



KWONG LUNG ENTERPRISE CO., LTD.

2025 Annual Report

Information website :

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

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

Issue Date: March 31, 2026

Notice to readers

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

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External Auditor

CPAs: Ming-Hsien Liu and Yung-Hsiang Chao

Firm Name: Deloitte & Touche

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Overseas Securities Listing Information

None

Company Website

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

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1. Letter to shareholders

Dear shareholders,

In 2025, the Company faced various challenges, including adjustments to U.S. tariff policies and exchange rate fluctuations. Although profitability was affected, the Company maintained stable overall operations. Excluding the impact of exchange rate fluctuations and calculated in U.S. dollars, the Garment Division, Down Materials Division, and Home Textile Division all achieved positive revenue growth, demonstrating the Company's operational resilience and the continuing benefits of product portfolio optimization.

The Garment Division remained the primary driver of the Company's operating performance. Among the three major business segments, it accounted for nearly 60% of total revenue and continued to progress toward the 70% target. Orders from both existing and new customers continued to expand. Notably, a customer acquired within the past three years has already become one of the top ten garment customers, demonstrating strong customer confidence and loyalty toward the Company.

The Down Materials Division benefited from a significant correction in raw material prices during the first half of 2025, following a period of elevated market prices. This drove strong recovery orders and became the primary growth driver of the Company's performance for the year. In the Home Textile Division, revenue was mainly supported by a leading Japanese home brand customer. In addition, orders from Japan's second-largest home brand customer and a European global home brand customer continued to increase, contributing to the Company's overall annual growth.

Budget execution

For 2025, the Company projected operating revenue of NT\$8.66 billion and achieved actual operating revenue of NT\$8.538 billion, representing an achievement rate of 99%. Actual net profit after tax for the year amounted to NT\$377 million.

Operating Results for 2025

1. Financial results

The main financial indicators are as follows:

Unit : NT\$ thousand

Item		2024	2025	Increase (Decrease) Ratio %	
Financial receipts and expenditures	Operating revenue	7,892,963	8,537,575	8.2	
	Gross profit	1,365,396	1,309,768	(4.1)	
	Net profit for the year	606,402	377,129	(37.8)	
Profitability analysis	Return on assets (%)	6.96	4.13	(40.7)	
	Return on equity (%)	10.66	6.73	(36.9)	
	Ratio of Paid-up capital (%)	Operating Income	38.09	31.51	(17.3)
		Income before Tax	48.99	33.69	(31.2)
	Net Profit Margin (%)	7.68	4.42	(42.4)	
	Earnings per share after tax (NT\$ dollar)	4.04	2.50	(38.1)	

2. Research and development results :

Unit : NT\$ thousand

Item	2025
R & D expenses	55,616
R&D expenses as a percentage of revenue	0.65%

Completed R&D achievements are as follows:

1).Garment Division

- A. An Engineering Department was established to develop guide templates, reducing reliance on skilled technicians while ensuring consistent quality and minimizing manual alignment and chalk-marking operations.
- B. Improved sewing methods through development process optimization. For special patterns, garments, and bedding products, 360-degree rotating guide templates were adopted to enhance production efficiency and expand order capacity.
- C. Developed specialized multifunctional outdoor workwear certified by BTTG (UK) and compliant with EU regulations, obtaining CE certification. The garments meet EN343 rain protection and EN17353 enhanced visibility standards.
- D. Enhanced seam-taping product quality by implementing a staged cooling and pressure-setting process using residual heat from the base and supplementary pressure blocks during thermal bonding.
- E. Developed uniforms for athletes at the 2026 Milan Winter Olympics, featuring 3D pattern design and a two-piece jacket system consisting of a long Gore outer shell and an inner structural down jacket.
- F. Implemented SSP cloud-based automated marker layout, reducing material waste, improving layout efficiency, enabling precise procurement, and optimizing inventory management.
- G. Introduced a production and sales progress tracking system that consolidates timelines from order receipt, procurement, material export, scheduling, production, to finished goods shipment, with four milestone alerts to facilitate overall operational monitoring.
- H. Applied AI technology to automatically translate production orders, sample orders, and tech packs from Chinese into English and Vietnamese.
- I. Developed an RPA (Robotic Process Automation) system to automatically read supplier responses to purchase orders—including delivery dates, quantities, and unit prices—and update the ERP system accordingly.

2).Down Materials Division

- A. Bio-based Down: Adopted environmentally friendly bio-based cleaning agents certified by the U.S. Department of Agriculture (USDA) to replace conventional chemical detergents, supporting sustainability and circular economy goals.
- B. Graphene Water-Repellent Composite Down: By integrating water-repellent down with the advanced material graphene, a new-generation composite down has been developed that provides both water resistance and thermal insulation.
- C. Recycled Down: In response to sustainability trends and the increasing use of recycled materials by brands in recent years, recycled down has faced challenges related to excessive APEO levels due to the absence of previous restrictions. The Company successfully developed an APEO removal process to enable safe, non-toxic recycling and reuse.
- D. Flame-Retardant Down: Developed flame-retardant down with high wash durability to meet the growing demand in home textile and outdoor applications.
- E. Feather Keratin Peptide Solution: Successfully developed pilot-scale production of hydrolyzed feather keratin peptide solution for applications in textiles and cosmetic products.
- F. Feather Keratin Peptide Nylon: By combining feather keratin peptides—whose structure is similar to human skin and rich in amino acids—with nylon through composite processing, a

new skin-friendly yarn has been developed featuring high hydrophilicity, high moisture regain, and excellent abrasion resistance.

2026 Operational Overview and Future Development Strategy

1. Future Development Strategy: The Company will continue to focus on the garment business as its primary growth driver, with the goal of increasing its contribution to total revenue to 70%. Under a light-asset model, the Company will pursue a diversified production base and product portfolio strategy to achieve stable and sustainable growth while enhancing profitability and operational efficiency.
2. 2026 Operating Guidelines:
 - 1). Continue developing new customers.
 - 2). Strengthen production lines and capacity in Vietnam, Indonesia, and Bangladesh.
 - 3). Continue asset optimization to enhance capital efficiency.
 - 4). Utilize AI technologies to improve process automation.

Corporate Social Responsibility

Guided by the principle of “From society, for society,” Kwong Lung has long been committed to giving back to the community. In 2025, the Company invested in various domestic and international social service initiatives and assistance programs for disadvantaged groups, with total expenditures reaching NT\$16.65 million. More than 24,078 beneficiaries were supported, with 204 volunteers contributing a total of 1,054 service hours. These efforts demonstrate the Company’s commitment to its corporate values and its role as an internationally influential enterprise contributing positively to society.

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

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

Outlook for 2026

Looking ahead to 2026, although economic uncertainties such as geopolitical conflicts remain, positive factors—including the stabilization of U.S. tariff policies toward various countries and the normalization of customer inventory levels—are expected to support stronger order momentum. For the year, the Company remains cautiously optimistic and has set a baseline target of double-digit revenue growth for the garment division, continuing on a path of healthy and sustainable growth.

To achieve continued growth, the Company’s key operational priorities for this year are as follows:

1. Steady Development of New Customers

In 2025, the garment division benefited from order transfers driven by customers diversifying production risks away from mainland China or consolidating their supplier base, demonstrating a positive development trend. In 2026, the Company will continue to expand orders from existing customers while simultaneously increasing revenue contributions from new customers.

In recent years, the garment division has successfully onboarded more than ten new brand customers. The Company plans to introduce at least three additional new customers this year. Orders from new customers accounted for approximately 5–10% of total garment revenue in 2025, and with continued order expansion and additional new customers, the contribution is expected to increase to 10–15% in 2026.

For the home textile division, the focus will be on deepening relationships with two keys newly

acquired European and Japanese customers, gradually expanding cooperation. The Company aims to establish these customers, together with a leading Japanese customer, as the three major pillars of home textile revenue in the future.2. Continue to expand the production capacity scale

2. Continued Expansion of Production Capacity

Vietnam, Indonesia, and Bangladesh serve as the Company's key global production bases, forming a comprehensive "three-location manufacturing strategy." Vietnam provides mid- to high-end production capacity, Indonesia supports mid- to low-priced market demand, and Bangladesh offers scale and cost advantages through strategic partner factories.

In Vietnam, the Company currently operates 55 in-house production lines and 66 outsourced production lines, with an additional five outsourced lines added during peak seasons. The Indonesia production base currently operates six in-house production lines. In Bangladesh, the Company has signed cooperation agreements with six partner factories and is actively negotiating with three additional factories. Through the continued expansion of its Bangladesh partner network, the Company has officially entered the knitwear segment of the garment industry, with initial shipments commencing in 2026.

3. Leveraging AI Technologies to Improve Manufacturing Processes

The Company has established a global cloud-based marker center, digitalizing the pattern-making expertise accumulated by master technicians over decades. This enables even less-experienced pattern makers to efficiently produce samples and replicate designs.

The Company will continue to expand AI applications across its factories, utilizing large language models (LLMs) to build a knowledge management system for garment pattern rooms. Initial objectives include partial process automation, establishment of product traceability systems, and the development of equipment anomaly detection and early warning systems. Ultimately, the Company aims to achieve intelligent order scheduling and develop a world-class smart garment manufacturing operation.

Finally, the Company continues to promote asset optimization. Assets held in Taiwan and Japan generate stable rental income and gains from real estate sales, helping to smooth the seasonal fluctuations of the core business. This year, the Taichung and Huashan development projects are expected to enter the property handover phase, with sales revenue contributing to non-operating income and providing strong support for stable dividend distribution.

The management team will spare no effort to maintain growth momentum this year while delivering solid profitability, thereby enhancing value for both the Company and its shareholders. On behalf of the management team, I would like to extend our sincere gratitude to all shareholders for your continued support.

Chairman and Chief Executive Officer: Ho-Po Chan

2. Corporate Governance Report

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

2.1.1 Directors

2.1.1.1 Directors

March 31, 2026 Unit: shares ; %

Title	Nationality/ Country of Origin	Name	Gender Age	Date Elected	Term (Year s)	Date First Elected	Shareholding when elected			Current shareholding			Spouse & Minor Shareholding			Shareholding by Nominee Arrangement			Main experience (education experience)	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Remark s
							Common Shares	Shar es	%	Common Shares	Shar es	%	Common Shares	Shar es	%	Common Shares	Shar es	%			Title	Name	Relation	
							Preferred Shares	Shar es	%	Preferred Shares	Shar es	%	Preferred Shares	Shar es	%	Preferred Shares	Shar es	%						
Chairman	R.O.C.	Ou Li Investment Co., Ltd.	-	2025.5 .27	3	2013.6 .20	12,700,000	8.40	8.40	12,700,000	8.45	8.45	0	0	0	0	-	-	-	-	-	-		
		Representative: Ho-Po Chan	Male 41~50 years old	2025.5 .27	3	2007.6 .15	1,298,000	0.86	0.86	1,523,000	1.01	1.01	888,000	0.59	0.59	0	0	Note 1	Director	Fu-Ru Chan	Second- degree relatives	Note 8		
Vice Chairman	R.O.C.	Chao-Fu Lee	Male 71~80 years old	2025.5 .27	3	(Note 9)	284,000	0.19	0.19	359,000	0.24	0.24	0	0	0	0	M.S. in Accounting, National Chengchi University General manager of Lite- On Semiconductor Corp. Director n of Actron Technology Corp. Chairman of Taiwan On- Bright Electronics Incorporated.	Note 2	None	None	None	None		
							0	0	0	0	0	0	0	0										
Director	R.O.C.	Whalen's Company	-	2025.5 .27	3	2019.5 .30	10,000	0.01	0.01	10,000	0.01	0.01	0	0	0	0	-	-	-	-	-	-		
		Representative: Cheng-Yun Chang	Male 61~70 years old	2025.5 .27	3	(Note 10)	610,000	0.40	0.40	330,000	0.22	0.22	0	0	0	0	B.A. in Japanese, Fu Jen Catholic University General Manager of Home Textile Division	None	None	None	None	None		
Director	R.O.C.	Yueh Sheng Investment Co., Ltd.	-	2025.5 .27	3	(Note 11)	4,013,000	2.66	2.66	4,013,000	2.67	2.67	0	0	0	0	-	-	-	-	-	-		
							0	0	0	0	0	0	0	0										

Title	Nationality/ Country of Origin	Name	Gender Age	Date Elected	Term (Year s)	Date First Elected	Shareholding when elected			Current shareholding			Spouse & Minor Shareholding			Shareholding by Nominee Arrangement			Main experience (education experience)	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Remarks
							Common Shares	Shar es	%	Common Shares	Shar es	%	Common Shares	Shar es	%	Common Shares	Shar es	%			Title	Name	Relation	
							Preferred Shares	Shar es	%	Preferred Shares	Shar es	%	Preferred Shares	Shar es	%	Preferred Shares	Shar es	%						
		Representative: Fu-Ru Chan	Female 41-50 years old	2025.5 .27	3	(Note 11)	141,984	0.09	4,681,984	3.11	0	0	0	0	0	0	Master's Program in Management, Kyoto Sangyo University/ MBA, Shih Chien University U-Shin Business Specialist/Accounting Specialist of Kwong Lung Japan Co., Ltd./Mother Bird Import and Export International Trade Commissioner/ Chairman of Yueh Sheng Investment Co., Ltd.	Note 3	Chairman	Ho-Po Chan	Second- degree relatives	None		
Independent Director	R.O.C.	Hsun-Hsiung Tsai	Male 81-90 years old	2025.5 .27	3	2016.6 .21	424,577	0.28	424,577	0.28	0	0	0	0	0	0	Ph.D. in Urban Planning, Princeton University Chairman of Sinotech Engineering Consultants Co. Director of Environmental Protection Administration, Executive Yuan	Note 4	None	None	None	None		
Independent Director	R.O.C.	Hsien-Yeh Chen	Male 41-50 years old	2025.5 .27	3	2016.6 .21	0	0	0	0	0	0	0	0	0	0	Ph.D. in Chemical Engineering, University of Michigan Associate Professor, Department of Chemical Engineering, National Taiwan University	Note 5	None	None	None	None		
Independent Director	R.O.C.	Chia-Te Hsu	Male 41-50 years old	2025.5 .27	3	2022.5 .31	90,000	0.06	95,000	0.06	0	0	0	0	0	0	M.S. in International Management, Boston University Supervisor of Speed Tech Corp.	Note 6	None	None	None	None		
Independent Director	R.O.C.	Tsui-Ting Ko	Female 41-50 years old	2025.5 .27	3	2022.5 .31	0	0	0	0	0	0	0	0	0	0	EMBA, Fudan University; MBA, National Taiwan University Partner, EuroAsia CPAs Firm	Note 7	None	None	None	None		

Note 1. The Director concurrently serves as Chief Executive Officer and General Manager of the Garment and Down Materials Divisions of the Company, Executive Director of the Taiwan Garment Industry Association, and Chairman of the Taiwan Feather Exporters Association.

Chairman: Ou Li Investment Co., Ltd., Bosch International Co., Ltd., Kai Sheng Investment Co., Ltd. Bo Hsing Enterprise Co., Ltd., Kwong Lung Feather (B.V.I.) Ltd., Kwong Lung (B.V.I.) Ltd.

Director: Kwong Lung Meko Co., Ltd., Kwong Lung Japan Co., Ltd., Lyon Ventures Holdings Ltd., O'CASA LK Property Group Inc., Makoto Build Co., Ltd., Cave & Wine Co., Ltd., Da Fu Investment Co., Ltd., Taiwan External Trade Development Council.

Independent director: Speed Tech Corp.

Note 2. Director: Dyna Image Corporation Philippines, WBG Power Systems (Cayman) Co., Ltd.

Note 3. Chairperson of P&B Collection Co., Ltd., Director of Kwong Lung Japan Co., Ltd., Chairperson of Yueh Sheng Investment Co., Ltd., Supervisor of Ou Li Investment Co., Ltd.

Note 4. Director of Co-Tech Development Corp.

Note 5. Professor of Department of Chemical Engineering, National Taiwan University Director of National Taiwan University Molecular Imaging Center.

Note 6. General manager of Well-Spring Enterprise Corp, Chairman of Heli Co., Ltd., Representative of director of Speed Tech Corp.

Note 7. Partner of EuroAsia CPAs Firm, Independent Director of SunWay Biotech Co., Ltd., Chairperson of Fenlin Investment Ltd., Chairperson of EuroAsia Consulting Ltd.

Note 8. Where the Chairman of the Board of Directors and the President or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (such as increasing the number of independent director seats, and more than half of all directors must not concurrently serve as employees or managers) must be disclosed.

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

- To strengthen the Board's supervisory function, the Company amended its Articles of Incorporation to increase the number of Independent Directors from no fewer than two to no fewer than three seats, and four Independent Directors have been appointed.
- Arrange directors to participate in professional courses offered by external institutions every year to enhance Board performance.
- The Independent Directors can engage in detailed discussion on related matters in the professional committees as reference for the Board for the proper pursuit of corporate governance.

Note 9. First elected as Supervisor on May 30,2019 and served until April 5, 2021. First elected as Director on April 6,2021 and has served to date.

Note 10. First elected as Director on June 21,2016 and served until April 5, 2021. First elected as Supervisor on April 6,2021 and served until May 30, 2022. Reelected as Director on May 31, 2022.

Note 11. First elected as Supervisor on June 21,2016 and served until May 29, 2019. First elected as Director on May 30,2019 and has served to date.

2.1.1.2 Main corporate shareholders

March 31, 2026

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

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

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

Name	Conditoin	Professional Qualification and Experience (Note 1)	Independence Situation	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Chairman Ou Li Investment Co., Ltd. Representative: Ho-Po Chan		In 2006, he brought his experience and innovative ideas in the science and technology industry to Kwong Lung. During this period, he served as a senior supervisor of the Garment and Down Division, and took over as CEO in 2012 and chairman in 2013. Since then, he has introduced the manufacturing and management methods of the science and technology industry and continued to lead Kwong Lung to grow steadily.	Not applicable	1
Vice Chairman Chao-Fu Lee		He majored in accounting, and has over 30 years of experience in the finance field. He used to be the CFO and general manager of Lite-On Semiconductor Corporation, chairman of Actron Technology Corporation, etc. He has extensive experience in corporate operations and management.	Not applicable	0
Director Whalen's Company Representative: Cheng-Yun Chang		He retired as General Manager of the Home Textile Division of the Company and has more than 20 years of experience in the home textile and down industries. He is able to provide strategic guidance to the Company on industry development.	Not applicable	0
Director Yueh Sheng Investment Co., Ltd. Representative: Fu-Ru Chan		She previously worked at Kwong Lung Japan Co., Ltd. and has extensive industry experience and international market expertise. She currently serves as Chairperson and General Manager of P&B Collection Co., Ltd. and is experienced in corporate operations and management.	Not applicable	0
Independent Director Hsun-Hsiung Tsai		He serves as the Convener of the Audit Committee and the Remuneration and Nomination Committee. He has more than five years of work experience required for the Company's business operations. He previously served as Minister of the Environmental Protection Administration, Executive Yuan, Minister of the Council for Economic Planning and Development, and Convener of the Sustainable Development Division of the National Policy Foundation, with extensive experience in public administration. He also served as an Independent Director of On-Bright Electronics Inc. and a Director of Co-Tech Development Corp, and has more than 20 years of practical experience in corporate sustainability.	<ul style="list-style-type: none"> ● In the two years prior to appointment and during the term of office, none of the circumstances specified in Note 2 have occurred. ● As of March 31, 2026, the shares of the Company held by the undersigned, his spouse, minor children, or held in the name of others totaled 424,577 shares, representing 0.28% of the Company's total issued shares. ● The remuneration received for serving as a member of the Remuneration Committee, including remuneration and meeting attendance fees, amounted to NT\$1,015 thousand and NT\$1,020 thousand in 2024 and 2025, respectively. Except for the remuneration mentioned above, no other professional service fees were received. 	0
Independent Director Hsien-Yeh Chen		He serves as a member of the Audit Committee and the Remuneration and Nomination Committee and has more than five years of work experience required for the Company's business operations. He is currently a Professor in the Department of Chemical Engineering at National Taiwan University. His research team is dedicated to promoting the concept of green chemistry and encouraging public participation in green chemistry initiatives to achieve the vision of sustainability, safety, and environmental protection. He provides the Company with industry knowledge and research and development guidance.	<ul style="list-style-type: none"> ● In the two years prior to appointment and during the term of office, none of the circumstances specified in Note 2 have occurred. ● As of March 31, 2026, neither the undersigned nor his spouse, minor children, or shares held in the name of others held any shares of the Company. ● The remuneration received for serving as a member of the Remuneration Committee, including remuneration and meeting attendance fees, amounted to NT\$1,015 thousand and NT\$1,020 thousand in 2024 and 2025, respectively. Except for the remuneration mentioned above, no other professional service fees were received. 	0

Name	Conditoin	Professional Qualification and Experience (Note 1)	Independence Situation	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Independent Director Chia-Te Hsu		He serves as a member of the Audit Committee and the Remuneration and Nomination Committee and has more than five years of work experience required for the Company's business operations. He possesses expertise in finance and accounting, as well as capabilities in business management, risk management, and international markets. He supervises the Company's internal control system, the fair presentation of financial statements, and managerial compensation matters, and duly fulfills the responsibilities of an Independent Director.	<ul style="list-style-type: none"> ● In the two years prior to appointment and during the term of office, none of the circumstances specified in Note 2 have occurred. ● As of March 31, 2026, the shares of the Company held by the undersigned, his spouse, minor children, or held in the name of others totaled 95,000 shares, representing 0.06% of the Company's total issued shares. ● The remuneration received for serving as a member of the Remuneration Committee, including remuneration and meeting attendance fees, amounted to NT\$1,015 thousand and NT\$1,020 thousand in 2024 and 2025, respectively. Except for the remuneration mentioned above, no other professional service fees were received. 	0
Independent Director Tsui-Ting Ko		She serves as a member of the Audit Committee and has more than five years of work experience required for the Company's business operations. She holds a Certified Public Accountant license and has many years of professional practice experience. She is well-versed in government regulations and industry practices and is committed to assisting the Company in complying with applicable laws and regulations.	<ul style="list-style-type: none"> ● In the two years prior to appointment and during the term of office, none of the circumstances specified in Note 2 have occurred. ● As of March 31, 2026, neither the undersigned nor her spouse, minor children, or shares held in the name of others held any shares of the Company. ● No remuneration was received for providing any professional services to the Company. 	1

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

Note 2:

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

2.1.1.5 Diversification and independence of the board of directors

1). Diversification of board of directors

●Diversification policy of board of directors

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

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

●Diversification goal of board of directors

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

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

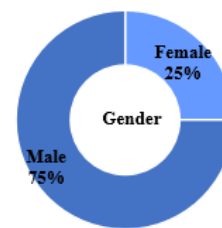
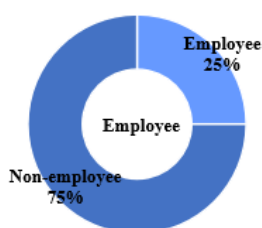
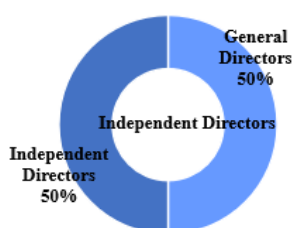
●Achievement of diversification of board of directors

The Company's Board of Directors consists of eight directors, including four Independent Directors. All directors possess extensive experience in business operations and management as well as industry expertise, providing professional strategic guidance for the Company's future development.

Among the Board members, 25% are employee directors, 25% are female directors, and 50% are Independent Directors. Among them, Independent Directors Hsun-Hsiung Tsai and Hsien-Yeh Chen have each served for ten years. In terms of age distribution, two directors are over 70 years old, one director is between 60 and 69 years old, and five directors are under 50 years old. Directors with strengths in operational judgment, business management, crisis management, international market perspective, leadership, and decision-making include Ho-Po Chan, Chao-Fu Lee, and Hsun-Hsiung Tsai. Independent Director Hsun-Hsiung Tsai, who previously served as Minister of the Environmental Protection Administration, Executive Yuan, provides professional advice on corporate sustainability and corporate responsibility. Independent Director Hsien-Yeh Chen, currently a professor at National Taiwan University, provides industry knowledge and research and development guidance to the Company. Cheng-Yun Chang, who retired as General Manager of the Company's Home Textile Division, has extensive experience in the down and home textile industries and provides valuable industry strategic guidance. Fu-Ru Chan previously worked at Kwong Lung Japan Co., Ltd. and has extensive industry experience and international market expertise. Independent Director Chia-Te Hsu holds a Master's degree in International Business from Boston University and has professional experience in marketing and business

operations. Independent Director Tsui-Ting Ko is a Certified Public Accountant with extensive experience in accounting and financial analysis.

Title	Name	Nationality	Gender	Employees	Age	Tenure of Independent Director (years)	Operational judgment ability	Accounting and financial analysis ability	Management ability	Crisis handling ability	Industry knowledge	International market outlook	Leadership ability	Decision-making ability
Chairman	Ho-Po Chan	R.O.C.	Male	v	41-50 years old		v	v	v	v	v	v	v	v
Vice Chairman	Chao-Fu Lee	R.O.C.	Male		71-80 years old		v	v	v	v	v	v	v	v
Director	Cheng-Yun Chang	R.O.C.	Male		61-70 years old		v		v		v	v	v	v
Director	Fu-Ru Chan	R.O.C.	Female	v	41-50 years old		v	v	v	v	v	v	v	v
Independent Director	Hsun-Hsiung Tsai	R.O.C.	Male		81-90 years old	10	v	v	v	v	v	v	v	v
Independent Director	Hsian-Yah Chen	R.O.C.	Male		41-50 years old	10	v		v		v	v	v	v
Independent Director	Chia-Te Hsu	R.O.C.	Male		41-50 years old	4	v	v	v	v		v	v	v
Independent Director	Tsui-Ting Ko	R.O.C.	Female		41-50 years old	4	v	v	v	v		v	v	v



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

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

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

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

2). Independence of board of directors:

Independent Directors account for 50% of the seats on the Company's Board of Directors. Among the Board members, Chairperson Ho-Po Chan and Director Fu-Ru Chan are related within the second degree of kinship. The composition of the Board complies with Article 26-3, Paragraph 3 of the Securities and Exchange Act, as more than half of the Board members do not have spousal relationships or kinship within the second degree of kinship.

2.1.2 Supervisors: Not applicable.

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

March 31, 2026 Unit: shares ; %

Title	Nationality/ Country of Origin	Name	Gender	Date Elected	Shareholding			Shares holding by spouse and minor children			Shareholding by Nominee Arrangement			Main experience(education and degree)	Current part-time duty titles in other companies	Managers who are Spouses or Within Two Degrees of Kinship			Remarks
					Common shares	Shares	%	Common shares	Shares	%	Common shares	Shares	%			Title	Name	Relation	
					Preferred share	Shares	%	Preferred shares	Shares	%	Preferred shares	Shares	%						
CEO, General Manager of Garment and Down Material Division	R.O.C.	Ho-Po Chan	Male	2012.1.1	1,523,000	1.01		888,000	0.59		0	0	Please refer to Page 5	Please refer to Note 1 on Page 6.	None	None	None	Note 1	
					0	0		0	0		0	0							
Vice General Manager of Garment Division	R.O.C.	Li-Ting Hsu	Female	2020.1.1	410,000	0.27		5,000	0		0	0	MBA, National Taiwan University Consultant, Boston Consulting Co Ltd. Manager of Chairman's Office, Shin Kong Life Insurance, IR Manager, Cathay Financial Holdings	Note 2	None	None	None	None	
					0	0		0	0		0	0							
Vice General Manager of Garment Division	R.O.C.	Yi-Fan Ren	Male	2020.1.1	0	0		0	0		508,000	0.34	MBA, National Chiao Tung University Audit Supervisor, Lite-On IT Corp, Chairman's Special Assistant, Kang Chuang Electronics, Manager, Sinonar Corp	Note 3	None	None	None	None	
					0	0		0	0		0	0							
Vice General Manager of Garment Division	R.O.C.	Chia-Liang Han	Male	2025.6.1	0	0		0	0		0	0	MBA, National Taiwan University Executive Vice General Manager, Singtex Industrial Co., Ltd.	None	None	None	None	None	
					0	0		0	0		0	0							
Vice General Manager of HR	R.O.C.	Jui-Wen Wang	Male	2021.1.1	1,207,000	0.80		0	0		315,000	0.21	Ph.D., National Taiwan University of Science and Technology Assistant manager of MiTAC International Corp. Manager of Jianxing Electronic Technology Co., Ltd.	Note 4	None	None	None	None	
					0	0		0	0		0	0							
Assistant Vice President of Down Materials Division	R.O.C.	Zhang-Ren Su	Male	2024.8.1	398,000	0.26		0	0		0	0	EMBA, National Taiwan University of Science and Technology Deputy Manager of Fujikawa Industries	Note 5	None	None	None	None	
					0	0		0	0		0	0							
Assistant Vice President of Down Materials Division	R.O.C.	Yun-Hsin Chen	Female	2024.8.1	29,000	0.02		0	0		0	0	M.S., Human Resource Management, University of Hawaii at Manoa Product Development Manager at Huhui Technology	None	None	None	None	None	
					511	0.20		0	0		0	0							
Assistant Vice President of Garment Division	R.O.C.	Chung-Kao Chou	Male	2024.8.1	220,014	0.15		20,000	0.01		0	0	B.S., Industrial Engineering and Management, National Taiwan University of Science and Technology Engineer of the Production Planning Department of Lianyou Optoelectronics, and Director of the Productivity Integration Department of AUO	None	None	None	None	None	
					0	0		0	0		0	0							

Title	Nationality/ Country of Origin	Name	Gender	Date Elected	Shareholding			Shares holding by spouse and minor children			Shareholding by Nominee Arrangement			Main experience(education and degree)	Current part-time duty titles in other companies	Managers who are Spouses or Within Two Degrees of Kinship			Remarks
					Common shares	Shares	%	Common shares	Shares	%	Common shares	Shares	%			Title	Name	Relation	
					Preferred share	Shares	%	Preferred shares	Shares	%	Preferred shares	Shares	%						
Assistant Vice President of Garment Division	R.O.C.	Chun-Lung Ho	Male	2024.8.1	72,500	0.05	0	0	0	0	M.S., Mechanical Engineering, National Chung Hsing University R&D Manager at Lite-On Technology and Lite-On Electronics	None	None	None	None	None			
					0	0	0	0	0	0									
Assistant Vice President of Home Textile Division	R.O.C.	Shang-Tien Lin	Male	2024.8.1	70,000	0.05	0	0	0	0	B.A., Business Administration, National Sun Yat-sen University Deputy Manager of Innolux Manufacturing Division, Director of Optimax Technology Suzhou Plant	Note 6	None	None	None	None			
					0	0	0	0	0	0									
Assistant Vice President of Unified Procurement Division	R.O.C.	Shih-Chi Yeh	Male	2024.8.1	50,000	0.03	0	0	0	0	M.S., International Business, California State University, Dominguez Hills Global Strategic Procurement Manager, HP Technology, Global Procurement Manager, ADVANTEK	None	None	None	None	None			
					0	0	0	0	0	0									
Assistant Vice President of Information Technology Division	R.O.C.	Ta-Chun Chen	Male	2024.8.1	34,000	0.02	0	0	0	0	M.S., Information Management, National Taiwan University Manager of E-commerce Department, Advantech	None	None	None	None	None			
					0	0	0	0	0	0									
Assistant Vice President of Finance Division, Chief Finance Officer	R.O.C.	Tien-Chia Chiang	Female	2025.8.1 8	0	0	0	0	0	0	Chief Financial Officer, Cargill Taiwan	Note 7	None	None	None	None			
					0	0	0	0	0	0									
Accounting officer	R.O.C.	Chia-I Sung	Female	2021.10. 14	15,000	0.01	0	0	0	0	B.A., Accounting, Tamkang University Assistant Manager, Audit Department, Deloitte & Touche Accounting Section Chief, Global Brands Manufacture Ltd. Accounting Manager, Les Enphants Co., Ltd.	None	None	None	None	None			
					0	0	0	0	0	0									
Corporate governance officer	R.O.C.	Chiu-Ti Li	Female	2023.11. 9	33,000	0.02	0	0	0	0	B.A., Economics, Chinese Culture University Shareholder Services Officer	None	None	None	None	None			
					0	0	0	0	0	0									

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

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

- To strengthen the Board's supervisory function, the Company amended its Articles of Incorporation to increase the number of Independent Directors from no fewer than two to no fewer than three seats, and four Independent Directors have been appointed.
- Arrange directors to participate in professional courses offered by external institutions every year to enhance Board performance.
- The Independent Directors can engage in detailed discussion on related matters in the professional committees as reference for the Board for the proper pursuit of corporate governance.

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

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

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

Gong Long Co., Ltd., Director of Daquan Hanshi Co., Ltd.

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

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

Note 7: Supervisor of PT.TACTICAL Garment Garut.

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

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

Unit : NT\$ thousand

Title	Name	Director's Remuneration								Total remuneration and ratio of total remuneration(A+B+C+D) to net income(%) (Note 8)		Remuneration paid to part-time employees						Total remuneration and ratio of total remuneration (A+B+C+D+E+F+G) to net income(%) (Note 8)		Compensation Received from an Invested Company Other than the Company's Subsidiary or parent company (Note 9)		
		Base Compensation (A) (Note 2)		Pension (B)		Compensation to Directors (C) (Note 3)		Allowances (D)(Note 4)				Salary, Bonuses and Allowances (E) (Note 5)		Pension (F)		Employee pays (G) (Note 6)						
		The Company	All companies in the consolidated financial statements (Note 7)	The Company	All companies in the consolidated financial statements (Note 7)	The Company	All companies in the consolidated financial statements (Note 7)	The Company	All companies in the consolidated financial statements (Note 7)	The Company	All companies in the consolidated financial statements (Note 7)	The Company	All companies in the consolidated financial statements (Note 7)	The Company		All companies in the consolidated financial statements(Note 7)		The Company	All companies in the consolidated financial statements (Note 7)			
Chairman	Ho-Po Chan (Note 11)	417	417	0	0	1,356	1,356	2,015	2,015	3,788 100%	3,788 100%	7,093	9,941	0	0	444	0	444	0	11,325 3.00%	14,173 3.76%	None
Chairman	Ou Li Investment Co., Ltd. Representative: Ho-Po Chan (Note 11)	583	583	0	0	1,900	1,900	2,815	2,815	5,298 1.40%	5,298 1.40%	8,069	12,031	0	0	622	0	622	0	13,989 3.71%	17,951 4.76%	None
Vice Chairman	Ou Li Investment Co., Ltd. Representative: Chao-Fu Lee (Note 11)	1,652	1,652	0	0	904	904	715	715	3,271 0.87%	3,271 0.87%	35	35	0	0	0	0	0	0	3,306 0.88%	3,306 0.88%	None
Vice Chairman	Chao-Fu Lee (Note 11)	2,312	2,312	0	0	1,267	1,267	995	995	4,574 1.21%	4,574 1.21%	48	48	0	0	0	0	0	0	4,622 1.22%	4,622 1.22%	None
Director	Whalen's Company Representative: Cheng-Yun Chang	1,000	1,000	0	0	1,085	1,085	30	30	2,115 0.56%	2,115 0.56%	0	0	0	0	0	0	0	0	2,115 0.56%	2,115 0.56%	None
Director	Yueh Sheng Investment Co., Ltd. Representative: Fu-Ru Chan	1,000	1,000	0	0	1,954	1,954	30	30	2,984 0.79%	2,984 0.79%	0	1,438	0	0	0	0	0	0	2,984 0.79%	4,422 1.17%	None
Independent Director	Hsun-Hsiung Tsai	1,000	1,000	0	0	1,302	1,302	30	30	2,332 0.62%	2,332 0.62%	0	0	0	0	0	0	0	0	2,332 0.62%	2,332 0.62%	None
Independent Director	Hsien-Yeh Chen	1,000	1,000	0	0	1,302	1,302	30	30	2,332 0.62%	2,332 0.62%	0	0	0	0	0	0	0	0	2,332 0.62%	2,332 0.62%	None
Independent Director	Chia-Te Hsu	1,000	1,000	0	0	1,628	1,628	30	30	2,658 0.70%	2,658 0.70%	0	0	0	0	0	0	0	0	2,658 0.70%	2,658 0.70%	None
Independent Director	Tsui-Ting Ko	1,000	1,000	0	0	1,302	1,302	30	30	2,332 0.62%	2,332 0.62%	0	0	0	0	0	0	0	0	2,332 0.62%	2,332 0.62%	None

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

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

2. Other than disclosure in the above table, Directors remunerations received by providing services (e.g., serving as a consultant for non-employees of the parent company/financial report of all companies/reinvested businesses, etc.) in the latest

fiscal year:

Independent Directors Hsun-Hsiung Tsai, Hsien-Yeh Chen, and Chia-Te Hsu concurrently serve as members of the Remuneration and Nomination Committee. Each member receives remuneration and meeting attendance fees totaling NT\$1,020 thousand.

