment Contract" with respect to the Company's undisclosed business, production, management and technology information accessed, obtained, collected, developed, created and known by them during their employment to ensure the Company's and shareholders' interests and rights.

In order to fulfill the corporate social responsibility, the Company implements the anti-corruption policy strictly, and establishes the "Code of Conduct for Suppliers", and "Statement of Agreement for Anti-Corruption

Policy”, and ask suppliers and employees to sign and comply with the same.

(IV) Protection policy for working environment and employees’ personal safety:

The Company set up Occupational Safety and Health’s Office responsible for integrating the environmental safety throughout the Company to comply with the laws and regulations, and effectively controlling the organization in order to achieve the target. Meanwhile, the Company established the management target for “zero labor safety incidents” and protect employees’ personal safety through training and propagation and reward mechanism. The Company values the employees’ personal safety and working environment quality very much. It will arrange for the operating environment inspection and disinfection for the working environment once per half a year, and also contract professional cleaning service providers to clean the working environment to upgrade the environmental quality. The various workplaces also comply with relevant laws and regulations, install fire protection equipment, and organize fire drills and training twice per year, increase the chance for escape and protect their personal safety better. In 2021, we built a “facial recognition system” in our Taipei company. Through the system integration of access control, attendance and body temperature detection, we are able to achieve operational efficiency for productive management and enhancement of attendance management of access control. The Company adopts the standards superior than those required by laws and organizes the worker health examination at factory premises once per year (once per two years for any units other than factories) to ensure all workers’ health physically and mentally. In consideration of the wide area and multiple machines and service personnel at factory premises, the Company established the “Safety and Health Work Rules”, which were approved by South Labor Inspection Institute, CLA, EY.

Said Rules also expressly provide the important notes to employees’ safety and health management and various officers’ responsibilities, maintenance and checkup of equipment, work safety and sanitation standards, education and training, first-aid and rescue, preparation for and maintenance and use of protective gear and incident reporting, etc. Meanwhile, in order to deal with the international anti-terrorism issue, the Company also trains all its employees about the awareness toward anti-terrorism and safety to protect the employees’ personal safety and the Company’s property safety.

## VI. Cyber security management

(I) Describe the cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management:

1. Cyber security risk management framework:

The responsibilities of the “Information Technology Division” within the Company’s internal organization cover “information security promotion”. In terms of cyber security, the Division’s responsibilities cover “formulation and revision of information security policies”, “execution of information security prevention”, “information security event notification”, and “information security response handling and disaster recovery”. The Company’s data, systems, equipment, and networks are strengthened via the information security promotion mentioned above. By taking this approach, we are able to create a reliable information environment while deploying innovative information security protection technology to enhance the quality of our services.

4 members of staff are responsible for the promotion of the Company’s information security. Responsibilities of each member of staff are described as follows:

- (1) Head of Information Security: Concurrently served by the head of the Information Technology Division, responsible for formulating and evaluating information security policies and related management measures.
- (2) Information security personnel: Concurrently served by the technical personnel of the Information Technology Division, in charge of information security, and performs various information security tasks.

2. Cyber security policy:

The Company has formulated the “information security policy” served as the basis for information security risk management, covering 3 major aspects:

- (1) Information software (e.g., ERP, business data analysis, database backup, email and development tools, etc.);
- (2) Information environment (e.g., data centers, servers, network equipment, storage media, personal data equipment and support equipment, etc.);
- (3) Personnel management (e.g., visitors, external vendors and employees, etc.).

In an effort to ensure that our information assets are protected from internal, external, intentional or

accidental threats in order to maintain its normal operation, provide reliable information services to vendors, customer and all employees, while ensuring the confidentiality, authority and availability of information, we also have information security management measures in place, and they are:

- (1) “Physical and environmental security management” (e.g., security management of computer facilities, network communication management, anti-virus management, firewall installation and server security protection, etc.);
- (2) “Access control management” (e.g., authority control, user and account management, etc.);
- (3) “Application system management” (e.g., codes, database and version control of related documents, backup mechanism and access rights management and development environment, testing environment and planning of formal environment for going online).

