



STRONG H

**Stock code
4560**

STRONG H MACHINERY TECHNOLOGY (CAYMAN) INCORPORATION

2025 Annual Report

Published May 10, 2026

Annual report URL: <http://mops.twse.com.tw>

Company website: <http://www.strongh.tw>

Notice to readers

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

I. The names, titles, telephone numbers and email addresses of the Spokesperson and Deputy Spokesperson:

Name of spokesperson: Chi, Ping-Hsin TEL: (886)3-3198016
Title: General Manager E-mail: IR@strongh.cn
Name of acting spokesperson: Chen, Wen-Ling TEL: (886)3-3198016
Title: Acting spokesperson E-mail: IR@strongh.cn

II. Name, designation, contact number, and e-mail of litigation/non-contentious case agents in the Republic of China:

Name of representative: Chi, Tao-Song Title: Manager of the Company's Taiwan Branch
TEL: (886)3-3198016 E-mail: strongh@strongh.tw

III. Address and contact number of head office, branches, subsidiaries and 2nd-tier subsidiaries:

(I) Head office (branch):

Name: Strong H Machinery Technology (Cayman) Incorporation
Website: <http://www.strongh.tw>
Address: 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands
TEL: (86)535-2292508
Branch: Strong H Machinery Technology (Cayman) Incorporation Taiwan Branch
Address: No. 89, Jianguo East Road, Guishan District, Taoyuan City
TEL: (886)3-3198016

(II) Subsidiary and 2nd-tier subsidiary:

Name: Faith Light International Corporation (Samoa)
Address: Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa
TEL: (86)535-2292508
Name: VANDEN INTERNATIONAL CO., LTD. (Samoa)
Address: Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa
TEL: (86)535-2292508
Name: Strong H Machinery Technology Co., Ltd.
Address: No. 2099, Kaiming Road, Development Zone, Laizhou City, Shandong Province, China
TEL: (86)535-2292508
Name: Grand Strong Precision Machines Co., Ltd.
Address: Qiancheng Community, Shangma Street, Chengyang District, Qingdao City, Shandong Province, China
TEL: (86)532-87920085

IV. Name, address, website, and contact number of share administration agency:

Name: Shareholder Service Department of Fubon Securities Co., Ltd. Website: <http://www.fubon.com>
Address: 11F, No. 17, Xuchang Street, Zhongzheng District, Taipei City TEL: (886)2-23611300

V. The CPA's name and the accounting firm's name, address, telephone number and website for the most recent financial report:

Name of financial statement auditor: CPA Chuang, Wen-Yuan, CPA Yang, Ching-Ting
Accounting firm: Deloitte Taiwan Website: <http://www.deloitte.com.tw>
Address: 20F, No. 100, Songren Road, Xinyi District, Taipei City TEL: (886)2-27259988

VI. Name of overseas exchange where securities are listed, and methods for inquiring foreign-listed securities: Not applicable.

VII. Company website: <http://www.strongh.tw>

VIII. List of board members:

Job title	Name	Nationality	Main Education and Working Experiences
Chairman of the Board	IMPERIAL INTERNATIONAL CO.,LTD. Representative: Chi, Ping-Hsin	Taiwan, R.O.C	1. Laizhou strong letter Precision Machinery Co., Ltd.- Founder 2. Taoyuan Senior High School
Director	IMPERIAL INTERNATIONAL CO.,LTD. Representative: Hsu, Hsiang-Jen	Taiwan, R.O.C	1. Deloitte Taiwan – Partner 2. Strong H Machinery Technology (Cayman) Incorporation Chief Financial Officer. Comptroller 3. Strong H Machinery Technology Co.,Ltd. Chief Financial Officer. Comptroller 4. Grand Strong Precision Machines Co., Ltd. Chief Financial Officer. Comptrolle 5. Master of Accounting, Soochow University
Director	Chi, Tao-Song	Taiwan, R.O.C	1. Mean Light Co., Ltd. - Manager 2. Zhong Li Commercial Senior High School
Independent Director	Wang, Chien-Chih	Taiwan, R.O.C	1. SmartAnt Telecom Co., Ltd-Chairman 2. Nextronics Engineering Co.-Supervisors 3. Nsyde Software Co., Ltd.-Supervisor 、 Director 4. Professional Computer Technology Limited - Legal person supervisor representative 、 Director 5. Fu Jen Catholic University-Department of law
Independent Director	Tsai, Jia-Peir	Taiwan, R.O.C	1. Deputy Team Leader, System Manufacturing Center, National Chung- Shan Institute of Science and Technology, Ministry of Defense 2. Ching Long Technology Co., Ltd. -General Manager 3. Master in Mechanical Engineering National Central University
Independent Director	Hsiao, Chin-Heng	Taiwan, R.O.C	1. Technical Specialist in Production Management Information Systems, Armored Vehicle Research and Development Center 2. Tien Yuen Machinery MFG. Co., Ltd., -Assistant Manager of Technology Department 3. Tien Yuen Machinery MFG. Co., Ltd.(Dalian Plant)-Director 4. Tien Yuen Machinery MFG. Co., Ltd. (Taichung Plant)-Director 5. Feng Chia University MBA, School of Business and Management, Executive Management Program
Independent Director	Tsai, Kun-Yuan	Taiwan, R.O.C	1. Kuang Chuan Dairy Co., Ltd.-Accounting Director 2. Ernst & Young Global Limited-Audit team leader 3. Web-Pro Co., LTD., -Supervisor 4. TungThih Electronic Co., Ltd.-Independent Director 5. Howteh Technology Co., Ltd.- Supervisor 6. M.J. International Group-Independent Director 7. Chialin Precision Industrial Co.,Ltd., -Independent Director 8. Y-S Electronic Co., Ltd.-Independent Director 9. National Chung Cheng University Master of Business Administration-Accounting & IT

Content

One. Report to Shareholders	1
Two. Company Profile.....	6
I. Introduction to the company and group.....	6
Three. Corporate Governance Report.....	8
I. Background information of directors, supervisors, President, vice presidents, assistant managers, and the heads of various departments and branches	8
II. Remuneration to Directors, Supervisors, President and Vice Presidents in the most recent year	20
III. Status of corporate governance.....	25
IV. Information About CPA Professional Fee	61
V. Change of CPA	61
VI. The Company's Chairman, President, or any managers involved in financial or accounting affairs being employed by the accounting firm or any of its affiliated company in the last year	61
VII. Any transfer of equity interests and pledge of or change in equity interests by a director, supervisor, managerial officer, or shareholder with a stake of more than 10 percent in the most recent year and until to the date of publication of the annual report	61
VIII. Information on top 10 shareholders in proportion of shareholdings and are stakeholders, spouses, or related to one another or kin at the second pillar under the Civil Code to one another	62
IX. Shareholding ratio of the re-invested business of the company, the company's directors, supervisors, managers and corporations directly or indirectly controlled by the company, and the comprehensive shareholding ratio	64
Four. Capital Overview.....	65
I. Capital Stock and Shares	65
(I) Source of Capital Stock	65
(II) Roster of Major Shareholders.....	66
(III) Dividend Policy and the Status of Implementation	66
(IV) Impacts of proposed stock dividends on the Company's business performance and earnings per share..	67
(V) Employee/director/supervisor remuneration	67
(VI) Buyback of company shares	68
II. Issuance of corporate bonds	68
III. Preferred shares	68
IV. Global depository receipt.....	68
V. Employee stock warrants	68
VI. Issuance of new employee restricted shares	68
VII. New shares issued for merger, acquisition or share exchange	68
VIII. Implementation of fund utilization plan.....	68
Five. Operational Profile.....	69
I. Operations	69
II. Overview of market, and production and marketing.....	75
III. Employee size, average years of service, average age, and academic background in the last 2 years by the date of report publication	79
IV. Information about expenditure on environmental protection.....	79
V. Labor-Management Relations.....	79
VI. Cyber Security Management	80
VII. Major agreements.....	82
Six. Review, analysis and risk of the financial status and management result.....	83
I. Financial position	83
II. Financial performance.....	84
III. Cash flow	85
IV. Material capital expenditures in the last year and impact on business performance	85
V. Direct investment policy, the main reasons for profit or loss, and corrective action plan for the most recent year, and investment plan in the next year	85
VI. Analysis of risk factors	86
VII. Other important disclosures.....	88
Seven. Special Disclosures.....	89
I. Information About Affiliates	89
II. Private placement of securities in the last year and by the date of report publication.....	91
III. Other supplementary information	91
IV. Any occurrence of event defined under Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act in the previous year and by the date of report publication that significantly impacted shareholders' interest or security prices.....	92

One. Report to Shareholders

**Strong H Machinery Technology (Cayman) Incorporation
2025 Business Report**

I. 2025 Business Report

(I) Achievements

In 2025 the revenue was NT\$1,718,429 thousand and the net income after tax was NT\$205,698 thousand.