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

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

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

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

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

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

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

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

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

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

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

Note 10: The Company's Directors (legal person and representative) did not receive or appropriate retirement pensions in 2025. The representatives of the corporate directors concurrently serving as employees did not receive or appropriate retirement pensions.

Note 11: Directors were re-elected on May 27, 2025.

2.2.2 Remuneration paid to supervisors: Not applicable.

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

Unit : NT\$ thousand

Title	Name	Salary (A) (Note 2)		Pension (B)		Bonuses and Allowances, bonus and special allowance, etc. (C) (Note 3)		Employee remuneration (D) (Note 4)				Total remuneration and ratio of total remuneration (A+B+C+D) to net income(%) (Note 6)		Compensation Received from an Invested Company Other than the Company's Subsidiary or parent company (Note 7)
		The Company	All companies in the consolidated financial statements (Note 5)	The Company	All companies in the consolidated financial statements (Note 5)	The Company	All companies in the consolidated financial statements (Note 5)	The Company		All companies in the consolidated financial statements (Note 5)		The Company	All companies in the consolidated financial statements (Note 5)	
								Cash	Stock	Cash	Stock			
CEO	Ho-Po Chan	9,741	10,490	0	0	5,421	11,482	1,066	0	1,066	0	16,228 4.30%	23,038 6.11%	None
Vice General Manager	Li-Ting Hsu	3,326	4,442	108	108	1,571	5,271	2,385	0	2,385	0	7,390 1.96%	12,206 3.23%	None
Vice General Manager	Yi-Fan Ren	2,466	4,211	108	108	688	3,589	2,121	0	2,121	0	5,383 1.43%	10,299 2.73%	None
Vice General Manager	Chia-Liang Han (Note 9)	2,715	2,715	90	90	422	494	0	0	0	0	3,227 0.86%	3,299 0.87%	None
Vice General Manager	Jui-Wen Wang	3,037	3,037	108	108	785	4,676	383	0	383	0	4,313 1.14%	8,204 2.17%	None

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

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

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

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

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

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

Note 7: a. In this column, the amount of remuneration the Company's General Managers and Vice General Managers received from the re-investment business other than the subsidiaries or the parent company should be filled out. (If there is none, please fill in "None")

b. The remuneration refers to the relevant remuneration to the Company's General Managers and Vice General Managers, such as remuneration of serving as directors, supervisors or managerial officers, compensation (including employee, director or supervisor compensation), or remuneration from professional practice received from the re-investment business other than the subsidiary or the parent company.

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

Note 8: No severance pay or pension was paid to the General Manager and Vice General Managers in 2025. The amount of pension contributed in accordance with applicable laws and regulations was NT\$414 thousand.

Note 9: Assumed office on June 1, 2025.

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

2.2.5 The employee remuneration distributed to managerial officers

March 31, 2026 Unit : NT\$ thousand

Title (Note 1)		Name (Note 1)	Stock amount	Cash	Total	Ratio of total remuneration to net income (%)
Managerial officers	CEO, General Manager of Garment and Down Material Division	Ho-Po Chan	0	10,787	10,787	2.86
	Vice General Manager of Garment Division	Li-Ting Hsu				
	Vice General Manager of Garment Division	Yi-Fan Ren				
	Vice General Manager of Garment Division	Chia-Liang Han (Note 5)				
	Vice General Manager of HR	Jui-Wen Wang				
	Assistant Vice President of Down Materials Division	Zhang-Ren Su				
	Assistant Vice President of Down Materials Division	Yun-Hsin Chen				
	Assistant Vice President of Garment Division	Chung-Kao Chou				
	Assistant Vice President of Garment Division	Chun-Lung Ho				
	Assistant Vice President of Home Textile Division	Shang-Tien Lin				
	Assistant Vice President of Unified Procurement Division	Shih-Chi Yeh				
	Assistant Vice President of Information Technology Division	Ta-Chun Chen				
	Assistant Vice President of Finance Division, Chief Finance Officer	Tien-Chia Chiang (Note 6)				
	Accounting officer	Chia-I Sung				
Corporate governance officer	Chiu-Ti Li					

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

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

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

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

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

Note 5: Assumed office on June 1, 2025.

Note 6: Assumed office on August 18, 2025.

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

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

Title	2024		2025	
	The Company (%)	All companies in the consolidated financial reports (%)	The Company(%)	All companies in the consolidated financial reports (%)
Directors	9.80	10.92	12.72	14.91
Supervisors	NA	NA	NA	NA
General Manager and Vice General Managers	6.03	8.30	9.69	15.11

- 1). The total directors' remuneration for 2025 amounted to NT\$56,243 thousand, representing a decrease from NT\$66,536 thousand in 2024. The decrease was mainly attributable to a reduction in the provision for directors' remuneration in 2025. However, the ratio of directors' remuneration to net income after tax increased in 2025, primarily due to a decrease of approximately 38% in net income after tax compared to the previous year.
- 2). The Company established an Audit Committee on May 31, 2022 to perform the duties of supervisors in accordance with applicable laws and regulations; therefore, no supervisor remuneration was paid.
- 3). The total remuneration for the General Manager and Vice General Managers in 2025 amounted to NT\$57,046 thousand, representing an increase from NT\$50,595 thousand in 2024. The increase was mainly attributable to the recognition of key personnel insurance expenses. In addition, the ratio of their remuneration to net income after tax increased, primarily due to a decrease of approximately 38% in net income after tax compared to the previous year.

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

The remuneration system for the Company's directors and managerial officers is established in accordance with the Company's Articles of Incorporation and the Company's Regulations Governing Salary Structure. The system is designed based on the principles of reasonableness, fairness, and linkage to operating performance, with the objectives of attracting outstanding talent, incentivizing the management team, and ensuring the sustainable development of the Company.

During the performance of their duties, directors are entitled to fixed remuneration and meeting attendance fees regardless of whether the Company operates at a profit or loss. If the Company reports annual profits, an amount of no more than 5% of such profits shall be allocated as directors' remuneration in accordance with the Articles of Incorporation, and such remuneration shall be

distributed with reference to the results of the Board performance evaluation, in order to strengthen directors' accountability for the Company's operating performance and corporate governance quality.

The remuneration for managerial officers is determined in accordance with the Company's Regulations Governing Salary Structure, taking into consideration their professional qualifications, job responsibilities, contributions to the organization, and the Company's overall operating performance. In addition, when the Company is profitable, no less than 1% of profits shall be allocated as employees' remuneration in accordance with the Articles of Incorporation, and managerial officers may participate in such distribution based on their achievement of performance targets and overall performance.

The remuneration for directors and managerial officers is determined with reference to industry standards and market conditions, and the following factors are also taken into comprehensive consideration:

- 1). Financial performance indicators: such as revenue growth rate, profit achievement rate, cost efficiency, and return on capital.
- 2). Non-financial performance indicators: such as regulatory compliance, internal control, major risk management, and customer satisfaction.
- 3). ESG performance indicators: including environmental management (such as carbon emissions, resource efficiency, and ISO certifications), social responsibility (such as labor rights, employee welfare, and community participation), and corporate governance (such as directors' attendance rate, professional advice and contributions, and information disclosure transparency), which serve as a basis for remuneration incentives and adjustments.
- 4). Future risks and industry trends: such as macroeconomic conditions, raw material price fluctuations, climate risks, and geopolitical factors, which are taken into consideration when making prudent adjustments to remuneration.

The Company is committed to promoting sustainable development by integrating ESG principles into its business strategy and adopting them as a key benchmark for evaluating long-term corporate value. To ensure the accountability and contributions of senior executives in advancing sustainability goals, performance evaluations are conducted twice a year. Compensation structures are linked to ESG-related performance indicators, serving as the basis for bonuses, salary adjustments, and promotions. The weighting of each evaluation criterion is as follows:

Position	Evaluation Item	Weighting	Description
Business Division Heads (Vice General Manager and above)	A. Work Objectives	90%	<ul style="list-style-type: none"> ✓ Financial indicators: achievement of revenue and net profit targets, cost efficiency, return on investment and return on capital. ✓ Non-financial indicators: strategy planning and execution, risk management, and special contributions.
	B. Work Behavior	10%	<ul style="list-style-type: none"> ✓ Leadership and team development. ✓ Environmental and social aspects: participation in sustainability initiatives and corporate image enhancement (promotion of climate change mitigation and adaptation, greenhouse gas inventory and verification, workplace safety promotion, ISO certification, promotion of green products and obtaining

Position	Evaluation Item	Weighting	Description
			bluesign certification, and promotion of employee welfare).
Managers and Assistant Vice President	A. Work Objectives	80%	<ul style="list-style-type: none"> ✓ Financial indicators: revenue and profit performance, asset utilization efficiency. ✓ Non-financial indicators: innovation capability, internal control, and special contributions.
	B. Work Behavior	20%	<ul style="list-style-type: none"> ✓ Leadership and team development, efficiency and work quality. ✓ Environmental and social aspects: participation in sustainability initiatives and corporate image enhancement. (promotion of internal alignment with corporate values and participation in corporate activities, as well as active participation in community service and volunteer activities)

The Company's Regulations Governing the Distribution of Remuneration to Directors and Supervisors, Regulation of Self-Evaluation of the Board of Directors, and Regulations Governing Salary Structure are regularly reviewed and revised by the Remuneration and Nomination Committee and the Board of Directors to ensure the timeliness, appropriateness, and compliance of these policies with applicable laws and regulations, and to further strengthen the linkage between senior executives' remuneration and the Company's long-term value creation.

2.3 Implementation of Corporate Governance

2.3.1 Board of Director' meeting status

2.3.1.1 In 2025 there were 6 meetings of Board of Directors held (A); the Directors' attendance is presented in below:

Title	Name	Attendance in person (B)	By proxy	Attendance Rate (%) 【B/A】	Remarks
Chairman	Ho-Po Chan	2	0	100%	Served as Director prior to the re-election on May 27, 2025
Chairman	Ou Li Investment Co., Ltd. Representative: Ho-Po Chan	4	0	100%	Newly elected on May 27, 2025
Vice Chairman	Ou Li Investment Co., Ltd. Representative: Chao-Fu Lee	2	0	100%	Served as Director prior to the re-election on May 27, 2025
Vice Chairman	Chao-Fu Lee	4	0	100%	Newly elected on May 27, 2025
Director	Whalen's Company Representative: Cheng-Yun Chang	6	0	100%	Re-elected on May 27, 2025
Director	Yueh Sheng Investment Co., Ltd. Representative: Fu-Ru Chan	6	0	100%	Re-elected on May 27, 2025
Independent Director	Hsun-Hsiung Tsai	6	0	100%	Re-elected on May 27, 2025
Independent Director	Hsien-Yeh Chen	6	0	100%	Re-elected on May 27, 2025
Independent Director	Chia-Te Hsu	6	0	100%	Re-elected on May 27, 2025
Independent Director	Tsui-Ting Ko	6	0	100%	Re-elected on May 27, 2025

Other mandatory notes:

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

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

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

Meeting Date	Director	Proposal	Reasons for recusal	Participation in resolution voting
March 11, 2025	Each Director	Annual Directors' remuneration.	The remuneration pertains to the directors themselves	Directors did not participate in the discussion or voting on their own remuneration. The remaining directors approved the proposal without objection.
	Hsun-Hsiung Tsai Hsien-Yeh Chen Chia-Te Hsu	Annual Remuneration Committee Members' remuneration.	The remuneration pertains to the committee members themselves	The director did not participate in the discussion or voting. The remaining directors approved the proposal without objection.
	Ho-Po Chan	Distribution of employees' remuneration and remuneration for senior executives.	The matter pertains to his position as Chief Executive Officer.	The director did not participate in the discussion or voting. The remaining directors approved the proposal without objection.
	Ho-Po Chan	Key personnel insurance performance vesting conditions.	The matter pertains to his position as Chief Executive Officer.	The director did not participate in the discussion or voting. The remaining directors approved the proposal without objection.
	Ho-Po Chan Chao-Fu Lee Fu-Ru Chan	Integration of the Group's investee companies.	The counterparty is a related party of the director.	The director did not participate in the discussion or voting. The remaining directors approved the proposal without objection.
	Hsun-Hsiung Tsai	Disposal of securities.	The director serves as a director of the company.	The director did not participate in the discussion or voting. The remaining directors approved the proposal without objection.
May 27, 2025	Hsun-Hsiung Tsai Hsien-Yeh Chen Chia-Te Hsu	Appointment of members of the Remuneration Committee.	The counterparty is a related party of the director.	The director did not participate in the discussion or voting. The remaining directors approved the proposal without objection.
	Hsun-Hsiung Tsai Hsien-Yeh Chen Chia-Te Hsu	Appointment of members of the Corporate Sustainability Committee.	The counterparty is a related party of the director.	The director did not participate in the discussion or voting. The remaining directors approved the proposal without objection.
	Chao-Fu Lee Hsun-Hsiung Tsai Chia-Te Hsu	Appointment of members of the Risk Management Committee.	The counterparty is a related party of the director.	The director did not participate in the discussion or voting. The remaining directors approved the proposal without objection.
December 11, 2025	Ho-Po Chan	Salary adjustment for senior executives and institutional representatives of subsidiaries.	The counterparty is a related party of the director.	The director did not participate in the discussion or voting. The remaining directors approved the proposal without objection.
	Ho-Po Chan	Key personnel insurance performance vesting conditions.	The counterparty is a related party of the director.	The director did not participate in the discussion or voting. The remaining directors approved the proposal without objection.

3. Implementation Status of Board Evaluations:

(1) Internal performance evaluation:

Evaluation cycle	Evaluation period	Scope of evaluation	Evaluation method	Evaluation content
Once a year	November 1, 2024 ~ October 31, 2025	Board Performance Evaluation	Self-evaluation of Board members	Degree of participation in the Company's operations, Improvement in the quality of the Board's decisions, Composition and structure of the Board of Directors, Selection and continuing education of Directors, Internal control
		The evaluation of individual directors	Self-evaluation of Board members	Mastering the Company's goals and tasks, Awareness of Directors' responsibilities, Degree of participation in the Company's operations, Internal relationship management and communication, Directors' professionalism and continuous education, Internal control
		Evaluation of the performance of functional committees (Audit Committee, Remuneration and Nomination Committee, Corporate Sustainability Committee, Risk Management Committee)	Self-evaluation of functional committees	Degree of participation in the Company's operations, Awareness of functional committees responsibilities, Improvement in the quality of functional committees decisions, Composition of functional committees and selection of members, Internal control

1) The evaluation results were all excellent and were presented to the Board of Directors on December 11, 2025.

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

(2) External performance evaluation:

Evaluation cycle	Evaluation period	Scope of evaluation	Evaluation method	Evaluation content
Once three years	November 1, 2022 ~ October 31, 2023	Board of Directors	In October 2023, the Company entrusted the "Taiwan Institute of Ethical Business" to provide a board effectiveness evaluation report and optimization recommendations regarding to the operation of the Company's Board of Directors, according to the board meeting minutes and internal regulations on corporate governance provided by Kwong Lung, and with reference to the written questionnaire replied by directors and the interviews of individual directors. The report was submitted to the Board of Directors on December 14, 2023.	<p>1. Evaluation content: The professional functions of the Board of Directors, the decision-making efficiency of the Board of Directors, the degree of importance and supervision of internal control by the Board of Directors, and the attitude of the Board of Directors to sustainable management.</p> <p>2. The observation conclusions and optimization suggestions are as follows:</p> <p>1). Enhancing the diversity of directors: Out of the 8 seats on the board of directors of the assessed companies, there are 2 women directors, which is only one step away from the recommendation by the Corporate Governance Best Practice Principles for 1/3 of the directors to be female directors. It can be seen from the interviews with the interviewed directors that the assessed company selected its directors based on the professional backgrounds required by the companies, and there is no specific consideration for gender. In the future, the assessed company may consider establishing a nomination committee, and formulate a diversity policy and specific management goals, in order to build a diverse and professional board of directors. In</p>

addition, according to Article 24 of the Corporate Governance Best Practice Principles: “A company listed on TWSE or TPEX should appoint two or more independent directors in accordance with the provisions of its Articles of Incorporation, and it is advisable that the number of directors should not be less than one-third of the board. Independent directors should not hold office for more than three consecutive terms. “This regulation is in response to the "Corporate Governance 3.0 - Sustainable Development Blueprint" plan and aims to strengthen the supervisory function of the board of directors of TWSE/TPEX listed companies, and requires independent directors of TWSE/TPEX listed companies to serve no more than three consecutive terms. At present, the consecutive terms of the independent directors of the assessed companies are still in line with the corporate governance practices. However, two independent directors have served three consecutive terms, and the assessed company is reminded to pay attention to this point in the subsequent re-election of directors, enhancing the independence of the independent directors.

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

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

4).Increase the discussion of sustainable development issues in the board of directors:

The assessed company have deeply linked sustainable development to their daily business activities, and achieved the goal of sustainable development while pursuing operating profits. It is committed to alignment of business objectives with core values in its operations. In addition to making positive contributions to social charities and environmental protection, the Company also enhances the trust of the public towards the company or its products and services. The goal is to drive corporate development achieving sustainable operations. The assessed company has been publishing sustainability reports for many years in a row, which helps stakeholders understand the major issues of concern to the assessed companies and related risk assessments. Considering the increasing in-depth and diverse nature of sustainability issues in recent years, the assessed company has been considering and implementing their sustainability policies to include more diversified development policies from the existing policies already implemented. Meanwhile, aside from accommodating the domestic government policies, the Company also pays attention to the latest international development trends, such as the recently introduced Task Force on Climate-related Financial Disclosures (TCFD), which is an area of sustainability for the assessed company. The company may also consider bringing in external experts to provide diversified perspectives on sustainability and facilitate innovative thinking to achieve corporate sustainability goals while pursuing operating profits.

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

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

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

2.3.1.2 In 2025, the Board of Directors attending status of independent directors

✓ Attend in Personal ⊙ By Proxy ✗ Fail to attend

2025	1st	2nd	3rd	4th	5th	6th
Hsun-Hsiung Tsai	✓	✓	✓	✓	✓	✓
Hsien-Yeh Chen	✓	✓	✓	✓	✓	✓
Chia-Te Hsu	✓	✓	✓	✓	✓	✓
Tsui-Ting Ko	✓	✓	✓	✓	✓	✓

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

2.3.2.1 Component of Audit Committee

In accordance with Article 14-4 of the Securities and Exchange Act, the Company has established an Audit Committee composed entirely of independent directors. The current committee consists of four members, with a term of office from May 27, 2025 to May 26, 2028. For the professional qualifications of the members, please refer to pages 8 ~ 9 of this annual report.

2.3.2.2 A total of five meetings were convened in 2025. The matters reviewed and the key work priorities during the year are summarized as follows

- 1). Review of Financial Reports: Reviewed the annual financial statements and quarterly consolidated financial reports to ensure the transparency and reliability of financial information.
- 2). Oversight of Internal Controls and Auditing: Reviewed the Statement on Internal Control System, amended relevant policies and procedures, and approved the annual audit plan.
- 3). Review of Material Transactions: Reviewed proposals involving significant asset transactions, loans to others, and share repurchase (treasury stock) plan
- 4). Organization and Personnel Matters: Reviewed the "Sustainability Information Management Policy," the appointment of the external auditor, and the appointment of the Chief Financial Officer.

2.3.2.3 Audit Committee meeting status

In 2025 there were 5 meetings of Audit Committee held (A); the Independent Directors' attendance is presented in below:

Title	Name	Attendance in person (B)	By proxy	Attendance Rate (%) 【B/A】	Remarks
Independent Director (Convener)	Hsun-Hsiung Tsai	5	0	100%	Re-elected on May 27, 2025
Independent Director	Hsien-Yeh Chen	5	0	100%	Re-elected on May 27, 2025
Independent Director	Chia-Te Hsu	5	0	100%	Re-elected on May 27, 2025
Independent Director	Tsui-Ting Ko	5	0	100%	Re-elected on May 27, 2025

Other mandatory notes:

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

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

Date and session of Committee meeting	Agenda Items and Follow-up Actions	Matters set forth in Article 14-5 of the Securities and Exchange Act	Matters not approved by the Audit Committee but approved by more than two-thirds of all directors	
March 11, 2025 (1st Term, 15th Meeting)	● Amendments to the Internal Control System.	✓		
	● 2024 Business Report and Parent Company Only and Consolidated Financial Statements.	✓		
	● 2024 earnings distribution proposal.	✓		
	● Integration of the Group’s investee companies.	✓		
	● Disposal of securities.	✓		
	● 2024 Internal Control System Statement.	✓		
	● Loan to others.	✓		
	Resolutions of the Audit Committee (March 11, 2025): All proposals were approved as proposed with the consent of all members of the Audit Committee.			
Company’s Response to the Audit Committee’s Opinions: All attending directors agreed and approved the proposals as proposed.				
May 8, 2025 (1st Term, 16th Meeting)	● Q1 2025 Consolidated Financial Statements and Corporate Value Enhancement Plan.	✓		
	● Establishment of Bangladesh Liaison Office.	✓		
	● Adoption of the “Sustainability Information Management Policy.”	✓		
	Resolutions of the Audit Committee (May 8, 2025): All proposals were approved as proposed with the consent of all members of the Audit Committee.			
	Company’s Response to the Audit Committee’s Opinions: All attending directors agreed and approved the proposals as proposed.			
August 7, 2025 (2nd Term, 1st Meeting)	● Q2 2025 Consolidated Financial Statements.	✓		
	● Closure of the New York Office.	✓		
	● Acquisition of right-of-use assets from a related party by a subsidiary.	✓		
	● Implementation of the sixth share repurchase program to maintain the Company’s credit and shareholders’ equity.	✓		
	● Acquisition of real estate.	✓		
	Resolutions of the Audit Committee (August 7, 2025): All proposals were approved as proposed with the consent of all members of the Audit Committee.			
Company’s Response to the Audit Committee’s Opinions: All attending directors agreed and approved the proposals as proposed.				
November 6, 2025 (2nd Term, 2nd Meeting)	● Change of Chief Financial Officer.	✓		
	● Q3 2025 Consolidated Financial Statements.	✓		
	● Capital increase of Makoto Build Co., Ltd. by Kwong Lung Japan Co., Ltd.	✓		
	● Engineering payment project.	✓		
	● Acquisition of real estate.	✓		
	● 2026 Annual Internal Audit Plan.	✓		
	● Acquisition of securities.	✓		
	Resolutions of the Audit Committee (November 6, 2025): All proposals were approved as proposed with the consent of all members of the Audit Committee.			
Company’s Response to the Audit Committee’s Opinions: All attending directors agreed and approved the proposals as proposed.				
December 11, 2025 (2nd Term, 3rd Meeting)	● Appointment of CPA for the 2026 financial statements and independence evaluation.	✓		
	Resolutions of the Audit Committee (December 11, 2025): All proposals were approved as proposed with the consent of all members of the Audit Committee.			
	Company’s Response to the Audit Committee’s Opinions: All attending directors agreed and approved the proposals as proposed.			

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

2.If there are independent directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified:

Date and session of Committee meeting	Independent director	Proposal	Reasons for recusal	Participation in resolution voting
March 11, 2025 (1st Term, 15th Meeting)	Hsun-Hsiung Tsai	Disposal of securities.	The director serves as a director of the company.	The director did not participate in the discussion or voting. The remaining directors approved the proposal without objection.

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

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

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

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

Date	Communication Member	Content	Result
March 11, 2025 (Before Audit Committee Meeting)	Independent Directors Audit officer	Report on the execution of the annual internal audit plan	Independent Directors had no objections
May 8, 2025 (Before Audit Committee Meeting)	Independent Directors Audit officer	Report on the execution of the internal audit plan for the first quarter	
August 7, 2025 (Before Audit Committee Meeting)	Independent Directors Audit officer	Report on the execution of the internal audit plan for the second quarter	
November 6, 2025 (Before Audit Committee Meeting)	Independent Directors CPA	Communication on annual inventory observation matters	
November 6, 2025 (Before Audit Committee Meeting)	Independent Directors Audit officer	Report on the execution of the internal audit plan for the third quarter	
December 11, 2025 (Before Audit Committee Meeting)	Independent Directors Audit officer	Report on the execution of the internal audit plan for October to November and report on the execution of the follow-up audit of deficiencies	

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

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

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

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
1. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies"?	✓		The Company has enacted and disclosed its "Guidelines for Corporate Governance" on the Company's website and Market Observation Post System (MOPS).	None
2. Shareholding structure & shareholders' rights				
1). Does the company establish an internal operating procedure to deal with shareholders' suggestions, doubts, disputes and litigations, and implement based on the procedure?	✓		In addition to entrusting stock affairs agency to handle related business, the Company also has an e-mail and a complete structure of spokesperson and acting spokesperson system established in accordance with the law to handle shareholders' suggestions.	None
2). Does the company possess the list of its major shareholders as well as the ultimate owners of those shares?	✓		The Company can effectively have information on the shareholdings of Directors, managerial officers and major shareholders holding more than 10% of the shares, and register relevant information in accordance with regulations.	None
3). Does the company establish and execute the risk management and firewall system within its conglomerate structure?	✓		The Company has established relevant management systems and methods to supervise subsidiaries in accordance with laws and regulations, to properly control the risks between the Company and affiliated companies and establish appropriate firewalls.	None
4). Does the company establish internal rules against insiders trading with undisclosed information?	✓		The Company has established the "Internal Material Information Processing Procedures" to regulate the relevant conducts, and correctly informed the Company's insiders to strictly abide by them.	None
3. Composition and Responsibilities of the Board of Directors				
1). Does the board of directors formulate diversity policies, specific management objectives and implement them?	✓		Please refer to page 9~11 of this annual report.	None
2). Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?	✓		The company has set up the Corporate Sustainability Committee to promote corporate social responsibility and sustainable company management. The Company has established the Risk Management Committee to improve the risk management mechanism and strengthen corporate governance.	None
3). Does the company establish a standard to measure the performance of the Board and implement it annually, and are performance	✓		The Company's Board of Directors approved the "Regulation of Self-Evaluation of the Board of Directors". The results of the 2025 performance assessment of the Board of Directors were completed, please refer to page 23 of this annual report.	None

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
<p>evaluation results submitted to the Board of Directors and referenced when determining the remuneration of individual directors and nominations for reelection?</p> <p>4). Does the company regularly evaluate the independence of CPAs?</p>	✓		<ul style="list-style-type: none"> ● In accordance with the Company's "Guidelines for Corporate Governance" the Company assesses the independence and suitability of appointed CPAs once a year. The assessment method is to list 15 assessment indicators (e.g., the CPA has not served for more than 7 years, has not served as the Company's Director, Supervisor, managerial officer, or in positions that have a significant impact on audit cases in the past two years, has no direct or indirect material financial interest relationship with the Company, and has no potential employment relationship with the Company). ● By referencing the annual audit quality indicator (AQI) provided by the CPA firm, which covers 5 major aspects and 13 indicators, including professionalism, independence, quality control, supervision, and innovation ability. It helps in the evaluation of the CPA firm and the audit team in a more effective and objective manner enhancing the ability and commitment to improve the quality of the audit. ● The assessment results on the independence and competency of CPAs were approved by the Audit Committee and the Board of Directors on December 11, 2025, and the independent auditors were requested to issue a declaration of independence. 	None
<p>4. Does the company appoint a suitable number of competent personnel and a supervisor responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their functions, assisting directors and supervisors with compliance, handling work related to meetings of the board of directors and the shareholders' meetings, and producing minutes of board meetings and shareholders' meetings)?</p>	✓		<p>The corporate governance officer has more than three years of experience in the management of finance and deliberations in public companies, responsible for providing Directors with information needed to perform their business, assisting Directors to comply with laws and regulations, and handling matters related to the meetings the Board of Directors and shareholders' meeting in accordance with the law. The business performance in 2025 is as follows:</p> <ul style="list-style-type: none"> ● Assist Independent Directors and Directors to perform their duties, provide necessary information, and arrange Directors' further training. ● Review the confidentiality level of the relevant information, provide the Company's information required by the Directors, and maintain open communication between Directors and the business executives. ● Assist the compliance matters of the meeting procedures and resolution of the Board of Directors and shareholders' meeting, confirm whether the shareholders' meeting and board's meeting complies with the relevant laws and the corporate governance best-practice principles. ● Assist and remind the Directors of the laws and regulations that should be complied with when executing business or making a formal resolution of the Board of Directors, and make suggestions when the Board of Directors is making an illegal resolution. 	None

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			<ul style="list-style-type: none"> For the release of material information of important resolutions of the Board of Directors, ensure the legality and correctness of the content of the material information so as to ensure investors' trading information symmetry. Maintain investor relations. Provide the meeting agenda to the Directors 7 days prior to the meeting, and convene the meeting and provide the meeting materials. If the agenda requires recusal, reminder should be given in advance, and the minutes book should be completed within 20 days after the meeting. Handle the advance registration of the shareholders' meeting date in accordance with the law, prepare the meeting notice, the meeting proceedings, and the minutes book within the statutory period, and handle the change registration for the amendment to the Articles of Association or the re-election of Directors. Corporate governance officer' training: <table border="1"> <thead> <tr> <th>Date</th> <th>Organizer</th> <th>Course</th> <th>Hours</th> </tr> </thead> <tbody> <tr> <td>May 8, 2025</td> <td>Taiwan Corporate Governance Association</td> <td>Trends and Risk Management in Digital Technology and Artificial Intelligence</td> <td>3</td> </tr> <tr> <td>July 9, 2025</td> <td>Taiwan Stock Exchange Corporation</td> <td>Cathay Sustainable Finance and Climate Change Summit 2025</td> <td>6</td> </tr> <tr> <td>December 11, 2025</td> <td>Taiwan Corporate Governance Association</td> <td>Introduction to IFRS 18 "Presentation and Disclosure in Financial Statements" and IFRS S1 and S2 Sustainability Disclosure Standards</td> <td>3</td> </tr> </tbody> </table> 	Date	Organizer	Course	Hours	May 8, 2025	Taiwan Corporate Governance Association	Trends and Risk Management in Digital Technology and Artificial Intelligence	3	July 9, 2025	Taiwan Stock Exchange Corporation	Cathay Sustainable Finance and Climate Change Summit 2025	6	December 11, 2025	Taiwan Corporate Governance Association	Introduction to IFRS 18 "Presentation and Disclosure in Financial Statements" and IFRS S1 and S2 Sustainability Disclosure Standards	3	
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5.Does the company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?	✓		The Company has established a Stakeholder Section on the website, through which stakeholders may contact the Company at any time via e-mail or telephone. Communication channels remain open and accessible, and the Company will respond and take appropriate actions depending on the circumstances. The communication with various stakeholders in 2024 was reported to and approved by the Board of Directors on August 7, 2025.	None																
6.Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	✓		The Company has appointed KGI Securities Co., Ltd. as its shareholder services agent to handle matters related to shareholders' meetings.	None																
7.Information Disclosure																				
1). Does the company have a corporate website to disclose both financial standings and the status of corporate governance?	✓		The Company's website is at www.klf-group.com and is staffed with information on financial, business and corporate governance.	None																
2). Does the company have other information	✓		<ul style="list-style-type: none"> The Company has fully disclosed the latest news of products and services, technology research 	None																

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
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<p>disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?</p> <p>3). Does the company announce and report annual financial statements within two months after the end of each fiscal year, and announce and report Q1, Q2, and Q3 financial statements, as well as monthly operation results, before the prescribed time limit?</p>		✓	<p>and development, investor section, human resources and the Company in Chinese, English and Japanese on the website, and disclosed information related to the Company's finance and corporate governance by a link to the Market Observation Post System.</p> <ul style="list-style-type: none"> ● All information related to institutional investor conferences of the Company is posted on the Investor Zone, and various financial, business and other related information are filed regularly and irregularly on Market Observation Post System in accordance with regulations. ● The Company assigns dedicated personnel to be responsible for the disclosure of material information and the input of the information to the Market Observation Post System timely. ● The Company has a spokesperson system with a complete structure according to law. The Manager, Po-Yen Lee , is the spokesperson, and the Vice General Manager, Li-Ting Hsu, is the acting spokesperson. <p>The Company always announces and registers the financial reports and the monthly operation situation within the stipulated period, and there has not been any early announcement. It will be handled in a timely manner depending on the Company's actual operating needs in the future.</p>	It will be handled in a timely manner depending on the Company's actual operating needs in the future.
<p>8. Is there any other important information to facilitate a better understanding of the company's corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?</p>	✓		<ul style="list-style-type: none"> ● Employees' rights and care for employees: Please refer to page 117~124 of this annual report. ● Investor Relations <ul style="list-style-type: none"> ✓ In addition to having information on the Market Observation Post System for inquiries, the Company has set up an "Investor Section" on the Company's website, regularly updating various financial and stock affairs related information for investors. There is also a contact point to service investors and shareholders, serving as a two-way communication channel between the public and the Company. ✓ In addition, the Company is occasionally invited to participate in institutional investor conferences held by large securities firms to provide the Company's financial overview. The Company uploads the briefing information of the institutional investor conferences on the Market Observation Post System and the Company's website for investors. ● Directors' training: The number of training hours for Directors in 2025 complied with the regulations set forth in the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies," totaling 51 hours, with an average of 6.3 hours per Director. 	None

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Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
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			<p>inquiries and suggestions. In the event that legal matters are involved, the Company engages external legal counsel to handle such matters in order to protect the Company's legal rights and interests.</p> <ul style="list-style-type: none"> ✓ The Company has established a Stakeholder Section on its official website. Through questionnaires, the Company identifies stakeholders' issues of concern each year and has designated contact persons for each stakeholder group. The Company handles stakeholder matters with integrity and a responsible attitude, and is committed to fulfilling its corporate social responsibility. ● Implementation of customer policies <ul style="list-style-type: none"> ✓ Kwong Lung has a customer complaint channel and has established a consumer litigation or compensation application procedure. ✓ Regularly investigate customer satisfaction internally, as suggestions for improvement. Kwong Lung will properly manage and control it internally, and strictly prohibit the leakage of information and other violations of customers' privacy. ✓ Have responsible units to handle product R&D, production delivery, or maintenance services, in order to ensure that the service is provided within the shortest time. In addition, the Company also regularly arranges meetings to communicate with customers. If the satisfaction level does not reach the standards, the responsible unit must implement the improvement strategy, and performance reviews will be conducted at the supervisors' management meeting as the basis for continuous improvement of customer satisfaction. ✓ Regularly conduct internal review on customer-end issues, such as product return, repair, and recovery, and improve and review customer' s problems, through defect analysis to improve abnormalities in the factory, in order to achieve customer satisfaction. ✓ Conduct credit checking on customers every year, and purchase Account Receivables Insurance to minimize the risk of bad debts. ● The Company's purchase of liability insurance for Directors: The Company has purchased the Directors and Officers Liability Insurance for the insured amount of US\$10 million for the Directors, for the insurance period from January 15, 2026 to January 15, 2027. The insured amount, coverage, and premium were reported to the Board of Directors on March 9, 2026. ● Intellectual Property Management Plan and Implementation <ul style="list-style-type: none"> ✓ Intellectual Property Management Plan: To enhance employees' awareness of intellectual property rights, protect the Company's intellectual property outputs, and align intellectual property management with operational goals and corporate vision, the Company strategically acquires, maintains, and utilizes intellectual property rights. The Company has established an institutionalized, documented, and systemized intellectual property management system 	

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
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			<p>based on the Plan-Do-Check-Act (PDCA) management cycle, in accordance with the Taiwan Intellectual Property Management System (TIPS) A-Level 2016 version requirements, as the highest guiding principle for intellectual property management.</p> <p>✔ Intellectual Property Management Policy: The Company actively encourages innovation and protects R&D achievements to achieve sustainable operations. To enhance competitiveness, reduce infringement risks, and protect intellectual property rights, the Company allocates appropriate resources to strengthen intellectual property deployment and enhance brand value.</p> <p>✔ 2025 Objectives</p> <p>① Obtain initial certification under the Taiwan Intellectual Property Management System (TIPS) A-Level.</p> <p>② Provide at least one internal training course on basic intellectual property knowledge for employees in the implementation departments, and at least one advanced internal training course related to trademark rights for responsible personnel within the TIPS implementation scope.</p> <p>✔ Implementation Status and Achievements in 2025</p> <p>① The Company established the Intellectual Property Management System in accordance with the TIPS 2016 version and obtained the initial TIPS A-Level certification in 2025. The certificate is valid from December 31, 2025 to December 31, 2026.</p> <p>② A total of 36 participants completed internal training programs, totaling 108 training hours.</p> <p>③ Patent achievements: A total of 18 valid patents, with 5 applications under examination.</p> <p>④ Trademark status: A total of 168 valid trademarks (including 12 applications filed in 2025), with 2 applications under examination.</p> <p>⑤ The Intellectual Property Management Plan and the 2025 implementation results were reported to the Board of Directors on December 11, 2025.</p>	
<p>9.Specify the improvement of corporate governance with reference to the evaluation of corporate governance by the Corporate Governance Center of Taiwan Stock Exchange Corporation in the most recent year, and the priority measures taken for issues pending on improvement:</p> <p>1).Improved situation: According to the 2024 annual governance evaluation results, the Company's main improvements are described as follows:</p> <ul style="list-style-type: none"> ● Obtained ISO 27001 Information Security Management System certification. ● Established a Risk Management Committee. <p>2).The Company will continue to assess the feasibility of future improvements for those that have not yet scored thereof.</p>				

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

2.3.4.1 Information on Members of the Remuneration and Nomination Committee

To enhance the functions of the Board of Directors and strengthen the corporate governance and management mechanisms, the Company renamed the “Remuneration Committee” to the “Remuneration and Nomination Committee” on August 7, 2025.