3. Concrete management program:

To prevent information security hazards and reduce the risk of loss or to ensure quick recovery in the event of an information security hazard, we have formulated an “Application System Disaster Recovery Management” plan. Meanwhile, we aim to identify information security issues and propose recommendations for improvement. Through internal audits and external auditing entities, we are able to reduce information security risks.

4. Resources invested for cyber security management:

In a bid to enhance our information security protection ability, the concrete actions carried out in 2024 are as follows:

- (1) An internal information security education and training seminar per 6 months.
- (2) A drill of disaster recovery of major systems per two year.
- (3) An annual information security health checkup.
- (4) An internal control and external auditing operation per year.
- (5) Continue to update or implement the following information security related software and hardware:

In 2024, all server hosts running on Windows Server operating systems are equipped with EDR information security software to monitor the operation of programs running on the server host, reducing possible information security risks.

- (6) The “Cyber Security Guidelines for TWSE/TPEX-Listed Companies” released by the TWSE are used as the basis for the Company’s improvement cycle.

(II) List any losses suffered by the company in the most recent fiscal year and up to the 2024 annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided:

The Company did not suffer any losses in 2024 and up to the annual report publication date due to significant cyber security incidents.

## VII. Major Contracts

The contracting parties, major content, restrictive clauses, and the commencement dates and expiration dates of supply/distribution contracts, technical cooperation contracts, engineering/construction contracts, long-term loan contracts, and other contracts that would affect shareholders’ equity, where said contracts were either still effective as of the date of publication of the annual report, or expired in 2024, as follows:

Date: April 30, 2025

Nature of contract	Party	Contract start elected	Main content	Restrictive terms	Remarks
Supply and Sales Contract	Client A	2025.01.01~2025.12.31	Provision of sales of diapers, wet wipes, sanitary pads, and cotton pads	None	Note 1
Supply and Sales Contract	Client B	2024.10.23~2025.10.22	Provision of sales of diapers, wet wipes, cotton pads, and sanitary pads	None	Note 1

Nature of contract	Party	Contract start elected	Main content	Restrictive terms	Remarks
Supply and Sales Contract	Client C	2024.0.01~2027.06.30	-	Related information about business must not be made public under the agreement	
Supply and Sales Contract	Client D	2024.05.15~2027.05.14	-	Related information about business must not be made public under the agreement	
Procurement Contract	INTERNATIONAL PAPER COMPANY	2025.01.01~2026.12.31	Procurement of Pulp	None	Note 2
Long-term Loan Contract	First Commercial Bank	2019.12.16~2030.04.15	Plan for Welcoming Overseas Taiwanese Businesses loan	None	Note 3
Long-term Loan Contract	Mega International Commercial Bank	2021.03.05~2026.03.05	Credit loan	None	
Long-term Loan Contract	Chang Hwa Bank	2025.01.02~2028.01.02	Credit loan	None	
Long-term Loan Contract	First Commercial Bank	2021.12.13~2026.12.13	Secured loan	None	Note 3
Long-term Loan Contract	Mega International Commercial Bank	2022.01.11~2027.01.11	Secured loan	None	Note 4
Long-term Loan Contract	The Export-Import Bank of the Republic of China	2024.09.27~2027.09.27	Credit loan	None	
Long-term Loan Contract	Hua Nan Commercial Bank, Ltd	2023.06.29~2028.06.29	Secured loan	None	Note 4
Long-term Loan Contract	Chinatrust Commercial Bank Co., Ltd.	2025.04.30~2027.04.30	Secured loan	None	Note 5

Note 1: The contract will be updated annually.

Note 2: The contract will be updated every 2 years.

Note 3: Land, building, machinery and equipment as collateral.

Note 4: Land and buildings as collateral.

Note 5: Pledge time deposit as collateral.