Unit: NT\$ thousand

Year Item	2025	2024
Operating Revenue	1,718,429	1,607,273
Gross Profit	613,556	522,921
Operating Income	269,077	155,824
Income Before Tax	272,135	166,180
Income After Tax	205,698	138,677
Equity Per Share (EPS) (NT\$)	3.02	2.04

(II) Status of budget execution: No financial forecast is required for 2025 according to the applicable law.

(III) Financial income and expenditure and profitability analysis

Unit: NT\$ thousand; %

Item/Year		2025	2024	Ratio %	
Gain/Loss Analysis	Operating Revenue	1,718,429	1,607,273	6.92	
	Gross Profit	613,556	522,921	17.33	
	Income After Tax	205,698	138,677	48.33	
Profitability analysis	Return on Assets (%)	8.66	6.37	35.95	
	Return on Equity (%)	10.66	7.71	38.26	
	As a percentage of paid-in capital (%)	Income Before Tax	39.51	22.88	72.68
		Income After Tax	39.96	24.40	63.77
	Net Profit Rate (%)	11.97	8.63	38.70	
	EPS After Tax	3.02	2.04	48.04	

(IV) Status of research and development

Research and development (R&D) expenses in 2025 totaled NT\$69,526 thousand, representing a decrease of NT\$14,920 thousand compared to NT\$84,446 thousand in 2024.

This decrease was primarily due to the fact that R&D for new products, such as automated devices and equipment, has largely entered mass production and shipment, leading to the reallocation of manpower and corporate resources toward production. Additionally, the reduction in production upgrade and transformation projects also contributed to the decline in R&D expenses.

Our automatic devices and equipment are developed to help customers enhance the production efficiency of sewing equipment, reduce labor, and lower production costs.

II. Summary of 2026 Business Plan

(I) Policy

1. The company gradually accumulates R&D and innovative technical capabilities through product technology research and development; the company is gradually becoming an R&D and innovation-oriented company with smart equipment prioritized as the main product.
2. In terms of the production system, the company is gradually becoming a manufacturing

factory that is smart, automation, and information-oriented.

3. The company's business operation focuses on sewing machine knives and special knives; it is also dedicated to developing abrasive automation equipment. Development of automatic sewing equipment, exploration of new materials and expansion of product field in investment casting from our product roadmap.
4. The corporate management system is with a people-oriented business model established and a talent cultivation mechanism planned.
5. Cost control as the current corporate strategy.

(II) Expected sales volume and its basis

The company has not disclosed financial forecasts, so there is no expected sales volume.

(III) Marketing policy

1. Through the company to implement lean production management mode, equipment automation, technology standardization, information, talent cultivation system, so as to achieve the cost control, the purpose of sustainable development of enterprises.
2. The Company has successfully automated the production of equipment, integrated manpower, equipment, and process, achieved the goal of compressing the production cycle, and stabilized the quality of production, to ensure timely deliveries.
3. Corporate information management: The Company's main product delivery is based on the market product order delivery, and the integration of big data such as MES, PLM, BI, QMS, etc., to achieve the Company's rapid product delivery capability.
4. The Company primarily manufactures sewing machine cutting tools while also developing cross-industry cutting tools and automated sewing production equipment. Development focuses on multi-machine labor-saving systems for single sequences and automated multi-sequence sewing machines, helping customers implement human-machine separation and machine substitution improvements.
5. Setup a supplier management system (price management, payables management, standardized management of material procurement), and establish a systematic management platform for market information management, production management, production planning management, material management, and logistics management.
6. Establish an international marketing model to help the company move forward from localization to international marketing.

III. Future development strategy

We market products in our own brand "STRONG H," one of the leading brands of parts for industrial sewing machines.

(I) The following is the main development strategy of the product side :

- 1 Automated devices: The company's recent flagship products feature time-saving, labor-saving, and process-reducing characteristics. These devices upgrade garment factory production lines with add-on attachments that increase manual efficiency and production capacity. Through standardized technical management and continuous performance improvements, the company is expanding its rigid demand product categories to surpass benchmarks and establish market leadership. Following the development philosophy of saving time and labor for customers, the company continues to develop equipment with automated attachments while promoting previously developed products in the market to generate volume sales and build market reputation. The Company will optimize and upgrade the performance structure of old products, and make them more user-friendly and useful, so that end users will recognize and trust the Company's products and brands, and continue to maintain its leading position in the market.
- 2 Automated equipmen: In 2025, the company continues to design and manufacture automated equipment that supports single-machine or multi-machine processes operated by one person. Product features include automatic material collection, time

savings, and labor reduction, providing peripheral sewing equipment production lines to end-user garment factories to reduce workforce requirements and production costs. Future development will focus on sewing production lines formed by combining single-sequence or multi-sequence automated sewing units, establishing strategic partnerships with garment factories to design specialized sewing equipment or automated production lines for specific products. The company will refine and strengthen previously developed products, emphasizing knitted hem and cuff ribbing processes, to establish an initial brand effect for knitted automation products.

The Company has been steadily accumulating technology and experience in the development and sale of automatic sewing machine products, and has demonstrated the advantages of product upgrades in the current development. Focusing on sweatshirt and crew neck seaming, the company is developing extended automated equipment to gradually form production lines of automated equipment for sweatshirts and crew neck shirts. Continue to expand the overseas market and invest in the overseas formation of automated brand influence and reputation..

3 Potential products (leather cutters, leather skiving knives, new materials of alloy, trading goods and products of investment casing) :

- (1) For potential products, the Company researched the market demand, established the promotion program, and set up the sales strategy. The new products of materials for investment casting (stainless steel and alloy materials) had positive impact on revenues.
- (2) The Company developed new materials, applied new technologies to make continuous improvement in product performance. The useful life of the knives was increased by the new techniques with expansion in alloy, tungsten steel, aluminum, and other new materials. °
- (3) Enhance the processing capacity of new business, extend the development, upgrade the processing equipment for new materials, improve the product tolerance and quality stability. Accumulated experience and business growth in the commercial vehicle engine parts business Development of aluminum parts for garden machinery blades °
- (4) The Company emphasizes securing and developing new products, focusing on embroidery machine sequin/bead device cutting tools, fabric cutting blades, and CAD cutting knives to develop new products and customers, increasing market share and sales revenue. The Company will continue to develop sewing machine products by taking advantage of the lack of distribution channels in the industry, and form a series of products to improve customer dependence and sales volume.

(II) The Company's future development strategies

1. Strong H continues to promote information construction, build smart and digital smart manufacturing, and build high-efficiency, high-quality, and low-cost smart manufacturing systems.
2. Through the MES system, combined with automation and intelligent equipment renovation and lean project promotion, we have built a comprehensive, timely and transparent production model for system integration and data collection to ensure orderly and stable production.
Through the APS system and MES, ERP, PLM and other systems, from the planning to the machine and the team, the production can be effectively balanced according to the available resources. Through the end-to-end supply plan, we can meet the customer's delivery date and reduce the manufacturing cost and inventory.
Through the QMS system, a management model for the whole process of traceability of quality data and analysis and optimization is established; a quality traceability

chain is constructed for comprehensive analysis to achieve total quality control.

IV. It is affected by external competition environment, legal environment and overall operating Environment

(I) Influence of external competitive environment

The Company has been deeply rooted in the sewing machine parts industry for over 30 years, continuously optimizing production technology and moving toward more automated and intelligent factory management. Through professional manufacturing services, we have established long-term partnerships with world-leading brands, earning customer recognition and trust.. With the "STRONG H" self-owned brand and marketing worldwide, the company has a certain brand awareness. The Company optimized the distribution channel management, expanded secondary dealers and periodically held regional product launch to let our wide-ranging partners catch up with our products. The Company strengthened the communication with our partners, expanded end-market of our products and increased the market share of component products, device products and other components of sewing machines.