March 31, 2026

Identification	Condition Name	Professional Qualification and Experience (note 1)	Independence Situation	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Remuneration Committee Member
Independent Director (Convener)	Hsun-Hsiung Tsai	Please refer to page 8~9 of this annual report.	<ul style="list-style-type: none"> ● In the two years prior to appointment and during the term of office, none of the circumstances specified in Note 2 have occurred. ● As of March 31, 2026, the shares of the Company held by the undersigned, his spouse, minor children, or held in the name of others totaled 424,577 shares, representing 0.28% of the Company’s total issued shares. ● The remuneration received for serving as a member of the Remuneration Committee, including remuneration and meeting attendance fees, amounted to NT\$1,015 thousand and NT\$1,020 thousand in 2024 and 2025, respectively. Except for the remuneration mentioned above, no other professional service fees were received. 	0
Independent Director	Hsien-Yeh Chen	Please refer to page 8~9 of this annual report.	<ul style="list-style-type: none"> ● In the two years prior to appointment and during the term of office, none of the circumstances specified in Note 2 have occurred. ● As of March 31, 2026, neither the undersigned nor his spouse, minor children, or shares held in the name of others held any shares of the Company. ● The remuneration received for serving as a member of the Remuneration Committee, including remuneration and meeting attendance fees, amounted to NT\$1,015 thousand and NT\$1,020 thousand in 2024 and 2025, respectively. Except for the remuneration mentioned above, no other professional service fees were received. 	0
Independent Director	Chia-Te Hsu	Please refer to page 8~9 of this annual report.	<ul style="list-style-type: none"> ● In the two years prior to appointment and during the term of office, none of the circumstances specified in Note 2 have occurred. ● As of March 31, 2026, the shares of the Company held by the undersigned, his spouse, minor children, or held in the name of others totaled 95,000 shares, representing 0.06% of the Company’s total issued shares. ● The remuneration received for serving as a member of the Remuneration Committee, including remuneration and meeting attendance fees, amounted to NT\$1,015 thousand and NT\$1,020 thousand in 2024 and 2025, respectively. Except for the remuneration mentioned above, no other professional service fees were received. 	0

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

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

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

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

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

within the third degree.

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

2.3.4.2 Information on the operations of Remuneration and Nomination Committee

- 1). The Remuneration and Nomination Committee consists of three members. For the professional qualifications of the members, please refer to pages 8~9 of this annual report.
- 2). The term of office of the current committee is from May 27, 2025 to May 26, 2028. The Committee held four meetings in 2025 (A). The qualifications and attendance of the committee members are shown below:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate in Person (%) (B/A)	Remarks
Convener	Hsun-Hsiung Tsai	4	0	100%	Re-elected on May 27, 2025
Member	Hsien-Yeh Chen	4	0	100%	Re-elected on May 27, 2025
Member	Chia-Te Hsu	4	0	100%	Re-elected on May 27, 2025

Other mentionable items:

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

Remuneration meeting date	Proposal	Resolution	Company's handling of opinions
March 11, 2025	Directors' remuneration for 2024.	Approved by all attending committee members without objection.	Approved by all directors in attendance.
	Distribution of employees' remuneration for 2024 and remuneration for senior executives.		
	Key personnel insurance performance vesting		

	conditions.		
	Amendments to the “Regulations Governing Employee Welfare”.		
May 8, 2025	Appointment of Vice General Manager.		
August 7, 2025	Appointment of Associate Vice President of the CEO Office.		
December 11, 2025	2025 Board of Directors and Functional Committees Performance Evaluation Report.		
	Report on the Annual Review of the Qualifications of Independent Directors.		
	Salary adjustment for senior executives and institutional representatives of subsidiaries.		
	Key personnel insurance performance vesting conditions.		

2.3.4.3 Remuneration and Nomination Committee responsibility

- 1). To periodically review the Company’s remuneration policies and make recommendations for amendments.
- 2). To establish and periodically review the policies, systems, standards, and structure for the performance evaluation and remuneration of directors and managerial officers.
- 3). To periodically evaluate the achievement of performance targets of directors and managerial officers, and determine the content and amount of their individual remuneration based on the results of performance evaluations.
- 4). To select and review qualified candidates for directors, assess the independence of independent directors, review the qualifications of nominees and whether there are any circumstances set forth in Article 30 of the Company Act, and handle such matters in accordance with Article 192-1 of the Company Act. The Committee shall submit a list of recommended candidates to the Board of Directors.
- 5). To review the performance evaluation results of the Board of Directors, various committees, and individual directors.
- 6). To assess the independence of independent directors on an annual basis.
- 7). To handle other matters as instructed by the Board of Directors.

2.3.4.4 Information on the members of the Nomination Committee and its operating status:

To enhance the functions of the Board of Directors and strengthen corporate governance and management mechanisms, the Company renamed the “Remuneration Committee” to the “Remuneration and Nomination Committee” on August 7, 2025. Please refer to pages 36 ~ 38 of this annual report for information on the committee members and its operations.

2.3.5 Implementation of promoting sustainable development

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

Promoting project	Implementation Status			Differences and reasons between the Code of Practice for Sustainable Development of Listed Companies										
	Yes	No	Abstract Explanation											
1. Whether the company has established the governance structure to promote sustainable development, and set up full-time (part-time) units to promote sustainable development, which are authorized by the board of directors to be handled by the senior management and supervised by the board of directors?	✓		<ul style="list-style-type: none"> ● In order to implement the company's sustainable operation, in 2019, the Board of Directors approved the establishment of the Corporate Social Responsibility Committee. In 2022, it was renamed as the Corporate Sustainability Committee, with the following responsibilities: <ul style="list-style-type: none"> ✓ Draft the relevant system of the company's sustainable development and coordinate with the revision of relevant norms. ✓ Supervise the company's sustainable development responsibility policy direction and promotion plan, and track the implementation progress regularly. ✓ Regularly evaluate the implementation results of the company's sustainable development plan, and report the annual implementation results to the board of directors every year. ✓ Review the sustainability report. ✓ Other matters instructed by the resolution of the board of directors to be handled by the committee. ● Subcommittees including the corporate governance Group, environmental protection group, and social relations group have been established under the Committee. The head of the Human Resources Department is responsible for executing sustainability-related affairs and coordinating each group to jointly formulate environmental, sustainability, and social responsibility plans. The department also compiles implementation results and stakeholder engagement outcomes and prepares the Sustainability Report. ● The Corporate Sustainability Committee consists of three members. The term of office is from May 27, 2025 to May 26, 2028. The Committee held one meeting in 2025, during which the 2024 Sustainability Report, stakeholder communication results, and annual plans were reviewed. The Head of the Human Resources Department reported the implementation status to the Board of Directors on August 7, 2025. The Board of Directors reviewed the implementation status and, when necessary, requested the management team to make adjustments. <ul style="list-style-type: none"> ✓ Operation of the Corporate Sustainability Committee in 2025 <table border="1" data-bbox="808 1187 1921 1361"> <thead> <tr> <th>Title</th> <th>Name</th> <th>Attendance in Person</th> <th>Attendance Rate (%)</th> <th>Sustainability Expertise and Professional Experience</th> </tr> </thead> <tbody> <tr> <td>Independent Director (Convener)</td> <td>Hsun-Hsiung Tsai</td> <td>1</td> <td>100</td> <td>He previously served as Minister of the Environmental Protection Administration, Executive Yuan, and as Convener of the Sustainable Development Division of the National Policy Foundation, and has more than 20 years of practical experience in corporate sustainability.</td> </tr> </tbody> </table>	Title	Name	Attendance in Person	Attendance Rate (%)	Sustainability Expertise and Professional Experience	Independent Director (Convener)	Hsun-Hsiung Tsai	1	100	He previously served as Minister of the Environmental Protection Administration, Executive Yuan, and as Convener of the Sustainable Development Division of the National Policy Foundation, and has more than 20 years of practical experience in corporate sustainability.	None
Title	Name	Attendance in Person	Attendance Rate (%)	Sustainability Expertise and Professional Experience										
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Promoting project	Implementation Status						Differences and reasons between the Code of Practice for Sustainable Development of Listed Companies
	Yes	No	Abstract Explanation				
			Independent Director	Hsien-Yeh Chen	1	100	He is currently a Professor in the Department of Chemical Engineering at National Taiwan University. His research team is dedicated to promoting the concept of green chemistry and encouraging public participation in green chemistry initiatives to achieve the vision of sustainability, safety, and environmental protection. He provides the Company with industry knowledge and research and development guidance.
			Independent Director	Chia-Te Hsu	1	100	He possesses professional expertise in business management and risk management and has long been concerned with corporate governance issues. He is committed to promoting employee rights protection and improving the labor environment, and brings expertise in sustainable development, social responsibility promotion, and a global market perspective.
			<input checked="" type="checkbox"/> Corporate Sustainability Committee Meetings in 2025				
			Meeting Date	Proposal	Resolutions of the Committee	Resolutions of the Board of Directors	
			August 7, 2025	2024 Sustainability Report preparation results and 2025 Sustainability Report implementation plan.	Approved by all attending committee members without objection.	Submitted to the Board of Directors on August 7, 2025 and approved by all attending directors without objection.	
2. Does the company assess ESG risks associated with its operations based on the principle of materiality, and establish related risk management policies or strategies?	✓		<ul style="list-style-type: none"> ● In order to improve the company's risk management mechanism, the Company has formulated "Risk Management Policies and Procedures" with the approval of the board of directors, so as to ensure the achievement of the company's medium and long-term strategic planning and objectives. ● According to the Company's operation and operation activities, take stock and identify the risks that may affect the operation and profit, mainly considering various aspects such as market, operation, investment, legal compliance, environment, operation hazards, human resources, etc., and check the integrity of corporate risk management and the effectiveness of risk control, and conduct risk assessment on major issues related to operation, such as environment, society and corporate governance, so as to establish the operation structure and identify the main risk categories. ● This disclosure covers the sustainable development performance of the company's main bases from January 2025 to December 2025. The risk assessment boundary is mainly the company, including Taiwan, China and Vietnam. The relevant risk management policies are as follows: 				None
			Material Issues	Risk Assessment Items	Risk Management Strategies and Operations		
			Environment	Climate Change	<input checked="" type="checkbox"/> Identify climate change risks, estimate short-, medium-, and long-term climate change risks, formulate energy-saving plans and measures to reduce the possible impacts of climate change, and disclose the TCFD report.		

Promoting project	Implementation Status			Differences and reasons between the Code of Practice for Sustainable Development of Listed Companies																										
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			<table border="1"> <tr> <td>Energy management</td> <td>✓Continue to improve energy performance through the ISO50001 energy management system to achieve the purpose of reducing greenhouse gas emissions, mitigating environmental impact and saving energy costs.</td> </tr> <tr> <td>Environmental management</td> <td>✓In accordance with the ISO14001 Environmental Management System (EMS) standard, we ensure that the company can sustainably promote environmental protection during operations, set implementation goals and reduce the negative impact of the company's operations on the environment.</td> </tr> <tr> <td>Greenhouse Gas Management</td> <td>✓Pursuant to ISO 14064-1 Greenhouse Gas Inventory and Verification, to compile the overall greenhouse gas emission of the organization and activate the replacement mechanism.</td> </tr> <tr> <td>Water resource management</td> <td>✓Establish wastewater management system, recycle water resources, and conserve water in each plant to reduce operating costs and ensure uninterrupted operations in times of water shortage.</td> </tr> <tr> <td rowspan="3">Society</td> <td>Human Rights</td> <td>✓The Company follows international human rights regulations and the labor laws of the locations of global operations, and is committed to equal employment, a work environment free from discrimination and harassment, while respecting individual privacy rights, and establishing diverse labor-management communication channels and grievance mechanisms to ensure labor rights.</td> </tr> <tr> <td>Environmental, Safety, and Health Risks</td> <td>✓Formulate the list of emergency response team members and the division of responsibilities, and conduct relevant drills according to the scenarios and plans, such as fire drills, terrorism backup plans, personnel isolation remote work plans and drills. ✓In the response team, the external contact person will track the development of the incident and the government's policy and feedback to the response commander on a daily basis.</td> </tr> <tr> <td>Social Engagement and Feedback</td> <td>✓Upholding the spirit of "taken from society and give back to society", Kwong Lung continued to invest NT\$16.65 million in 2025 into two major initiatives: social service and assistance to the disadvantaged. Implement corporate values and exert the influence of an international enterprise on society.</td> </tr> <tr> <td rowspan="5">Corporate governance</td> <td>Legal Compliance</td> <td>✓Implement internal control mechanisms to ensure that all personnel and operations comply with laws and regulations.</td> </tr> <tr> <td>Stakeholder Communication</td> <td>✓Establish various communication channels, set up an investor mailbox, and handling of the response by the spokesperson.</td> </tr> <tr> <td>Strengthening of the functions of directors</td> <td>✓Plan relevant continuing education topics for directors, and provide directors with the latest laws and regulations, system development, and policies every year. ✓Directors' liability insurance has been purchased to protect directors against litigation or claims.</td> </tr> <tr> <td>Information security risk</td> <td>✓The confidentiality, integrity and availability of the information security management system is established in accordance with ISO27001 to ensure the security of information assets and minimize the loss of data leakage in the future.</td> </tr> <tr> <td>Employee risk</td> <td>✓Backup agent system for each unit. ✓Contingency measures in the event of a strike or riot. ✓Multi-skilled personnel training program. ✓Establishment of intellectual property management system.</td> </tr> </table>	Energy management	✓Continue to improve energy performance through the ISO50001 energy management system to achieve the purpose of reducing greenhouse gas emissions, mitigating environmental impact and saving energy costs.	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Promoting project	Implementation Status			Differences and reasons between the Code of Practice for Sustainable Development of Listed Companies
	Yes	No	Abstract Explanation	
<p>3.Environmental issues</p> <p>1). Does the company establish proper environmental management systems based on the characteristics of their industries?</p>	✓		<p>In accordance with industry characteristics and the principles of sustainable operations, the Company has established comprehensive environmental and energy management systems and planning mechanisms, and is committed to reducing the impact of its operations on the ecological environment. The scope of management covers the Company’s operations in Taiwan, Mainland China, Japan, Korea, and Vietnam. The Company has also implemented the ISO 14001 Environmental Management System with third-party certification to ensure that environmental management activities are systematic, sustainable, and compliant with applicable regulations.</p> <p>The Company continues to monitor and optimize the following key environmental management initiatives:</p> <ul style="list-style-type: none"> ● Water Resource Recycling and Reuse: Water-saving equipment and process water recycling systems have been introduced at production sites in Taiwan and Vietnam to improve water recycling rates. ● Hazardous Substances and Chemical Management: In response to customers’ environmental requirements and international standards, the Company has implemented the bluesign® system and complies with the Zero Discharge of Hazardous Chemicals (ZDHC) standards. The Company strictly controls the sources and usage processes of raw materials and chemicals to ensure that the supply chain and end products are free from substances harmful to human health and the environment, thereby strengthening green manufacturing. ● Waste Classification and Reduction: Recycling and waste sorting mechanisms have been established at manufacturing sites to continuously improve resource recycling and reuse rates. ● Environmentally Friendly Raw Materials: The Company uses GRS-certified recycled down and recycled polyester fibers. ● For related implementation status and certifications, please refer to pages 42 ~ 63 of this annual report. 	None
<p>2). Does the Company committed to improving energy efficiency and using recycled materials with low impact on the environment?</p>	✓		<ul style="list-style-type: none"> ● The Company places great importance on energy efficiency and carbon emission risk management. The Zhongli Plant has obtained ISO 50001 Energy Management System certification (valid from March 12, 2024 to March 12, 2027). The Company has established a systematic energy target management mechanism, implemented the PDCA management cycle, and continuously monitors and improves energy performance. ● To further improve energy efficiency, the Company has implemented the following measures: <ul style="list-style-type: none"> ✓ Installation of Energy Recovery Systems for Production Equipment: The energy recovery system installed in the washing process can recover approximately 1% to 3% of electricity per washing cycle. ✓ Smart Factory Initiative: The Company has collaborated with the Industrial Technology Research Institute (ITRI), the Taiwan Textile Research Institute (TTRI), and academic–industry partners to implement a smart factory project, integrating and introducing a remote energy monitoring system for real-time monitoring of water, electricity, steam, and other energy consumption data. ✓ Investment in Renewable Energy Generation Equipment: In 2025, the Company invested NT\$42 	None

Promoting project	Implementation Status			Differences and reasons between the Code of Practice for Sustainable Development of Listed Companies																																				
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3). Does the company evaluate the potential risks and opportunities in	✓		<p>million to install a solar power generation system at the Zhongli Plant, with an installed capacity of 1,206 kWp. The estimated annual power generation in 2026 is 1,254,952 kWh, with an estimated annual carbon reduction of approximately 630 metric tons of CO₂.</p> <ul style="list-style-type: none"> • The Company has set energy reduction targets based on the Group's energy intensity baseline of 6,906 in 2023, aiming to reduce energy intensity by 15% by 2027 and by 30% by 2030. • The energy intensity in 2025 was 6,455, representing a 6.5% reduction compared to the baseline year. Energy statistics for the most recent two years (covering the parent company and subsidiaries included in the consolidated financial statements) are as follows: <p style="text-align: right;">Unit: Megajoules (MJ)</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;">Item</th> <th style="width: 25%;">2024</th> <th style="width: 25%;">2025</th> </tr> </thead> <tbody> <tr> <td>Purchased Electricity</td> <td style="text-align: right;">43,673,868</td> <td style="text-align: right;">44,291,551</td> </tr> <tr> <td>Diesel</td> <td style="text-align: right;">1,301,070</td> <td style="text-align: right;">1,167,766</td> </tr> <tr> <td>Gasoline</td> <td style="text-align: right;">1,745,542</td> <td style="text-align: right;">1,596,305</td> </tr> <tr> <td>Natural Gas</td> <td style="text-align: right;">24,388</td> <td style="text-align: right;">22,387</td> </tr> <tr> <td>Liquefied Petroleum Gas (LPG)</td> <td style="text-align: right;">47,015</td> <td style="text-align: right;">87,784</td> </tr> <tr> <td>Biomass Fuel / Rice Husk</td> <td style="text-align: right;">8,756,047</td> <td style="text-align: right;">7,946,434</td> </tr> <tr> <td>Non-renewable Energy</td> <td style="text-align: right;">55,547,930</td> <td style="text-align: right;">55,112,227</td> </tr> <tr> <td>Renewable Energy</td> <td style="text-align: right;">0</td> <td style="text-align: right;">0</td> </tr> <tr> <td>Total Energy Consumption</td> <td style="text-align: right;">55,547,930</td> <td style="text-align: right;">55,112,227</td> </tr> <tr> <td>Renewable Energy Ratio</td> <td style="text-align: right;">0%</td> <td style="text-align: right;">0%</td> </tr> <tr> <td>Energy Intensity (MJ/NT\$ million revenue)</td> <td style="text-align: right;">7,038</td> <td style="text-align: right;">6,455</td> </tr> </tbody> </table> <p>Notes: 1. The Group did not use renewable energy during the reporting period. 2. Energy conversion factors are based on the Energy Product Unit Calorific Value Table published by the Bureau of Energy, Ministry of Economic Affairs, Taiwan. 3. The energy conversion factor for biomass rice husk fuel used in Vietnam is based on the supplier-provided value of 14.91 MJ/kg. 4. In case of any discrepancy, the Company's 2025 Sustainability Report shall prevail.</p> <ul style="list-style-type: none"> • Circular Economy: To promote the circular economy, the Company has obtained the Global Recycled Standard (GRS) certification. In addition to actively collaborating with supply chain partners and becoming part of the post-consumer recycled down supply chain, the Company has also introduced recycled polyester fiber, spandex, nylon, and other recycled materials to reduce the carbon footprint of its products. <p>Kwong Lung addresses the physical risks of long term climate change based on the Task Force of Climate</p>	Item	2024	2025	Purchased Electricity	43,673,868	44,291,551	Diesel	1,301,070	1,167,766	Gasoline	1,745,542	1,596,305	Natural Gas	24,388	22,387	Liquefied Petroleum Gas (LPG)	47,015	87,784	Biomass Fuel / Rice Husk	8,756,047	7,946,434	Non-renewable Energy	55,547,930	55,112,227	Renewable Energy	0	0	Total Energy Consumption	55,547,930	55,112,227	Renewable Energy Ratio	0%	0%	Energy Intensity (MJ/NT\$ million revenue)	7,038	6,455	None
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Promoting project	Implementation Status			Differences and reasons between the Code of Practice for Sustainable Development of Listed Companies
	Yes	No	Abstract Explanation	
<p>climate change with regard to the present and future of its business, and take appropriate action to counter climate change issues?</p> <p>4). Does the company take inventory of its greenhouse gas emissions, water consumption, and total weight of waste in the last two years, and implement policies on greenhouse gas reduction, water reduction, or waste management?</p>	✓		<p>rated Financial Disclosures (TCFD) framework. We analyze and disclose the potential operational impacts from various aspects and engage external experts to guide us on the core principles and framework of TCFD. Together with the sustainable development team, we conduct inventories and internal interviews to systematically assess the financial impacts of transformation risks related to regulations, technology, markets, and reputation. This allows us to reduce risks and plan corresponding mitigation policies and action plans.</p> <ul style="list-style-type: none"> ● Greenhouse Gas Emissions <ul style="list-style-type: none"> ✓ The Company has conducted greenhouse gas (GHG) inventories for its Taiwan operations since 2012. Starting from 2023, the inventory boundary was expanded to include all domestic and overseas plants and offices, and 2023 was set as the base year. The Company has obtained external verification under ISO 14064-1. Purchased electricity and gasoline consumption are the primary sources of greenhouse gas emissions. The results of the GHG inventory are analyzed and used as a reference for the Company's emission reduction strategies. ✓ Achieving net-zero emissions by 2050 has become a global consensus. The Company has proactively set a net-zero target for 2050 and has developed short-, medium-, and long-term carbon reduction plans, covering a wide range of environmental initiatives. The Company is actively implementing carbon reduction measures in product design, process development, energy conservation, and environmental protection. Through these efforts, the Company aims to gradually achieve net-zero emissions and promote environmental sustainability and coexistence with the environment. The emission reduction targets are based on the combined Scope 1 and Scope 2 emission intensity of 1.05 in the base year of 2023. The Company has set a short-term target of a 30% reduction by 2027, a medium-term target of a 50% reduction by 2035, and a long-term target of achieving net-zero emissions by 2050. ✓ For the greenhouse gas inventory results and action plans for the most recent two years, please refer to pages 66~67 of this annual report. ● Water Resource Management <ul style="list-style-type: none"> ✓ The Company places great importance on water resource management. Currently, all factories are equipped with comprehensive wastewater treatment systems. Wastewater generated by the factories in China and Vietnam is treated and then 100% discharged into the industrial park sewage systems where the facilities are located. Each industrial park wastewater treatment plant has established influent standards, and the treated wastewater is ultimately discharged into government-approved water bodies. No incidents of abnormal water quality occurred at any plant in 2025. ✓ Due to the high water consumption of the Down Raw Material Division, the Company has installed a wastewater recycling system. After treatment, part of the discharged water is recycled and reused as process water, effectively reducing freshwater withdrawal and improving water recycling 	None

Promoting project	Implementation Status			Differences and reasons between the Code of Practice for Sustainable Development of Listed Companies																																							
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			<p>efficiency.</p> <p>☑ To further strengthen water resource management, the Company has implemented the following measures:</p> <p>① Conduct regular plant-wide awareness programs to enhance employees' water conservation awareness and professional knowledge.</p> <p>② Establish wastewater treatment procedures and recycled water quality standards to ensure stable effluent quality and increase the proportion of recycled water used in production processes.</p> <p>③ Record water meter readings regularly and analyze water consumption data to track abnormal water usage areas and carry out timely inspection and improvements.</p> <p>☑ The water-saving targets are based on the Group's water withdrawal intensity baseline of 0.159 in 2021. The short-term target of a 20% reduction was achieved in 2024. The Company will continue to promote water-saving measures, with long-term targets of a 25% reduction by 2027 and a 30% reduction by 2030.</p> <p>☑ The water withdrawal intensity in 2025 was 0.086, representing a 45% reduction compared to the baseline year. Water resource usage for the most recent two years (covering the parent company and subsidiaries included in the consolidated financial statements) is shown below:</p> <p style="text-align: right;">Unit: ML (Million Liters)</p> <table border="1"> <thead> <tr> <th>Item</th> <th>2024</th> <th>2025</th> </tr> </thead> <tbody> <tr> <td>Groundwater ¹</td> <td>228.6</td> <td>270.5</td> </tr> <tr> <td>Tap Water ²</td> <td>117.7</td> <td>111.2</td> </tr> <tr> <td>Recycled Water ³</td> <td>355.7</td> <td>353.5</td> </tr> <tr> <td>Total Water Withdrawal</td> <td>702.0</td> <td>735.2</td> </tr> <tr> <td>Total Discharge</td> <td>127.0</td> <td>113.2</td> </tr> <tr> <td>Total Water Consumption</td> <td>575.0</td> <td>622.0</td> </tr> <tr> <td>Water Withdrawal Intensity (ML / NT\$ million revenue)</td> <td>0.089</td> <td>0.086</td> </tr> </tbody> </table> <p>☑ Recycled water usage at the Down Raw Material Plant decreased by 2.9% compared with the previous year. Water recycling rate for the most recent two years (Down Raw Material Plant):</p> <p style="text-align: right;">Unit: ML (Million Liters)</p> <table border="1"> <thead> <tr> <th>Item</th> <th>2024</th> <th>2025</th> </tr> </thead> <tbody> <tr> <td>Groundwater ¹</td> <td>228.55</td> <td>270.5</td> </tr> <tr> <td>Tap Water ²</td> <td>27.40</td> <td>15.8</td> </tr> <tr> <td>Recycled Water ³</td> <td>355.69</td> <td>353.5</td> </tr> <tr> <td>Total Water Withdrawal</td> <td>611.64</td> <td>639.8</td> </tr> </tbody> </table>	Item	2024	2025	Groundwater ¹	228.6	270.5	Tap Water ²	117.7	111.2	Recycled Water ³	355.7	353.5	Total Water Withdrawal	702.0	735.2	Total Discharge	127.0	113.2	Total Water Consumption	575.0	622.0	Water Withdrawal Intensity (ML / NT\$ million revenue)	0.089	0.086	Item	2024	2025	Groundwater ¹	228.55	270.5	Tap Water ²	27.40	15.8	Recycled Water ³	355.69	353.5	Total Water Withdrawal	611.64	639.8	
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			<table border="1"> <tr> <td>Total Discharge</td> <td>127.03</td> <td>31.6</td> </tr> <tr> <td>Total Water Consumption</td> <td>574.89</td> <td>608.2</td> </tr> <tr> <td>Water Recycling Rate</td> <td>58.2%</td> <td>55.3%</td> </tr> </table> <p>Notes:</p> <ol style="list-style-type: none"> 1. Groundwater is sourced from legally permitted wells. Data are based on periodic meter readings. 2. Tap water is supplied by local water companies and sourced from surface water. Data are based on water bills. 3. Recycled water refers to treated process wastewater and rainwater. Data are based on periodic meter readings. 4. All water withdrawal sources are freshwater, including groundwater and tap water. 5. Total water consumption = Total water withdrawal – Total discharge. 6. Water recycling rate = Recycled water / Total water withdrawal. 7. As one of the China plants and one of the Vietnam plants do not have discharge meters, and all plants have similar water usage patterns due to the presence of dormitories and kitchens, total discharge is estimated using the average discharge ratio of plants with discharge meters: Total discharge = 0.7827 × Total water withdrawal. 8. As the head office and the Yilan site use water mainly for domestic purposes and do not have discharge meters, total discharge is estimated using a discharge ratio of 95%, based on EPA WaterSense and IWA studies: Total discharge = 0.95 × Total water withdrawal. 9. In case of any discrepancy, the Company's 2025 Sustainability Report shall prevail. <ul style="list-style-type: none"> ● Waste Management <ul style="list-style-type: none"> ✓ The Garment Division and Home Textile Division do not use chemicals in their production processes. The waste generated mainly consists of general domestic waste, production scrap materials, and packaging materials, which are classified as non-hazardous waste. Due to certain process characteristics, the Down Raw Material Division uses chemicals such as refining agents and post-processing additives. The plant is equipped with comprehensive wastewater treatment facilities, and sludge generated during the treatment process is handled and disposed of by qualified contractors. ✓ Hazardous waste mainly includes waste fluorescent tubes, empty chemical containers, and waste oil. All hazardous waste is properly classified and labeled, temporarily stored in designated storage areas that comply with regulations, and subsequently collected and disposed of by licensed contractors. ✓ The waste management systems at the Zhongli Plant, Vietnam Meko Plant, and Vietnam Bo Hsing Plant have obtained ISO 14001 Environmental Management System certification. To further strengthen waste reduction and management, the Company has implemented the following measures: <ol style="list-style-type: none"> ① Recycling and waste sorting areas have been established at factories and offices across domestic 	Total Discharge	127.03	31.6	Total Water Consumption	574.89	608.2	Water Recycling Rate	58.2%	55.3%	
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			<p>and overseas locations. Employee awareness of daily waste sorting is enhanced through education and training. Waste is collected and handled by qualified external recycling contractors to ensure proper disposal.</p> <p>②Packaging material reduction and reuse measures are promoted at warehouses, and the number of pallet reuse cycles is increased to reduce waste generation and enhance resource recycling.</p> <p>③Each plant regularly audits and evaluates waste collection and disposal contractors. Audit items include verification of legal disposal permits, transportation vehicle labeling information, ISO certifications, and whether the contractor has been involved in any major violations or penalties in recent years, to ensure that contractors comply with environmental regulations and management standards.</p> <p>☑The waste reduction target is based on the Group’s waste intensity of 0.074 in 2021 as the baseline. The short-term target of a 20% reduction was achieved in 2024. The Company will continue to implement waste reduction measures and has set medium- and long-term targets of a 30% reduction by 2027 and a 40% reduction by 2030, in order to gradually reduce the environmental impact of its operations.</p> <p>☑The waste intensity in 2025 was 0.041, representing a 45% reduction compared to the baseline year. Waste disposal for the most recent two years (covering the parent company and subsidiaries included in the consolidated financial statements) is shown below:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th rowspan="2">Year</th> <th colspan="2">Unit: tons</th> </tr> <tr> <th>2024</th> <th>2025</th> </tr> </thead> <tbody> <tr> <td>Non-hazardous Waste</td> <td>349.5</td> <td>346.9</td> </tr> <tr> <td>Hazardous Waste</td> <td>0.4</td> <td>0.7</td> </tr> <tr> <td>Total Waste</td> <td>349.9</td> <td>347.6</td> </tr> <tr> <td>Waste Intensity (ton / NT\$ million revenue)</td> <td>0.044</td> <td>0.041</td> </tr> </tbody> </table> <p>Notes: 1.Hazardous waste mainly consists of waste lamps, empty chemical containers, and waste oil. 2.In case of any discrepancy, the Company’s 2025 Sustainability Report shall prevail.</p>	Year	Unit: tons		2024	2025	Non-hazardous Waste	349.5	346.9	Hazardous Waste	0.4	0.7	Total Waste	349.9	347.6	Waste Intensity (ton / NT\$ million revenue)	0.044	0.041	
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4. Social issues 1). Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	✓		<ul style="list-style-type: none"> ● Human Rights Policy Commitment The Company values and respects human rights and is committed to fostering a safe, equitable, and respectful working environment. The Company has established its human rights policy with reference to internationally recognized human rights standards. The relevant policies are aligned with the following international frameworks and principles: <ul style="list-style-type: none"> ☑ Universal Declaration of Human Rights 	None																	