## Five. DISCUSSION AND ANALYSIS OF FINANCIAL STATUS AND FINANCIAL PERFORMANCE, AND RISK ASSESSMENT

### I. Financial Status

Unit: NTD thousand

Items \ Year	2024.12.31	2023.12.31	Difference	
			Change amount	Change (%)
Current assets	3,234,324	4,390,399	(1,156,075)	(26.33)
Property, plant and equipment	3,336,037	3,308,820	27,217	0.82
Intangible and other assets	117,421	180,174	(62,753)	(34.83)
Total Assets	6,687,782	7,879,393	(1,191,611)	(15.12)
Current liabilities	1,805,400	1,729,409	75,991	4.39
Non-current liabilities	2,270,544	3,217,324	(946,780)	(29.43)
Total Liabilities	4,075,944	4,946,733	(870,789)	(17.6)
Share capital	1,953,628	1,953,628	0	0
Capital surplus	26,989	26,989	0	0
Retained earnings	549,536	957,889	(408,363)	(42.63)
Other Equity	81,685	(5,856)	87,541	1494.89
Treasury shares	0	0	0	0
Equity attributable to owners of the parent	2,611,838	2,932,660	(320,822)	(10.94)
Non-controlling interests	0	0	0	0
Total Equity	2,611,838	2,932,660	(320,822)	(10.94)
<p>The main reasons and their impact of significant changes (significant current variations amounting to NT\$10 million or 20% or above in the later period) in consolidated assets, liabilities and equity in the past two years:</p> <p>(I) Main reason:</p> <ol style="list-style-type: none"> <li>1. Current assets: Mainly due to the decrease in financial assets measured at amortized cost.</li> <li>2. Intangible and other assets: mainly due to the decrease in right-of-use assets and deferred income tax assets.</li> <li>3. Non-current liabilities: Mainly due to the decrease in long-term borrowings.</li> <li>4. Retained earnings: Mainly due to net loss in the current period.</li> <li>5. Other equity: Mainly due to the exchange difference in the translation of the financial statements of foreign operations.</li> </ol> <p>(II) Where the effect is of material significance, describe the measures to be taken in response: Not applicable.</p>				

## II. Financial Performance

Unit: NTD thousand

Items \ Year	2024	2023	Change amount	Change (%)
Net Operating revenue	2,937,257	2,938,256	(999)	(0.03)
Operating costs	<u>(2,595,578)</u>	<u>(2,812,133)</u>	216,555	(7.70)
Operating margin	341,679	126,123	215,556	170.91
Operating expenses	<u>(615,322)</u>	<u>(611,808)</u>	(3,514)	0.57
Operating profit	(273,643)	(485,685)	212,042	(43.66)
Non-operating income and expenses	<u>(59,478)</u>	<u>1,663,555</u>	(1,723,033)	(103.58)
Net profit (loss) before income tax	(333,121)	1,177,870	(1,510,991)	(128.28)
Income tax expense	<u>(35,344)</u>	<u>(519,185)</u>	483,841	(93.19)
Net profit (loss) for the current period	<u>(368,465)</u>	<u>658,685</u>	(1,027,150)	(155.94)

(I) The main reasons and their impact of significant changes (significant current variations amounting to 20% or above in the prior and later periods) in consolidated operating income, operating profit and pre-tax income for the past two years:

1. Operating margin and Operating losses:

Mainly due to the higher amount of inventory obsolescence loss in the previous year.

2. Non-operating income and expenses: Mainly due to the gain on the disposal of land use rights and plant by Shanghai Company last year.

3. Profit (loss) before tax: Mainly due to the gain on the disposal of land use rights and plant by Shanghai Company last year.

4. Income tax expense: Mainly due to the gain on the disposal of land use rights and plant by Shanghai Company, resulting in an increase in income tax expense this year.