(II) Environmental impact of regulations

The company is registered in the Cayman Islands. By the end of 2025 the companies of the Group are registered and operated in Samoa, Mainland China and Taiwan. The business of each company of the Group is carried out in accordance with the important policies and laws and regulations of the country and region where it is located, and it pays attention to the important policy development trend and legal changes at any time. When necessary, it consults the relevant units such as lawyers and accountants, or commissions them to evaluate and plan corresponding measures, and takes appropriate countermeasures according to the changes in the market environment.

(III) The impact of the overall operating environment

In 2025, enterprises in China's machinery industry accelerated technological innovation, actively expanded domestic and international markets, and promoted product upgrades. Overall, the industry's economic performance remained stable with continuous improvement in efficiency and moderate growth in foreign trade. However, as U.S. tariff policies were progressively implemented, downstream demand slowed, and industry inventory levels gradually rose. Indicators such as production and revenue for both complete machine and component manufacturers showed a noticeable decelerating and downward trend. Faced with an adverse international environment and sluggish market demand, the downstream footwear and apparel industries withstood the pressure by accelerating digital and intelligent transformations. By actively adopting the 'Small Order, Quick Response' model, these companies increased procurement of automated and intelligent sewing equipment and solutions. Consequently, the domestic sewing machinery market has shifted toward a new pattern where sales of standalone machines (such as lockstitch, overlock, and interlock machines) are declining, while demand for automated and intelligent equipment continues to grow.

Looking ahead to 2026, global economic growth is expected to slow down but remain resilient. Future trends suggest that China-U.S. competition—spanning technology, trade, tariffs, and even geopolitical confrontations—will become a long-term strategic reality. As a typical pro-cyclical sector, the sewing machinery industry is projected to oscillate or hover near its bottom or historical midline, which is expected to be the 'new normal.' While the broader external economic and consumption environment for China's sewing machinery industry has not significantly improved, potential opportunities remain in factors such as downstream industrial relocation and digital upgrades

In October 2025, a consensus was reached in the China-U.S. tariff negotiations. Over the coming year, tariff levels for Chinese footwear and apparel exports to the U.S. market are expected to become largely on par with those of Southeast Asian nations. This stability is expected to restore the price competitiveness of Chinese products in the U.S., with direct export orders likely to bottom out and rebound. Additionally, the pressure of order substitution

from Southeast Asia is expected to ease. Furthermore, as Chinese footwear and apparel enterprises actively expand into ASEAN, European, and African markets, the foundation of foreign trade continues to broaden. It is anticipated that in 2026, key indicators—including production, exports, and profits—for the footwear, apparel, and home textile industries will stabilize and recover.

Future With product leadership, technological innovation, quality brand competitiveness continues to enhance, smart manufacturing and digital level continues to improve, the Company is looking forward to becoming a world-class supplier of sewing components and integration solutions for sewing equipment.

Chairperson: Chi, Ping-Hsin CEO: Chi, Ping-Hsin CFO: Huang, Deak-Hueiei

Two. Company Profile

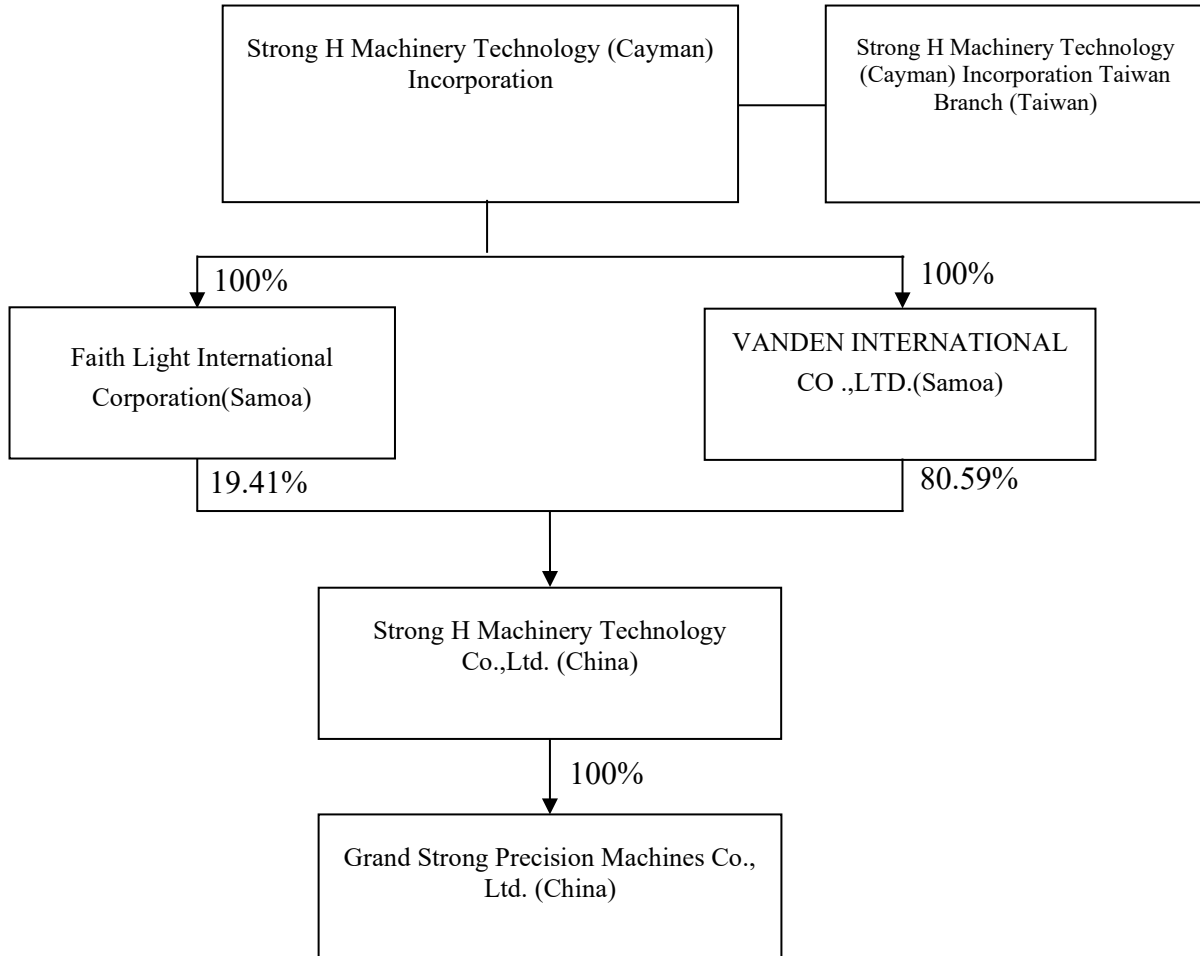
I. Introduction to the company and group

(I) Date of establishment and introduction of group

Strong H Machinery Technology (Cayman) Incorporation (the Company) was founded on October 31, 2014 as an offshore investment holding company registered in the Cayman Islands, which made its first public listing in Taiwan. As at the publication date of this annual report, the Company's 100% directly and indirectly owned subsidiaries (and 2nd-tier subsidiaries) included Faith Light International Corporation (Samoa), VANDEN INTERNATIONAL CO., LTD. (Samoa), Strong H Machinery Technology Co.,Ltd., Grand Strong Precision Machines Co., Ltd. and Strong H Machinery Technology (Cayman) Incorporation Taiwan Branch.

The Company is a manufacturer of precision machinery that currently focuses on the production and sale of industrial sewing machine parts, whole machine assembly, and end user repair service.

(II) Group structure



(III) Risk items: Please refer to Six.(VI) (p.86~88) of this annual report.