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	Yes	No	Abstract Explanation	
			<p> <input checked="" type="checkbox"/> The Ten Principles of the United Nations Global Compact <input checked="" type="checkbox"/> United Nations Guiding Principles on Business and Human Rights <input checked="" type="checkbox"/> ILO Declaration on Fundamental Principles and Rights at Work </p> <p>The Company complies with the above international human rights standards, as well as applicable labor laws and human rights regulations in all locations where it operates. Human rights protection has been incorporated into the Company's corporate governance and operational management systems. This policy applies to all employees of the Company and its subsidiaries, and extends to suppliers, customers, and other stakeholders in the regions where the Company operates, in order to uphold its commitment to respecting and protecting human rights.</p> <ul style="list-style-type: none"> Responsible Units <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Corporate Sustainability Committee: Serves as the highest governing body for the human rights policy, responsible for policy review, annual evaluation, and setting strategic directions. <input checked="" type="checkbox"/> Human Resources Department: Responsible for the implementation of the human rights policy, employee training, operation of grievance mechanisms, as well as annual evaluation and continuous improvement tracking. To strengthen the Company's management of human rights issues, a Human Rights Due Diligence mechanism has been established to identify, prevent, and manage potential human rights risks arising from business operations. Through a structured process, the Company systematically identifies, assesses, mitigates, and monitors human rights risks. The Company's human rights management process consists of the following four steps: <div style="text-align: center;"> <p>The diagram illustrates a continuous cycle of four steps in the human rights management process, represented by a circular flow with four nodes:</p> <ul style="list-style-type: none"> Identification and Assessment of Human Rights Risks (top-left) Prevention and Mitigation Measures (top-right) Ongoing Monitoring and Improvement (bottom-right) Grievance and Remedy Mechanisms (bottom-left) </div>	

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			<div style="display: flex; flex-wrap: wrap;"> <div style="width: 50%; padding: 5px;"> <p style="text-align: center;">01</p> <p>Identification and Assessment of Human Rights Risks : Regularly review the Company's operational activities to identify and assess potential human rights impacts on employees and stakeholders.</p> </div> <div style="width: 50%; padding: 5px;"> <p style="text-align: center;">02</p> <p>Prevention and Mitigation Measures : Implement preventive and mitigation measures through human resource management systems, occupational health and safety management systems, and employee grievance mechanisms to reduce human rights risks.</p> </div> <div style="width: 50%; padding: 5px;"> <p style="text-align: center;">03</p> <p>Grievance and Remedy Mechanisms : Establish diversified grievance channels to enable employees and stakeholders to raise concerns and seek remedies, ensuring their rights and interests are protected.</p> </div> <div style="width: 50%; padding: 5px;"> <p style="text-align: center;">04</p> <p>Ongoing Monitoring and Improvement: Conduct regular reviews of the implementation of human rights policies and related management systems , and continuously improve based on evaluation results.</p> </div> </div> <p>● Human Rights Policies and Implementation Measures</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;">Human Rights Policies</th> <th style="width: 50%;">Implementation Measures</th> </tr> </thead> <tbody> <tr> <td>Providing a Safe and Healthy Working Environment</td> <td>✓Implementation details can be found on pages 122 ~ 124 of this annual report under “Employee Working Environment and Personal Safety Protection Measures.”</td> </tr> <tr> <td>Prohibition of Illegal Discrimination and Ensuring Workplace Equality</td> <td>✓The Company has established relevant policies, including the “Employment Management Regulations, Sexual Harassment Prevention measures, and grievance and disciplinary procedures”, to foster a friendly and respectful workplace. No grievance cases were reported in 2025. ✓The Company has established comprehensive compensation and benefits systems, as well as gender equality measures. For implementation details, please refer to pages 121 of this annual report under “Equality and Diversity.”</td> </tr> <tr> <td>Prohibition of Child Labor</td> <td>✓The Company complies with international standards and applicable local laws and regulations. At all operating sites, age verification mechanisms are implemented during the recruitment process to prevent the employment of child labor. Verification is also conducted for newly hired employees, ensuring a dual-control mechanism to strictly prohibit the employment of child labor.</td> </tr> </tbody> </table>	Human Rights Policies	Implementation Measures	Providing a Safe and Healthy Working Environment	✓Implementation details can be found on pages 122 ~ 124 of this annual report under “Employee Working Environment and Personal Safety Protection Measures.”	Prohibition of Illegal Discrimination and Ensuring Workplace Equality	✓The Company has established relevant policies, including the “Employment Management Regulations, Sexual Harassment Prevention measures, and grievance and disciplinary procedures”, to foster a friendly and respectful workplace. No grievance cases were reported in 2025. ✓The Company has established comprehensive compensation and benefits systems, as well as gender equality measures. For implementation details, please refer to pages 121 of this annual report under “Equality and Diversity.”	Prohibition of Child Labor	✓The Company complies with international standards and applicable local laws and regulations. At all operating sites, age verification mechanisms are implemented during the recruitment process to prevent the employment of child labor. Verification is also conducted for newly hired employees, ensuring a dual-control mechanism to strictly prohibit the employment of child labor.	
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2). Does the company have reasonable employee benefit measures (including salaries, leave, and other benefits), and do business performance or results reflect on employee salaries?	✓		<table border="1"> <tr> <td>Prohibition of Forced Labor</td> <td>✓The Company implements leave policies and strictly prohibits any form of forced labor or other inappropriate practices imposed on employees.</td> </tr> <tr> <td>Supporting employees in maintaining physical and mental well-being and work-life balance</td> <td>✓Please refer to page 119 of this annual report for details on the promotion of employee work-life balance.</td> </tr> </table> <ul style="list-style-type: none"> ● The Company also extends its human rights management principles to supply chain management, requiring suppliers to comply with applicable labor laws and fundamental human rights principles. Through its supplier management system, the Company continuously promotes the protection of human rights within the supply chain. For details on the supplier management policy, please refer to pages 52 ~53 of this annual report. ● The Company has established a Remuneration and Nomination Committee and has adopted the “Regulations Governing Salary Structure” and “Regulations Governing Employee Welfare” as the basis for its compensation and benefits system. Employee compensation is determined based on a comprehensive evaluation of factors such as educational background, professional knowledge and skills, years of experience, and individual performance, ensuring fairness and market competitiveness. In Taiwan, full-time employees are entitled to statutory benefits and are additionally provided with employee stock ownership plans, company-sponsored subsidies, and various welfare programs administered by the Employee Welfare Committee, with the aim of enhancing employee engagement and overall well-being. ● In addition, the Company’s Articles of Incorporation stipulate that when there are annual profits, no less than 1% shall be allocated as employee remuneration, of which no less than 50% shall be distributed to entry-level employees. Employee remuneration is determined based on the Company’s annual operating performance and individual performance evaluations, thereby enabling employees to share in the Company’s operating results. Pursuant to the resolution of the Board of Directors on March 9, 2026, 4.57% of the profits for 2025 was allocated as employee remuneration, of which 52.2% was distributed to entry-level employees, reflecting the Company’s commitment to sharing business achievements with its employees. ● For more information on employee welfare measures and employee rights protection, please refer to pages 117 ~ 124 of this annual report. 	Prohibition of Forced Labor	✓The Company implements leave policies and strictly prohibits any form of forced labor or other inappropriate practices imposed on employees.	Supporting employees in maintaining physical and mental well-being and work-life balance	✓Please refer to page 119 of this annual report for details on the promotion of employee work-life balance.	None
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3). Does the company provide a healthy and safe working environment and	✓		Please refer to pages 122 ~ 124 of this annual report.	None				




Promoting project	Implementation Status			Differences and reasons between the Code of Practice for Sustainable Development of Listed Companies
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organize training on health and safety for its employees on a regular basis?				
4). Does the company provide its employees with career development and training sessions?	✓		Please refer to pages 119~ 120 of this annual report.	None
5). Do the company's products and services comply with relevant laws and international standards in relation to customer health and safety, customer privacy, and marketing and labeling of products and services, and are relevant consumer or customer protection and grievance procedure policies implemented?	✓		<p>Kwong Lung specializes in the production and sale of garment processing, home textile products, and down materials, with corporate clients as its core customer base. Ensuring product quality and safeguarding customer rights are not only the Company's business responsibilities, but also the foundation for establishing long-term partnerships. Through comprehensive management policies and operational procedures, the Company ensures that every product and service complies with customer requirements regarding health, safety, and applicable regulations, thereby creating maximum value for its clients.</p> <ul style="list-style-type: none"> ● Product Quality and Customer Rights Protection Policy: The Company is committed to providing high-quality products and services that comply with international standards. Through a rigorous quality management system and multi-layered protection mechanisms, the Company ensures that every product meets customer expectations and regulatory requirements. This commitment to quality extends beyond the production process to encompass transparency of information and the protection of data security. Under the "Product and Customer Data Confidentiality Management Policy," the Company regulates the collection, use, storage, and protection of customer data, and implements such measures in accordance with confidentiality agreements and relevant provisions in sales contracts signed with customers. In addition, the Company has established a multi-layered information security protection framework, including access control mechanisms and regular security audits, to ensure that customers' trade secrets and sensitive information are protected to the highest standards, thereby maintaining a solid foundation of trust for long-term cooperation. <div style="display: flex; justify-content: space-around; margin-top: 10px;"> <div style="border: 1px solid #ccc; padding: 5px; width: 30%; background-color: #e0f2f1;">  <p>International Certification Standards</p> <p>The Company complies with international regulations and standards specified by customers to ensure that products meet the quality and safety requirements of each market.</p> <ul style="list-style-type: none"> ● I-TAS International Traceability Certification ● bluesign® Sustainability System Certification ● Global Recycled Standard (GRS) Certification ● Compliance with export regulations of various countries </div> <div style="border: 1px solid #ccc; padding: 5px; width: 30%; background-color: #e0f2f1;">  <p>Transparency of Information Disclosure</p> <p>The Company ensures that all product information is presented in accordance with customer specifications, maintaining transparency of information.</p> <ul style="list-style-type: none"> ● Complete composition labeling ● Clear washing and care instructions ● Detailed product descriptions ● Compliance with local market regulatory requirements </div> <div style="border: 1px solid #ccc; padding: 5px; width: 30%; background-color: #e0f2f1;">  <p>Data Security Protection</p> <p>The Company safeguards customers' business interests and data security by establishing a comprehensive data protection mechanism.</p> <ul style="list-style-type: none"> ● Implementation of the Product and Customer Data Confidentiality Management Policy ● Compliance with Non-Disclosure Agreements (NDAs) ● Internal information security management mechanisms ● Prevention of unauthorized access and data leakage </div> </div>	None

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6). Does the company implement supplier management policies, requiring suppliers to observe relevant regulations on environmental protection, occupational health and safety, or labor and human rights? If so, describe the results.	✓		<ul style="list-style-type: none"> ● Customer Complaint Channels and Handling Procedures: The Company has established a comprehensive customer complaint handling mechanism to ensure that all customer feedback is addressed in a timely and professional manner. Customer feedback is highly valued and regarded as a key driver for continuous improvement. Through a systematic handling process, customer complaints are effectively analyzed and leveraged as opportunities to enhance service quality. <div style="display: flex; justify-content: space-between;"> <div style="width: 48%;"> <p style="text-align: center;"><u>01</u></p> <p>Complaint Reception</p> <p>Customers may submit complaints or feedback through business contacts, email, or other designated communication channels. The Company ensures that all communication channels remain accessible and effective.</p> </div> <div style="width: 48%;"> <p style="text-align: center;"><u>02</u></p> <p>Case Handling</p> <p>Upon receipt, the responsible business unit will process the complaint in accordance with internal procedures, register the case, and conduct an initial assessment to ensure that each case is properly tracked and managed.</p> </div> </div> <div style="display: flex; justify-content: space-between;"> <div style="width: 48%;"> <p style="text-align: center;"><u>03</u></p> <p>Investigation and Verification</p> <p>A thorough investigation and verification will be conducted based on the complaint content. Where necessary, cross-departmental coordination will be initiated to identify the root cause of the issue.</p> </div> <div style="width: 48%;"> <p style="text-align: center;"><u>04</u></p> <p>Response and Improvement</p> <p>The Company provides customers with the resolution results and improvement measures. Cases are incorporated into internal reviews to continuously enhance operational processes and prevent recurrence of similar issues.</p> </div> </div> <ul style="list-style-type: none"> ● No material customer complaint cases were reported in 2025. ● Policy <ul style="list-style-type: none"> ✓ Kwong Lung's suppliers have always been important partners in the operating system. Through close cooperation, they jointly pursue sustainable development and growth. In addition to taking into account the quality, delivery and price of the supplier's products, the Company also urges the supplier to protect the environment, improve safety and health, and pay attention to human rights, so as to jointly fulfill corporate social responsibility, and do a good job in risk management and continuity planning. ✓ Kwong Lung has a unified purchasing division responsible for supplier management to maintain an open communication channel, and has established a "Qualified Supplier Management Procedure" to regulate suppliers' implementation of corporate social and environmental responsibilities. ● Execution <ul style="list-style-type: none"> ✓ Suppliers are evaluated by the "capability questionnaire", and only suppliers meeting the criteria can be included in the list of qualified suppliers. The evaluation content includes product characteristics analysis, specified process inspection, shipment inspection results, and factory environmental management (including wastewater treatment, chemicals use management, pollution risk assessment management, etc.). In addition, the implementation of the supplier's compliance with the "confidentiality contract" and "supplier's code of business conduct" to ensure continuous 	None

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			<p>improvement in human rights, labor standards, information confidentiality, intellectual property protection, and environmental protection, and oppose all forms of corruption.</p> <p>✔ In addition, as a key participant in the down products industry, the Company requires its upstream suppliers to comply with environmental protection and animal welfare regulations in their production processes. Through product traceability and monitoring mechanisms, the Company ensures that the sources of raw materials meet its requirements. Suppliers are required to comply with animal protection laws and regulations in the regions where they operate and to adopt humane practices in the production and processing of down materials. Any form of live-plucking is strictly prohibited. To ensure transparency and traceability of down product sources, suppliers are required to regularly provide relevant audit documentation and inspection reports covering all stages of the production process, from upstream farming and slaughtering to feather collection, enabling effective tracking and monitoring by the Company. In addition, suppliers are expected to continuously optimize their production processes to improve resource efficiency and reduce waste and environmental impact. Upon product shipment, suppliers must provide relevant certification documents and Transaction Certificates (TC) to verify that the sources of raw materials and production processes comply with the Company's supply chain management standards and sustainability requirements.</p> <ul style="list-style-type: none"> ● Evaluation and Audits <ul style="list-style-type: none"> ✔ Qualified suppliers are subject to quarterly performance evaluations to ensure compliance with management requirements and maintain cooperation quality. In 2025, a total of 663 major suppliers were evaluated. Among them, 10 suppliers did not fully meet certain requirements; corrective guidance was provided, and all deficiencies were rectified within the specified timeframe. A total of 47 suppliers underwent on-site audits, all of which met the required standards. Audit scope covers quality management systems, green product systems, environmental, health and safety management systems, and social responsibility management (including labor and human rights). In cases of non-compliance, root cause analysis is conducted and corrective action plans are implemented to ensure timely resolution. 	
5. Does the company reference internationally accepted reporting standards or guidelines, and prepare reports that disclose non-financial information of the company, such as sustainability reports? Do the reports above obtain assurance from a third party verification unit?	✔		In August 2025, the Sustainability Report was issued, which included efforts and performance on sustainable indicators on economic, social and environmental aspects. To fully disclose Kwong Lung's achievements in social responsibility, present the results of communication with stakeholders, and be in line with international standards, this report was prepared using GRI Standards to allow stakeholders to understand the Company's economic, environmental and social strategies and implementation, demonstrating the Company's determination to implement sustainable development in society. In order to enhance the transparency and reliability of information, this report entrusts a third-party organization, British Standards Institution (BSI), to conduct verification in accordance with the first verification type of the AA1000 Assurance Standard.	None

Promoting project	Implementation Status			Differences and reasons between the Code of Practice for Sustainable Development of Listed Companies
	Yes	No	Abstract Explanation	
<p>6. Describe the difference, if any, between actual practice and the established principles, if the company has implemented such principles based on the Code of Practice for Sustainable Development for TWSE/TPEX Listed Companies: None.</p> <p>7. Other important information which is helpful to understand the implementation of sustainable development:</p> <p><u>Social Contribution Achievements</u></p> <p>Kwong Lung upholds the philosophy of “From society, for society,” and has long been committed to caring for children and disadvantaged groups. Through diverse philanthropic initiatives, the Company actively gives back to society and creates positive social impact. In 2025, total charitable donations amounted to NT\$ 16.65 million, benefiting a total of 24,078 individuals. The major achievements are as follows:</p> <ul style="list-style-type: none"> ● In-kind Donations: Provided school supplies and winter clothing to underprivileged elementary and junior high school students, helping to improve their learning and living conditions. Number of beneficiaries: 11,134 ● Food Assistance: Supported food box and fresh produce box programs, as well as charity breakfast and milk programs, providing stable sources of nutrition for disadvantaged families and students. Number of beneficiaries: 11,345 ● Overseas Child Nutrition Improvement Program: Continued to focus on children’s health issues overseas by supporting nutrition lunch programs for preschool children in central Vietnam, and providing soy milk nutrition subsidies to kindergartens in Quang Tri and Nghe An provinces. ● Education Support Programs: <ul style="list-style-type: none"> ☑ Provided after-school tutoring support for children in rural and disadvantaged areas, as well as funding for academic research, scholarships for underprivileged outstanding students, and emergency financial assistance. Number of beneficiaries: 357 ☑ Supported child and youth care institutions by providing resources for daily care, including food, clothing, education, and medical services. Number of beneficiaries: 1,242 				

Promoting project	Implementation Status			Differences and reasons between the Code of Practice for Sustainable Development of Listed Companies
	Yes	No	Abstract Explanation	
 <p><u>Children in kindergartens across Quang Tri Province receive one cup of soy milk daily.</u></p>				
 <p><u>Children at three kindergartens and elementary schools in Quang Ngai Province are provided with nutritious school lunches.</u></p>				
<ul style="list-style-type: none"> ● Support for Academic and Medical Research: Through the provision of funding to National Taiwan University and the Taiwan Cardiac Surgery Research, the Company supports academic research and medical innovation. By promoting industry–academia collaboration and investing in research resources, the Company aims to advance medical technology and enhance public health and social well-being. ● Local Engagement and Community Connection: Kwong Lung places great importance on the impact of its operations on local communities and incorporates community engagement and local care into its corporate social responsibility and sustainability strategies. Through ongoing interaction and collaboration with local schools, social welfare organizations, and charitable groups, the Company continuously identifies community needs and development opportunities. Based on the social needs of its operating locations, the Company implements initiatives such as educational support, livelihood assistance, and charitable donations to promote community co-prosperity and sustainable development. 				

Promoting project	Implementation Status			Differences and reasons between the Code of Practice for Sustainable Development of Listed Companies
	Yes	No	Abstract Explanation	
<p>✔ Local Education and Support for the Underprivileged: Kwong Lung has long been deeply rooted in Taiwan and actively participates in local charitable and educational support programs. In 2025, the Company carried out campus outreach initiatives in communities surrounding its Zhongli and Yilan plants, visiting 18 junior high schools, elementary schools, and rural schools. The Company provided school supply kits and daily necessities to underprivileged students to help improve their learning and living conditions. The total donation amount for 2025 was approximately NT\$ 4,354 thousand, supporting students in continuing their education and growing in a healthy environment, while promoting educational equity and local care.</p> <p>✔ Community Care at Overseas Operating Sites: At its production base in Vietnam, Kwong Lung continues to implement community support initiatives by providing daily necessities and financial assistance to disadvantaged families and social welfare institutions in nearby communities. In 2025, total donations amounted to approximately NT\$ 1,242 thousand, benefiting 3,731 individuals.</p>				
				
				
	<p><u>Distributed school supply kits.</u></p> <p><u>Distributed winter clothing.</u></p> <p><u>Provided daily necessities.</u></p>			

Promoting project	Implementation Status			Differences and reasons between the Code of Practice for Sustainable Development of Listed Companies
	Yes	No	Abstract Explanation	

Corporate volunteering

- Kwong Lung actively promotes a corporate volunteer culture, encouraging employees to participate in various charitable and social service activities. The Company has established the “Volunteer Service Management Regulations,” providing employees with up to three days of paid volunteer leave per year to support social engagement and community service.
- In 2025, corporate volunteer activities included harvesting organic fruits and vegetables, assisting in organic farming, and sorting and packaging food boxes. The collected supplies and food were donated to disadvantaged families and social welfare institutions, including orphanages.
- A total of 204 employee participations were recorded, with cumulative volunteer service hours reaching 1,054 hours. Through active employee involvement in volunteer activities, the Company continues to strengthen its commitment to corporate social responsibility.

Item	Taiwan	Vietnam	Total
Number of volunteers	141	63	204
Number of volunteer hours	329	725	1,054







Harvested organic, pesticide-free fruits.



Organic sweet potato cultivation.



Promoting project	Implementation Status			Differences and reasons between the Code of Practice for Sustainable Development of Listed Companies
	Yes	No	Abstract Explanation	
			 <p><u>Planted organic, pesticide-free vegetables.</u></p>   <p><u>Packed food boxes.</u></p>	

Promoting project	Implementation Status			Differences and reasons between the Code of Practice for Sustainable Development of Listed Companies
	Yes	No	Abstract Explanation	
<p><u>Industry–Academia Collaboration</u></p> <p>Kwong Lung is deeply committed to local industrial development and actively collaborates with leading academic institutions to promote industry–academia partnership programs. Through technological research and talent development, the Company enhances students’ practical experience and drives industrial innovation. In 2025, key initiatives focused on smart manufacturing and quality inspection are summarized as follows:</p> <ul style="list-style-type: none"> ● Development of AI-Based Automated Fabric Defect Detection System: This project integrates high-resolution imaging equipment with artificial intelligence image recognition technology to develop a full-width fabric defect detection system. A software module compatible with the Company’s Enterprise Resource Planning (ERP) system has also been established to enable automated data output and report generation. By adopting AI-based recognition technology, defect detection accuracy has been improved to over 95%, effectively reducing manual inspection errors and shortening inspection time, thereby advancing digitalization and intelligent manufacturing processes. ● Optimization of Fabric Inspection System and ERP Integration: Building upon the initial system, this project further optimizes the AI model (YOLOv7) and incorporates the internationally recognized “Four-Point System” for textile quality grading to enhance inspection accuracy. Industrial-grade color difference detection equipment has been introduced, utilizing RGB color analysis and a nine-grid visualization system to strengthen quality assessment capabilities. In addition, defect location data, color difference metrics, and quality grading results are integrated into an SQL database and ERP platform, establishing a comprehensive traceability mechanism to improve quality management efficiency and reduce production losses. ● Local Talent Development and Internship Programs: Kwong Lung continues to strengthen its collaboration with domestic universities of science and technology. Since 2013, the Company has provided a total of 94 internship opportunities both domestically and overseas, helping students bridge the gap between academic learning and industry practice, while cultivating skilled professionals with practical experience and supporting sustainable industry development. <p>Through these industry–academia collaboration programs, Kwong Lung continues to advance smart manufacturing and Industry 4.0 applications, enhance product quality management capabilities, and strengthen its long-term competitiveness.</p> <p><u>Biodiversity Conservation</u></p> <p>Kwong Lung places great importance on the natural environment and biodiversity conservation, and incorporates ecological protection into its sustainability strategy. The Company is committed to minimizing the impact of its operations on natural ecosystems. In alignment with the principles of the Convention on Biological Diversity (CBD), the Company is committed to promoting biodiversity conservation, avoiding operations that contribute to deforestation or habitat destruction, and keeping abreast of international sustainability trends such as the Taskforce on Nature-related Financial Disclosures (TNFD), with the aim of strengthening its management and disclosure of nature- and biodiversity-related issues.</p> <ul style="list-style-type: none"> ● Biodiversity Conservation Commitments <ul style="list-style-type: none"> ✔ Ensure that the Company’s operations comply with international, national, and local regulations related to biodiversity and environmental protection. ✔ Avoid adverse impacts on endangered or protected species and their habitats. 				

Promoting project	Implementation Status			Differences and reasons between the Code of Practice for Sustainable Development of Listed Companies
	Yes	No	Abstract Explanation	
			<p> <input checked="" type="checkbox"/> Support biodiversity conservation, forest preservation, and ecological protection, while continuously monitoring sustainability issues related to the natural environment. </p> <p> ● Key Actions </p> <p> <input checked="" type="checkbox"/> Site Selection Management: When establishing production facilities or expanding plants, priority is given to existing industrial zones or developed areas to avoid impacts on protected areas or regions with high biodiversity value. </p> <p> <input checked="" type="checkbox"/> Environmentally Friendly Production Management: Production processes strictly comply with environmental regulations in all operating locations. Environmental indicators such as air emissions, wastewater, and waste are continuously monitored to reduce impacts on air, water, and soil, while gradually incorporating renewable materials and energy to enhance resource efficiency. </p> <p> <input checked="" type="checkbox"/> Process Digitalization to Reduce Paper Usage: The Company continues to promote digitalization of operational processes, including e-billing and electronic application systems, to reduce paper consumption and minimize the use of forest resources, thereby improving resource efficiency. </p> <p> <input checked="" type="checkbox"/> Support for Sustainable Agriculture and Ecological Protection: The Company procures fruit products cultivated through environmentally friendly farming practices without the use of herbicides. Such practices create positive impacts on farmland ecosystems by reducing chemical inputs and preserving natural vegetation, providing habitats for insects, birds, and soil microorganisms. This helps maintain natural food chains and ecological balance, supports pollinators and natural pest predators, and enhances the resilience and stability of agricultural ecosystems, thereby contributing to biodiversity conservation. </p> <p> <input checked="" type="checkbox"/> Green Building and Ecological Management: The Zhongli plant has adopted environmentally integrated design concepts and obtained green building certification. Measures such as increasing green coverage, water retention design, energy conservation and carbon reduction, water resource management, waste reduction, and biodiversity protection are implemented to minimize environmental impacts. </p> <p> Looking ahead, Kwong Lung will continue to reduce the impact of its operations on natural ecosystems and biodiversity through environmentally friendly operations, sustainable procurement, and supply chain management. The Company will also continue to monitor international sustainability trends and progressively strengthen its management and disclosure of biodiversity conservation and sustainable use of natural resources. </p> <p> <u>Nature-based Carbon Sink Strategy and Implementation</u> </p> <p> In alignment with Taiwan’s “2050 Net-Zero Transition – Nature-based Carbon Sink Key Strategy Action Plan,” the Company promotes nature-based carbon sink management strategies. Through tree planting, greening initiatives, and maintenance of existing vegetation at its operating sites, the Company enhances forest coverage and biological carbon sequestration capacity, thereby strengthening natural carbon sink functions and improving environmental sustainability. The Company’s key strategies include: </p> <ul style="list-style-type: none"> ● Increasing Green Coverage: Conduct tree planting and greening activities within plant sites to increase vegetation coverage. ● Strengthening Tree Maintenance and Management: Improve tree survival rates and growth through regular watering, pruning, fertilization, and pest and disease control, thereby 	






Promoting project	Implementation Status			Differences and reasons between the Code of Practice for Sustainable Development of Listed Companies
	Yes	No	Abstract Explanation	










enhancing carbon sequestration capacity.








The Company has implemented tree planting and greening management at its Zhongli plant and Vietnam facilities, maintaining approximately 1 hectare of green areas and trees. Regular watering and maintenance are conducted to ensure healthy growth. According to data from the Ministry of Agriculture, Executive Yuan, each hectare of forest can absorb approximately 15 metric tons of CO₂e per year.

The Company will continue to promote greening and tree planting initiatives to enhance natural carbon sinks, and will regularly monitor carbon sequestration performance. Going forward, the Company will evaluate opportunities to adopt forest land or coastal wetlands to further support its net-zero and environmental sustainability goals.

Relevant Certifications and Validity Periods

Authentication/ certificate name	Description	Taiwan		Vietnam				China	Japan
		Head Office	CL Factory	MK Factory	BH Factory	FH Factory	TT Factory	OM Factory	SL Factory
 Certified B Lab Corporation	B Corporations®, B Corps™ are committed to "people using business as a force for good™". Its vision is to make the company's goal not only to "become the best company in the world", but also to "be the best company for the world", so that human business activities can achieve a goal of mutual benefit, inclusiveness and sustainability for all stakeholders.	2024/02/01~ 2027/02/01	—	—	—	—	—	—	—
 Taiwan Intellectual Property Management System (TIPS)	The Taiwan Intellectual Property Management System (TIPS) is a standard that enterprises can follow to establish systematic, foundational intellectual property management frameworks. By integrating IP management concepts that align with corporate development, TIPS enhances an organization's capacity to utilize its intellectual property.	2025/12/31~ 2026/12/31	2025/12/31~ 2026/12/31	—	—	—	—	—	—
	Healthy Workplace Certification Health Promotion Mark We are committed to promoting workplace tobacco hazard prevention and health promotion, actively implementing smoke-free workplace and health promotion measures, and establishing an excellent and healthy working environment.	2024/01/01~ 2026/12/31	—	—	—	—	—	—	—
	Bluesign® standard is synonymous of environmental protection, health and safety textiles, which must meet the standards at every stage from raw materials, production process, discharge to final products. Kwong Lung is the first down corporate in the world to get the certification of bluesign partner, and under the increasingly strict regulations, it keeps improving its plant, renewing and renewing its certificate every three years.	—	2024/06/06~ 2026/04/27	2025/10/28~ 2028/10/28	—	—	—	2024/09/20~ 2027/09/23	—
	RDS From the source to the final product, we are committed to the total balance calculation, and verify and trace the raw materials based on the qualification certificate and sales certificate, aiming at recording the animal welfare information and ensuring the traceability standard of down products.	2026/03/19~ 2027/03/18	2026/03/19~ 2027/03/18	2026/03/19~ 2027/03/18	2026/03/19~ 2027/03/18	2026/03/19~ 2027/03/18	—	2026/03/19~ 2027/03/18	2026/03/19~ 2027/03/18

Promoting project	Implementation Status				Differences and reasons between the Code of Practice for Sustainable Development of Listed Companies								
	Yes	No	Abstract Explanation										
Authentication/ certificate name	Description				Taiwan	Vietnam			China	Japan			
					Head Office	CL Factory	MK Factory	BH Factory	FH Factory	TT Factory	OM Factory	SL Factory	KJ
 ISO 27001			ISO/IEC 27001 is an international standard to manage information security. It details requirements for establishing, implementing, maintaining and continually improving an information security management system (ISMS) – the aim of which is to help organizations make the information assets they hold more secure.		2024/01/10~ 2027/01/09	–	–	–	–	–	–	–	–
 ISO 14001			ISO 14001 plans the framework that companies or organizations can follow, establishes an effective environmental management system, assists corporates to effectively use energy, reduce costs and continuously improve their environmental performance. The purpose is to protect the environment and promote sustainable development, which can be regarded as an international "Green Pass".		–	2023/07/24~ 2026/07/23	2024/05/23~ 2027/05/18	2025/10/18~ 2028/10/18	–	–	–	–	–
 ISO 50001			Establish energy baseline and energy performance indicators through energy management system, take energy evaluation equipment into consideration, and regularly measure energy consumption and efficiency during planning operation, so as to achieve the goal of systematic energy management, improve energy use efficiency, reduce energy cost and reduce greenhouse gas emissions.		–	2024/03/12~ 2027/03/12	–	–	–	–	–	–	–
 ISO 45001			For Occupational Health and Safety Management System (OHSMS), the main purpose to enable organizations to identify and prevent its risks in the safe and healthy working environment, protect and provide employees with a safe and reliable workplace, reduce the possibility of accidents and diseases among employees, and improve the compliance of laws and regulations.		–	–	2025/10/09~ 2028/10/09	2025/10/08~ 2028/09/09	–	–	–	–	–
 ISO 9001			A set of standards set by the International Organization for Standardization, which is used to check whether the products or services provided by corporates can maintain a certain quality of quality management certification system.		–	–	2026/02/23~ 2029/02/23	2025/10/08~ 2028/09/09	–	2025/05/09~ 2028/05/08	–	–	–
 ISO 14064			It serves as the basis for greenhouse gas inventory and verification methods, enabling the quantification of greenhouse gases generated from organizational or corporate activities. It establishes consistent principles, requirements, and quantification standards for the design, development, management, and reporting of greenhouse gas inventories.		2025/1/1~ 2025/12/31	2025/1/1~ 2025/12/31	2025/1/1~ 2025/12/31	2025/1/1~ 2025/12/31	2025/1/1~ 2025/12/31	2025/1/1~ 2025/12/31	2025/1/1~ 2025/12/31	2025/1/1~ 2025/12/31	2025/1/1~ 2025/12/31
 Downpass			According to the standards stipulated in the European Convention for the Protection of Animals, the quality and animal welfare of feathers and down are required to be strictly controlled to ensure that downpass and feathers are obtained in an ethical way, and the supply chain is traceable.		2024/06/27~ 2026/06/26	–	2024/06/27~ 2026/06/26	–	–	–	–	–	2024/06/27~ 2026/06/26
 GRS			GRS standard is based on the principle of tracking and tracing the verified finished products, and also contains the requirements of environmental and social responsibilities, which provides a better monitoring and control mechanism for the industrial supply chain, thus ensuring the integrity of the verified products.		2026/03/19~ 2027/03/18	2026/03/19~ 2027/03/18	2026/03/19~ 2027/03/18	2026/03/19~ 2027/03/18	2026/03/19~ 2027/03/18	–	–	–	2026/03/19~ 2027/03/18
 J-TAS			JBA Traceability Audit Standard (J-TAS), established by Japan Feather Products Association, traces the origin of down to downpass products to protect consumers' rights and interests.		2025/03/08~ 2027/03/07	2025/03/08~ 2027/03/07	2025/03/08~ 2027/03/07	–	–	–	–	–	–

Promoting project	Implementation Status			Abstract Explanation	Differences and reasons between the Code of Practice for Sustainable Development of Listed Companies									
	Yes	No												
Authentication/ certificate name	Description				Taiwan	Vietnam	China	Japan						
					Head Office	CL Factory	MK Factory	BH Factory	FH Factory	TT Factory	OM Factory	SL Factory	KJ	
	T-TAS	The Taiwan Feather Exporters' Association, in order to strengthen producers' self-management and product safety responsibilities, established the Taiwan Down and Feather Traceability Audit System (T-TAS) under the guidance of the Council of Agriculture, Executive Yuan. This system ensures the traceability of down raw materials produced by domestic down processing companies, thereby enhancing the quality and safety of Taiwan-produced down.				2024/12/21~ 2026/12/20	2024/12/21~ 2026/12/20	2024/12/21~ 2026/12/20	-	-	-	-	-	-
	Higg vFEM	The sustainability measurement tool module Hig Index FEM (Facility Environment Module) introduced by the Sustainable Apparel Coalition (SAC) analyzes and improves the environmental performance of plants through seven evaluation indicators, including management system, energy, water, wastewater, gas emission, waste and chemicals.				-	-	2025/05/06~ 2026/05/06	2025/05/01~ 2026/04/30	-	2025/05/01~ 2026/04/30	-	-	-
	Higg vFSLM	The Sustainable Apparel Coalition (SAC) developed the Higg Index Facility Social & Labor Module (FSLM), a sustainability measurement tool. The module includes assessment areas such as recruitment and employment, working hours, wages and benefits, and employee engagement.				-	-	2025/05/05~ 2026/06/04	-	-	-	-	-	-
	IDFB QC Inspection Lab	IDFB is the international organization committed to developing and evaluating the standard test methods of down feathers. Its Round Robin Test (RRT) is an international approval system. The IDFB members who have passed the annual RRT test have internationally approved high-quality technology and standards in their laboratories.				-	2026/01/10~ 2026/12/31	-	-	-	-	-	-	-
	EDFA QC Inspection Lab	Kwong Lung is a member of the European Down and Feather Association (EDFA), and EDFA will conduct the test. The members who pass the test represent that their laboratories have internationally approved testing capabilities, and can provide customers with high-level raw material production and quality assurance. Kwong Lung has won this honor for five consecutive years, and won the EDFA certificate at the same time.				-	2025/09/01~ 2026/09/30	-	-	-	-	-	-	-
	Worldwide Responsible Accredited Production	Dedicated to promoting the global apparel and footwear manufacturing industry by implementing certification and training to ensure processes are safe, lawful, humane, and ethical. Ensuring manufacturers comply with local regulations and international standards to establish a model of ethical factory management.				-	-	2025/08/21~ 2026/08/21	2025/11/03~ 2026/11/03	-	2025/07/21~ 2026/07/21	-	-	-
	Certified Green Building Label (Qualified Level)	According to the needs of domestic buildings for Ecology, Energy Saving, Waste Reduction and Health, the evaluation system and marking system of green buildings (EEWH) in Taiwan are established.				-	2023/07/05~ 2028/07/04	-	-	-	-	-	-	-

2.3.5.2 Implementation status of climate-related information

Item	Status of implementation
1. Describe the monitoring and governance of climate-related risks and opportunities by the Board of Directors and the management.	Actively strengthen the corporate governance function related to the Company's sustainable operation and sustainable environment, and establish the Sustainable Development Committee as the highest guiding organization for sustainable governance operations. Please refer to page 39~40 of this annual report for the operation status.
2. Describe how the identified climate risks and opportunities affect the Company's business, strategy and finance (short-, medium-, and long-term).	Define short-term as less than 1 year, medium-term as 1 to 10 years, and long-term as more than 10 years. For major climate risks and opportunities with high impact and high likelihood of occurrence, assess the potential financial and operational impacts, and formulate response measures plan. For short-term climate risks, for example, by increasing the pricing of greenhouse gas emission, it is expected that the affected suppliers will pass on the cost, resulting in reduced profits; the inventory and verification of greenhouse gas emission requirements will affect the overall control and supervision of greenhouse gas emission of the organization. Short-term Climate Opportunities: Evaluate the possibility of adding carbon footprint-certified products and services by taking the development and/or addition of low-carbon products and services as an example, in order to attract consumers who are concerned about sustainability issues.
3. Describe the financial impact of extreme climate events and transformation actions.	Consider the potential financial impact of climate risks and opportunities, and replace existing products and services with low-carbon products as an example. 1. The use of low-carbon raw materials may increase raw material costs and operating costs. 2. The Company's failure to mitigate the impact of climate change, fail to adapt to climate change, and fail to introduce low-carbon products or services, etc., affect operations and market promotion, and affect operations and business development. 3. The cost of CBAM effect will increase. If the company relies on imported low-carbon products to replace existing products, it is necessary to pay extra taxes, which in turn affects the company's revenue and profits.
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	A Risk Management Committee has been established under the Board of Directors to conduct risk management through existing departments or risk responsibilities based on the scope of operations, formulate robust internal management measures and operating procedures, and incorporate climate change into the Company's long-term operational risk management.
5. If a scenario analysis is used to assess the resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors, and main financial impacts used shall be described.	Not applicable, as the Company uses questionnaire survey to assess climate change risk.