5. Net profit (loss) for the current period: Mainly due to the gain on the disposal of land use rights and plant by Shanghai Company last year

(II) The Company's expected sales volume and the basis for the forecast of the coming fiscal year, the possible impact of such changes upon the Company's financial standing and corresponding plans:

The Company forecasts the sales based on the analysis on the entire market demand, and also sets the target after reviewing development and sale of products via various channels, subject to the progress of marketing of new arrivals. The Company forecasts the following sales volume in 2025. For the possible impact on the Company's future financial operations and the countermeasures in response to the impact, please see the "Report to Shareholders – 2025 Business Plan" on P.1.

Main products	Units	Expected sales volume
Sanitary products	million	4,517
Various nonwoven fabrics	1,000 tons	2

### III. Cash flow

(I) Analysis of changes in cash flow for 2024:

Unit: NTD thousand

Initial cash balance	Net cash flow from operating activities for the year	Net cash flow from investing activities for the year	Net cash flow from fundraising activities for the year	Effects of changes in foreign exchange rates	Cash surplus (deficit)	Correction action for deficit in cash liquidity	
						Investment Plans	Financing Plans
1,630,771	(418,248)	845,063	(492,095)	64,885	1,630,376	None	None
Analysis of changes in cash flow during the current year: <ol style="list-style-type: none"> <li>Net cash outflow from operating activities: Mainly due to net loss before tax for the year.</li> <li>Net cash inflow from investing activities: Mainly due to the decrease in financial assets at amortized cost.</li> <li>Net cash inflow from financing activities: Mainly due to the repayment of long-term borrowings (including those due within one year).</li> <li>Net outflows of the year totaled NT\$395 thousand; cash balance at the end of the year totaled NT\$1,630,376 thousand.</li> </ol>							

(II) Measures to be taken in response to illiquidity for 2024: Not applicable.

(III) Analysis of cash liquidity in 2025:

Unit: NTD thousand

Initial cash balance	Net cash flow from operating activities for the year	Net cash flow from investing activities for the year	Net cash flow from fundraising activities for the year	Effects of changes in foreign exchange rates	Cash surplus (deficit)	Correction action for deficit in cash liquidity	
						Investment Plans	Financing Plans
1,630,376	(70,218)	(216,341)	(371,397)	(379)	972,799	None	None
Analysis of changes in cash flow during the current year: <ol style="list-style-type: none"> <li>Net cash outflow from operating activities: mainly due to estimated payment of income tax.</li> <li>Net cash outflow from investing activities: Mainly due to the estimated purchase of property, plant, and equipment.</li> <li>Net cash outflow from fundraising activities: Mainly due to estimated loan repayment.</li> <li>The estimated net outflow of the year totaled NT\$658,335 thousand; cash balance at the end of the year totaled NT\$972,799 thousand.</li> </ol>							

### IV. Major Capital Expenditure Items in 2024 and impact on Company's finances and operations

(I) Major Capital Expenditure Items and Source of Capital:

Unit: NTD thousand

Item	Actual or Planned Source of Capital	Actual or Planned Date of Completion	Total Capital	Actual or Expected Capital Expenditure			
				2023	2024	2025	
Taiwan	Plant maintenance and construction	Own Cash and Bank loan	2023.12	441,760	123,967	74,660	12,019
	Purchase and modification of machinery and equipment	Own Cash and Bank loan	2024.12	21,669	2,823	1,426	11,330
	Purchase of additional office equipment	Own Cash	2024.12	14,706	2,800	2,744	4,045
	Purchase and modification of machinery and equipment	Own Cash and Bank loan	2024.12	152,192	41,914	17,012	93,266

(II) Expected Benefits:

1. Plant maintenance and construction:
  - (1) Regular plant maintenance expenditures.
  - (2) The construction of KNH (Yangzhou) Co., Ltd. will be used as the future production base for China operations.
2. Purchase and modification of machinery and equipment:
  - (1) Purchase new production equipment and rebuild the existing equipment to satisfy the project customers' purchase orders and development of new product lines.
  - (2) The Company has purchased the production line and applicable process equipment of ultra fine composite spun bond nonwoven for the newly constructed Kouliao Plant Phase 3, as to prepare for the production of microfiber substrate. By doing this, we are able to further increase the competitive advantage in diversified markets for the Company.
3. Purchase of additional office equipment:
  - (1) To digitalize operations in order to improve the parent company's overall efficiency and the control mechanism.
  - (2) Additional computer software and quality assurance test equipment to KNH (Yangzhou) Co., Ltd.