(IV) Address and contact number of head office, branches, subsidiaries and factory sites

1. The Company: STRONG H MACHINERY TECHNOLOGY (CAYMAN) INCORPORATION

Address: 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240,
Grand Cayman KY1-1002, Cayman Islands
TEL: (86) 535-2292508

2. Branch: Strong H Machinery Technology (Cayman) Incorporation Taiwan Branch
Address: No. 89, Jianguo East Road, Guishan District, Taoyuan City
TEL: (886) 3-3198016

3. Subsidiary:

- (1) Faith Light International Corporation (Samoa)
Address: Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa
TEL: (86)535-2292508
- (2) VANDEN INTERNATIONAL CO., LTD. (Samoa)
Address: Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa
TEL: (86)535-2292508
- (3) Strong H Machinery Technology Co., Ltd.
Address: No. 2099, Kaiming Road, Development Zone, Laizhou City, Shandong Province
TEL: (86)535-2292508
- (4) Grand Strong Precision Machines Co., Ltd.
Address: Qiancheng Community, Shangma Street, Chengyang District, Qingdao City, Shandong Province
TEL: (86)532-87920085

Three. Corporate Governance Report

I. Background information of directors, supervisors, President, vice presidents, assistant managers, and the heads of various departments and branches

(I) Background of directors and supervisors

1. Directors and supervisors (the Company does not have supervisors)

April 18, 2026; unit: thousand shares; %

Job title	Nationality or place of registration	Name	Gender Age	Date elected	Term Expires	Date First Elected	Number of shares held at the time of election (appointment)		Current shareholding		Shareholdings of spouse and underage children		Shares held in the names of others		Main Education and Working Experiences	Current duties in The Company and in other companies	Other Managers, Directors or Supervisors having the Relationship of Spouse or Relatives Within the Second Degree			Remarks (Note 2)
							Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage			Job title	Name	Relationship	
Chairman of the Board	Samoa	Imperial International Co., Ltd (IMPERIAL INTERNATIONAL CO.,LTD)	Male 66	2025.6.19	3	2015.2.25	27,272	40.055	27,272	40.05	-	-	-	-	-	-	-	-	-	-
	Taiwan, R.O.C	Chi, Ping-Hsin		2025.6.19	3	2015.2.25	151	0.22	151	0.22	-	-	50,472 (Note 1)	74.12 (Note 1)	1. Taoyuan Senior High School 2. Laizhou strong letter Precision Machinery Co., Ltd. Founder	1. Strong H Machinery Technology (Cayman) Incorporation - Chairman and President 2. Faith Light International Corporation - Director 3. VANDEN INTERNATIONAL CO.,LTD. - Director 4. Strong H Machinery Technology Co., Ltd. - Director and President 5. Grand Strong Precision Machines Co., Ltd. - Director and President 6. IMPERIAL INTERNATIONAL CO.,LTD - Representative 7. Joyful Gain Investment Limited - Representative 8. Regency Star International Limited - Representative 9. PREMIER CHOICE VENTURES INC. - Representative 10. DOUBLE FAITH HOLDING LIMITED - Representative 11. Global Sharp Investments Limited - Representative 12. QIANGHAO Machinery Technology (Qingdao) Co., Ltd -Representative	Director	Chi, Tao-Song	Sibling	The chairperson and the president of this Company is the same person to enhance operational efficiency and smoothen decision-making. In addition, the board of directors maintains objectivity and supervision power because over one-half of board members are neither managers nor employees of other companies concurrently. To enhance the Company's checks and balances in the future, we increase one seat of independent director to more than the legal requirement as a countermeasure.
Director	Samoa	Imperial International Co., Ltd (IMPERIAL INTERNATIONAL CO.,LTD)	Male 64	2025.6.19	3	2015.2.25	27,272	40.05	27,272	40.05	-	-	-	-	-	-	-	-	-	-

Job title	Nationality or place of registration	Name	Gender Age	Date elected	Term Expires	Date First Elected	Number of shares held at the time of election (appointment)		Current shareholding		Shareholdings of spouse and underage children		Shares held in the names of others		Main Education and Working Experiences	Current duties in The Company and in other companies	Other Managers, Directors or Supervisors having the Relationship of Spouse or Relatives Within the Second Degree			Remarks (Note 2)
							Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage			Number of shares	Shareholding percentage	Job title	
	Taiwan, R.O.C	Hsu, Hsiang-Jen		2025.6.19	3	2015.2.25	-	-	-	-	-	-	-	-	1. Deloitte Taiwan Partner 2. Strong H Machinery Technology (Cayman) Incorporation Chief Financial Officer. Comptroller 3. Strong H Machinery Technology Co.,Ltd. Chief Financial Officer. Comptroller 4. Grand Strong Precision Machines Co., Ltd. Chief Financial Officer. Comptroller 5. Master of Accounting, Soochow University	1. Strong H Machinery Technology (Cayman) Incorporation-Corporate governance officer 2. Yao i Fabric Co., Ltd. - Independent Director	-	-	-	-
Director	Taiwan, R.O.C	Chi, Tao-Song	Female 62	2025.6.19	3	2015.2.25	-	-	-	-	-	-	735	1.08	1. Mean Light Co., Ltd. - Manager 2. Zhong Li Commercial Senior High School 3. Grand Strong Precision Machines Co., Ltd. - Supervisor 4. HERO PROMISE LIMITED - Representative	1. Manager of Strong H Machinery Technology (Cayman) Incorporation Taiwan Branch 2. Strong H Machinery Technology Co., Ltd. - Supervisor 3. Grand Strong Precision Machines Co., Ltd. - Supervisor 4. HERO PROMISE LIMITED - Representative	Chairman of the Board	Chi, Ping-Hsin	Sibling	-

Job title	Nationality or place of registration	Name	Gender Age	Date elected	Term Expires	Date First Elected	Number of shares held at the time of election (appointment)		Current shareholding		Shareholdings of spouse and underage children		Shares held in the names of others		Main Education and Working Experiences	Current duties in The Company and in other companies	Other Managers, Directors or Supervisors having the Relationship of Spouse or Relatives Within the Second Degree			Remarks (Note 2)
							Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage			Number of shares	Shareholding percentage	Job title	
Independent Director	Taiwan, R.O.C	Wang,Chien-Chih	Male 66	2025.6.19	3	2019.6.6	-	-	-	-	-	-	-	-	1. SmartAnt Telecom Co., Ltd-Chairman 2. Nextronics Engineering Co. Supervisor 3. Professional Computer Technology Limited Legal person supervisor representative · Director 4. Nsyde Software Co., Ltd. Supervisor · Director 5. Fu Jen Catholic University- Department of law	1. Chairperson, Jian Zhi International Law Firm 2. Insyde Software Co., Ltd. Corporate director representative of Mingliang Investment Co., LTD. 3. Qingyu Investment Co., Ltd - Chairman. 4. Weikeng Industrial Co., Ltd.- Independent Director	-	-	-	-
Independent Director	Taiwan, R.O.C	Tsai, Jia-Peir	Male 67	2025.6.19	3	2022.4.21	-	-	-	-	-	-	-	-	1 Deputy Team Leader, System Manufacturing Center, National Chung-Shan Institute of Science and Technology, Ministry of Defense 2. Ching Long Technology Co., Ltd. - General Manager 3 Master in Mechanical Engineering, National Central University	-	-	-	-	-

Job title	Nationality or place of registration	Name	Gender Age	Date elected	Term Expires	Date First Elected	Number of shares held at the time of election (appointment)		Current shareholding		Shareholdings of spouse and underage children		Shares held in the names of others		Main Education and Working Experiences	Current duties in The Company and in other companies	Other Managers, Directors or Supervisors having the Relationship of Spouse or Relatives Within the Second Degree			Remarks (Note 2)
							Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage			Number of shares	Shareholding percentage	Job title	
Independent Director	Taiwan, R.O.C	Hsiao, Chin-Heng	Male 65	2025.6.19	3	2025.6.19	-	-	-	-	-	-	-	-	1. Technical Specialist in Production Management Information Systems, Armored Vehicle Research and Development Center 2. Tien Yuen Machinery MFG. Co., Ltd., Assistant Manager of Technology Department 3. Tien Yuen Machinery MFG. Co., Ltd. (Dalian Plant) Director 4. Tien Yuen Machinery MFG. Co., Ltd. (Taichung Plant) Director 5. Feng Chia University MBA, School of Business and Management, Executive Management Program.	-	-	-	-	-

Job title	Nationality or place of registration	Name	Gender Age	Date elected	Term Expires	Date First Elected	Number of shares held at the time of election (appointment)		Current shareholding		Shareholdings of spouse and underage children		Shares held in the names of others		Main Education and Working Experiences	Current duties in The Company and in other companies	Other Managers, Directors or Supervisors having the Relationship of Spouse or Relatives Within the Second Degree			Remarks (Note 2)
							Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage			Number of shares	Shareholding percentage	Job title	
Independent Director	Taiwan, R.O.C	Tsai, Kun-Yuan	Male 65	2025.6.19	3	2025.6.19	-	-	-	-	-	-	-	-	1. Kuang Chuan Dairy Co., Ltd. Accounting Director 2. Ernst & Young Global Limited Audit team leader 3. Web-Pro Co., LTD., Supervisor 4. TungThih Electronic Co., Ltd. Independent Director 5. Howteh Technology Co., Ltd. Supervisor 6. M.J. International Group Independent Director 7. Chialin Precision Industrial Co., Ltd., Independent Director 8. Y-S Electronic Co., Ltd. Independent Director 9. National Chung Cheng University Master of Business Administration - Accounting & IT	1. Yangtze CPAs and Co., Managing Partner -Taoyuan Branch 2. Chairperson, Taoyuan City Tax Agent Association 3. Chinyi Eggs Technonlgy Corporation- Director	-	-	-	-

Note 1: Includes shares held through IMPERIAL INTERNATIONAL CO.,LTD and Joyful Gain Investment Limited, etc.