Item	Status of implementation
<p>6.If there is a transformation plan in place to manage climate-related risks, specify the content of the plan, and the indicators and targets used to identify and manage physical risks and transformation risks.</p>	<p>Through the climate risk and opportunity identification procedure, the Company examines internal climate-related response measures, and identifies physical and transformational risks and opportunities as potential future problems. Established a risk management team for the Company to assess physical risks and transition risks, as well as short, medium, and long-term opportunities, and identify related transition risks and opportunities, including increasing the price of greenhouse gas. In addition, we increase the use of recycled down raw materials, increase the rate or amount of environmentally-friendly raw materials, and maintain the certifications that the company has obtained. We will also continue to monitor international trends and developments and evaluate the addition of other related products or technology certifications. Due to changes in customer behavior, the main opportunities are to increase the recycling and reuse of materials, use new technologies to introduce renewable energy devices, develop and/or increase low-carbon products and services to reduce carbon emissions, and deploy carbon reduction strategies as soon as possible to enhance green competitiveness.</p>
<p>7.If internal carbon pricing is used as a planning tool, the basis for setting the price shall be stated.</p>	<p>Carbon pricing was not used in 2025.</p>
<p>8.If climate-related goals are set, the activities covered, the scope of greenhouse gas emissions, the planning period, and the progress of each year should be explained; if using carbon offsets or renewable energy certificates (RECs) to achieve the goals, it should be explained in exchange for the source and quantity of carbon reduction credits or quantity of Renewable Energy Certificates (RECs).</p>	<p>Based on the combined Scope 1 and Scope 2 emissions intensity of 1.05 in 2023 as the baseline, the Company has set a short-term target to achieve a 30% reduction by 2027, a mid-term target of a 50% reduction by 2035, and a long-term goal of reaching net zero emissions by 2050. In 2025, the combined Scope 1 and Scope 2 emissions intensity was 0.97, representing a 7.6% reduction compared to the baseline year.</p>

9. Greenhouse gas inventory and assurance status, as well as reduction targets, strategies and concrete action plans.

1). Greenhouse gas inventory and assurance information

2024

Scope of Carbon Emissions	By company	Total emissions (tonCO ₂ e)	Intensity (tonCO ₂ e/NTD Revenue in millions)	Assurance institutions	Assurance status
Scope 1	Group-wide	530	0.07	BSI Taiwan	ISO 14064-3: 2019 Scope 1 and Scope 2 are subject to reasonable assurance, while Scope 3 is subject to limited assurance.
Scope 2		7,726	0.98		
Scope 3		22,831	2.89		

2025

Scope of Carbon Emissions	By company	Total emissions (tonCO ₂ e)	Intensity (tonCO ₂ e/NTD Revenue in millions)	Assurance institutions	Assurance status
Scope 1	Group-wide	458	0.05	BSI Taiwan	Verification has not yet been completed; comprehensive assurance information will be disclosed in the Sustainability Report.
Scope 2		7,861	0.92		
Scope 3		33,067	3.87		

Note: As rice husk fuel combustion was classified as biogenic CO₂ emissions in 2026, the baseline year (2023) greenhouse gas emissions have been recalculated as follows: Scope 1: 854 tonCO₂e; Scope 2: 7,207 tonCO₂e; Scope 3: 12,741 tonCO₂e.

2). Reduction targets, strategies and concrete action plans

① Reduction Targets: Based on the combined Scope 1 and Scope 2 emissions intensity of 1.05 in 2023 as the baseline, the Company has set a short-term target to achieve a 30% reduction by 2027, a mid-term target of a 50% reduction by 2035, and a long-term goal of reaching net zero emissions by 2050.

② Reduction Strategies:

For Scope 1, the Company aims to increase the electrification of forklifts and the adoption of hybrid vehicles for official use, as well as to utilize low global warming potential (GWP) refrigerants.

For Scope 2, the Company focuses on procuring or replacing equipment with energy-efficient alternatives.

③ Action Plans:

Strategy	Description
Biomass Fuel Certification	✓ From 2027 to 2030, the Company plans to implement biomass fuel certification at its Vietnam facilities, with an expected annual reduction of approximately 700 to 1,000 tons of carbon emissions.

Item		Status of implementation
Equipment Efficiency Improvement	<ul style="list-style-type: none"> ✓Certified under the ISO 50001 Energy Management System, implementing PDCA-based management to improve overall energy use across the plant. ✓Installation of power recovery systems in production equipment, enabling recovery of approximately 1% to 3% of electricity per process. 	
Smart Online Monitoring System	<ul style="list-style-type: none"> ✓In collaboration with the Industrial Technology Research Institute (ITRI), the Taiwan Textile Research Institute (TTRI), and other industry–academia–research partners, the Company has implemented smart factory initiatives, integrating and deploying remote energy monitoring systems to capture real-time data on water, electricity, steam, and other utilities. 	
Development of Renewable Energy	<ul style="list-style-type: none"> ✓Actively invests in renewable energy generation facilities. In 2025, the Company completed the installation of its first solar power system at its Taiwan plant. The projected annual electricity generation for 2026 is 1,254,952 kWh, with an estimated annual carbon reduction of approximately 630 metric tons of CO₂. The Company has also initiated evaluations for solar power installations at other overseas operating sites. 	
Vehicle Electrification	<ul style="list-style-type: none"> ✓Increased the proportion of hybrid and electric official vehicles, rising by 20% in 2025 compared to 2024. ✓Replaced diesel forklifts; as of the end of 2025, a total of 8 electric forklifts have been deployed. 	

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

Evaluation Item	Implementation Status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
1. Establishment of ethical corporate management policies and programs				
1). Does the company have a Board-approved ethical corporate management policy and stated in its regulations and external correspondence the ethical corporate management policy and practices, as well as the active commitment of the Board of Directors and management towards enforcement of such policy?	✓		The Company has established the "Ethical Corporate Management Best Practice Principles," which has been approved by the Board of Directors. Both the Board of Directors and management are committed to its effective implementation. The Code is disclosed on the internal employee system and the Company's official website for employees to access and review at any time.	None
2). Does the company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risk of unethical conduct within the scope of business? Does the company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?	✓		The "Ethical Corporate Management Best Practice Principles" clearly specifies relevant operational procedures and guidelines for ethical business practices. The Company conducts prior assessments of business activities with higher risks of unethical conduct within its scope of operations, establishes preventive indicators, and implements an evaluation mechanism.	None
3). Does the company provide clearly the operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the company enforce the programs above effectively and perform regular reviews and amendments?	✓		The operating procedures, conduct guidelines, disciplinary penalties for violation and grievance system are clearly stipulated in the Ethical Corporate Management Best Practice Principles, and the employees are well informed for implementation.	None
2. Fulfill operations integrity policy				
1). Does the company evaluate business partners' ethical records and include ethics-related clauses in business contracts?	✓		The "Ethical Corporate Management Best Practice Principles" stipulates that, prior to engaging in business transactions, the Company shall assess the legality of counterparties and whether they are involved in unethical conduct, in order to avoid transactions with parties engaged in such conduct.	None
2). Does the company have a unit responsible for ethical corporate management on a full-time basis under the Board of Directors which reports the ethical corporate management policy and programs against unethical conduct regularly (at least once a year)	✓		The Human Resources Department serves as the responsible unit for promoting and managing the Company's ethical management policy, overseeing the formulation, implementation, and supervision of related policies and preventive measures. The implementation status is reported	None

Evaluation Item	Implementation Status			Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
to the Board of Directors while overseeing such operations?			<p>to the Board of Directors at least once a year. In 2025, a report was presented to the Board on December 11, 2025, with the implementation status summarized as follows:</p> <ul style="list-style-type: none"> ● Policy Establishment and Communication <ul style="list-style-type: none"> ✔ The Company has established and publicly disclosed the “Ethical Corporate Management Best Practice Principles,” “Codes of Ethical Conduct,” “Internal Material Information Processing Procedures,” and “Regulations Governing the Handling of Reporting of Illegal and Immoral or Unethical Conduct.” These are fully disclosed on the internal employee system and the Company’s website for access by employees and stakeholders. ✔ Suppliers are required to sign “Confidentiality and Non-Disclosure Agreements” and comply with relevant ethical conduct provisions. ✔ On January 3, 2025, the Company notified all directors and managerial officers via email of the scheduled Board meeting dates for the year, as well as the blackout periods during which trading of Company shares is prohibited prior to the announcement of quarterly financial reports. Reminder emails were also sent before the commencement of each blackout period. ✔ On August 7, 2025, the Company notified directors and managerial officers that during the share buyback period, related parties are prohibited from selling Company shares. ✔ All newly appointed insiders completed relevant regulatory briefings prior to assuming office and signed managerial declarations and confidentiality agreements. ✔ In November 2025, insider trading prevention training was conducted via email for directors, managerial officers, and all employees. The content covered procedures for handling material information, as well as explanations of the causes, identification process, and case examples of insider trading. Relevant materials were uploaded to the internal employee system. ● Reporting Channels, Handling, and Whistleblower Protection <p>In accordance with the “Regulations Governing the Handling of Reporting of Illegal and Immoral or Unethical Conduct,” the Company has established a reporting mailbox (honesty@klf-</p> 	

Evaluation Item	Implementation Status			Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
			<p>group.com) and an incentive mechanism. The Human Resources Department is responsible for investigation and handling. In cases of violations of ethical management regulations, appropriate disciplinary actions will be taken based on the severity of the case. Where necessary, legal action will be pursued to seek compensation for damages and to safeguard the Company’s reputation and interests. No reports were received in 2025.</p> <ul style="list-style-type: none"> ● Education and Training <ul style="list-style-type: none"> ✓ All new employees are required to sign employment agreements prohibiting bribery and corruption and to attend orientation training to understand the Company’s corporate culture and internal regulations, including ethical conduct and corporate governance principles. In 2025, a total of 1,916 participants attended orientation training, with a cumulative training duration of 8,853 hours. ✓ Intellectual property rights training courses were conducted, with a total of 36 participants and 108 training hours, achieving a 100% pass rate in assessment tests. ✓ In December 2025, four sessions were held to promote the Company’s mission and provide an ESG overview. Each session lasted 0.5 hours, with a total of 194 participants. 	
3). Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	✓		The Company implements procedures for the declaration and handling of conflicts of interest in accordance with its “Ethical Corporate Management Best Practice Principles.”	None
4). Does the company have effective accounting and internal control systems in place to implement ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit the systems accordingly to prevent unethical conduct, or hire outside accountants to perform the audits?	✓		The Company has established effective accounting and internal control systems, which are regularly reviewed to ensure their continued effectiveness in both design and implementation. Internal auditors assess compliance with these systems and submit audit reports accordingly.	None
5). Does the company regularly hold internal and external educational trainings on operational integrity?	✓		Education and training programs, including corporate culture, organizational regulations, ethical conduct, corporate governance principles, and insider trading prevention, have been planned and implemented. Please refer to Section (2) above for details.	None

Evaluation Item	Implementation Status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
<p>3.Operation of the integrity channel</p> <p>1). Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?</p> <p>2). Does the company have in place standard operating procedures for investigating accusation cases, as well as follow-up actions and relevant post-investigation confidentiality measures?</p> <p>3). Does the company provide proper whistleblower protection?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>Designate the Human Resources Department as the unit responsible for the acceptance of complaints, enact the "Regulations Governing the Handling of Reporting of Illegal and Immoral or Unethical Conduct" and establish a reporting mailbox and reward system, in accordance with the Company's "Ethical Corporate Management Best Practice Principles."</p> <p>According to the Company's "Regulations Governing the Handling of Reporting of Illegal and Immoral or Unethical Conduct," the acceptance, investigation process, investigation results and related documents are recorded, retained and kept confidential.</p> <p>The whistleblowers are protected, in accordance with the Company's "Ethical Corporate Management Best Practice Principles," not to be improperly punished by the whistleblowing.</p>	<p>None</p> <p>None</p> <p>None</p>
<p>4. Strengthening information disclosure</p> <p>Does the company disclose its ethical corporate management policies and the results of its implementation on the company's website and MOPS?</p>	<p>✓</p>		<p>The Company discloses the Ethical Corporate Management Best Practice Principles and implementation situation on the Company's website and the annual report. If there is any change, it will be updated immediately.</p>	<p>None</p>
<p>5.If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancy between the policies and their implementation: None</p>				
<p>6.Other important information to facilitate a better understanding of the company's ethical corporate management policies (e.g., review and amend its policies).</p> <ul style="list-style-type: none"> ● Establishment of the "Ethical Corporate Management Best Practice Principles": Requires directors, managerial officers, and employees to avoid conflicts of interest and establishes clear standards of conduct and ethical guidelines. ● Establishment of the "Internal Material Information Processing Procedures": Aims to prevent the leakage of undisclosed material information and avoid illegal activities such as insider trading. ● Establishment of the "Guidelines for Corporate Governance": Stipulates that insiders are prohibited from trading Company shares during blackout periods, including the 30 days prior to the announcement of annual financial reports and the 15 days prior to the announcement of quarterly financial reports. ● Establishment of the "Regulations Governing the Handling of Reporting of Illegal and Immoral or Unethical Conduct": Encourages the reporting of any illegal or unethical conduct or violations of the Code of Ethical Conduct, establishes internal and external reporting channels and handling mechanisms, and ensures the protection of the legal rights and interests of both whistleblowers and related parties. 				

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

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

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

2.3.8 Execution of Internal Control System

2.3.8.1 Statement of Internal Control System

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

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

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

2.3.9.1 Major resolutions of the shareholders' meeting

The Company's 2025 Annual General Shareholders' Meeting was held on May 27, 2025, at 5F., No. 285, Sec. 4, Zhongxiao E. Rd., Da'an Dist., Taipei City. The key resolutions and their implementation status are summarized as follows:

Item	Major resolutions	Status of Execution																											
1	2024 Business Report and Financial Statements	<ul style="list-style-type: none"> Approved as proposed, with the number of votes in favor exceeding the statutory requirement. 																											
2	Proposal for Distribution of 2024 Earnings	<ul style="list-style-type: none"> Approved as proposed, with the number of votes in favor exceeding the statutory requirement. Status of implementation: August 4, 2025 was set as the ex-dividend record date, and August 21, 2025 as the payment date. Cash dividends of NT\$ 2.7075 per preferred share were distributed. For common shares, due to the exercise of employee stock options and the conversion of preferred shares, the cash dividend was adjusted to NT\$ 3.59225381 per share. 																											
3	Amendment to the Articles of Incorporation	<ul style="list-style-type: none"> Approved as proposed, with the number of votes in favor exceeding the statutory requirement. Status of implementation: The amendment was registered and approved by the Ministry of Economic Affairs on July 28, 2025, and has been disclosed on the Company's website. 																											
4	To elect the Company's 10th Term of Board of Directors.	<p>Election Results: :</p> <table border="1"> <thead> <tr> <th>Category</th> <th>Name</th> <th>Voting Rights</th> </tr> </thead> <tbody> <tr> <td>Director</td> <td>Representative of Ou Li Investment Co., Ltd. Ho-Po Chan</td> <td>137,752,455 votes</td> </tr> <tr> <td>Director</td> <td>Chao-Fu Lee</td> <td>126,657,727 votes</td> </tr> <tr> <td>Director</td> <td>Yueh Sheng Investment Co., Ltd.</td> <td>124,048,375 votes</td> </tr> <tr> <td>Director</td> <td>Whalen's Company</td> <td>123,181,916 votes</td> </tr> <tr> <td>Independent directors</td> <td>Hsun-Hsiung Tsai</td> <td>121,419,431 votes</td> </tr> <tr> <td>Independent directors</td> <td>Hsien-Yeh Chen</td> <td>120,978,498 votes</td> </tr> <tr> <td>Independent directors</td> <td>Chia-Te Hsu</td> <td>119,390,797 votes</td> </tr> <tr> <td>Independent directors</td> <td>Tsui-Ting Ko</td> <td>118,147,886 votes</td> </tr> </tbody> </table>	Category	Name	Voting Rights	Director	Representative of Ou Li Investment Co., Ltd. Ho-Po Chan	137,752,455 votes	Director	Chao-Fu Lee	126,657,727 votes	Director	Yueh Sheng Investment Co., Ltd.	124,048,375 votes	Director	Whalen's Company	123,181,916 votes	Independent directors	Hsun-Hsiung Tsai	121,419,431 votes	Independent directors	Hsien-Yeh Chen	120,978,498 votes	Independent directors	Chia-Te Hsu	119,390,797 votes	Independent directors	Tsui-Ting Ko	118,147,886 votes
Category	Name	Voting Rights																											
Director	Representative of Ou Li Investment Co., Ltd. Ho-Po Chan	137,752,455 votes																											
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Independent directors	Tsui-Ting Ko	118,147,886 votes																											

Item	Major resolutions	Status of Execution															
5	To release the non-competition restrictions on newly elected Directors.	<p>Resolution to Lift the Non-Compete Restrictions for Directors as follows:</p> <table border="1"> <thead> <tr> <th>Title</th> <th>Name</th> <th>List of non-competition restrictions on Directors</th> </tr> </thead> <tbody> <tr> <td>Director</td> <td>Ho-Po Chan</td> <td>Chairman of Bo Hsing Enterprise Co., Ltd. Chairman of Kwong Lung Feather (B.V.I.) Ltd. Chairman of Kwong Lung (B.V.I.) Ltd. Director of Kwong Lung Meko Co., Ltd. Director of Kwong Lung Japan Co., Ltd. Director of Lyon Ventures Holdings Ltd. Director of O'CASA LK Property Group Inc. Independent Director of Speed Tech Corp.</td> </tr> <tr> <td>Independent Director</td> <td>Hsun-Hsiung Tsai</td> <td>Director of Co-Tech Development Corp.</td> </tr> <tr> <td>Independent Director</td> <td>Chia-Te Hsu</td> <td>Director of Speed Tech Corp. Independent Director of Compucase Enterprise Co., Ltd.</td> </tr> <tr> <td>Independent Director</td> <td>Tsui-Ting Ko</td> <td>Independent Director of Singbao International Co. Ltd. Independent Director of SunWay Biotech Co., Ltd.</td> </tr> </tbody> </table>	Title	Name	List of non-competition restrictions on Directors	Director	Ho-Po Chan	Chairman of Bo Hsing Enterprise Co., Ltd. Chairman of Kwong Lung Feather (B.V.I.) Ltd. Chairman of Kwong Lung (B.V.I.) Ltd. Director of Kwong Lung Meko Co., Ltd. Director of Kwong Lung Japan Co., Ltd. Director of Lyon Ventures Holdings Ltd. Director of O'CASA LK Property Group Inc. Independent Director of Speed Tech Corp.	Independent Director	Hsun-Hsiung Tsai	Director of Co-Tech Development Corp.	Independent Director	Chia-Te Hsu	Director of Speed Tech Corp. Independent Director of Compucase Enterprise Co., Ltd.	Independent Director	Tsui-Ting Ko	Independent Director of Singbao International Co. Ltd. Independent Director of SunWay Biotech Co., Ltd.
Title	Name	List of non-competition restrictions on Directors															
Director	Ho-Po Chan	Chairman of Bo Hsing Enterprise Co., Ltd. Chairman of Kwong Lung Feather (B.V.I.) Ltd. Chairman of Kwong Lung (B.V.I.) Ltd. Director of Kwong Lung Meko Co., Ltd. Director of Kwong Lung Japan Co., Ltd. Director of Lyon Ventures Holdings Ltd. Director of O'CASA LK Property Group Inc. Independent Director of Speed Tech Corp.															
Independent Director	Hsun-Hsiung Tsai	Director of Co-Tech Development Corp.															
Independent Director	Chia-Te Hsu	Director of Speed Tech Corp. Independent Director of Compucase Enterprise Co., Ltd.															
Independent Director	Tsui-Ting Ko	Independent Director of Singbao International Co. Ltd. Independent Director of SunWay Biotech Co., Ltd.															

2.3.9.2 Major resolutions of the Board of Directors

A summary of the Company's important resolutions for 2025 and up to the date of publication of the Annual Report is as follows:

Meeting Date	Major resolutions
March 11, 2025	<ul style="list-style-type: none"> ● Directors' remuneration for 2024. ● Remuneration for members of the Remuneration Committee for 2024. ● Distribution of employees' remuneration for 2024 and remuneration for senior executives. ● Key personnel insurance performance vesting conditions. ● Amendments to the "Regulations Governing Employee Welfare". ● Amendments to the "Articles of Incorporation". ● Definition and scope of entry-level employees. ● Amendments to the Internal Control System. ● Record date for capital increase through issuance of new shares upon exercise of employee stock options and conversion of preferred shares into common shares for Q4 2024. ● 2024 Business Report and Parent Company Only and Consolidated Financial Statements. ● 2024 earnings distribution proposal. ● Election of the 10th Board of Directors (including Independent Directors). ● Nomination of director (including independent director) candidates by the Board. ● Approval of release from non-compete restrictions for newly elected directors (including independent directors) and their representatives. ● 2025 Annual Shareholders' Meeting date, venue, meeting agenda, and matters related to shareholder proposals and nominations. ● Integration of the Group's investee companies. ● Disposal of securities. ● Appointment and reassignment of directors, supervisors, and institutional representatives of investee companies. ● 2024 Internal Control System Statement. ● Loan to others. ● Bank credit facilities.

Meeting Date	Major resolutions
May 8, 2025	<ul style="list-style-type: none"> ● Appointment of Vice General Manager. ● Record date for capital increase through issuance of new shares upon exercise of employee stock options and conversion of preferred shares into common shares for Q1 2025. ● Q1 2025 Consolidated Financial Statements and Corporate Value Enhancement Plan. ● Establishment of Bangladesh Liaison Office. ● Adoption of the “Sustainability Information Management Policy.” ● Bank credit facilities.
May 27, 2025	<ul style="list-style-type: none"> ● Election of the Chairperson. ● Election of the Vice Chairperson. ● Appointment of members of the Remuneration Committee. ● Appointment of members of the Corporate Sustainability Committee. ● Appointment of members of the Risk Management Committee.
August 7, 2025	<ul style="list-style-type: none"> ● Appointment of Associate Vice President of the CEO Office. ● Amendments to the “Risk Management Policies and Procedures.” ● Report on the 2024 Sustainability Report and the execution plan for the 2025 Sustainability Report. ● Record date for capital increase through issuance of new shares upon exercise of employee stock options and conversion of preferred shares into common shares for Q2 2025. ● Q2 2025 Consolidated Financial Statements. ● Renaming the “Remuneration Committee” to the “Remuneration and Nomination Committee” and amendments to the Committee Charter. ● Closure of the New York Office. ● Acquisition of right-of-use assets from a related party by a subsidiary. ● Implementation of the sixth share repurchase program to maintain the Company’s credit and shareholders’ equity. ● Acquisition of real estate. ● Bank credit facilities.
November 6, 2025	<ul style="list-style-type: none"> ● Change of Chief Financial Officer. ● Record date for capital increase through issuance of new shares upon exercise of employee stock options and conversion of preferred shares into common shares for Q2 2025. ● Record date for capital increase through issuance of new shares upon exercise of employee stock options and conversion of preferred shares into common shares for Q3 2025. ● Capital reduction through cancellation of treasury shares and setting the record date for capital reduction. ● Q3 2025 Consolidated Financial Statements. ● Capital increase of Makoto Build Co., Ltd. by Kwong Lung Japan Co., Ltd. ● Engineering payment project. ● Acquisition of real estate. ● 2026 Annual Internal Audit Plan. ● Bank credit facilities. ● Acquisition of securities.
December 11, 2025	<ul style="list-style-type: none"> ● Salary adjustment for senior executives and institutional representatives of subsidiaries. ● Key personnel insurance performance vesting conditions.

Meeting Date	Major resolutions
	<ul style="list-style-type: none"> ● Change of spokesperson and reassignment of a subsidiary supervisor. ● 2026 Annual Business Plan. ● Appointment of CPA for the 2026 financial statements and independence evaluation. ● Bank credit facilities.
January 27, 2026	<ul style="list-style-type: none"> ● Record date for capital increase through issuance of new shares upon exercise of employee stock options and conversion of preferred shares into common shares for Q4 2025. ● Acquisition of securities. ● Bank credit facilities.
March 9, 2026	<ul style="list-style-type: none"> ● Directors' remuneration for 2025. ● Remuneration for members of the Remuneration and Nomination Committee for 2025. ● Distribution of employees' remuneration for 2025 and remuneration for senior executives. ● Review of the definition and scope of entry-level employees. ● 2025 Business Report and Parent Company Only and Consolidated Financial Statements. ● 2025 earnings distribution proposal. ● Cash dividends distributed from capital surplus. ● Amendments to the "Articles of Incorporation." ● 2026 Annual Shareholders' Meeting date, venue, meeting agenda, and matters related to shareholder proposals. ● Dissolution of Kwong Lung Feather (B.V.I.) Ltd. ● Acquisition of right-of-use assets. ● Implementation of the seventh share repurchase program to maintain the Company's credit and shareholders' equity. ● Amendments to the Internal Control System: renaming "Remuneration Committee Operations Management" to "Remuneration and Nomination Committee Operations Management." ● Amendments to the Internal Control System (entry-level employees). ● 2025 Internal Control System Statement. ● Bank credit facilities. ● Disposal of real estate to a related party.

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

2.4 Formation on Accountants' Fees

Unit: NT\$ thousand

Accounting Firm	Name of CPA	Audit period	Audit fees	Non-audit fee	Total	Remarks
Deloitte & Touche	Ming-Hsien Liu Yung-Hsiang Chao	2025.01.01~ 2025.12.31	7,280	340	7,620	Audit fees include financial statement certification Non-audit fees were mainly for tax-related consultation and industrial and commercial registration of Deloitte & Touche.

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

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

2.5 Information on CPAs replacement: None.

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

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

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

Information on changes in shareholdings of directors, supervisors, managerial officers, and major shareholders can be accessed through the Market Observation Post System (MOPS) at 【 <https://mops.twse.com.tw> > Company Information>Shareholding Changes/ Securities Issuance> Share Transfer Data Inquiry>Insider Shareholding Change Post-Reporting Form】and enter the Company code for inquiry.

2.7.2 Stock transferred to related parties:

Name (Note 1)	Reason for Share Transfer (Note 2)	Transaction Date	Transaction Date	Transaction Date	Transaction Date	Transaction Date
Zhang-Ren Su	Gift	May 29, 2025	Ting-An Su Yu-An Su	First-degree relatives	20,000 20,000	Not applicable

Note 1: Names of the Company’s directors, supervisors, managerial officers, and shareholders holding more than 10% of the Company’s shares.

Note 2: Indicate whether the shares were acquired or disposed of.

2.7.3 Stock pledged to related parties: None.

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

Unit: share ; % March 31 2026

Name (Note 1)	Individual's shareholding		Spouse's and minor children's shareholding		Shareholding by nominee arrangement		Name and relationship between the company's top ten shareholders with the relationship of interested parties or spouses or relatives within the second degree of kinship (note 3)		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relations	
Ou Li Investment Co., Ltd.	12,700,000	8.43	NA	NA	0	0	Li-Hong Xu	Director	None
Representative: Ho-Po Chan	1,523,000	1.01	888,000	0.59	0	0	Li-Hong Xu Chi-Che Chan /Fu-Ru Chan Kai Sheng Investment Co., Ltd.	first-degree relatives second-degree relatives Chairman	None
Kai Sheng Investment Co., Ltd.	10,379,755	6.89	NA	NA	245 (Trust)	0	None	None	None
Representative: Ho-Po Chan	1,523,000	1.01	888,000	0.59	0	0	Li-Hong Xu Chi-Che Chan /Fu-Ru Chan Ou Li Investment Co., Ltd.	first-degree relatives second-degree relatives Chairman	None
Snowdown Merchandise Corp.	9,085,606	6.03	NA	NA	0	0	Kai Sheng Investment Co., Ltd.	Director	None
Representative: Fu-Ru Chan	4,681,984	3.11	0	0	0	0	Li-Hong Xu Ho-Po Chan / Chi-Che Chan Yueh Sheng Investment Co., Ltd.	first-degree relatives second-degree relatives Chairman	None
Gong Tong Zu Lin Co., Ltd.	8,678,117	5.76	NA	NA	0	0	Li-Hong Xu	Director	None
Representative: Shau-Yi Tsai	57,235	0.04	0	0	0	0	None	None	None
Evertrust Investment Co., Ltd.	7,040,176	4.68	NA	NA	0	0	None	None	None
Representative: Yung-Chien Lee	1,876,321	1.25	510,404	0.34	0	0	None	None	None
Liqu Investment Co., Ltd.	4,872,566	3.24	NA	NA	0	0	None	None	None
Representative: Li-Hong Xu	0	0	0	0	0	0	Ho-Po Chan /Chi-Che Chan /Fu-Ru Chan Ou Li Investment Co., Ltd. Gong Tong Zu Lin Co., Ltd.	first-degree relatives first-degree relatives Director Director	None
Fu-Ru Chan	4,681,984	3.11	0	0	0	0	Li-Hong Xu Ho-Po Chan / Chi-Che Chan Snowdown Merchandise Corp. Yueh Sheng Investment Co., Ltd.	first-degree relatives second-degree relatives Chairman Chairman	None
Yueh Sheng Investment Co., Ltd.	4,013,000	2.67	NA	NA	0	0	None	None	None
Representative: Fu-Ru Chan	4,681,984	3.11	0	0	0	0	Li-Hong Xu Ho-Po Chan / Chi-Che Chan Snowdown Merchandise Corp.	first-degree relatives second-degree relatives Chairman	None
CTBC Bank Trust Account - Kwong Lung Employee Stock Ownership Trust	3,460,369	2.30	NA	NA	0	0	None	None	None
Huang Lu Investment Co., Ltd.	3,220,000	2.14	NA	NA	15,000 (Trust)	0.0 1	None	None	None
Representative: Chi-Che Chan	0	0	0	0	0	0	Li-Hong Xu Ho-Po Chan / Fu-Ru Chan	first-degree relatives second-degree relatives	None

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

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

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

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

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

Unit: share ; % December 31, 2025

Re-invested business	The Company's investment		Investment by Directors and managerial officers and businesses directly or indirectly controlled by the Company		The consolidated investment (Note)	
	Shares	%	Shares	%	Shares	%
Kwong Lung (B.V.I.) Ltd.	18,000	100%	-	-	18,000	100%
Kwong Lung Meko Co., Ltd.	-	100%	-	-	-	100%
Kwong Lung Japan Co., Ltd.	10,500	100%	-	-	10,500	100%
Bo Hsing Enterprise Co., Ltd.	-	100%	-	-	-	100%
Toptex Garment Co., Ltd.	-	100%	-	-	-	100%
Kwong Lung-O Mon Co., Ltd.	-	100%	-	-	-	100%
Fuhua Garment Co., Ltd.	-	100%	-	-	-	100%
PT. Tactical Garment Garut	6,750	45%	-	-	6,750	45%
P&B Collection Co., Ltd.	21,600,000	100%	-	-	21,600,000	100%
Gong Long Co., Ltd.	42,200,000	100%	-	-	42,200,000	100%
Manumech Corporation	1,899,235	100%	-	-	1,899,235	100%
Koutou Co., Ltd.	-	-	14,881,122	100%	14,881,122	100%
Kwong Lung Meko (B.V.I.) Ltd.	-	-	5,000,000	100%	5,000,000	100%
Kwong Lung Feather (B.V.I.) Ltd.	-	-	1	100%	1	100%
Snowdown Merchandise (SuZhou) Co.,Ltd. (Note2)	-	-	-	100%	-	100%
Makoto Build Co., Ltd.	-	-	21,000	70%	21,000	70%
Gong Tong Zu Lin Co., Ltd.	-	-	7,020,000	39%	7,020,000	39%
Daquan Hanshi Co., Ltd.	-	-	780,000	39%	780,000	39%
Lyon Ventrues Holdings Ltd.	-	-	90,000	49%	90,000	49%
O'CASA LK Property Group Inc.	-	-	289,100	49%	289,100	49%

Note1: It is the Company's long-term investments accounted for using equity method.

Note2 :On February 26, 2025, Kwong Lung (Suzhou) Co., Ltd. was renamed Snowdown Merchandise (SuZhou) Co.,Ltd.