**V. Investment strategies, causes for investment gains and losses, and planned improvements for 2024 and the investment plan for the coming year**

(I) Reinvestment Policy:

The Company's reinvestment projects were all planned to deal with the Company's business development and in line with the Company's long-term business development strategies pursuant to laws, and approved upon resolution by the Board of Directors. These projects would not be executed until the competent authority granted approval, in order to meet the Company's vision and achieve the maximum interest for the Company's employees and investors.

(II) Main reason for Profits or Losses, Improvement Plans and Reinvestment Plans for the Coming Year:

1. The description of domestic reinvestment companies is as follows:
  - (1) The Company's Board of Directors approved the establishment of a new subsidiary, "Kang Yu Co., Ltd." (hereinafter referred to as "Kang Yu Company") on September 26, 2023. Kang Yu Company is planning to apply for industrial zone for the land at Kouliao Section to meet the needs of future development. As the company is currently in the process of applying for the industrial zone, no revenues have been generated.
  - (2) As a result of the Company's reinvestment in K. Jie Water & Environmental Engineering Co., Ltd., the Company's net operating revenue was NT\$36,653 thousand and net loss after tax was NT\$5,991 thousand in 2024. The Company's main business is to construct various wastewater treatment projects and strengthen the capacity of water treatment modules. It is believed that the development of water treatment business will create profit opportunities for the Group under the trend of increasing water resources costs.
2. The Company's reinvestment in "KNH (Shanghai) Co., Ltd." (hereinafter referred to as the "Shanghai Company") in China was dissolved and its national property was cancelled after the Shanghai City Government issued a notice of the levy of non-residential housing on state-owned land. The cancellation was completed on January 16, 2025.
3. In 2024, the net operating income of the Company's investment in the subsidiary, "Shanghai KNH International Trading Co., Ltd." (hereinafter referred to as "the Trading Company") was RMB 4,717 thousand and net profit after tax was RMB 202 thousand (approximately NT\$910 thousand). The main business of Trading Company is to assist the OEM business of KNH Yangzhou.
4. In 2024, the net operating revenue of the Company's investment in KNH (Yangzhou) Co., Ltd. (referred to as KNH Yangzhou) was RMB 221,747 thousand and net loss after tax was RMB 19,960 thousand (approximately equivalent to NT\$89,940 thousand). The main reason is that the price of raw materials has risen, and transportation costs and export fees have increased, resulting in an increase in overall production costs, resulting in a net loss for the Company. KNH Yangzhou is the main production base in China and is focused on the Group's existing OEM customer base. In the future, the development of new customers and new functional

products will be actively accelerated, while increasing the proportion of high value-added products to improve the Company's profitability.

(III) Investment plans for the year ahead:

Taking into consideration the long-term development needs in line with the government's promotion for Taiwanese businessmen to return for investment, and with the approval of the Company's investment of NT\$1.69 billion approved by the board of directors on July 26, 2019, we have officially launched the Kouliiao Plant Phase 3 plan. The investment will focus on microfiber substrate business and the main target markets are sales of industrial wiping products, medical fabrics, artificial leather substrates, and high-performance upholstery fabrics. Mass production is expected to take place in 2025. By establishing a new plant, we aim to focus on high-end and high-margin nonwoven products other than sanitary products to maximize profits.