Note 2: If the chairperson and the president or equivalent role is the same person, its spouse, or the kindred at the first tier, state related information, including reasons, reasonability, necessity, and countermeasures.

2. Major shareholders of institutional shareholders

April 18 2026

Name of institutional shareholder	Institutional shareholders' main shareholders
IMPERIAL INTERNATIONAL CO.,LTD (Imperial International Co. Ltd)	Chi, Ping-Hsin (100%)

3. Major shareholders of institutional shareholders

Institutional shareholders	Major shareholders of institutional shareholders
Not applicable	Not applicable

4. Information disclosure of the professional qualifications of directors and supervisors and independence of independent directors:(the Company does not have supervisors)

Name	Qualification	Professional qualifications and experience (Note 1)	State of independence (Note 2)	Number of the other public companies where the person holds the title as independent director concurrently
IMPERIAL INTERNATIONAL CO.,LTD Representative: CHI, PING-HSIN		<p>The founder of Strong H Mechanical Technology (Laizhou) Co., Ltd. has extensive industry experience, strategic management, leadership and academic capabilities. He has 27 years of experience in the business management of the industrial sewing machine parts industry.</p> <p>Serves as the Company's president, acting as a managerial officer to communicate and interact with other directors regarding business management strategies at the Board meeting; proposes relevant business management ideas, and therefore has the ability to plan, operate and manage financial, business, marketing and industry operations.</p> <p>Not under any circumstances as stipulated in Article 30 of the Company Act.</p>	-	0
IMPERIAL INTERNATIONAL CO.,LTD Representative: Hsiang-Jen Hsu,		<p>Has working experience in accounting and crisis management and has obtained a certificate of a national examination required for working as a professional and technician at an accounting firm. A previous associate of Deloitte Taiwan, CFO and CAF of Strong H Machinery Technology (Cayman) Incorporation. Has corporate governance, accounting and financial analysis capabilities, and industry development insight.</p> <p>Not under any circumstances as stipulated in Article 30 of the Company Act.</p>	-	1

Name	Qualification	Professional qualifications and experience (Note 1)	State of independence (Note 2)	Number of the other public companies where the person holds the title as independent director concurrently
Chi, Tao-Song	Serves as the Company's Taiwan Branch President who specializes in industrial sewing machine parts industry for more than 20 years; responsible for managing all matters associated with operations in Taiwan; has financial, commercial, marketing, operational and management capabilities. Not under any circumstances as stipulated in Article 30 of the Company Act.		-	0
Wang, Chien-Chih	Has working experience in law and crisis management and has obtained a certificate of a national examination required for working as a professional and technician at a law firm. Currently serving as the person in charge at EnWise CPAs & Co. Their expertise in law can provide advice on risk management and legal strategies/compliance and management decisions. Not under any circumstances as stipulated in Article 30 of the Company Act.	An independent director who is in compliance with the criteria for independence, not a director, supervisor, or employee of the Company or its affiliates; including but not limited to the person himself/herself, spouses or second-degree relatives; not holding shares of the Company; not serving as a director, supervisor or an employee of a company with which the Company has a specific relationship; not having received any remuneration for commercial, legal, financial and accounting services provided by the Company or its affiliates in the past two years.		1
Tsai, Jia-Peir	Have relevant industry experience required for the company's business. With experience and expertise in mechanical engineering and manufacturing, be able to provide technical advice when necessary. Not under any circumstances as stipulated in Article 30 of the Company Act.	An independent director who is in compliance with the criteria for independence, not a director, supervisor, or employee of the Company or its affiliates; including but not limited to the person himself/herself, spouses or second-degree relatives; not holding shares of the Company; not serving as a director, supervisor or an employee of a company with which the Company has a specific relationship; not having received any remuneration for commercial, legal, financial and accounting services provided by the Company or its affiliates in the past two years.		0

Name	Qualification	Professional qualifications and experience (Note 1)	State of independence (Note 2)	Number of the other public companies where the person holds the title as independent director concurrently
Hsiao, Chin-Heng	Have relevant industry experience required for the company's business. With experience and expertise in mechanical engineering and manufacturing, be able to provide technical advice when necessary. Not under any circumstances as stipulated in Article 30 of the Company Act.	An independent director who is in compliance with the criteria for independence, not a director, supervisor, or employee of the Company or its affiliates; including but not limited to the person himself/herself, spouses or second-degree relatives; not holding shares of the Company; not serving as a director, supervisor or an employee of a company with which the Company has a specific relationship; not having received any remuneration for commercial, legal, financial and accounting services provided by the Company or its affiliates in the past two years.	0	
Tsai, Kun-Yuan	Has working experience in accounting and crisis management and has obtained a certificate of a national examination required for working as a professional and technician at an accounting firm. Currently servicing as the Managing Partner of Yangtze CPAs and Co. Taoyuan Branch. When independent directors and Audit Committee are performing their duties, their expertise in finance and accounting can enhance the corporate governance quality of the Board of Directors and supervisory functions of the Audit Committee. Not under any circumstances as stipulated in Article 30 of the Company Act.	An independent director who is in compliance with the criteria for independence, not a director, supervisor, or employee of the Company or its affiliates; including but not limited to the person himself/herself, spouses or second-degree relatives; not holding shares of the Company; not serving as a director, supervisor or an employee of a company with which the Company has a specific relationship; not having received any remuneration for commercial, legal, financial and accounting services provided by the Company or its affiliates in the past two years.	0	

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

Note 2: For independent directors, their state of independence must be specified, including but not limited to whether they, their spouses, second-degree relatives serve as a director, supervisor or employer in the Company or affiliates; the proportion of shares held by the independent director himself/herself, their spouses or second-degree relatives (or in the name of others); whether the independent director serves as a director, supervisor or an employee of a company with which the Company has a specific relationship (refer to Subparagraphs 5 to 8, Paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies); and amount of remuneration receive for commercial, legal, financial and accounting services provided by the Company or its affiliates in the past two years.

5. Diversity and Independence of the Board:

(1) Board diversification: Specify the Board’s diversity policy, objectives and achievements.

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

At Strong H, we advocate and respect the director diversity policy to strengthen corporate governance while promoting the robust development of the composition and structure of the Board of Directors. We firmly believe that the diversity policy helps enhance the performance of the Company as a whole. Election of Board Members. The appointment of board members are based on the principle of using talent; the criteria have been divided into the following:

A ∙ Basic conditions and values: Gender, age, nationality, culture, etc.

B ∙ Professional knowledge and skills: Professional background (such as legal, accounting, industry, finance, marketing or technology), professional skills and industry, experience, etc.

In a bid to strengthen the functions of the Board to achieve the corporate governance objectives, as stipulated in Article 20 of the Company’s “Corporate Governance”, the Board of Directors as a whole shall have the following functions:

A. The ability to make judgments about operations.

B. Accounting and financial analysis ability.

C. Business management ability.

D. Crisis management ability.

E. Knowledge of the industry.

F. An international market perspective.

G. Leadership ability.

H. Decision-making ability.

(2) Management targets and achievement status :

Management targets	Achievement status
No. of directors who also serve as managers may not exceed one third of the board seats	Currently three directors who also serve as managers, or 43% of the total. Target achieved.
No. of directors who also serve as employees may not exceed one half of the board seats	Currently three directors who also serve as managers, or 43% of the total. Target achieved.
The majority of directors may not have spousal or relative relationships within two degrees of kinship.	Currently only two directors who are relatives within two degrees of kinship. This accounts for 29% of the total. Target achieved.
It is advised that one-third of directors are female.	One director, or 14% of the total, is female. Efforts will be made to increase the percentage.
It is advised that at least one-third of directors are independent.	Currently four directors, or 57% of the total, are independent. Target achieved.
It is not advised that an independent director serves more than three consecutive terms.	None of the four current seats have this situation, and an agreement has been reached.