3. Capital overview

3.1 Capital and Shares

3.1.1 Source of capital

3.1.1.1 Issued Shares

Year/month	Par Value (NT\$)	Authorized Capital		Paid-in Capital		Remarks		
		Shares (1000 shares)	Amount (NTD 1,000)	Shares (1000 shares)	Amount (NTD 1,000)	Sources of Capital	Capital Increased by Assets Other than Cash	Other
2022.04	10	180,000	1,800,000	149,638	1,496,378	Conversion from stock warrants	None	Jing-Shou-Shang-Zi No.11101048580
2022.05	10	180,000	1,800,000	149,702	1,497,023	Conversion from stock warrants	None	Jing-Shou-Shang-Zi No.11101071570
2022.08	10	180,000	1,800,000	149,794	1,497,943	Conversion from stock warrants	None	Jing-Shou-Shang-Zi No.11101158690
2022.12	10	180,000	1,800,000	150,295	1,502,948	Conversion from stock warrants	None	Jing-Shou-Shang-Zi No.11101218040
2023.03	10	180,000	1,800,000	150,453	1,504,528	Conversion from stock warrants	None	Jing-Shou-Shang-Zi No.11230053530
2023.06	10	180,000	1,800,000	150,692	1,506,918	Conversion from stock warrants	None	Jing-Shou-Shang-Zi No.11230093040
2023.08	10	180,000	1,800,000	150,752	1,507,518	Conversion from stock warrants	None	Jing-Shou-Shang-Zi No.11230163680
2023.11	10	180,000	1,800,000	150,793	1,507,933	Conversion from stock warrants	None	Jing-Shou-Shang-Zi No.1123022150
2024.04	10	180,000	1,800,000	150,809	1,508,093	Conversion of preferred shares and stock options	None	Jing-Shou-Shang-Zi No.11330049240
2024.05	10	180,000	1,800,000	150,834	1,508,343	Conversion of preferred shares and stock options	None	Jing-Shou-Shang-Zi No.11330071270
2024.08	10	180,000	1,800,000	151,178	1,511,783	Conversion of preferred shares and stock options	None	Jing-Shou-Shang-Zi No.11330151740
2024.11	10	180,000	1,800,000	151,383	1,513,833	Conversion of preferred shares and stock options	None	Jing-Shou-Shang-Zi No.11330204290
2025.04	10	180,000	1,800,000	151,401	1,514,009	Conversion of preferred shares and stock options	None	Jing-Shou-Shang-Zi No.11430038420
2025.06	10	180,000	1,800,000	151,419	1,514,188	Conversion of preferred shares and stock options	None	Jing-Shou-Shang-Zi No.11430073640
2025.01	10	180,000	1,800,000	151,655	1,516,549	Conversion of preferred shares and stock options	None	Jing-Shou-Shang-Zi No.11430184250
2025.01	10	180,000	1,800,000	150,211	1,502,110	Conversion of preferred shares, stock options, and cancellation of treasury shares	None	Jing-Shou-Shang-Zi No.11430184220
2025.02	10	180,000	1,800,000	150,500	1,504,997	Conversion of preferred shares and stock options	None	Jing-Shou-Shang-Zi No.11530020230

3.1.1.2 Type of Stock

March 31, 2026/Unit: shares

Share Type	Authorized Capital			Remarks
	Issued Shares	Un-issued Shares	Total Shares	
Common	150,327,646	29,420,849	180,000,000	TPEX-listed stocks
Preferred	251,505			

3.1.1.3 Information for Shelf Registration: N.A.

3.1.2 Major Shareholders

March 31, 2026

Shareholder's Name	Shareholding	Percentage (%)
Ou Li Investment Co., Ltd.	12,700,000	8.43
Kai Sheng Investment Co., Ltd.	10,379,755	6.89
Snowdown Merchandise Corp.	9,085,606	6.03
Gong Tong Zu Lin Co., Ltd.	8,678,117	5.76
Evertrust Investment Co., Ltd.	7,040,176	4.68
Liqiu Investment Co., Ltd.	4,872,566	3.24
Fu-Ru Chan	4,681,984	3.11
Yueh Sheng Investment Co., Ltd.	4,013,000	2.67
CTBC Bank Trust Account - Kwong Lung Employee Stock Ownership Trust	3,460,369	2.30
Huang Lu Investment Co., Ltd.	3,220,000	2.14

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

3.1.3 The Company's Dividend Policy and Implementation

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

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

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

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

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

3.1.3.2 Proposed Distribution of Dividend

The proposal for the distribution of 2025 earnings was approved by the Board of Directors on

March 9, 2026. Cash dividends of NT\$ 678,606 (NT\$ 2.65140411 per share) were first distributed to preferred shareholders, followed by cash dividends of NT\$ 375,708,773 (NT\$ 2.5 per share) to common shareholders. In addition, cash dividends of NT\$ 75,141,755 (NT\$ 0.5 per share) were distributed to common shareholders from capital surplus.

In accordance with the Company's Articles of Incorporation, the distribution of cash dividends is authorized to be resolved by the Board of Directors, which has also authorized the Chairman to determine the record date for dividend distribution and other related matters.

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

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

3.1.5 Compensation of Employees, Directors and Supervisors

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

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

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

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

- 1). The company's annual undistributed stock dividends is based on the range of percentage stated in the Company's Articles of Incorporation and the possible distributed amount from past experience.
- 2). Calculation basis of the number of shares distributed for employee compensation : The Company did not distribute stock dividends in 2025.
- 3). When the actual distribution amount is different from the estimated amount, it is treated as changes in accounting estimates and listed as profit or loss in the following year.

- 3.1.5.3 Distribution of Compensation of Employees, Directors and Supervisors for 2025 approved in the Board of Directors Meeting

- | | |
|-------------------------------------|-----------------|
| 1). Employee Compensation – in Cash | NT\$ 22,130,000 |
| Directors' a Compensation | NT\$ 14,000,000 |

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

- 2). The amount of any employee compensation distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total employee compensation:0% (The 2025 employee compensation is distributed in cash.)

- 3.1.5.4 Information of 2024 Distribution of Compensation of Employees, Directors and Supervisors

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

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

3.1.6 Buy-back of Treasury Stock

March 31, 2026

Repurchase Program	Sixth Repurchase Program	Seventh Repurchase Program
Purpose of Repurchase	To maintain the Company's credit and protect shareholders' interests	To maintain the Company's credit and protect shareholders' interests
Repurchase Period	August 8, 2025 – October 7, 2025	Mar. 10, 2026 – May 8, 2026
Repurchase Price Range	NT\$35–NT\$50 per share The Company will continue to repurchase its shares if the market price falls below the lower limit of the prescribed price range.	NT\$35–NT\$49 per share The Company will continue to repurchase its shares if the market price falls below the lower limit of the prescribed price range.
Type and Number of Shares Repurchased	1,592,000 common shares	747,000 common shares
Total Amount Repurchased	NT\$78,558,989	NT\$35,403,364
Percentage of Shares Repurchased to Planned Amount (%)	39.8%	37.4%
Number of Shares Cancelled or Transferred	1,592,000 common shares	Not applicable (repurchase period not yet expired)
Cumulative Shares Held by the Company	0 shares	747,000 common shares
Percentage of Cumulative Shares Held to Total Issued Shares (%)	0%	0.5%

3.2 Corporate Bonds : None

3.3 Preferred Shares

Item	Issuing (processing) date
	December 20, 2018 for preferred shares A
Par value	NTD10
Issue Price	50 per share
Shares	18,200,000 shares
Total amount	NTD910,000,000
Rights & obligations	Dividend and bonus 1. The annual interest rate of this Preferred Shares is 5% (the five-year IRS rate of the pricing benchmark date (November 20, 2018) is 0.9050% + fixed plus rate [4.0950%]), based on the issue price per share, the fixed plus rate will be adjusted to [1.0950%] from the first business day of the due date of seven-year period since the issuing date. The five-year IRS interest rate will be reset on the first business day after five years since the issuing date and every five years thereafter. The price base date of interest rate re-set is two Taipei financial operation days before the interest rate reset date, and the five-year interest rate indicator IRS is the arithmetic mean of the interest rate re-pricing benchmark at 11:00 am on the 11 th of Taipei

		<p>financial operation day in the exchange rate of the “TAIFXIRS” and “COSMOS3” five-year interest rate announced from Router (UK). If the above quoted price cannot be obtained on the base date of interest rate re-set, the Company will decide the interest on the basis of honesty and reasonable market condition.</p> <p>2. If the Company's annual final account is surplus, in addition to paying taxes per laws, it shall first compensate the previous annual losses and provide statutory earned surplus per laws, and then proposes or revolves special earned surplus according to the regulations. If there is still a balance available, priority is given to distribute to the Preferred Shares of current year. The Company has discretionary power over the distribution of dividends to Preferred Shares. If the Company's annual settlement has no surplus to distribute the Preferred Shares dividend, the Company can decide not to distribute the Preferred Shares dividend, which the Preferred Shares shareholders shall not object it. This Preferred Shares is non-cumulative one, if dividend is not or insufficiently distributed, it shall not accumulate together with the future annual deferred payment. Preferred Shares dividend is paid out in cash at one time each year. The Board of Directors sets the base date to pay the dividends issued in the previous year. The number of issuances for the issuance year and the annual dividend will be recognized on the dividend vouchers based on the actual number of days issued in the current year.</p>
	Distribution of surplus property	The order in which the Preferred Shares shareholders distributes the Company's remaining property take precedence over the Common Shares shareholders and is in the same order of various Preferred Shares shareholders issued by the Company, which is inferior to the ordinary creditor, but is limited to the status of not exceeding the distribution amount of Preferred Shares issue price.
	Exercise of voting rights	Shareholders of this Preferred Shares have no voting selecting rights, but can be elected as directors; shareholders who have the voting right on the Shareholders Meeting or issue involving the rights of Preferred Shares.
	Others	<p>1. This Preferred Shares shall not be converted within one year from the issuing date (December 20, 2018). From the next day of the due date (December 21, 2019), shareholders of this Preferred Shares shall apply to convert part or all of the Preferred Shares they are holding to the Common Shares (the conversion ratio is 1:1) within the conversion duration. The minimum unit of conversion is one share. After the Preferred Shares are converted into Common Shares, their rights and obligations are the same as Common Shares, the distribution of annual Preferred Shares dividend is calculated based on the ratio of the actual number of issued days in the current year to the number of entire year days. However, those who are converted into Common Shares before the dividend (interests) distribution date in each year shall not participate in the distribution of Preferred Shares in the current year yet can participate in the distribution of Common Shares surplus and additional paid-in in capital.</p> <p>2. When the Company issues new shares in cash replenishment, the Preferred Shares shareholder and Common Shares shareholder have the same new share options.</p>
Preferred Shares in market	Amount already recovered or converted	17,948,495shares
	Amount unrecovered or converted	251,505shares
	Recover or convert term	The Company shall, at any time from the day after the expiration of the five-year period of issue (December 21, 2023), submit the Preferred Shares Shareholders a 30-day "Preferred Shares Resumption Notice" by announce or letter to retrieve all or part of the Preferred Shares by the original actual issue price at the original actual issue price. The non-retrieved Preferred Shares shall continue the original

			rights and obligations. In the current year of retrieving the Preferred Shares, if the Company's Shareholders Meeting decides to issue dividend, the dividend to be paid till the retrieved date shall be calculated based on the actual issue days in the year.
Market Price Per Share	2022	Highest market price	63.70
		Lowest market price	48.30
		Average market price	52.09
	2023(Delisted on July 19,2023)	Highest market price	57.00
		Lowest market price	52.00
		Average	54.22
	2024	Highest market price	NA (Delisted on July 19,2023)
		Lowest market price	
		Average	
	To 2025-03-31	Highest market price	NA (Delisted on July 19,2023)
		Lowest market price	
		Average	
Other rights	Converted or subscribed amount up to the printing of this annual report		NT\$ 897,424,750
	Issuance, conversion or subscription measure		Refer to the Measure of Company's 2018 Class A Preferred Shares issuance and conversion.
Issue conditions, and possible dilution of equity and impact on existing shareholders' equity of Preferred Share			None

3.4 Issuance of overseas depository receipts: None

3.5 Issuance of employee stock warrants

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

March 31, 2026

Type of employee share subscription warrants	2022 1st session of employee stock warrants	2022 2nd session of employee stock warrants
Effective registration date and total number of units	May 10, 2022 2,000 units	May 10, 2022 2,000 units
Issue date	June 1, 2022	March 21, 2023
Number of units issued	1,600 units	400 units
Number of units still available for issuance	0	0
Ratio of the number of issued subscribable shares to the total number of issued shares	1.06%	0.26%
Duration	5 years	5 years
Exercise method	Issue new shares	Issue new shares
Vesting period and percentage (%)	50% at 2-year- maturity 100% at 3-year- maturity	50% at 2-year- maturity 100% at 3-year- maturity
Number of shares subscribed through exercise of the warrants	1,265,820 shares	71,000 shares
Amount of the shares subscribed through exercise of the warrants	NT\$ 45,525,799	NT\$ 3,266,650

Number of unexercised shares	251,680 shares	279,500 shares
Subscription price per share of the unexercised shares	NT\$ 33.5	NT\$ 44.9
Ratio of the number of unexercised shares to the total number of issued shares (%)	0.17%	0.19%
The effect on shareholders' equity	No actual significant impact to shareholders' equity	No actual significant impact to shareholders' equity

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

March 31, 2026

Title (Note 1)	Name	Amount of stock warrants	Ratio of certificates amount to total shares issued (note 4)	Subscribed (note 2)				Not subscribed (note 2)				
				Shares subscribed	Share- subscription price (Note 5)	Total subscription cost	Ratio of subscription to total shares issued (Note 4)	Shares subscribed	Share- subscription price (Note 6)	Total subscription cost	Ratio of subscription to total shares issued (Note 4)	
Manager	CEO	Ho-Po Chan	940,000	0.62%	843,500	33.5 36.1 38.3 44.9	30,400,650	0.56%	96,500	33.5 44.9	3,489,250	0.06%
	Executive consultant (note 7)	Chao-Fu Lee										
	General Manager of P&B Collection Co., Ltd.	Fu-Ju Chan										
	Vice General Manager	Li-Ting Hsu										
	Vice General Manager	Yi-Fan Ren										
	Vice General Manager	Jui-Wen Wang										
	Assistant Vice President	Zhang-Ren Su										
	Assistant Vice President	Chung-Kao Chou										
	Assistant Vice President	Chun-Lung Ho										
	Assistant Vice President	Shang-Tien Lin										
	Assistant Vice President	Shih-Chi Yeh										
	Assistant Vice President	Ta-Chun Chen										
	Accounting officer	Chia-I Sung										
Corporate governance officer	Chiu-Ti Li											
Employee (Note 3)	Manager	Chung Chun	333,000	0.22%	209,000	33.5 36.1 38.3 48.4	7,418,000	0.14%	124,000	33.5 44.9	4,176,800	0.08%
	Assistant Manager	Hsiu-Ting Tseng										
	Senior Specialist	Shu-Chen Tseng										
	Senior Specialist	Hsiang-Ju Chen										
	Manager	Yu-Lan Sun										
	Assistant Manager	Kuang-I Chien										
	Section Manager	Tse-Fu Tseng										
	Manager	Chen-Hua Tung										
	Assistant Manager	Hui-Chun Lo										
	Factory Director	Wei-Ju Pan										
	Section Manager	Wi-Chun Lin										
	Deputy Factory Director	Po-Chou Chen										
Section Manager	Chia-Hung Kuo											

Senior Engineer	Yung-Sheng Wang										
Manager	Hsiu-Mei Chien										
Manager	Hui-Chen Hsieh										
Assistant Manager	Li-Ling Wu										
Senior Specialist	Yu-Lan Lin										
Section Manager	Chiung-Tan Tsao										
Section Manager	Wen-Chi Pan										
Section Manager	Hsiu-Sui Chang										
Assistant Manager	Hsuan-Kuo Chang										
Factory Director	Chih-Hung Chiang										
Manager	Chang-Cheng Chen										
Senior Engineer	Ping-Wen Chen										
Manager	Ching-Hung Chih										
Specialist	Ming-Chieh Yeh										
Specialist	Ching-Wen Hsu										
Assistant Manager	I-Chun Yeh										
Section Manager	Wen-Chi Wang										
Assistant Manager	Yu-Tzu Lin										
Senior Engineer	Hui-Wen Kuo										

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

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

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

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

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

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

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

3.6 Issuance of new restricted employee shares:None

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

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

4. Operation Overview

4.1 Business Activities

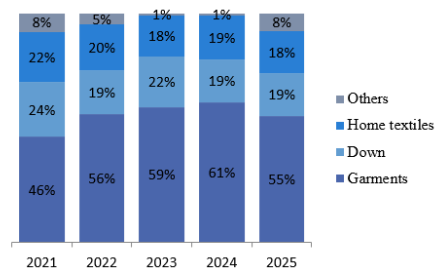
4.1.1 Business scope

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

Unit: NT\$ thousand

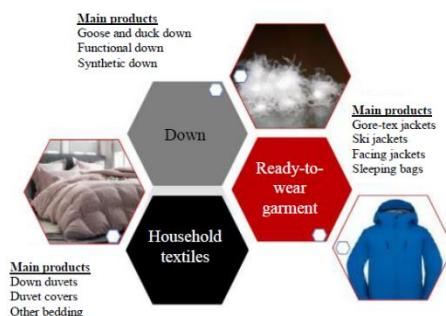
Item \ Year	2025	
	Sales	Sales-to-revenue ratio (%)
Garments	4,686,211	55%
Down material	1,642,353	19%
Home Textiles	1,546,989	18%
Others	662,022	8%
Total	8,537,575	100%

The sales-to-revenue ratios in the last five years



4.1.1.2 Current products and services

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



4.1.1.3 Planned new products(services)

➤ Garment

Leveraging years of accumulated experience in product development and design, the Division closely monitors market trends and collaborates with customers to develop customized apparel products. This approach enhances the competitiveness of brand partners, fosters long-term trusted partnerships, and achieves mutually beneficial value creation.

1). Product Development and Technological Innovation

- Develop high-performance apparel aligned with market demand through market trend analysis and integration of brand requirements, enhancing brand loyalty and market penetration.
- Establish capabilities in knitwear sampling and pattern-making techniques, strengthening pattern development, prototyping, and quality validation processes.
- Develop specialized patterns and technical processes for golf apparel, enhancing structural design and functional performance, and expanding into the professional sports market.

2). Smart Manufacturing and Equipment Optimization

- Continuously introduce automated production equipment to improve production efficiency and quality stability, reduce reliance on manual labor, and enhance process precision.
- Design and develop customized auxiliary equipment based on on-site production needs to optimize production processes and increase capacity and quality.
- Establish big data analytics systems and intelligent development databases to improve decision-making efficiency and innovation capabilities within the development center.
- Continuously optimize internal computing systems and data management to enhance reporting and data processing efficiency, reduce administrative workload, and improve overall operational efficiency.

3). Technical R&D and Talent Development

- Provide production-side solutions to address design deficiencies identified by customers, optimizing sewing techniques and production processes to improve mass production efficiency.
- Expand the technical team and strengthen the recruitment and training of specialized talent to enhance the professional capabilities and technical independence of the development center.
- Implement a seam sealing quality enhancement program by optimizing roller hardness and pressure control technologies to improve consistency and stability.
- Establish an engineering department to strengthen mold development capabilities, conduct early-stage technical research and mold design, reduce reliance on specific technical personnel, and improve development efficiency.

➤ Down material

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

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

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

2). Promote the development of green and functional products

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

3). Develop biomass down to promote a circular economy

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

4). Continue to optimize functional down products

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

5). Innovative graphene water repellent composite down technology

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

➤ Home Textile

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

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

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

In alignment with the strategic deployment of key customers, the Company has actively begun developing products tailored to the Southeast Asian market. This is expected to expand sales, broaden the product portfolio, and deepen market penetration.

4.1.2 Industry overview

4.1.2.1 The present industry status and development

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

➤ Garment

According to statistics from the World Trade Organization (WTO), global garment exports reached approximately USD 549.9 billion in 2024, remaining flat compared to 2023. This indicates that global garment trade has gradually entered a stage of stabilization rather than rapid expansion. This trend reflects structural adjustments in global consumer markets, including demand saturation in certain mature markets and the ongoing impact of supply chain diversification strategies.

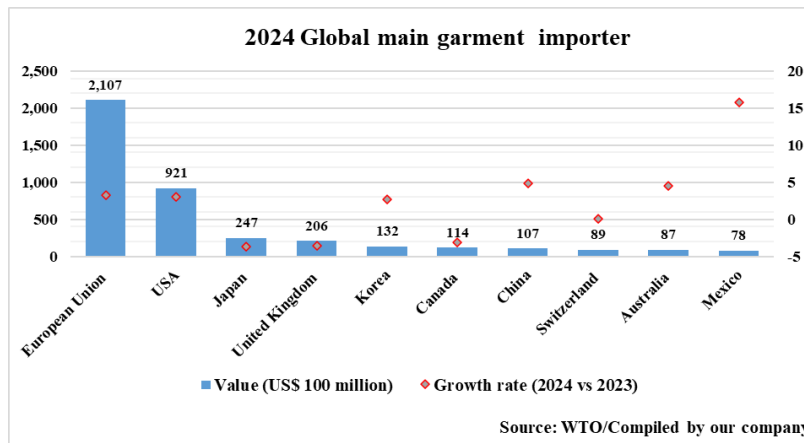
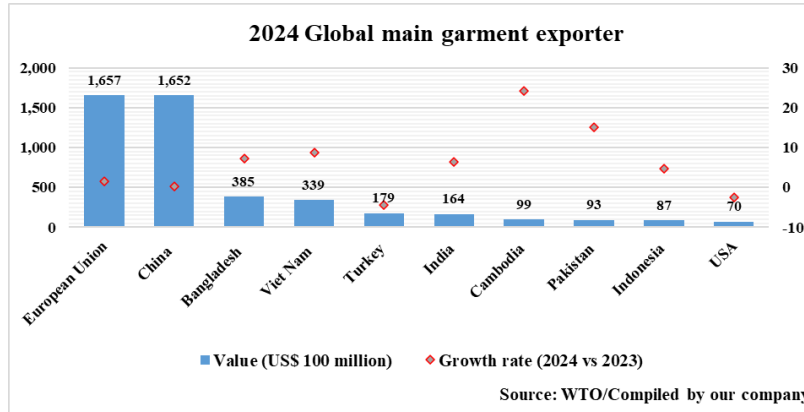
Among major exporting countries, China remains the world's largest garment exporter, accounting for approximately 30% of global exports. China's dominance in garment exports is supported by its extensive production capacity and well-established supply chain infrastructure. However, China is facing increasing challenges, including geopolitical tensions and rising labor costs.

Although Bangladesh's total export value is significantly lower than China's, it continues to solidify its position as the world's second-largest garment exporter. Bangladesh benefits from a strong labor cost advantage and extensive experience in manufacturing garments for global brands. Despite challenges such as rising raw material costs and sustainability requirements, its apparel industry continues to grow steadily. Meanwhile, Vietnam ranked as the third-largest apparel exporter in 2024, with an export growth rate of approximately 8.7%. This reflects its continued benefits from supply chain diversification and free trade agreements. Vietnam has consistently focused on improving production efficiency and attracting foreign investment, with export growth surpassing that of China and Bangladesh, indicating a steady improvement in its medium- to long-term competitiveness.

On the import side, the European Union, the United States, and Japan remain the three largest garment import markets, collectively accounting for approximately 54% of global garment

imports. This highlights that mature economies continue to be the primary drivers of global garment demand. Demand for mid- to high-value-added products in the EU has remained relatively stable, while the recovery in U.S. demand following inventory adjustments is reflected in an approximate 3% year-on-year increase in import volume.

In Taiwan, garment imports totaled approximately USD 2.4 billion in 2024, remaining stable compared to 2023. This reflects steady domestic demand for apparel and a neutral impact from global supply chain adjustments on regional import structures. It also indicates that Taiwan’s market is less affected by overall global trade growth trends and benefits from stable import supply sources.



➤ Down material

According to statistics from the International Trade Centre (ITC), global exports of down raw materials reached approximately USD 1.9 billion in 2024, representing a year-on-year increase of about 19%. This indicates that, following prior inventory adjustments, demand for down-related raw materials has shown a clear recovery.

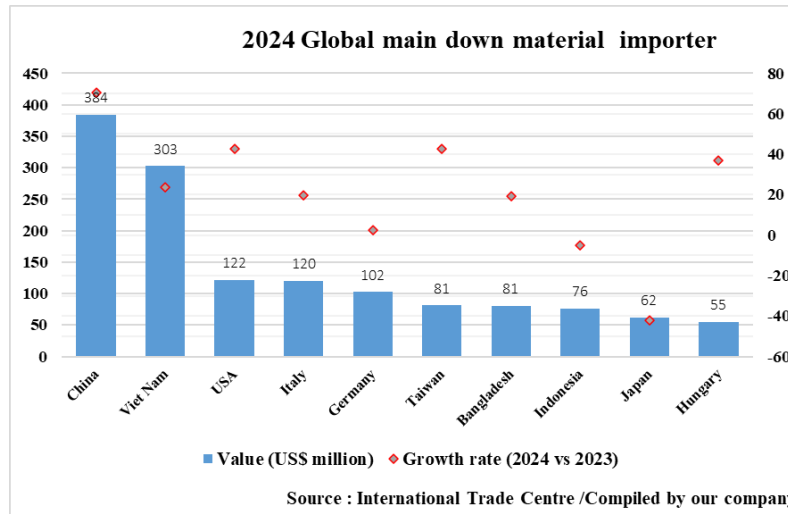
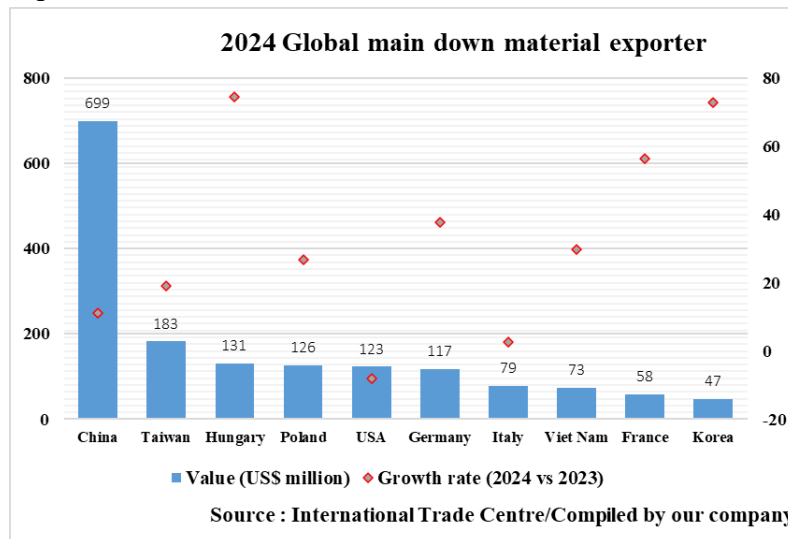
In terms of export structure, with the exception of relatively weak export performance from the United States, all of the world’s top ten down-exporting countries recorded double-digit growth, reflecting a rebound in procurement demand from international brands and a revitalization of global supply chains. Notably, South Korea’s exports grew by more than 70%, entering the top ten global exporters, highlighting its increasing prominence in high-quality down processing technology and its role within regional supply chains.

Taiwan ranked second globally with export value of approximately USD 183 million, achieving annual growth of about 20%. This demonstrates Taiwan’s continued competitive advantage in high-quality down grading and stable supply capabilities, maintaining its important position in the global market.

China remained the world’s largest importer of down raw materials, with imports totaling

approximately USD 384 million and a year-on-year growth rate exceeding 70%. This reflects China's dual role as both a major exporter and a key hub for global down processing and re-export.

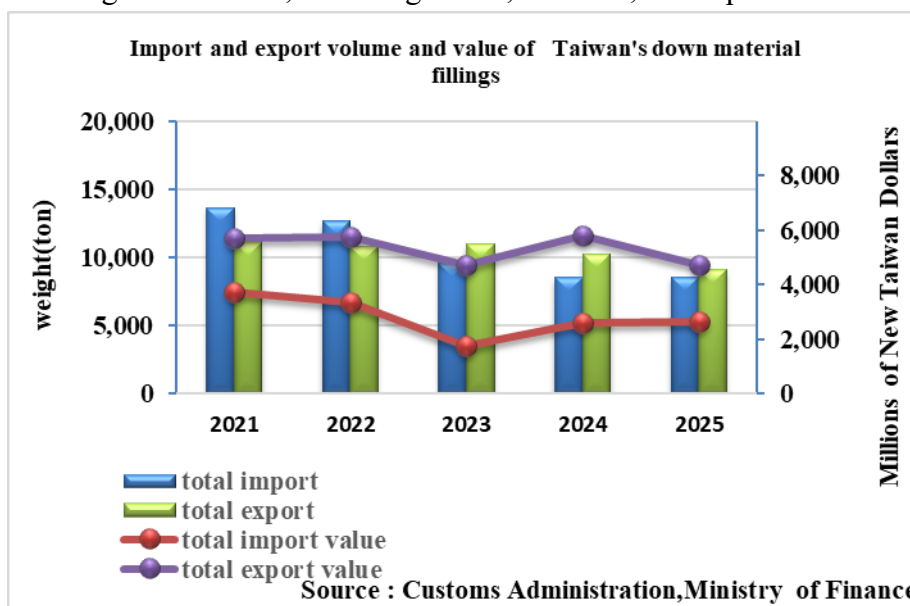
On the import side, the world's top ten importing countries generally exhibited expansion in 2024. With the exception of a slight decline in Indonesia and a significant decrease in Japan's imports (approximately 42%), other major importing countries recorded notable growth. This trend indicates a gradual recovery in demand for outdoor apparel and winter products in Europe and the United States following the completion of inventory adjustments. In addition, some brands have begun placing orders in advance for upcoming seasons, further driving the rebound in raw material imports.



According to statistics from the Customs Administration, Ministry of Finance, Taiwan's import and export volumes and values of down raw materials have shown a trend of fluctuation followed by stabilization in recent years. In 2023, both import and export volumes and values declined significantly due to adjustments in global demand and inventory destocking. In 2024, export values rebounded alongside the recovery of international markets, indicating a gradual restoration of end-market demand. In 2025, import and export scales remained relatively stable, reflecting that the industry has entered a stage of steady development.

From the perspective of import sources, Taiwan's down raw material imports in 2025 were primarily concentrated in Asia and Europe, with China and South Korea being the main suppliers. On the export side, Taiwan's down raw materials were mainly shipped to key

manufacturing hubs in Asia, including China, Vietnam, and Japan.



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

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

➤ Home Textile

Over the years, the global textile industry has evolved into three major segments: home textiles, apparel textiles, and industrial textiles. Among these, home textiles, as essential consumer goods, hold a stable and critical position in the overall textile market. With rising global income levels and improving living standards, demand for home textile products that combine comfort, functionality, and design continues to grow, giving this segment strong long-term growth potential.

According to statistics from the World Trade Organization (WTO), global textile trade reached USD 330.7 billion in 2024, representing a year-on-year increase of approximately 2%. This indicates that the global textile industry has entered a phase of moderate recovery and stable development following prior demand adjustments.

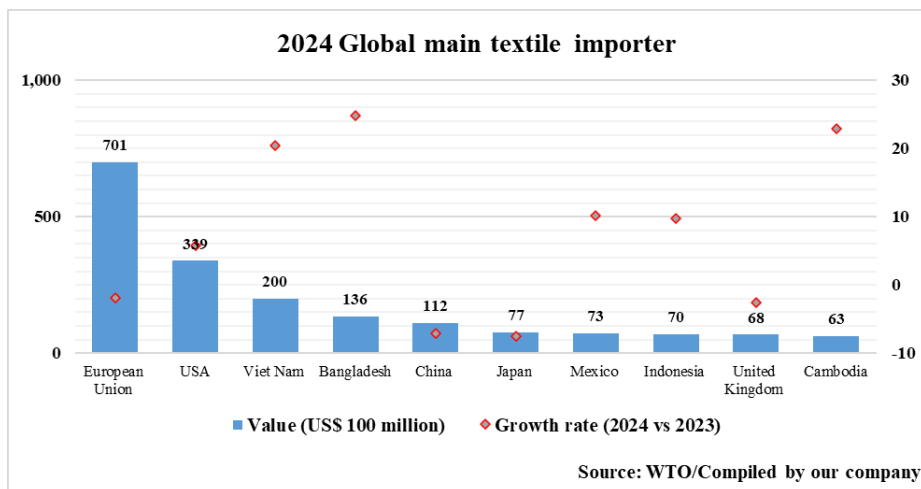
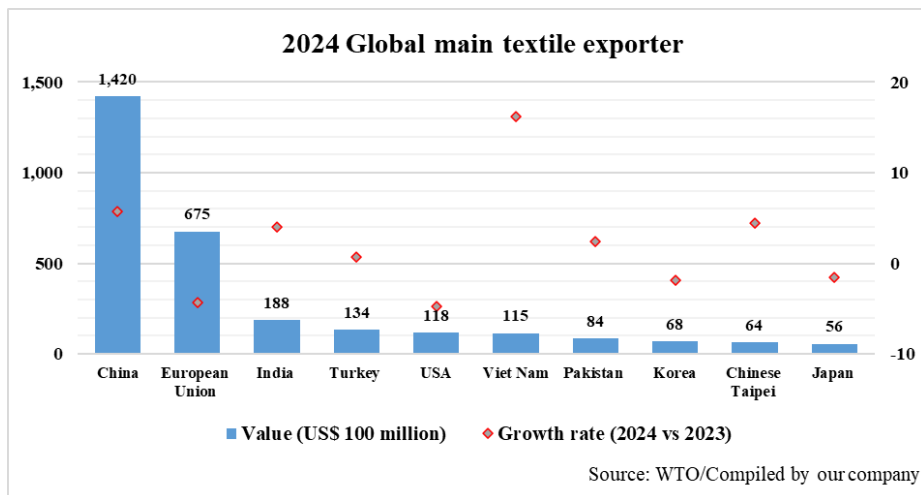
In terms of export structure, China, the European Union, and India remained the top three textile exporters globally, collectively accounting for approximately 69% of total exports. This reflects their long-standing advantages in production scale, technological capabilities, and supply chain integration. China continues to be the world's largest textile exporter, while the European Union maintains competitiveness in high value-added and design-oriented products. India continues to expand its export scale, supported by its strengths in cotton textiles and yarn products.

Notably, Vietnam recorded the most significant growth among major exporting countries, with export value increasing by approximately 16% in 2024, benefiting from ongoing global supply chain restructuring. However, aside from Vietnam, most major textile exporters experienced

only modest growth or slight declines, indicating that global end-market demand has not yet fully returned to a high-growth trajectory and that recovery momentum varies across regions.

Taiwan's textile exports reached USD 6.34 billion in 2024, representing an increase of approximately 5% compared to the previous year. Taiwan's textile industry maintains clear advantages in functional fabrics, high value-added textile materials, and specialized applications, and continues to play a key role in the global supply chains of international brands.

Nevertheless, amid challenges such as relatively weak global demand, accelerated supply chain restructuring, and rising production costs, Taiwan's textile industry must continue to enhance product differentiation, strengthen technological capabilities, and advance sustainable manufacturing processes in order to maintain competitiveness and expand its presence in the high-end market.



According to forecasts by the International Monetary Fund (IMF), global GDP growth is projected to be approximately 3.3% in 2026, broadly in line with the 2025 estimate. This suggests that the global economy is gradually demonstrating greater adaptability and resilience amid trade tensions and policy uncertainties. The IMF notes that the current global economic environment is characterized by both growth drivers and potential risk factors.

On the growth side, continued expansion in technology investment and AI applications is a key driver. The advancement of digital transformation and the adoption of artificial intelligence are expected to enhance productivity and stimulate related investment and demand, partially offsetting the negative impact of policy uncertainties. In addition, companies are actively restructuring and diversifying their supply chains in response to shifting trade policies and supply chain risks, thereby strengthening the overall resilience and adaptability of the global

economy.