## VI. Risk analysis and risk assessment in 2024 and up to the date of publication of the annual report

### (I) Changes to interest rates, currency exchange fluctuations, and inflation and how these may impact The Company's gain or loss, as well as future response measures:

#### 1. Changes to interest rates:

The Group's interest rate risk primarily derived from the short-term and long-term loans generated from the operating or investing activities, and the proportion of currencies for borrowing are US dollars and Taiwan dollars. Due to the conflict between Russia and Ukraine, the Federal Reserve of the United States and the Central Bank of Taiwan have announced interest rate hikes. Although the above policy will increase the cost of borrowing rates in the future, the Group will evaluate the interest rates of financial institutions on a regular basis and select the most favorable interest rate to stabilize the cost of capital. In addition, in an attempt to improve the financial structure while also strengthening the short-term solvency, we apply for the Plan for Welcoming Overseas Taiwanese Businesses loan from banks to raise stable and low cost long-term funds to control long-term capital costs. In the future, KNH will continue to monitor the trend of interest rates and negotiate with financial institutions to control financing costs of the Company.

#### 2. Changes to currency exchange fluctuations:

The Group operates across countries, and is engaged in import and export at the same time. The functional currencies that mainly generate foreign exchange risk are US dollars and RMB, and most of the time, the Company generates the NatureHedge effect by offsetting the accounts receivable in foreign currency against the accounts payable in foreign currency, and also evaluates the revenue and expenditure in foreign currency in a timely manner to make adjustment flexibly to mitigate the risk over changes in the foreign exchange rate. In the future, the Group will maintain the stable strategy as usual, monitor the changes in foreign interest rate, and carefully evaluate whether hedge is required. The sales unit's quotation shall also reflect the effect rendered by foreign exchange rate to maintain the Company's reasonable profit.

#### 3. Changes to currency inflation:

As the Company's products are essential livelihood consumables, they are subject to less effect by inflation in terms of sales conditions. However, under the continuous impact of the Russia-Ukraine conflict and COVID-19 outbreak, international energy prices and rising raw material prices have been indirectly affected, causing global inflation and further affecting profitability. The Company will use the following measures to improve its operating conditions, establish a more stable operating foundation, enhance its overall competitiveness, and achieve long-term stable development goals.

(1) Product sales strategy adjustment and cost control: Re-evaluate the product mix, give priority to the sales of high-margin products, and ensure that market demand and supply are consistent through accurate market analysis and customer demand surveys. In addition, the Company's internal operations are also reviewed to find opportunities to improve performance and reduce costs, and strictly control costs to ensure the effective use of resources.

(2) Development of cross-disciplinary applications of high-end materials and environmentally friendly products: We will increase the added value of products through the production of microfiber substrates, and use microfiber substrates in clothing, footwear, home accessories, electronic wipes, and medical supplies. Strengthen profit structure. At the same time, the Company also combines the concept of environmental protection to reduce the impact of its production and product use on the environment, and will continue to launch natural recyclable and reusable nonwoven fabrics, biodegradable women's products, care products, water-flushed wipes, dry wipes, cotton pads, and related materials and products that meet environmental requirements.

(3) Intensify R&D and innovation: Continue to develop high value-added products. In addition to rapidly developing higher functional products in the hygiene materials field, the Company will also focus on the development and application of microfiber substrate products to strengthen the Company's strength in diversified operations, creating better performance.

### (II) Policies on high risk, highly leveraged investments, loans to other parties, endorsements, guarantees, derivatives trading policies, main reasons for profits or losses, and future response measures:

#### 1. Engagement in high-risk and high-leverage investing activities:

Over the years, the Company has been managing its business in a prudent and conservative manner and conduct capital allocation and hedging activities. The Company has never been engaged in high-risk or high-leverage investments.

2. Loaning of funds to others and making endorsements/guarantees:

In principle, the Company does not provide capital loans and endorsements/guarantees, except for subsidiaries in which the Company holds more than 50% of the shares. If provision of capital loans and endorsements/guarantees is required due to business needs, it shall be handled in accordance with applicable regulations stipulated in the “Regulations Governing for Loaning Funds to Others” and the “Regulations Governing for Making Endorsements and Guarantees” formulated by the Company. As of March 31, 2025, the Company and its subsidiaries did not loan funds to others. The ending balance of endorsements and guarantees for others as of March 31, 2025 was NT\$562,479 thousand, and the actual drafted amount was NT\$169,201 thousand. In the future, response measures will be controlled in accordance with relevant operating systems.