The Company's diversity policy for current Board members and its implementation are as follows:

Name	Gender	Nationality	Working part-time at the Company	Age		Working part-time at the Company			Management	Leadership	Industry knowledge	Financial accounting	Legal	International market view	Risk management
				51~60	61~70	Below 3 years	3-9 years	Over 9 years							
IMPERIAL INTERNATIONAL CO., LTD Representative: CHI, PING-HSIN	Male	Taiwan, R.O.C	√	√					√	√	√			√	√
IMPERIAL INTERNATIONAL CO., LTD Representative: Hsu, Hsiang-Jen	Male	Taiwan, R.O.C	√	√					√	√	√	√		√	√
Chi, Tao-Song	Female	Taiwan, R.O.C	√	√					√	√	√	√		√	√
Wang, Chien-Chih	Male	Taiwan, R.O.C		√			√		√	√			√	√	√
Tsai, Jia-Peir	Male	Taiwan, R.O.C		√			√		√		√			√	√
Hsiao, Chin-Heng	Male	Taiwan, R.O.C		√	√				√		√			√	√
Tsai, Kun-Yuan	Male	Taiwan, R.O.C		√	√				√	√		√		√	√

To sum up, the Company's current Board is made up by 7 directors, including 3 directors and 4 independent directors. Directors who also serve as employees of the Company account for 43% while independent directors account for 57%; 14% are female directors, and 4 independent directors have a term of office of 0~6 years.

The expertise of our Board members lies in accounting, management and the Company's industry. Each director and independent director has their respective professionalism in different areas. The 3 directors specialize in business management, leadership in decision-making, accounting with extensive industry knowledge and international market perspective; while other 4 independent directors are experts in accounting, taxation, laws and lecturing. These directors are able to bring many benefits to the Company's operations. At present, there is only one female director on the board of directors of the company, which accounts for less than one third. Based on the gender equality of the composition of the Board of Directors, the diversity of age groups and professional backgrounds, the company will continue to consider increasing the proportion of gender diversity of the Board of Directors in the future.

- (3) Independence of the Board of Directors: The number and proportion of independent directors must be specified; explain the independence of the Board of Directors; with details whether matters stated in Subparagraphs 3-4, Article 26-3 of the Securities and Exchange Act; with a description provided where there is a spouse or second degree of kinship between directors or supervisors or between directors and supervisors. The Company 6th Board of Directors is composed of 7 members and 4 of which are independent directors. The goal is to have no less than 3 independent directors and no less than 1/5 (inclusive) of the total number of directors. In 2025, there were 4 independent directors, accounting for 57% of all director seats. The goal for directors working as the Company's part-time employees may not exceed 1/2 (inclusive) of the total number of directors. There are currently 3 directors who are part-time employees, accounting for 43% of all director seats. Directors in the Board must be more than half and they must not be spouses or within second-degree relatives. At presents, only 2 directors are second-degree relatives for 29% of all director seats. In summary, the goals for independence have been achieved.

(II) President, vice presidents, assistant vice presidents, and heads of departments and branches

April 18, 2026; unit: thousand shares; %

Job title	Nationality	Name	Gender	Date onboard (Note 1)	Shareholding		Number of shares held by their spouse and underage children		Shares held in the names of others		Main Education and Working Experiences	Positions held concurrently in any other companies	a spouse or relative within two degrees of consanguinity serving as a manager			Remarks (Note 3)
					Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage			Job title	Name	Relationship	
President	Taiwan, R.O.C	Chi, Ping-Hsin	Male	2006.12.14	151	0.22	-	-	50,472 (Note 2))	74.12 (Note 2))	1. Taoyuan Senior High School 2. Strong H Mechanical Technology (Laizhou) Co., Ltd. - Founder	1. Faith Light International Corporation (Samoa) - Representative 2. VANDEN INTERNATIONAL CO.,LTD. (Samoa) - Representative 3. Strong H Machinery Technology Co., Ltd. - Director and President 4. Grand Strong Precision Machines Co., Ltd. - Managing Director and President 5. IMPERIAL INTERNATIONAL CO.,LTD - Representative 6. Joyful Gain Investment Limited - Representative 7. Regency Star International Limited - Representative 8. PREMIER CHOICE VENTURES INC. - Representative 9. DOUBLE FAITH HOLDING LIMITED - Representative 10. Global Sharp Investments Limited - Representative 11. QIANGHAO Machinery Technology (Qingdao) Co., Ltd -Representative	-	-	-	The chairperson and the president of this Company is the same person to enhance operational efficiency and smoothen decision-making. In addition, the board of directors maintains objectivity and supervision power because over one-half of board members are neither managers nor employees of other companies concurrently. To enhance the Company's checks and balances in the future, we increase one seat of independent director to more than the legal requirements as a countermeasure.
Vice Executive President	People's Republic of China	Qi, Yu-Bin	Male	2006.12.14	22	0.03	-	-	125	0.18	1. Nanshilzhen Junior High School, Laizhou City	1. Strong H Machinery Technology Co., Ltd. - Assistant Vice President 2. Win Honor International Limited - Representative	-	-	-	-
Business Vice Executive President	People's Republic of China	Guo, Jun-Zhu	Male	2006.12.14	22	0.03	-	-	90	0.13	1. Department of Electrical Engineering, Dalian Railway Institute	1. Strong H Machinery Technology Co., Ltd. - Business Vice Executive President	-	-	-	-
Corporate governance officer	Taiwan, R.O.C	Hsu, Hsiang-Jen	Male	2023.6.1	-	-	-	-	-	-	1. Deloitte Taiwan - Partner 2. Strong H Machinery Technology (Cayman) Incorporation Chief Financial Officer Comptroller 3. Strong H Machinery Technology Co.,Ltd Chief Financial Officer. Comptroller 4. Grand Strong Precision Machines Co., Ltd. Chief Financial Officer. Comptroller 5. Lai Yih Footwear Co., Ltd.- Chief Financial Officer 6. Master of Accounting, Soochow University	1. Yao i Fabric Co., Ltd. -Independent Director	-	-	-	-
Financial Accounting Supervisor	Taiwan, R.O.C	Huang Deak-Huei	Male	2019.12.27	-	-	-	-	-	-	1. Director, Administration Department, Johnson Health Tech. Co., Ltd. 2. Expatriate CFO, Pou Chen Corporation 3. Department of Accounting, Soochow University	-	-	-	-	-
Auditing manager	Taiwan, R.O.C	Tung, Shang-Ju	Male	2016.12.13	3	0	-	-	-	-	1. Asia Pacific Telecom Co.,Ltd. - Chief Auditor 2. Chien Kuo Construction Co., Ltd. - Manager 3. Chien Yeh Law Offices - Director 4. Department of Accounting, National Tamkang University	-	-	-	-	-

Note 1: Refers to the earlier between the date onboard the Company or subsidiary.

Note 2: Includes shares held through IMPERIAL INTERNATIONAL CO.,LTD and Joyful Gain Investment Limited,etc.

Note 3: If the president or equivalent role (top manager) and the chairperson is the same person, its spouse, or a relative of the first tier, state related information, including reasons, reasonability, necessity, and countermeasures.