However, structural risks remain. Trade policy uncertainty and tariff pressures continue to be major sources of risk affecting international investment and cross-border trade. Furthermore, geopolitical tensions and elevated global debt levels may constrain investment and consumer confidence in the short to medium term. Overall, emerging markets and developing economies are expected to maintain relatively strong growth momentum, while advanced economies are likely to experience more moderate growth, reflecting increasing regional divergence in the global economic structure.

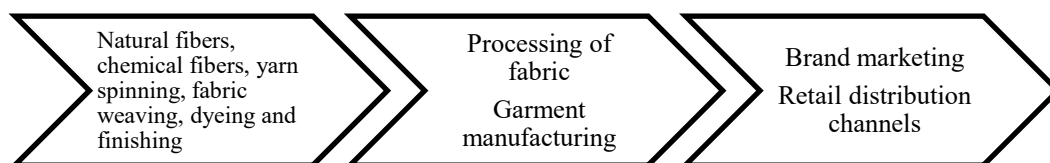
Against this backdrop, following the externally driven rapid growth experienced in 2025, Taiwan’s economy is expected to shift toward a more balanced growth pattern in 2026. Most forecasting institutions, including the Taiwan Institute of Economic Research (TIER), the Chung-Hua Institution for Economic Research (CIER), the Directorate-General of Budget, Accounting and Statistics (DGBAS), and the Central Bank, generally estimate Taiwan’s GDP growth for 2026 to range between approximately 3.5% and 4.1%. Compared to the high base exceeding 7% growth in 2025, the pace of growth is expected to moderate. However, this adjustment does not indicate an economic downturn, but rather a return to the long-term potential growth trajectory, reflecting a shift from “growth speed” to “quality and structural optimization.”

Although Taiwan’s overall economic outlook for 2026 remains stable, several structural risks and uncertainties persist during this normalization process, which may have material impacts on medium- to long-term economic performance. Among these, geopolitical developments and uncertainties in global trade policies remain key risk factors affecting external demand and industrial investment confidence, and warrant continued close monitoring.

IMF Economic Growth Forecast	
Region/Country	2026 (%)
Global Market	3.3
USA	2.4
Euro Zone	1.3
China	4.5
Japan	0.7

4.1.2.2 Linkage of industry upstream, midstream, and downstream

➤ Garment

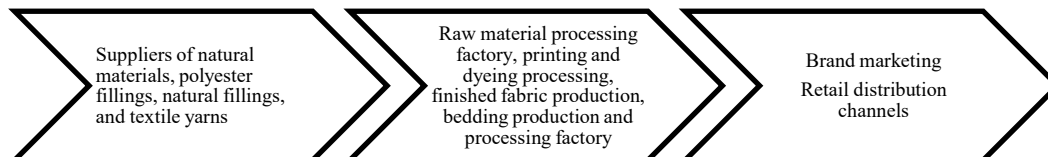


➤ Down material





➤ Home Textile



4.1.2.3 Products' various development trends and competition situations

➤ Garment

In 2025, the global garment market gradually recovered from the impacts of high inflation and excess inventory in the previous year. Brand customers' inventory levels returned to healthier ranges, and overall order momentum improved significantly in the second half of the year. However, global supply chains continued to face uncertainties, including geopolitical risks (such as the Red Sea shipping crisis), regional conflicts, and adjustments in trade policies, prompting brands to further advance supply chain diversification and risk management strategies.

On the demand side, the growing popularity of outdoor activities and healthy lifestyles continued to drive demand for functional garment. Consumers are placing greater emphasis on product functionality, durability, and sustainability. Meanwhile, the European Union and the United States have progressively introduced regulations related to product carbon footprint disclosure and sustainable supply chains, prompting brands to accelerate the adoption of low-carbon materials and transparent management systems. Market competition has thus shifted from price-driven competition to one focused on technological capabilities and sustainability integration.

1).Growth in Demand for Functional Apparel:

Demand for multi-functional products—such as sun protection, windproofing, waterproofing, breathability, and lightweight insulation—continues to increase. Product development is evolving toward high-performance integrated designs to enhance comfort and durability in outdoor activities.

2).Development of Environmentally Sustainable Products:

Global brands are actively implementing carbon reduction targets and circular economy strategies. Demand for recycled polyester, RDS-certified down, bluesign®-certified fabrics, and low-carbon production processes continues to grow steadily. Suppliers are required not only to integrate materials effectively but also to strengthen carbon data management and product traceability to meet international ESG requirements.

3).Supply Chain Flexibility and Regionalized Production Trends:

In response to changing global conditions, brands are promoting country-of-origin (COO) diversification strategies, strengthening production footprints in Southeast Asia and multi-country capacity allocation to enhance delivery flexibility and reduce logistics risks.

4). Technological Innovation, Pattern Optimization, and Product Diversification:

- Utilize the global marking center database to optimize structural design in difficult-to-adjust areas, proactively providing technical recommendations to customers to enhance fit and functional performance.
- Provide scientific calculations and validation for resin padding, functional synthetic fibers, and down fill levels based on varying insulation needs and market positioning, ensuring an optimal balance between warmth and weight.
- In response to increasing specialization in the outdoor market, continuously expand R&D and production capabilities for sleeping bags and high-performance thermal products, integrating fabrics, filling materials, and sewing technologies to deliver one-stop vertically integrated solutions to customers.

➤ Down material

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

1). Sustainability and increased demand for environmental protection materials

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

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

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

3). Combining fashion and functionality to expand market applications

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

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

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

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

➤ Home Textile

1). Changes and development of product market

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

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

2). Technology advancement and industry reform

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

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

3). Supply chain optimization and digital management

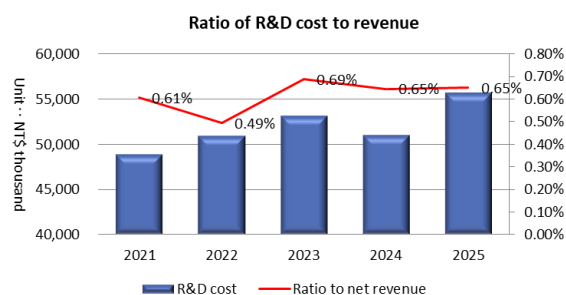
To enhance market competitiveness, the Company must strengthen supply chain management to ensure the stability and timeliness of raw material supply. Through refined supply chain management, the Company optimizes procurement strategies for key materials such as down, strictly controls quality compliance and delivery timelines, streamlines processes to reduce costs and improve efficiency, builds a high-quality supplier network, strengthens coordination in inventory and logistics, enhances supply chain resilience, and ensures efficient production and order fulfillment.

4.1.3 Overview of technology and R&D

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

Unit : NT\$ thousand

Year item	2025	As of March 31,2026
R & D expenses	55,616	11,253



4.1.3.2 Successfully developed technology or product

➤ Garment

The Garment Division focuses on the development and application of high-complexity sewing processes and seam sealing core technologies. Leveraging the advantages of down materials and high-quality synthetic padding, the Division is primarily engaged in the development and manufacturing of high-performance outdoor apparel, including ski jackets, ski pants, waterproof and breathable garments, and high-efficiency thermal wear, while continuously strengthening its presence in high value-added product markets.

To enhance product competitiveness and improve resource utilization efficiency, the development center and technical support teams continue to invest in computer-based intelligent applications, big data integration and analysis, and database development. These efforts optimize pattern-making and marker planning efficiency, increase fabric utilization, and reduce raw material waste. In addition, through digital system integration, data transmission and conversion time between technical and production departments are effectively reduced, lowering error rates and improving overall R&D and mass production efficiency, thereby strengthening cost control capabilities. The key R&D achievements of the Garment Division in 2025 are as follows:

1). Development of new products

- Established capabilities in knitwear sampling and pattern-making technologies, and cultivated specialized personnel in pattern development, prototyping, and quality assurance (QA), strengthening knitwear development capabilities.
- Enhanced research on specialized patterns and key process technologies for golf apparel, improving product structural design and functional performance.
- Developed proprietary synthetic down-like materials and introduced high-dispersion micro-particle direct-fill technology, enabling direct filling without carding, with low fill weight and good wash performance; applied for the Taiwan trademark “Beyond Synthe” to strengthen product differentiation.
- Obtained EU CE certification for workwear and UK BTTG certification, and developed multifunctional outdoor workwear compliant with EN343 (rain protection) and EN17353 (enhanced visibility) standards, while also obtaining Certificates of Conformity (COC) to expand into the professional functional apparel market.
- Introduced thermal insulation testing and analysis models using insulated mannequins, and established temperature rating calculation formulas based on third-party testing (SGS, IDFL) and ISO 23537 standards to enhance scientific product design capabilities.
- Participated in the development of athlete uniforms for the 2026 Milan Winter Olympics, applying 3D pattern-making technology to design two-piece jackets and structured down products, strengthening high-end functional product development capabilities.

2). Optimization of Manufacturing Processes

- Introduced automated rotating guide mold technology (360-degree rotating guide molds) to optimize sewing methods for complex patterns and structures, improving production efficiency and order flexibility.
- Established an engineering department to strengthen in-house guide mold development capabilities, conducting early-stage mold research and process validation to ensure quality consistency while reducing reliance on specific technical personnel.
- Obtained GORE-related certifications (TOF license), strengthening innovation capabilities in waterproof seam sealing technology, which has been successfully implemented in mass production.
- Promoted seam sealing quality improvement programs by optimizing roller hardness and

pressure control technologies, enhancing consistency and stability of seam sealing quality.



3). Continued optimization of cloud Mark System

- Established the SSP cloud-based automatic mixed marker system to effectively reduce material waste, improve marker efficiency, and enhance precision procurement and inventory management capabilities.
- Promoted the digitalization of the second-generation Global Marker Center by introducing sample approval workflows and real-time progress tracking systems, improving transparency and traceability in sample development.
- Upgraded the garment material management system and second-generation MES system, and implemented digital dashboards to monitor production line information and process status in real time.
- Developed a carbon footprint management platform (command center) that integrates order data and emission factors to automatically generate carbon footprint reports for garment products, strengthening sustainability data management capabilities.

4). Application of AI Technologies in Translation, Automation, and ERP Integration

- Introduced AI-based translation technology to automatically convert production orders, sample sheets, and tech-pack documents between Chinese–English and Chinese–Vietnamese, enhancing cross-border collaboration efficiency.
- Established an intelligent scheduling system that leverages historical data learning and dynamic algorithms to optimize production scheduling and resource allocation.
- Developed RPA-based automated order placement and ERP write-back functions to automatically capture supplier responses on delivery schedules, quantities, and unit prices, reducing manual errors.
- Implemented automated PDF conversion into BOM and size charts with direct integration into ERP orders, improving data integration efficiency from order intake to production.
- Established a production and sales progress tracking and timeline alert system, integrating information across all stages—from order intake, procurement, production, to shipment—to enhance overall operational transparency and control.

➤ Down material

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

1). Water repellent down

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

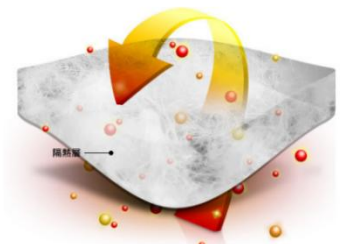
- High thermal efficiency: Water-repellent down performs 34% more fluffy than normal down, even in humid conditions, ensuring good insulation in extreme climates.
- Anti-dust and dirt attachment: Water-repellent down surface has a protective function, preventing the attachment of dust and dirt and the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



2). Insulation technology

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

- First generation: Thermobrid® Plus Down (binchotan charcoal powder)
- Second generation: Graphen® Down (graphene-infused down) with far-infrared functionality to enhance heat retention.
- Third generation: Thermobrid® Altra, utilizing eco-friendly photonic processing technology that preserves the natural color of down, preventing color show-through in light-colored fabrics and enabling more diverse apparel designs.
- Fourth generation: Water-repellent + graphene composite functional down, combining heat-retention performance with water repellency, suitable for outdoor and extreme weather conditions.



3). Sanitation technology

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

- First generation: Silver ions antibacterial.
- Second generation: Quaternary ammonium salts antibacterial.
- Third generation: Bio-based antibacterial down, processed with natural extracts to provide long-lasting protection, high antibacterial performance,

and odor control, making it particularly suitable for individuals with allergies.



4). Circular textile technology

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

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

5). Keratin development

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

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



6). Authentication technology development

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

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

7). Construction of smart factory

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

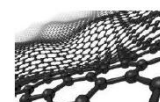
- The Company has fully digitalized the production management (one stop service for raw materials, production, quality control, etc.).
- The energy monitoring system was established in 2023 to track carbon emissions, power consumption, and water consumption in real time.
- The low-carbon dryer technology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

of the water washing section.

- In 2025, the Hachimantai plant in Japan upgraded its PLC human-machine interface (HMI), enabling remote monitoring of storage, drying, cooling, and packaging operations.

➤ Home Textile

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



4.1.4 Long-term and short-term business development plan

➤ Garment

- 1). Short-term business development plan:
 - Optimize customer portfolio and market strategy
 - ✓ Adjust customer base according to market demand, increase customer adequacy and partnership density, and ensure the stability of long-term cooperation.
 - ✓ Establish strategic alliances with upstream suppliers to expand market marketing influence and improve brand competitiveness.
 - Supply chain integration and comprehensive service model
 - ✓ The vertical integration of the supply chain of fillings covers down material, R&D, sampling, and production, providing customers with complete services and solutions.
 - ✓ The Company integrates the R&D Center and the Development Center of raw materials. The Company prioritizes customer demand to increase resource utilization, and strengthen product development and customization capabilities.
 - Innovative materials and eco-friendly technology
 - ✓ Filler branding: “Green Loft” and “Beyond Down” are exposed through international exhibitions to enhance brand visibility, strengthen the differentiated functional product development, increasing market competitiveness.
 - ✓ Develop the Repreve branded recycled performance fiber, optimize the manufacturing process to improve insulation and fluffiness, and meet the market demand for sustainable products. The design of the double-layer structure filling is to improve the air retention capacity, and enhance the thickness and insulation.
 - ✓ Develop down-like filling to improve the dispersion of down, suitable for lightweight small-grid quilting designs, providing better insulation effects.

- Smart manufacturing and digital management improvement
 - ✔ Optimize the internal EPICOR system, accelerate the output of statements and the efficiency of computation, and promote AI and program applications, to increase the speed and accuracy of decision-making.
 - ✔ The Manufacturing Technology Department joins hands with TPI to fully implement the manufacturing execution system in overseas factories, establish an alert and follow-up system for production reports, and ensure transparent and controlled production processes.
 - ✔ With Taiwan being the global headquarters for logistics and sales, we integrate design, procurement, production, and logistics to enhance the responsiveness of the supply chain and collaborative operation capabilities.

2).Long-term business development plan:

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

➤Down material

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

1).Short-term business development plan:

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

- ✔ Brand exclusive product development: Launch exclusiv

2).Long-term business development plan:

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

➤Home Textile

1).Short-term business development plan:

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

2).Long-term business development plan:

- Technology introduction and product value-added enhancement
 - ✔ Development of functional products: With the rise of health and environmental awareness, functional beddings have become the market trend.

- ✔ Introduce advanced technology to enhance the added value of the Company's products; apply for patents to ensure the Company's competitive edge in the market.
- ✔ Promote intelligent industrial production.

4.2 Market and production and sales overview

4.2.1 market analysis

4.2.1.1 Sales regions of main products

Unit : NT\$ thousand

Region \ Year	2024		2025	
	Sales value	%	Sales value	%
USA	3,626,528	45.95	2,966,500	34.75
Japan	2,643,533	33.49	3,124,202	36.59
China	600,629	7.61	583,460	6.83
Taiwan	47,559	0.60	643,573	7.54
Others	974,714	12.35	1,219,840	14.29
Total	7,892,963	100.00	8,537,575	100.00

4.2.1.2 market share

➤ Garment

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

Unit : 100 million U.S. dollars

Item/Year	2022	2023	2024
Global garment trade value	5,777	5,480	5,499
The Company's consolidated garment revenue (Note)	1.933 (NT\$5,799,991,000)	1.505 (NT\$4,514,309,000)	1.616 (NT\$4,849,161,000)
Global market share	0.0335%	0.0275%	0.0294%

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

➤ Down material

The Company's down raw material products are mainly for export, as shown in the table below, the Company's export of down raw materials accounts for approximately 2.6%~3.5% of the global market on average.

Unit : 100 million U.S. dollars

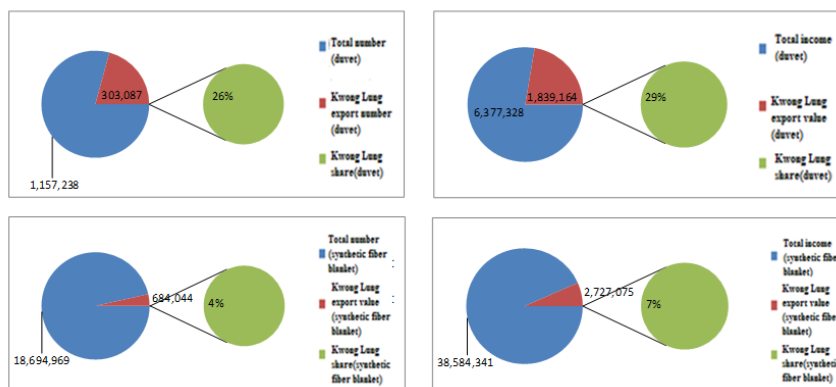
Item/Year	2022	2023	2024
Global trade value of down	18.44	15.99	19.17
The Company's consolidated revenue of down (Note)	0.651 (NT\$1,951,637,000)	0.561 (NT\$1,684,098,000)	0.506 (NT\$1,517,460,000)
Global market share	3.5304%	3.5084%	2.6395%

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

➤ Home Textile

The Japanese market has been the main market for the home textiles business division for a long time, with down duvets and synthetic fiber duvets being the main product categories.

According to the data from the Ministry of Finance of Japan in 2025, the volume of down duvets exported accounted for 26% of Japan's total imports, the export value of down duvets accounted for 29% of Japan's total import value, the volume of synthetic fiber duvets exported accounted for 4% of Japan's total imports, and the export value of synthetic fiber duvets accounted for 7% of Japan's total import value, with a lot of room for growth in the business division's future development plan.



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

➤ Garment

According to statistics from the National Retail Federation (NRF) and market observations, the U.S. retail market in 2025 showed moderate growth in overall consumer demand as inflationary pressures gradually eased and the labor market remained stable. Annual retail sales growth was approximately 3% to 4%, indicating a slight improvement in overall market momentum compared to the previous year. During the holiday season, retail performance from November to December 2025 maintained steady growth, reflecting a gradual return to normalized consumption patterns.

In the apparel segment, demand continued to recover in 2025, with functional and outdoor apparel remaining key growth drivers. As e-commerce platforms and digital retail models continue to evolve, the share of online sales has increased steadily. Brand customers have also strengthened demand forecasting and supply chain management efficiency through data analytics and precise inventory management, reducing inventory risks and enhancing operational flexibility.

Overall, despite ongoing uncertainties in the global economy—including geopolitical tensions, energy price fluctuations, and monetary policy adjustments—brand customers' inventory levels have gradually returned to healthy ranges, and order momentum has shown a stable recovery trend. The continued popularity of outdoor activities and healthy lifestyles is driving demand for functional apparel and high value-added products, indicating stable medium- to long-term growth potential for the apparel market.

Looking ahead, market supply and demand dynamics will increasingly focus on the development of high-performance products, the adoption of sustainable materials, and the enhancement of responsive supply chain capabilities. Companies with strong integrated R&D capabilities, smart manufacturing, and flexible production management will be better positioned to respond to market changes and strengthen their overall competitiveness.

➤ Down material

Unstable climates due to global warming has caused the reduction in end-consumer demand for warming products, affecting sales in the down market. In addition, with the price of some

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

➤ Home Textile

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

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

➤ Garment

1).Competitive niche

● High-Performance Product Development and Material Integration Capabilities:

The Garment Division has long specialized in high-complexity sewing processes and waterproof seam sealing core technologies. Leveraging advantages in down materials and high-quality synthetic padding, it focuses on the development of high-performance outdoor apparel, including ski jackets, ski pants, waterproof and breathable garments, and high-efficiency thermal wear. In addition to integrating R&D resources from upstream and downstream material suppliers, the Company has also developed proprietary sustainable and functional filling materials to enhance product differentiation and value-added, strengthening customer confidence in its technical capabilities.

● Digital Pattern-Making and Global Marker Integration Advantages:

Kwong Lung possesses professional pattern-making and sample development capabilities, and has established 3D digital pattern-making and virtual sampling systems to accurately manage pattern structures and design details. This shortens development cycles and reduces sample revision frequency. Through the global marker center database and cloud-based marker system, the Company continuously optimizes pattern design for complex areas, improves fabric utilization, and enhances development efficiency, forming a data-driven development management advantage.

● Smart Manufacturing and Process Optimization Capabilities:

Through in-house guide mold development, seam sealing process optimization, and the introduction of intelligent scheduling systems, the Company enhances mass production stability and product consistency while reducing reliance on specific technical personnel. By integrating MES systems, digital dashboards, and AI-based

scheduling technologies, the Company achieves real-time production monitoring, improving manufacturing flexibility and overall capacity utilization.

- **Strong Foundation of International Brand Partnerships:**

Leveraging stringent quality management and technical service capabilities, the Company has established long-term partnerships with leading global outdoor and functional apparel brands. Professional certifications such as GORE and CE further strengthen market trust, enhancing order stability and deepening strategic collaboration.

2).Favorable factors for development prospects

- Steady growth in demand for functional and outdoor markets driven by continued trends in healthy lifestyles and outdoor activities.
- Brand customers are promoting supply chain de-risking and regional diversification, benefiting suppliers with multi-location operations and digital integration capabilities.
- Advancement in digital transformation and AI applications, including cloud-based marker systems, intelligent scheduling, RPA, and ERP integration, enhances efficiency and reduces costs.
- Increasing requirements for sustainability and carbon management; the Company's carbon footprint platform and sustainable material R&D capabilities strengthen its ESG competitiveness.
- Localization of talent and development of technical teams, continuously enhancing long-term organizational competitiveness.

3).Unfavorable factors for development prospects

- Uncertainty in the pace of global economic recovery, leading to fluctuations in consumer markets and affecting brand ordering cycles.
- Volatility in raw material and energy costs, putting pressure on profit margins.
- Geopolitical factors and climate change impacting supply chain stability and product demand structure.
- Intensifying competition in low-cost regions, resulting in ongoing pricing pressure.

4).Response measures

- **Increase the Proportion of High Value-Added Products:**

Continue to strengthen technical capabilities in high-performance apparel, waterproof seam sealing, and professional sports products, increase the share of differentiated products, and reduce pricing pressure.

- **Enhance Digital Integration and Smart Manufacturing:**

Integrate AI translation, automated order processing, ERP data connectivity, and intelligent scheduling systems to shorten lead time from order intake to production, reduce human error, and lower operating costs.

- **Deepen Vertical Supply Chain Integration and Global Deployment:**

Establish a cross-border raw material supply chain system, strengthen upstream and downstream integration, reduce supply disruption risks, and improve capital efficiency.

- **Strengthen Cost Control and Operational Efficiency:**

Optimize internal processes and data management to reduce administrative and selling

expenses, improve capacity utilization, and enhance profitability.

- Build a Replicable Technology and Talent System:

Strengthen the development of engineering and technical teams, establish standardized and replicable technical processes and operational procedures, and ensure long-term technological advantages and organizational stability.

➤ Down material

1).Competitive niche

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

2).Favorable factors for development prospects

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

enhancing market credibility.

- Reborn down market demand growth: The global trend of resource recycling has led to the growth of demand for recycled down, especially in Europe, Japan and Korea. With the applications of recycled down gradually expanding, the Company is taking a proactive approach in promoting the development and application of recycled down products.

3).Unfavorable factors for development prospects

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

4).Response measures

- Control of source of goods and cost management: The diversified sourcing strategy reduces reliance on a single market. Through direct sourcing from Europe, China, and other regions, the stable supply of raw materials is ensured.
- Improvement of formula and diversification of products: Through the combination of the characteristics of down from different production sites, the Company is able to reduce production costs, improve the flexibility of material application, and provide customers with more choices while maintaining quality standards.
- Brand reputation and quality assurance: Strict quality control and testing mechanism to improve market credibility. We carry out tests with our main customers to provide high quality certification and strengthen customer collaboration.

➤ Home Textile

1).Competitive niche

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

2).Favorable factors for development prospects

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

competitiveness and expand product applications.

3).Unfavorable factors for development prospects

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

4).Response measures

- Strengthen resource integration and supply chain management
 - ✔ Improve asset utilization, enhance capacity utilization efficiency, accelerate capital turnover, and establish a more profitable business model.
 - ✔ Strengthen inventory management, increase the turnover rate of finished goods and semi-finished goods, reduce the risk of inventory pressure of raw materials, and elevate the effectiveness of capital utilization.
 - ✔ Analyze and optimize the supply chain strategy to ensure the stable supply of global raw materials and reduce the impact of market fluctuations.
 - ✔ With the core of production site in Vietnam, the Company develops the raw material supply source in Southeast Asia, and integrates the local supply chain to improve the cost and quality advantages.
- Enhance production efficiency and reduce costs
 - ✔ Cultivate multi-skilled employees to enhance production flexibility and ensure optimization of manpower scheduling and production efficiency.
 - ✔ Promote smart production and automation technology, drop reliance on labor, reduce production costs, and improve market competitiveness.
 - ✔ Establish overseas foundry and Vietnam supply chain advantages to optimize production layout.
- Product upgrade
 - ✔ Accelerate the development of high value-added products and develop higher functionality and higher quality home textile products to increase profit margins.
 - ✔ Establish a closer long-term cooperative relationship with customers, ensure that product development meets market demand through market insights and fast responses.

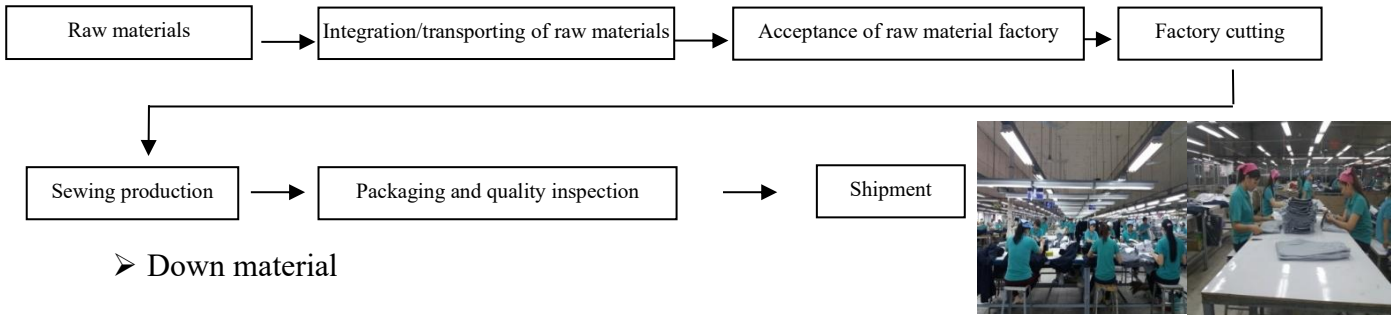
4.2.2 Key applications and production processes of main products

4.2.2.1 Key applications of main products

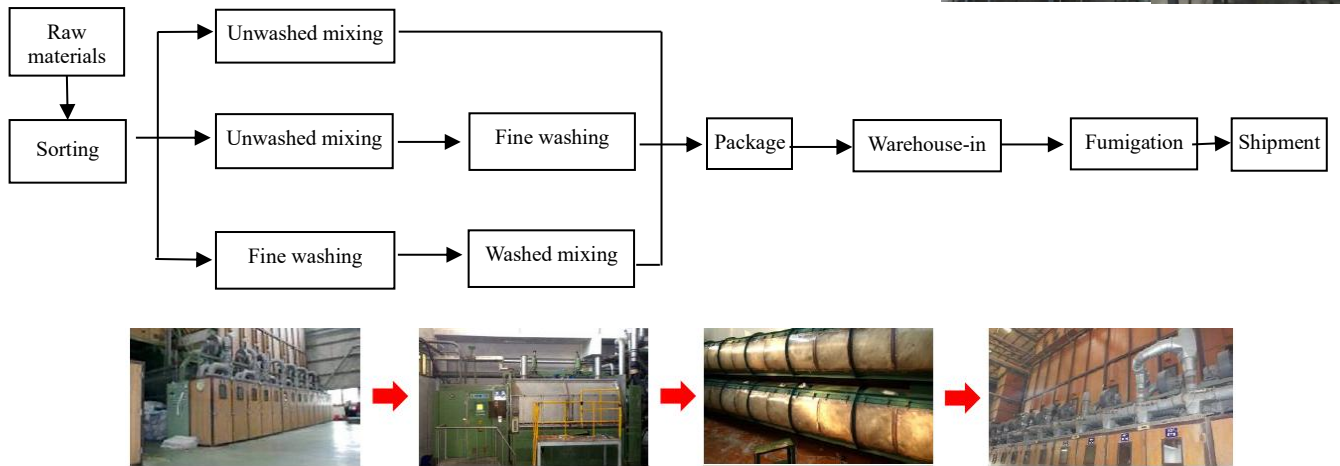
Type	Key applications
Garment	Functional jackets, warm coats, light jackets, ski suits, casual pants, washed jeans, ski pants, and beach pants
Down material	Down jackets, winter quilts, four-season quilts, cushions, seating pads, sofas, pillows, sleeping bags, gloves, and filling materials for snow boots

4.2.2.2 Production process

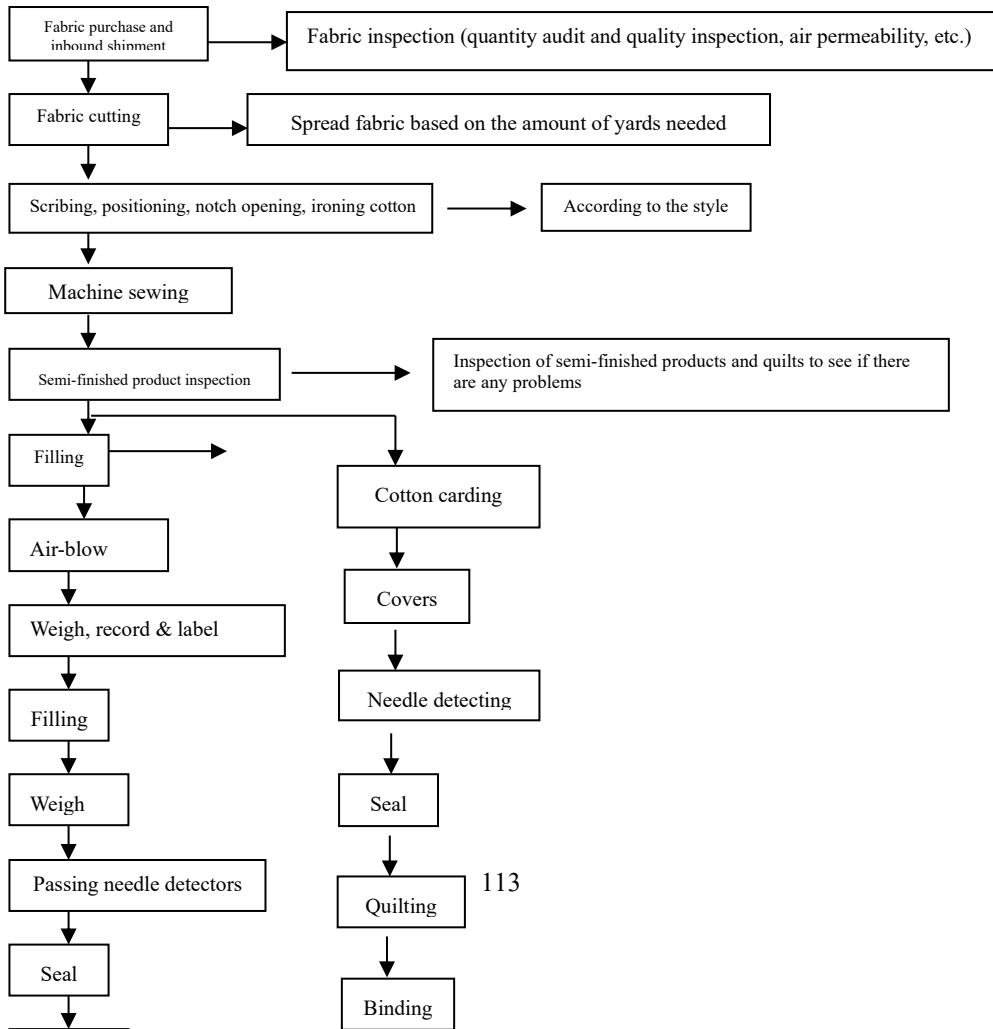
➤ Garment



➤ Down material



➤ Home Textile



4.2.3 Supply status of main raw materials

➤ Garment

- 1). The main raw materials of garments are divided into main materials (shell fabric and linings) and auxiliary materials (zippers, buttons, machine sewing threads, etc.). Due to the characteristics of garment manufacturing, different main and auxiliary materials are used for different styles and they must meet customers' requirement and style design. They are designated to be purchased from major textile-related manufacturers domestic and abroad. However, the Company has maintained good cooperative relations with various suppliers over the years, so the quality and timeliness of supply from suppliers is stable and normal.
- 2). Construct supplier evaluation system as a supplier screening system to improve the quality and cooperation of supply chain.
- 3). At present, the following matters need to be strengthened in the procurement of main and auxiliary materials:
 - Increase the proportion of own sourcing purchased items
 - Optimize suppliers' trading terms
 - Localize material procurement
 - Control and reduce the cost of raw materials

➤ Down material

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

➤ Home Textile

In recent years, in addition to the continuous rise in labor costs in China, increasing climate-related disasters have led to global price increases in key raw materials required for home textile products, including down, cotton fabrics, and synthetic fibers. The impact of the pandemic has further weakened China's price advantage in raw materials due to multiple factors. To enhance product competitiveness, the Company maintains strategic partnerships with suppliers to jointly address challenges and sustain pricing advantages.

The Home Textile Division has actively implemented a global sourcing strategy, with a focus on ASEAN member countries and RCEP economies such as Vietnam, Thailand, and Indonesia, where quality and cost competitiveness are favorable. This approach not only diversifies raw material sources to ensure quality and cost control, but also reduces reliance on a single source of supply. In addition, the Company leverages preferential tariff arrangements under

international trade agreements to benefit from reduced import duties on raw materials and export tariffs on finished products.

The procurement function focuses on four core dimensions: development, quality, innovation, and cost. Efforts include actively expanding alternative products and suppliers to build a diversified sourcing database and strengthen supply resilience; deepening collaboration with customer-designated suppliers to enhance information gathering on new materials and innovative functional designs, thereby supporting product upgrades; improving price sensitivity to respond rapidly and effectively to market fluctuations; and leveraging the Group's centralized logistics advantages to reduce costs, optimize production and distribution processes, and enhance overall operational efficiency.