3. Derivatives trading:

Unless for the purpose of hedging, the Company is not engaged in any financial derivatives transactions. Where it is necessary for the Company to do so for business needs, the effects thereof shall be evaluated periodically in accordance with the “Regulations Governing for the Acquisition or Disposal of Assets” established by the Company. As of the date of publication of the annual report, the Company and its subsidiaries had no commitments for derivative financial instruments.

(III) Future research plan and expected research and development fee:

The Company works hard to invest in development of various new products. It not only applies the nonwoven fabric to medical supplies but also extends the fabric to other applicable areas. For development of processed products, the Company will continue to develop the same medical supplies and also develop products related to medical treatment and industry by developing the nonwoven fabric business. It is expected that the R&D expenses spent in 2025 will be NT\$36,896 thousand, primarily for the following R&D projects:

1. Medical supplies development project:

- (1) Functional nonwoven fabric
- (2) Complex technology nonwoven fabric
- (3) High-performance nonwoven fabric for filtering
- (4) Ultra fine composite spun bond nonwovens
- (5) Biodegradable and eco-friendly reusable nonwovens

2. Processed products development project:

- (1) Functional wet wipe
- (2) New wound dressing for medical treatment
- (3) Functional hygiene products
- (4) Functional skin care products
- (5) Domestic cleaning products
- (6) Tampons
- (7) Biodegradable and eco-friendly reusable sanitary products
- (8) Functional face masks
- (9) Apparel
- (10) Leather products
- (11) industrial wiping products

(IV) Impact on the Company’s financial standing due to changes in domestic or foreign policies and laws, and corresponding countermeasures:

The Company has always kept a close eye on the change in the latest laws and regulations and does its utmost to understand policies or laws that may have an impact on its operations and revises its related systems. The Company has adopted appropriate measures for domestic and international important policies and legal changes in recent years. Given this, there has not been significant impact on the Company’s financial business.

(V) Changes to technology (including cyber security risks) and industry that impact the Company’s financial operations, and response measures:

Since the Internet has become more popular in recent years, hackers have been committing fraud by invading

corporate information systems or sending fake emails, etc. Therefore, companies have been focusing on the corporate loss caused by the recent outbreak of cyber security incidents. The Company is a conventional industry, where the major systems with security risks include the “Supplier Payment”, “Customers’ Credit Management”, “Accounts Receivable” and “Accounting Management”. In order to ensure reliability of equipment and network systems, as well as to avoid any hacking and attempts to interfere, destroy or invade corporate information. The Company has established information security policies and related operating procedures and rules, which are continuously reviewed and assessed, and followed by all relevant personnel of the Company. By doing this, the Company is able to improve the information security management mechanism, implement information security protection, and enhance the standard of information security. We promote information security to our employees each year. Since 2021, we have entrusted an information security entity to conduct an annual comprehensive information security health check on the Company’s internal information equipment. This way, we will understand the Company’s information security vulnerabilities as well as gain a clear direction as to information security risk improvement, minimizing the risk of cyber-attacks. For related cyber security management structure, policy and resources invested, please see “VI. Cyber Security Management” on P.90-91.

(VI) Changes to corporate image that impact the Company’s risk management, and response measures:

Since incorporated in 1971, the Company has upheld the stable, conservative and ethical management philosophy. The Company values the corporate identity and business management and is dedicated to maintaining the Company’s goodwill and reputation. The Company also works hard to strengthen the business team’s crisis management awareness, so as to deal with the globalized business management risk and ensure the Company’s sustainable operation.

(VII) Anticipated benefits of mergers and possible risks: None.