II. Remuneration to Directors, Supervisors, President and Vice Presidents in the most recent year

(I) Director remuneration paid in the most recent year 2025)

1. Remuneration for general and independent directors

December 31, 2025 unit: NTD thousands

Job title	Name	Remuneration to directors										Remuneration in the capacity as employees								Whether or not receiving remuneration from investees or the parent company other than subsidiaries				
		Remuneration (A)		Pension (B)		Director's remuneration		For Services (D)		Sum of A, B, C and D as a percentage of net income (Note 7)		Salaries, bonuses and special allowances, etc. (E)		Pension (F)		Employee remuneration (G)					Sum of A, B, C, D, E, F and G as a percentage of net income (Note 2)			
		the Company	All companies in the financial statements	the Company	All companies in the financial statements	the Company	All companies in the financial statements	the Company	All companies in the financial statements	the Company	All companies in the financial statements	the Company	All companies in the financial statements	the Company	All companies in the financial statements	the Company	All companies in the financial statements	the Company			All companies in the financial statements		the Company	All companies in the financial statements
																		Cash dividend	Amount of stock		Cash dividend	Amount of stock		
Chairman of the Board	Representative of IMPERIAL INTERNATIONAL CO., LTD.: Chi, Ping-Hsin	-	-	-	-	-	969	-	20	-	989	-	4,800	-	-	-	-	629	-	-	6,418	-		
											0.48%										3.12%			
Director	Representative of IMPERIAL INTERNATIONAL CO., LTD.: Hsu, Hsiang-Jen	-	-	-	-	-	565	-	30	-	595	-	720	-	-	-	-	210	-	-	1,525	-		
											0.29%										0.74%			
Director	Chi, Tao-Song	-	-	-	-	-	565	-	30	-	595	-	1,168	-	-	-	-	420	-	-	2,183	-		
											0.29%										1.06%			
Independent Director	Tai, Kuo-Cheng (Note 2)	-	168	-	-	-	-	-	15	-	183	-	-	-	-	-	-	-	-	-	183	-		
											0.09%										0.09%			
Independent Director	Wang, Ching-Hsiang (Note 2)	-	168	-	-	-	-	-	15	-	183	-	-	-	-	-	-	-	-	-	183	-		
											0.09%										0.09%			
Independent Director	Wang, Chien-Chih	-	360	-	-	-	-	-	30	-	390	-	-	-	-	-	-	-	-	-	390	-		
											0.19%										0.19%			
Independent Director	Tsai, Jia-Peir	-	360	-	-	-	-	-	30	-	390	-	-	-	-	-	-	-	-	-	390	-		
											0.19%										0.19%			
Independent Director	Hsiao, Chin-Heng (Note 2)	-	192	-	-	-	-	-	20	-	212	-	-	-	-	-	-	-	-	-	212	-		
											0.10%										0.10%			
Independent Director	Tsai, Kun-Yuan (Note 2)	-	192	-	-	-	-	-	20	-	212	-	-	-	-	-	-	-	-	-	212	-		
											0.10%										0.10%			

- Please state the policy, system, standard, and structure of remuneration for independent directors and the relevance to the amount of remuneration in terms of their duty, risk, and time of involvement.
 - With respect to the articles of incorporation of this Company, remuneration will be appropriated from the profit, if any, to independent directors.
 - We have established a remuneration committee with all independent directors. Directors and managers are remunerated according to their duty, involvement in and contribution to organizational operations, the standard in the business. Remunerations are reviewed periodically according to related regulations of this Company and approved by the remuneration committee prior to disbursement.
- Compensation received by director for providing service to any company included in the financial statements (For example, serving as a consultant for a non-employee of the parent company/companies included in the financial statements/investment businesses in the last year, except those disclosed) in the above table: None.

Note 1: The Company delivered consolidated net income of NT\$205,698 thousand in 2025

Note 2 : An election for a new board was conducted on June 19, 2025. Former Independent director Wang, Ching-Hsiang and Tai, Kuo-Cheng departed, Hsiao, Chin-Heng and Tsai, Kun-Yuan who was elected as the new independent director came onboard on the same day.

Breakdown of Remuneration

Remunerations to individual directors in respective brackets along the salaries scale	Name of director			
	Total remuneration (A+B+C+D)		Total remuneration (A+B+C+D+E+F+G)	
	the Company	All companies in the financial statements	the Company	All companies in the financial statements
Below NT\$1,000,000	—	Chi, Ping-Hsin, Hsu, Hsiang-Jen, Chi, Tao-Song, Tai, Kuo-Cheng(Note), Wang, Ching-Hsiang(Note), Wang, Chien-Chih, Tsai, Jia-Peir, Tsai, Jia-Peir, Hsiao, Chin-Heng(Note), Tsai, Kun-Yuan(Note)	—	Tai, Kuo-Cheng(Note), Wang, Ching-Hsiang.(Note), Wang, Chien-Chih, Tsai, Jia-Peir, Hsiao, Chin-Heng(Note), Tsai, Kun-Yuan(Note)
NT\$1,000,000 (inclusive)~ NT\$2,000,000 (exclusive)	—	—	—	Hsu, Hsiang-Jen, Chi, Tao-Song
NT\$2,000,000 (inclusive)~ NT\$3,500,000 (exclusive)	—	—	—	—
NT\$3,500,000 (inclusive)~ NT\$5,000,000 (exclusive)	—	—	—	—
NT\$5,000,000 (inclusive)~ NT\$10,000,000 (exclusive)	—	—	—	Chi, Ping-Hsin
NT\$10,000,000 (inclusive)~ NT\$15,000,000 (exclusive)	—	—	—	—
NT\$15,000,000 (inclusive)~ NT\$30,000,000 (exclusive)	—	—	—	—
NT\$30,000,000 (inclusive)~ NT\$50,000,000 (exclusive)	—	—	—	—
NT\$50,000,000 (inclusive)~ NT\$100,000,000 (exclusive)	—	—	—	—
> NT\$100,000,000	—	—	—	—
Total	—	9	—	9

Note : An election for a new board was conducted on June 19, 2025. Former Independent director Wang, Ching-Hsiang and Tai, Kuo-Cheng departed, Hsiao, Chin-Heng and Tsai, Kun-Yuan who was elected as the new independent director came onboard on the same day.

2. Supervisors' remuneration: The Company has Audit Committee in place of supervisors, hence not applicable.

3. Remuneration to President and vice presidents in the last year

December 31, 2025; unit: NTD thousands; shares

Job title	Name	Salary (A)		Pension (B)		Bonuses and allowances (C)		Employee remuneration (D)				Sum of A, B, C and D as a percentage of net income (%)		Whether or not receiving remuneration from investees or the parent company other than subsidiaries
		the Company	All companies in the financial statements	the Company	All companies in the financial statements	the Company	All companies in the financial statements	the Company		All companies in the financial statements		the Company	All companies in the financial statements	
								Cash dividend	Amount of stock	Cash dividend	Amount of stock			
President	Chi, Ping-Hsin	-	4,800	-	-	-	-	-	-	629	-	-	5,429	-
													2.64	

Note: The Company delivered consolidated net income of NT\$205,698 thousand in 2025

Breakdown of Remuneration

The brackets of remunerations to all Presidents and Vice Presidents of the Company	Names of the Presidents and the Vice Presidents	
	the Company	All companies in the financial statements
Below NT\$1,000,000	—	—
NT\$1,000,000 (inclusive)~ NT\$2,000,000 (exclusive)	—	—
NT\$2,000,000 (inclusive)~ NT\$3,500,000 (exclusive)	—	—
NT\$3,500,000 (inclusive)~ NT\$5,000,000 (exclusive)	—	—
NT\$5,000,000 (inclusive)~ NT\$10,000,000 (exclusive)	—	Chi, Ping-Hsin
NT\$10,000,000 (inclusive)~ NT\$15,000,000 (exclusive)	—	—
NT\$15,000,000 (inclusive)~ NT\$30,000,000 (exclusive)	—	—
NT\$30,000,000 (inclusive)~ NT\$50,000,000 (exclusive)	—	—
NT\$50,000,000 (inclusive)~ NT\$100,000,000 (exclusive)	—	—
> NT\$100,000,000	—	—
Total	—	1

4. Names of managers who received employee remuneration:

December 31, 2025; unit: NTD thousands; shares

Manager	Job title	Name	Amount of stock	Cash dividend	Total	As a percentage of net profit after tax (%)
	President	Chi, Ping-Hsin	—	1,889	1,889	0.92
	Vice Executive President	Qi, Yu-Bin				
	Business Vice Executive President	Guo, Jun-Zhu				
	Corporate governance officer	Hsu, Hsiang-Jen				
	Finance and Accounting Supervisor	Huang, Deak-Huei				
	Auditing manager	Tung, Shang-Ju				
	Branch manager	Chi, Tao-Song				

Note: The Company delivered consolidated net income of NT\$205,698 thousand in 2025.