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

4.2.4.1 Information on the major suppliers in the last two years

Unit : NT\$ thousand

Item	2024				2025				As of the previous quarter-end date in 2026 (Note 2)			
	Name	Amount	Percentage of the annual net purchase (%)	Relationship with the issuer	Name	Amount	Percentage of the annual net purchase (%)	Relationship with the issuer	Name	Amount	Percentage of the net purchase as of the first quarter-end date in the current year [%]	Relationship with the issuer
1	Company A	836,106	15	-	Company A	818,108	16	-	-	-	-	-
2	Other	4,697,179	85	-	Other	4,210,177	84	-	-	-	-	-
	Net purchase amount	5,533,285	100	-	Net purchase amount	5,028,285	100	-	Net purchase amount	-	-	-

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

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

4.2.4.2 Information on the major customers in the last two years

Unit : NT\$ thousand

Item	2024				2025				As of the previous quarter-end date in 2026 (Note 2)			
	Name	Amount	Percentage of the annual net sales (%)	Relationship with the issuer	Name	Amount	Percentage of the annual net sales [%]	Relationship with the issuer	Name	Amount	Percentage of the net sales as of the first quarter-end date in the current year [%]	Relationship with the issuer
1	Customer A	1,269,319	16	-	Customer A	1,309,405	15	-	-	-	-	-
2	Customer B	860,214	11	-	Customer B	1,226,778	14	-	-	-	-	-
3	Customer C (Note 3)	880,993	11	-	Customer C (note 3)	773,622	9	-	-	-	-	-
4	Other	4,882,437	62	-	Other	5,227,770	62	-	-	-	-	-
	Net sales amount	7,892,963	100	-	Net sales amount	8,537,575	100	-	Net sales amount	-	-	-

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

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

Note 3: The sales amount to customer C in 2025 accounted for less than 10%.

Note 4: Sales to Customers A and B both increased, primarily due to overall sales growth in 2025 and higher customer order demand.

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

March 31, 2026

Year		2024	2025	As of March 31, 2025 in the current year
Number of employees	Direct personnel	4,160	4,095	4,121
	Indirect personnel	341	354	349
	Total	4,501	4,449	4,470
Average age		34.83	35.23	36.06
Average service years		5.90	5.86	6.41
Educational distribution ratio	Ph.D.	0.04%	0.09%	0.11%
	Master's	0.99%	0.92%	0.93%
	University/College	13.38%	14.99%	14.95%
	High school	33.31%	32.79%	32.82%
	Below high school	52.28%	51.21%	51.19%

4.4 Information on environmental protection expenses

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

4.5 Labor relations

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

4.5.1.1 Employee benefit

1). Comprehensive Welfare System

- Employees in Taiwan are covered by labor and health insurance in accordance with applicable regulations and are entitled to benefits such as marriage, bereavement, childbirth, and parental leave. In addition, the Company provides relevant insurance coverage for employees at each operating location in accordance with local regulations.
- In Taiwan, the Company has established the “Kwong Lung Industrial Co., Ltd. Employee Welfare Committee” and allocates welfare funds to enhance employee well-being through various activities and subsidy programs. The Committee holds regular monthly meetings to plan employee welfare programs and activities, including travel subsidies, holiday bonuses, year-end banquet events, and festive gift vouchers, to foster a friendly workplace environment.

2). Competitive Compensation System

- Salaries are adjusted based on market benchmarks, operating performance, and individual performance to maintain overall competitiveness. In 2025, the average salary increase for non-managerial employees in Taiwan was 3.59%.
- Employees at the Taiwan headquarters are provided with festival bonuses for the Dragon Boat Festival and Mid-Autumn Festival, with NT\$ 6,000 per person per festival, which are

reported as taxable income in accordance with regulations.

- The Company's Articles of Incorporation stipulate that when there are annual profits, no less than 1% shall be allocated as employee remuneration, of which no less than 50% shall be distributed to entry-level employees. Employee remuneration is determined based on the Company's annual operating performance and individual performance evaluations, enabling employees to share in the Company's operating results. Pursuant to the resolution of the Board of Directors on March 9, 2026, 4.57% of the profits for 2025 was allocated as employee remuneration, of which 52.2% was distributed to entry-level employees, reflecting the principle of sharing business achievements.

3). Childbirth Grants, Childcare Allowances, and Scholarships for Employees' Children

- In line with its commitment to a family-friendly workplace and employee care, the Company has established comprehensive childbirth and childcare support programs. Through childbirth grants, childcare allowances, and scholarships for employees' children, the Company supports employees in balancing family and work responsibilities and creates a supportive environment for child-rearing. As a company deeply rooted in Taiwan, it also aims to support employees' family development and promote long-term talent retention.
- Employees who have completed the probationary period, or whose spouses give birth, are eligible to apply for a one-time childbirth grant. The grant has been increased from NT\$ 88,000 to NT\$ 168,000 per birth. In 2025, a total of NT\$ 512,000 in childbirth grants was distributed.
- Employees with children under the age of five receive a monthly childcare allowance of NT\$ 4,500 per child until the child reaches five years of age. In addition, employees with younger children may apply for childcare subsidies of NT\$ 3,000 per child per month. In 2025, a total of NT\$ 996,050 was distributed for childcare allowances and subsidies.
- To encourage academic achievement among employees' children, scholarships ranging from NT\$ 3,000 to NT\$ 6,000 per child are awarded to those who meet the eligibility criteria. In 2025, a total of NT\$ 207,000 in scholarships was granted.

4). Diverse Incentive Programs

- Kwong Lung continues to implement diversified incentive programs to strengthen employee engagement and organizational cohesion, while fostering a corporate culture of profit sharing and mutual growth.
- Since March 2014, the Company has implemented an Employee Stock Ownership Trust program, inviting employees to participate in the Company's long-term development and share in its operating results. Full-time employees in Taiwan who have completed more than six months of service may voluntarily contribute 3% to 5% of their fixed salary to the trust. The Company provides a matching contribution equal to 100% of the employee's monthly contribution. In addition, if an employee achieves an annual performance rating of A or above, the Company will increase its matching contribution to 200% in the following year, limited to one year. This program encourages long-term shareholding, strengthens the alignment of interests between employees and the Company, and promotes shared growth. In 2025, the Company contributed NT\$ 10,086,300 in matching funds to the Employee Stock Ownership Trust.
- The Company continues to promote diversified incentive mechanisms, including employee stock options and related reward programs, to encourage long-term commitment and contributions from talented employees, while enhancing organizational cohesion.

5). Promotion of Work-Life Balance

- The Company places great importance on employees' physical and mental well-being and quality of life, and implements various measures to support work-life balance.
- Regularly organizes diverse activities and courses, including health seminars, leisure activities, and topics such as investment, real estate, and financial markets, providing employees with opportunities for learning and interaction.



- Implements leave policies that exceed statutory requirements, offering an additional 3 to 7 days of flexible leave beyond legal entitlements to encourage adequate rest and well-being.
- The Taiwan headquarters adopts a flexible working hours system, allowing employees to start work between 7:30 a.m. and 9:10 a.m. and end work between 4:30 p.m. and 6:10 p.m., facilitating flexible daily arrangements.
- Promotes a hybrid working model, allowing employees to apply for remote work while maintaining operational efficiency and team collaboration.
- To create a comfortable working environment, the headquarters provides employee lounge areas and a wellness refreshment bar offering coffee, tea, and snacks, enabling employees to relax during work breaks.



4.5.1.2 Talent Development and Training

1). Performance Evaluation Management and Implementation

- To effectively implement corporate strategies and annual business objectives and enhance organizational performance, Kwong Lung has established a comprehensive performance evaluation system. Evaluation results serve as a key basis for decisions regarding employee remuneration, promotion, salary adjustments, and talent development. In 2025, 100% of employees—regardless of gender or managerial status—received regular performance evaluations and career development reviews, ensuring that all employees can continuously enhance their professional capabilities and work performance through systematic assessment and feedback mechanisms.

2). Learning and Development

- Sustainable corporate development relies on long-term talent cultivation. Through a well-established training system and diverse learning channels, the Company supports employees in continuous self-development, enhances professional skills and knowledge, broadens professional perspectives, and builds competencies required for future roles, thereby improving overall work performance and organizational competitiveness.

- Upon onboarding, new employees participate in comprehensive orientation programs covering corporate culture, organizational policies, service standards, management systems, departmental responsibilities, compensation and benefits, and fundamental professional skills, enabling them to quickly adapt to the work environment and understand the Company's business philosophy and development direction.
- After formal employment, employees are provided with diversified on-the-job development opportunities tailored to different functions and levels, including job rotation, delegation and acting assignments, project participation, meetings and task forces, overseas training, on-the-job coaching, and professional skill development. In addition, the Company designs training programs based on departmental needs to establish a comprehensive training system, strengthening employees' knowledge, skills, and expertise, and enhancing overall operational efficiency and performance.
- In 2025, total training hours reached 28,522 hours, with 5,257 participant attendances.

Title	hours		Employees	
	Female	Male	Female	Male
Non-management positions	16,151	9,586	3,252	1,580
Management positions	1,573	1,212	255	170
Total	28,522		5,257	

4.5.1.3 Retirement system

- 1). All of the Company's operating sites comply with applicable local statutory retirement systems and make retirement contributions for each employee in accordance with relevant regulations, with a 100% employee participation rate in retirement plans. In Taiwan, pursuant to the Labor Standards Act and the Labor Pension Act, employees who joined on or before June 30, 2005 are eligible for the defined benefit plan (old system). Upon voluntarily opting into the new pension system, their service years are counted under the defined contribution plan. Under the old system, monthly contributions are deposited based on each eligible employee's salary into the designated pension reserve account at the Central Trust of China. The Company also reviews the adequacy of this reserve annually to ensure the protection of employees' retirement benefits. In 2025, the expense recognized under the defined benefit plan amounted to NT\$160 thousand.
- 2). Under the new pension system, contributions are made monthly at 6% of each eligible employee's salary grade into individual pension accounts. In addition to the employer's fixed 6% contribution, employees may voluntarily contribute between 0% and 6% of their salary to their individual accounts. In 2025, the expense recognized under the defined contribution plan amounted to NT\$ 9,191 thousand.
- 3). To safeguard employees' retirement benefits, the Company administers retirement matters in accordance with the Labor Standards Act, the Labor Pension Act, and related regulations. Employees who meet any of the following conditions may apply for voluntary retirement:
 - Having at least 15 years of service and reaching 55 years of age;
 - Having at least 25 years of service;
 - Having at least 10 years of service and reaching 60 years of age.

Except for employees who reach the age of 65 or are unable to perform their duties due to physical or mental conditions, the Company does not mandate retirement. For employees aged 65 and above, retirement may be deferred subject to mutual agreement between the employer and employee, taking into account operational needs and employee preferences.

Regarding the retirement application process, employees shall submit a written application in accordance with the prescribed notice period to their respective departments and the Human Resources Department. Upon verification that retirement eligibility criteria are met, the effective retirement date shall be determined through mutual agreement between the employer and the employee. Employees are required to complete the handover of duties and assets prior to the effective retirement date to ensure continuity and stability of operations.

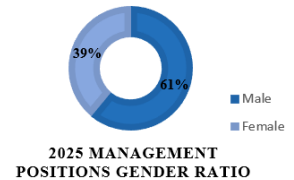
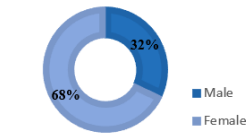
4.5.1.4 Agreement between management and labor and the measures to safeguard employees' interests

1). Equality and diversity

- To promote gender equality and a family-friendly workplace, the Company's Taiwan headquarters has established a lactation room equipped with heating facilities, providing a comfortable and private space for nursing mothers, enabling employees to balance work and family responsibilities.
- Employees in Taiwan who have completed six months of service may apply for parental leave without pay in accordance with the Gender Equality in Employment Act and the Regulations for Implementing Unpaid Parental Leave, up to a maximum of two years before their child reaches the age of three. Upon completion of the leave, employees will be reinstated to their original positions to safeguard their employment rights.
- Kwong Lung is committed to protecting employee human rights and does not use race, gender, age, political affiliation, or religion as criteria for employment, evaluation, or promotion. The Company ensures equal pay for equal work and equal opportunities for promotion, thereby promoting workplace equality and diversity. The proportion of female managerial personnel is maintained at over 30% annually; in 2025, female managers accounted for 39%, and female employees accounted for 68% of the workforce.

• 2025 Employees structure

Age	Employees	Male	Female
30 and under	1,644	584	1,060
31~50	2,581	788	1,793
51 and above	224	52	172
total	4,449	1,424	3,025



- The average salary difference ratio of male to female employees of each rank is calculated by gender as shown in the following table in 2025.

Title	Taiwan		China		Vietnam	
	Male	Female	Male	Female	Male	Female
Technician/Assistant	1.0	1.0	1.2	1.0	1.0	1.0
Engineer/Specialist	1.0	1.0	0.8	1.0	1.0	1.0
Section manager/Manager	1.0	1.0	1.6	1.0	0.7	1.0
Director and above	1.0	1.0	NA	1.0	0.9	1.0

2). Communication and consultation

- Kwong Lung has set up employee communication mail. Employees can communicate any comments via the "employee mail" and "sexual harassment grievance mailbox." In addition, the Company's internal first-level supervisors and human resources departments will conduct employee interviews from time to time, as a platform for interaction between the top and bottom.
- In order to enable employees to participate and express business decision-making opinions,

Kwong Lung launches the I Voting online discussion and voting system to encourage employees to conduct online discussions and votes on the Company's major decision-making issues.

- Kwong Lung promotes the core value of ethical enterprises, encourages a mutual respect and ethical culture, and strengthens employees' moral awareness through the advocacy of the ethical corporate management best practice principles. There were no complaints of any violation of ethical codes in 2025.

4.5.1.5 Employee Working Environment and Personal Safety Protection Measures.

1). Occupational Safety and Environmental Management

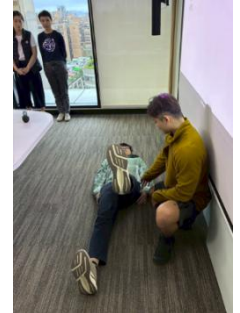
- The Company conducts annual occupational safety and health training and regularly assigns personnel to attend related refresher courses. On-site personnel at overseas plants are provided with uniforms and are required to wear complete and effective personal protective equipment.
- To ensure personnel safety in the event of accidents, Kwong Lung has established a self-defense fire protection organization and training program in accordance with its internal fire protection plan. The Company has also planned emergency evacuation routes, promoted evacuation procedures and safety signage, and regularly arranges first aid training. In addition, all plants comply with local fire safety regulations, conduct required filings, and carry out periodic fire drills.



- Kwong Lung cares about every work partner, and actively increases operating personnel's personal protective equipment, regularly holds lectures, and develops instructions, to improve personal protection related concepts. As the down material comes from the waterfowl farming industry, there is still considerable controversy as to whether it can be an infection source of avian influenza virus. As a member of the world, the Company adopts high specifications to prevent the spread of avian influenza, providing the customers and end consumers with the best protection.
- The plant areas are equipped with designated disinfection equipment according to the disinfection standards of the World Animal Health Organization. Each plant area is regularly disinfected every quarter, and the frequency of disinfection is increased during the monsoon season. Fumigation and disinfection with high temperature or formaldehyde is strictly implemented and supervised and guided by government agencies, and the Company cooperates with the inspection regulations of customs and epidemic control units of various countries. Regarding the harmfulness of formaldehyde vapor to human body, the Company specially designates an agent storage space for this substance, self-examines and purchases ventilation and exhaust equipment to do ensure the safety of operating personnel as much as it can.
- The Meko and Bo Hsing plants in Vietnam have obtained ISO 45001 Occupational Health and Safety Management System certification, with validity periods from October 9, 2025 to October 9, 2028, and from October 8, 2025 to September 9, 2028, respectively.

2). Health and care

- Kwong Lung has always attached great importance to employees' health. Through holding various health seminars, arranging health checkups and promoting healthy concepts, it has strengthened employees' health awareness and conveyed the correct concepts of prevention and health care. In 2025, a total of two health seminars were held, and health information was shared periodically via internal email and bulletin boards.
- The Taipei office is equipped with sit-stand desks and ergonomic office design, creating a healthy and employee-friendly working environment to enhance overall work efficiency and employee satisfaction.
- Special health examinations are conducted in accordance with the examination items stipulated in the "Worker Health Protection Regulations" and managed according to different levels. New recruits are given a general physical examination before they arrive at work, and current employees are given regular health examinations. The company also promotes the "Maternity Protection Plan," "Ergonomic Hazard Prevention Plan," and "Abnormal Workload-induced Illnesses" and the "Unlawful Infringement Prevention Plan" as mandated by the Ministry of Labor.
- In 2025, all employee physical and health examination records were analyzed, evaluated, managed, and securely stored with appropriate data protection measures. Any abnormal findings were promptly communicated and followed up. The Company also regularly organized medical and disease prevention seminars. In addition, dedicated occupational health nurses are stationed on-site, and occupational physicians provide monthly on-site services to offer additional health support activities.
- Through the questionnaire surveys of "Voluntary Musculoskeletal Observation Questionnaire", "Female Worker Maternal Health Risk Assessment Form" and "Overload Questionnaire", the Company understands the risk of illness among employees, and implements health management based on the grades according to laws and regulations, and subsequently assigns high-risk employees to arrange interviews with doctors and nurses, providing health services and consultations, implement health education propaganda, care for the health of employees, evaluate the hazards of the workplace, and provide relevant suggestions for improving the operating environment and working hours to prevent the occurrence of occupational diseases. There were no work-related ill health incidents reported among the Company's employees in 2025.



3). Healthy Workplace Certification

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

4). Disabling injury situation

- Due to the type of industry, most of the needlestick injuries are caused by sewing machine needles. After tracking and confirming, all of them are caused by non-compliance with the standard operation procedures. After reviewing and taking corrective actions, the employees were required to follow the standard operation procedures. Moreover, we continue to raise our employee's awareness of identifying hazards in the factory and create a safe workplace culture so that every employee can work safely in a safe workplace. 2025 Statistics on the disabling injury

Area	Injury(number of people)		Disabling injury frequency rate(FR)		Number of workdays lost		Disabling injury severity rate (SR)		Number of workdays lost	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Taiwan	1.0	2.0	7.1	7.1	5.0	27.0	35.4	96.1	141,432	280,872
China	1.0	0	14.9	0	146.0	0	2,173.1	0	67,184	128,440
Asia (Taiwan & China excluded)	9.0	8.0	2.9	1.2	30.0	98.0	9.5	14.5	3,155,048	6,743,048

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

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

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

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

4.6 Information security management

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

4.6.1.1 Information security risk management framework

To ensure the effective operation of the information security management system and the implementation of information security policies, Kwong Lung has established a comprehensive information security governance framework, planned and implemented in accordance with the ISO 27001:2022 Information Security Management System standard.

The Board of Directors holds ultimate oversight responsibility for information security, while management is responsible for the formulation and promotion of information security policies. A dedicated information security unit has been established to execute related operations. The implementation status and risk control effectiveness of information security management are reported to the Board of Directors at least once a year. In 2025, the implementation status was reported to the Board on December 11, 2025.

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

Information Security Review Unit	Responsible for the internal audit of the information security management system.
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4.6.1.2 Information security policy

To ensure the confidentiality, integrity, availability, and compliance of information assets, and to prevent both intentional and accidental internal and external threats, Kwong Lung has established an “Information Security Policy” in accordance with its business characteristics and regulatory requirements, serving as the highest guiding principle for information security management.

This policy demonstrates management’s commitment to and support for information security, providing a framework for all employees to follow in implementing information security management. It aims to reduce the impact of information security incidents on business operations, ensure operational continuity, and safeguard the rights and interests of the Company and its stakeholders.

4.6.1.3 Information management plans and resources invested in information security management

Internet Security	<ul style="list-style-type: none"> • Implement intrusion prevention services to protect external-facing systems. • Adopt a least-privilege firewall policy and conduct network traffic monitoring. • Deploy a Security Information and Event Management (SIEM) system to collect and retain system logs for correlation analysis and threat monitoring. • Establish local and offsite backup mechanisms to enhance the protection of critical data. • Complete upgrades to office wireless networks, significantly improving both performance and security. • Continuously strengthen information system architecture protection and implement outsourced SOC monitoring mechanisms to enhance real-time detection and response capabilities for security incidents. • Join TWCERT/CC to participate in cybersecurity intelligence sharing and real-time incident reporting. • Implement multi-factor authentication (MFA) to reduce the risk of account compromise. • Enable visualization and alerting of abnormal internet traffic, and implement proactive protection against connections to malicious and high-risk websites. • Conduct regular penetration testing; in 2025, testing of critical external systems confirmed that protection mechanisms are functioning effectively, with no significant cybersecurity risks identified.
Device safety	<ul style="list-style-type: none"> • Deploy endpoint protection and malware detection mechanisms based on device types. • Utilize email security services to enhance email protection. • Implement EDR systems on servers and endpoints to monitor abnormal behavior. • Enforce information asset classification management and endpoint patch management. • In 2025, completed upgrades of core servers, switches, firewalls, and wireless network equipment, enhancing operational stability and cybersecurity protection capabilities.
Application Security	<ul style="list-style-type: none"> • Strengthen security controls throughout the application development lifecycle. • Conduct security risk assessments during the design, testing, and deployment phases, and only proceed to production after confirming that no significant vulnerabilities exist.
Personnel Safety and Education and Training	<ul style="list-style-type: none"> • Enforce account access control and conduct periodic reviews. • Establish necessary security control procedures for employees’ use of personal devices. • Conduct information security awareness training twice annually with assessments to ensure a baseline level of cybersecurity awareness among all personnel. In 2025, each employee completed 2 hours of online information security training, with a total of 220 participant attendances.
Certification and expenses	<ul style="list-style-type: none"> • Passed the ISO 27001:2022 Information Security Management System annual surveillance audit in 2025, with the certificate valid from January 10, 2024 to January 9, 2027. • In 2025, approximately NT\$ 7.57 million was invested in information security initiatives, including email protection, endpoint protection, identity authentication, security assessments, and training programs.

4.6.2 List the losses, possible impacts and countermeasures suffered by major information security incidents in the most recent year and up to the date of publication of the annual report. If it cannot be reasonably estimated, the fact

that it cannot be reasonably estimated shall be stated:

In 2025, the Company did not experience any material cybersecurity incidents, nor were there any significant impacts on its operations, financial condition, or stakeholders' interests. The Company will continue to strengthen its cybersecurity governance and protection mechanisms to address emerging cyber threats.

4.7 Material contracts

March 31, 2026

Nature of Contract	Contracting Parties	Contract Term Dates	Main Content	Restrictive Clauses
Long-term loans	Taipei Fubo Bank	2023.12.28~2028.12.28	Long-term credit loansNTD169,583,333	None
	Taipei Fubo Bank	2024.12.10~2029.12.10	Long-term credit loansNTD57,000,000	None
	The Export-Import Bank of the Republic of China	2025.06.26~2027.06.26	Long-term credit loansNTD100,000,000	None
	The Export-Import Bank of the Republic of China	2025.09.05~2027.09.05	Long-term credit loansNTD100,000,000	None
	The Export-Import Bank of the Republic of China	2025.12.24~2027.12.24	Long-term credit loansNTD100,000,000	None
	Yuanta Commercial Bank	2025.05.06~2027.05.06	Long-term credit loansNTD200,000,000	None
	Hua Nan Bank	2024.03.07~2029.03.07	Long-term credit loansNTD15,674,984	None
	Hua Nan Bank	2024.06.07~2029.06.07	Long-term credit loansNTD11,456,250	None
	Sumitomo Mitsui Banking Corporation	2023.12.28~2046.12.28	Long-term credit loans JPY284,096,000	None

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

5.1 Financial status

Unit : NT\$ thousand ; %

Item	Year	2024	2025	Difference	
				Amount	%
Current assets		4,910,950	4,051,128	(859,822)	(17.51)
Non-current assets		5,365,042	5,744,311	379,269	7.07
Total assets		10,275,992	9,795,439	(480,553)	(4.68)
Current liabilities		3,347,649	3,434,480	86,831	2.59
Non-current liabilities		956,379	963,972	7,593	0.79
Total liabilities		4,304,028	4,398,452	94,424	2.19
Capital stock		1,514,025	1,506,425	(7,600)	(0.50)
Capital reserve		2,254,850	2,234,409	(20,441)	(0.91)
Retained earnings		2,050,343	1,915,202	(135,141)	(6.59)
Other equity		9,684	(276,914)	(286,598)	(2,959.50)
Non-controlling interests		143,062	17,865	(125,197)	(87.51)
Total shareholders' equity		5,971,964	5,396,987	(574,977)	(9.63)
<p>1. Main causes and impacts of material changes in assets, liabilities and equity in the last two years:</p> <p>1). Decrease in Current Assets: Primarily due to decreases in accounts receivable and inventories.</p> <p>2). Decrease in Other Equity: Primarily due to a decrease in exchange differences arising from the translation of financial statements of foreign operations.</p> <p>3). Decrease in Non-Controlling Interests: Primarily due to the acquisition of an additional 40% equity interest in Koutou Co., Ltd. in January 2025, increasing the Company's ownership from 60% to 100%, resulting in a decrease in non-controlling interests.</p> <p>2. Response plan: The aforementioned changes have not yet had significant impacts on the Company. The working capital generated by the Company's future operating activities and part of the funds obtained from the financing of financial institutions will be sufficient to meet the needs of the Company's future operations.</p>					

5.2 Financial performance

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

Unit : NT\$ thousand ; %

Item	Year	2024	2025	Increase (decrease) amount	Change ratio (%)
Operating costs		(6,527,567)	(7,227,807)	(700,240)	10.73
Gross profit		1,365,396	1,309,768	(55,628)	(4.07)
Operating expenses		(788,755)	(835,160)	(46,405)	5.88
Net operating profit		576,641	474,608	(102,033)	(17.69)
Non-operating income and expenses		165,141	32,865	(132,276)	(80.10)
Net income before tax		741,782	507,473	(234,309)	(31.59)
Income tax expenses		(135,380)	(130,344)	5,036	(3.72)
Net income from the current period		606,402	377,129	(229,273)	(37.81)
Other comprehensive income		134,595	(212,316)	(346,911)	(257.74)
Total comprehensive income		740,997	164,813	(576,184)	(77.76)
<p>Change analysis:</p> <p>1. Decrease in Non-operating Income and Expenses, Net income before tax, and Net Income: Primarily due to gains recognized in 2024 from the disposal of an associate accounted for using the equity method.</p> <p>2. Decrease in Other Comprehensive Income and Total Comprehensive Income: Primarily due to a decrease in exchange differences arising from the translation of financial statements of foreign operations.</p>					

5.2.2 The expected sales volume and its basis, the possible impact on the Company's

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

5.3 Cash flow

5.3.1 Analysis of changes in cash flow in 2025

Unit : NT\$ thousand

Beginning cash balance	Net cash inflow (outflow) from operating activities	Net cash inflow (outflow) from investing activities	Net cash inflow (outflow) from financing activities	Impact of exchange rate changes	Cash surplus (insufficiency)	Remedy for insufficiency	
						Funding plan	Financing plan
629,085	1,134,868	(619,763)	(164,049)	(129,553)	850,588	None	None

1. Operating activities: Primarily due to inventory adjustments during the current period.
2. Investing activities: Primarily due to the acquisition of investment property during the current period.
3. Financing activities: Primarily due to the acquisition of equity interests in subsidiaries.

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

5.3.3 2026 cash liquidity analysis

Unit : NT\$ thousand

Beginning cash balance	Net cash inflow (outflow) from operating activities	Net cash inflow (outflow) from investing activities	Net cash inflow (outflow) from financing activities	Cash surplus (insufficiency)	Remedy for insufficiency	
					Funding plan	Financing plan
850,588	1,024,367	(536,172)	(605,926)	732,857	None	None

1. Operating activities: Primarily driven by cash receipts from operating revenue.
2. Investing activities: Primarily related to increased domestic and overseas investments, as well as expenditures on plant and equipment.
3. Financing activities: Primarily related to the payment of cash dividends and the borrowing and repayment of bank loans.

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

To support future operational development needs, the Company invested approximately NT\$ 531,239 thousand in 2025 to acquire real estate under the same development project in Taichung. The funding source was operating revenue, and the investment had no material impact on the Company's financial or business operations.

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

5.5.1 Re-investment policy

The Company's current reinvestment policy is based on the Company's future operation direction and is gradually implemented. At this stage, it is mainly based on the promotion and extension of

related businesses in the primary industry. The Company pays attention to the future profitability and prospects of reinvested companies, and strictly abides by the principles of legality, profitability and liquidity. The investment strategy takes into account risks, returns and asset growth, and achieves the goals of return and asset growth under risk control.

5.5.2 Main reasons for profit or loss and improvement plans

In 2025, the Company recognized a loss of NT\$ 20,661 thousand from associates accounted for using the equity method, primarily due to higher initial investment costs during the early stage of operations. The Company will continue to enhance profitability while effectively implementing cost control and performance improvement measures.

5.5.3 Investment plan for the coming year : none

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

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

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

2025	Net amount (NT\$ thousands)	As a ratio of net revenue (%)	As a ratio of net income before tax (%)
Interest income and expenditure	(3,618)	(0.04)	(0.71)
Exchange gains and losses	(66,545)	(0.78)	(13.11)

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

5.6.1.3 Future response measures

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

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

5.6.2.1 Policy

The Company is not engaged in high-risk and highly leveraged investments. However, in order to effectively control the related risks and improve the safety of financial operations, the Company has formulated relevant regulations such as the "Procedures for Lending Funds to Other Parties," "Procedures for Endorsement & Guarantee," and "Procedures for Derivative

Trade" in accordance with the relevant regulations of the Securities and Futures Commission, Ministry of Finance. At the same time, the Company's auditing unit has established relevant systems for risk management and evaluation operations, in accordance with the "Regulations Governing Establishment of Internal Control Systems by Public Companies" issued by the Securities and Futures Commission.

5.6.2.2 Main reasons for its profit or loss

- 1). The loan collected interest in accordance with the provisions of the "Procedures for Lending Funds to Other Parties" in 2025, and the details at the end of the period were as follows:

Loaning from	Loaned to	Loan amount	Interest-rate collar
P&B Collection Co., Ltd.	Manumech Corporation	NT\$ 12 million	2%
P&B Collection Co., Ltd.	Koutou Co., Ltd.	NT\$ 95.5 million	2%~2.2%
Bo Hsing Enterprise Co., Ltd.	Fuhua Garment Co., Ltd.	USD140 million	3.7%

- 2). As of the end of 2025, the Company had no endorsement or guarantee.
- 3). The information on the derivative product trading in 2025 is as follows:

Unit : NT\$ thousand

Kwong Lung Enterprise Co., Ltd. Trading Information\ Contract Type				Forward contract	SWAP
For non-trading purpose	Non-Hedging Accounting	Open contract	Total contract amount	60,797	0
			Fair value	(139)	0
			The amount of unrealized gains and losses recognized in this year	(2,247)	0
		Closed contract	Total contract amount	1,320,951	0
			The amount of unrealized gains and losses recognized in this year	890	0

Unit : NT\$ thousand

Kwong Lung Japan Co., Ltd. Trading Information\ Contract Type				Forward contract	SWAP
For non-trading purpose	Non-Hedging Accounting	Open contract	Total contract amount	117,824	0
			Fair value	8,009	0
			The amount of unrealized gains and losses recognized in this year	4,060	0
		Closed contract	Total contract amount	289,320	0
			The amount of unrealized gains and losses recognized in this year	9,699	0

5.6.2.3 Future response measures

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

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

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

5.6.3.2 Estimated R & D expenses: The estimated R & D expenses in 2026 account for about 0.73% of revenue, which is not much different from the ratio in 2025.

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

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

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

With the rapid development of artificial intelligence, data analytics, automation technologies, and supply chain digitalization, technological transformation has become a key factor affecting competitiveness and operational efficiency in the apparel industry, while also increasing cybersecurity and operational risks. The Company continues to strengthen operational resilience through digital transformation and information security governance to mitigate the impact of external environmental changes on its financial and business performance:

5.6.5.1 Deepening AI Applications

The Company continues to expand the application of AI in operational processes. In 2025, AI translation capabilities were further extended from Chinese–Vietnamese to Chinese–English, and an image-to-image search function was introduced to support design, sampling, and business communication processes. These initiatives reduce manual workload and communication errors, thereby enhancing cross-border operational efficiency.

At the same time, the Company evaluates information security risks related to data access and model usage, and implements access control, data anonymization, and cloud security measures to ensure the protection of operational data and customer information.

5.6.5.2 Business Intelligence (BI)

A data analytics platform has been established, including BI systems for sales forecasting, sales analysis, shipment fulfillment rates, production progress monitoring, and backlog management across all business units.

5.6.5.3 Automation of Document Conversion and Data Reconciliation

To address increasing order volumes and diverse document formats, the Company continued to optimize document conversion mechanisms in 2025 and enhanced cross-file comparison functions. This reduces the risk of manual verification errors and improves operational efficiency and accuracy. These improvements help minimize cost losses caused by human error and enhance the reliability of financial and business operations.

5.6.5.4 ERP Systems and Cross-Border Operational Support

In response to new production sites in Indonesia and Bangladesh, the Company completed ERP system configurations and process adjustments in 2025 to ensure real-time integration and consistency of cross-border production, procurement, and financial data. Systematic management supports multi-country operational decision-making and reduces risks arising from information gaps.

5.6.5.5 Cost Control and Response to External Policy Changes

In response to cost pressures arising from changes in U.S. tariff policies, the Company has strengthened cost structure analysis and control mechanisms. Through more refined system configurations and data analysis, cost visibility has been improved, enabling management to monitor cost changes in real time and use this information as a basis for operational adjustments and pricing strategies, thereby mitigating the impact of external policy changes on financial performance.

5.6.5.6 Supply Chain Digital Integration and Enhanced Operational Resilience

To improve overall supply chain efficiency and transparency, the Company continues to promote system integration with upstream suppliers and downstream customers. Through technologies such as AI, EDI, QR codes, APIs, and RPA, it achieves automation and real-time processing of orders, production, shipments, and information exchange.

While advancing supply chain digitalization, the Company also incorporates cybersecurity considerations into supply chain management by strengthening third-party system access controls and data exchange security mechanisms, thereby reducing supply chain cybersecurity risks and ensuring operational stability.

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

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

Year	Award/Evaluation
2023	Ranked in the top 5% in the 9th Corporate Governance Evaluation
2024	Ranked in the top 5% in the 10th Corporate Governance Evaluation.
2025	Ranked in the top 5% in the 11th Corporate Governance Evaluation

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

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

5.6.9 Risks of purchase or sales concentration and response measures

5.6.9.1 Purchase concentration risk and response measures

In the past three years and the most recent period, any single supplier accounted for less than 16% of the Company's net purchase, showing that suppliers are dispersed, and there should be no risk of purchase concentration. The Company will determine the suppliers to be purchased from, based on suppliers' quality of supply, prices, market conditions and customers' requirements. As the raw material market is very competitive, there is no shortage of raw materials.

5.6.9.2 Sales concentration risk and response measures

In the past three years and the most recent period, any single customer accounted for less than 16% of the Company's net sales, and there should be no risk of sales concentration. With the rise of outdoor activities, the demand for outdoor activity supplies and sportswear has gradually increased, and these products have extremely strict requirements for the functionality they need. The Company has years' experience and technology accumulation, receiving international high-quality certification and multiple product patents, provides customers with the most complete

service, deeply trusted and recognized by customers, and maintains long-term stable cooperative relations with customers. In addition, the Company is also actively developing other overseas markets in order to diversify market risks. Overall, due to the characteristics of the Company's products, hi-mix, low-volume and customization, the concentration risk is still limited.

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

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

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

5.6.13 Other important risks and response measures: None.

5.7 Other important matters: None.

6. Special notes

6.1 Information about affiliated enterprises

For the report on affiliated enterprises, please refer to the Market Observation Post System (MOPS) at: [<https://mops.twse.com.tw> / Company Information /Electronic Document Download /Affiliated Enterprises Reports Section] and enter the Company code for inquiry.

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

6.3 Other require supplementary information: None

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

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

Kwong Lung Enterprise Co., Ltd.

Chairman: Ho-Po Chan