(VIII) Anticipated benefits and possible risks of plant expansion:

Taking into consideration the long-term development needs in line with the government’s promotion for Taiwanese businessmen to return for investment, and with the approval of the Company’s investment of NT\$1.69 billion approved by the board of directors on July 26, 2019, we have officially launched the Kouliiao Plant Phase 3 plan. The investment will focus on microfiber substrate business and the main target markets are sales of industrial wiping products, medical fabrics, artificial leather substrates, and high-performance upholstery fabrics. Mass production is expected to take place in 2025. By establishing a new plant, we aim to focus on high-end and high-margin nonwoven products other than sanitary products to maximize profits.

(IX) Risks Relating to and Response to Excessive Purchasing Concentration and Excessive Customer Concentration:

1. Purchases:

The Group’s highest percentage of procurement from individual suppliers accounted for no more than 10.4% of the total procurement amount in 2024. The procurement from top ten suppliers accounted for 41.8% of the total procurement amount for the year. Apparently, the Company had no risk over excessive concentration of procurement. The main raw materials and supplies needed by the Company’s production include paper pulp, composite fiber, air-laid nonwoven fabric, absorbent powder, EVA, waterproof PE film and rayon cotton. The Company has maintained fair and stable supply relationship with the suppliers permanently. Meanwhile, in order to ensure the product quality and cut the procurement cost, the Company will continue to strengthen the quality control and also develop new suppliers actively. Therefore, no risk over shortage of raw materials and supplies is expected.

2. Sales:

The Company engages in business under private brands and manufactures consumable products primarily. It distributes goods to meet consumers’ need directly via distributors, hypermarkets, supermarkets and online channels. Further, it also works hard to increase new customers and new business lines for OEM, and ensures the Company’s interest and right by concluding long-term supply and sale contracts. Therefore, there is no risk over concentration of sales.

(X) Impact and risks resulting from major equity transfer or change by Directors or shareholders holding more than 10% of the Company’s shares:

Please see P.65 - 67 for the changes in shareholdings of directors or substantial shareholders holding more than 10% of the Company’s shares for 2024 and as of the date of publication of the annual report -45. As the Company is steadily operating, there has been no significant shareholding transfer or replacement of directors, which has posed significant impact and risks to the Company.

(XI) Impact upon and risks to Company associated with any changes in governance personnel or top management and measures to be taken in response:

Since incorporation, the Company's management has been engaged in ethical management by taking the Company's entire interest and shareholders' maximum profit as the first priority. The Company has won trust from its employees and shareholders permanently. Therefore, there is no significant impact or risk to the Company due to changes in operating rights in the foreseeable future.

(XII) Litigation or non-lawsuit events:

In 2024 and up to the date of publication of the annual report, there were no litigation, non-litigious proceeding, or administrative dispute involving the Company, the Company's affiliates and the Company's directors, general manager, de facto responsible person, or major shareholder with a stake of more than 10%, which was finalized or remained pending.

(XIII) Other important risks and response measures: None.

**VII. Other Important Matters: None.**

## **Six. SPECIAL DISCLOSURE**

### **I. Information on affiliates**

- (I) 2024 Consolidated Business Report of Affiliated Enterprises: Please refer to MOPS > Single Company > Electronic Document Download > Three Reporting Forms for Affiliated Enterprises).  
([https://mopsov.twse.com.tw/mops/web/t57sb01\\_q10](https://mopsov.twse.com.tw/mops/web/t57sb01_q10))
- (II) Consolidated financial statements of affiliated companies: Please refer to the Company's 2024 Consolidated Financial Statement Statements.
- (III) Affiliation report: Not applicable.

### **II. The Company has carried out a private placement of securities during 2024 and up to the publication date of the annual report: None.**

### **III. Other Necessary Supplements: None.**

### **IV. Situations listed in Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the company's securities, has occurred during 2024 and up to the publication date of the annual report: None.**

**KNH Enterprise Co., Ltd.**

**Person in charge: Tai, Hwa-Ming**