5. The remuneration of the top five executives with the highest remuneration:

December 31, 2025; unit: NTD thousands

Job title	Name	Salary (A)		Pension (B)		Bonuses and allowances (C) (Note 1)		Employee remuneration (D)				Sum of A, B, C and D as a percentage of net income (%)		Whether or not receiving remuneration from investees or the parent company other than subsidiaries
		the Company	All companies in the financial statements	the Company	All companies in the financial statements	the Company	All companies in the financial statements	the Company		All companies in the financial statements		the Company	All companies in the financial statements	
								Cash dividend	Amount of stock	Cash dividend	Amount of stock			
Chairman & President	Chi, Ping-Hsin	—	4,800	—	—	—	—	—	—	629	—	—	5,429	None
													2.64	
Vice Executive President	Guo, Jun-Zhu	—	930	—	—	—	243	—	—	—	—	—	1,173	None
													0.57	
Vice Executive President	Qi, Yu-Bin	—	1,139	—	—	—	217	—	—	420	—	—	1,776	None
													0.86	
Financial Accounting Supervisor	Huang Deak-Huei	—	1,262	—	—	—	90	—	—	210	—	—	1,562	None
													0.76	
Branch manager	Chi, Tao-Song	—	960	—	—	—	208	—	—	420	—	—	1,588	None
													0.77	

Note1: Bonuses and special expenses, etc. include salary expenses recognized in accordance with IFRS 2 "share-based payment", including new shares that restrict employee rights.

Note2: The Company delivered consolidated net income of NT\$205,698 thousand in 2025.

(II) Comparison and disclosure of remuneration in the most recent 2 years paid by the company and all companies included in the consolidated financial statements to the company's directors, supervisors, President and vice presidents as a percentage of after-tax net profit. Describe the remuneration policy, standards, and packages, the procedures for determining remuneration and link to business performance and future risks.

1. Amount of remuneration paid to directors, supervisors, the President and vice presidents of the Company and all companies included in the consolidated financial statements in the last 2 years, and as a percentage of net income.

Unit: NTD thousand; %

Title	2024				2025			
	Amount of remuneration		As a percentage of net income (%) (Note)		Amount of remuneration		As a percentage of net income (%) (Note)	
	the Company	All companies included in the consolidated statements	the Company	All companies included in the consolidated statements	the Company	All companies included in the consolidated statements	the Company	All companies included in the consolidated statements
Director	—	10,577	—	7.63	—	11,696	—	5.69
President	—	5,366	—	3.87	—	5,429	—	2.64

Note: The Company delivered consolidated net income of NT\$138,677 thousand in 2024 and NT\$205,698 thousand in 2025.

2. Remuneration policies, standards, packages and procedures, and association with future risks and business performance

(1) Directors:

The remuneration of the directors shall not exceed 3% of the profits of the current year in accordance with Article 102 of the Articles of Association. Directors' remuneration is reviewed by the Remuneration Committee and submitted to the Board meeting for approval and reported to the Shareholders' meeting. The distribution of directors' remuneration is determined by taking into account the degree of participation of the individual in the Company's operations, the risks they take and their degree of contribution to the Company.

(2) President and vice president:

In accordance with Article 102 of the Articles of Association, the Company shall pay employees at a rate of not less than 1% of the annual profit. Performance assessments and remuneration levels of the Company's managerial officers (including the president and vice president) shall take into account the general pay levels in the industry, the time spent by the individual and their responsibilities, and the extent of goal achievement. The annual salary adjustment and year-end bonus are determined in accordance with the Company's policy for the year and the performance bonus is based on the Company's profitability for the year and the performance of the individual. The Remuneration Committee submits their recommendations to the Board meeting for discussion and approval.

(3) Correlation between the operational performance and future risk exposure:

We have established a Remuneration Committee to pay remuneration to directors and managerial officers (including president and vice president). Remuneration is determined by the Remuneration Committee based on the individual's education and experience, the general pay levels in the industry, the individual's degree of contribution to the Company and operational performance, while taking into account the operational risks, transaction risks and financial risks that the Company may face in the future and in accordance with the relevant management regulations. The Remuneration Committee shall meet at least once a year to review the performance assessment of the directors and managerial officers as well as the remuneration policy, system, standards and structure of the remuneration. The Remuneration Committee shall assess and determine remuneration for directors and managerial officers and propose recommendations on assessment results, which are submitted to the Board meeting for discussion. Therefore, there are no significant future risks.

III. Status of corporate governance

(I) Functionality of the board of directors

The board of directors held 6 meetings (A) by 2025 and up till the publication date of annual report. Attendance records are as follows:

Job title	Name	Actual attendance (B)	Attendance by proxy	Actual attendance rate (%) 【 B/A 】	Remarks
Chairman of the Board	IMPERIAL INTERNATIONAL CO.,LTD Representative: Chi, Ping-Hsin	6	4	66.67	2025/6/19 General meeting of shareholders re-election
Director	IMPERIAL INTERNATIONAL CO.,LTD Representative: Hsu, Hsiang-Jen	6	0	100.00	2025/6/19 General meeting of shareholders re-election
Director	Chi, Tao-Song	6	0	100.00	2025/6/19 General meeting of shareholders re-election
Independent Director	Wang, Ching-Hsiang	2	0	100.00	2025/6/19 General meeting of shareholders resignation Attendance required 2 times
Independent Director	Tai, Kuo-Cheng	2	0	100.00	2025/6/19 General meeting of shareholders resignation Attendance required 2 times
Independent Director	Wang, Chien-Chih	6	0	100.00	2025/6/19 General meeting of shareholders re-election
Independent Director	Tsai, Jia-Peir	6	0	100.00	2025/6/19 General meeting of shareholders re-election
Independent Director	Hsiao, Chin-Heng	4	0	100.00	2025/6/19 General meeting of shareholders new incumben Attendance required 4 times
Independent Director	Tsai, Kun-Yuan 025/6/19 General meeting of shareholders new incumben Attendance required 4 times	4	0	100.00	2025/6/19 General meeting of shareholders new incumben Attendance required 4 times

Other notes:

I. For board of directors meetings that meet any of the following descriptions, state the date, session, the discussed motions, independent directors' opinions and how the company has responded to such opinions:

(I) Issues listed in Article 14-3 of the Securities and Exchange Act:

Date of board meeting	Session	Proposal	Independent directors' opinions	Company's action to independent directors' opinions	Attendance of at least one independent director
2025/3/6	16 th meeting of the 5 rd board	To submit for approval the list of director (including independent director) nominees proposed by the Board and the vetting of independent director qualifications.	With the exception of independent directors who recused themselves due to conflicts of interest in this matter, the remaining directors had no objections.	N/A	Yes
2025/5/6	17 th meeting of the 5 rd board	Application for a credit facility and endorsement/guarantee for Strong H Machinery Technology (Cayman) Incorporation	No opinion	N/A	Yes
2025/6/19	1 st meeting of the 6 rd board	Appointment of the Members of the 5th Remuneration Committee	With the exception of independent directors who recused themselves due to conflicts of interest in this matter, the remaining directors had no objections.	N/A	Yes
		Appointment of the Members of the First Sustainability Development Committee	With the exception of independent directors who recused themselves due to conflicts of interest in this matter, the remaining directors had no objections.	N/A	Yes

2025/8/20	2 th meeting of the 6 rd board	The Company's Directors' Remuneration Payment Case for 2024 °	No opinion	N/A	Yes
		The company's employee remuneration payment case for 2024 °	No opinion	N/A	Yes
2025/11/5	3 th meeting of the 6 rd board	Amendments to the Company's "Sustainable Development Best Practice Principles"	No opinion	N/A	Yes
		Amendments to the Company's "Procedures for the Preparation and Assurance of Sustainability Reports"	No opinion	N/A	Yes
		Amendments to the Company's "Management Measures for Sustainability Information"	No opinion	N/A	Yes
2025/12/23	4 th meeting of the 6 rd board	Amendments to the Company's "Procedures for the Acquisition or Disposal of Assets"	No opinion	N/A	Yes
		Change of the Company's Certifying Public Accountants and Assessment of the Independence and Competency of the CPAs	No opinion	N/A	Yes

(II) Any other documented objections or qualified opinions raised by independent director against board resolution in relation to matters other than those described above: None.

II. Avoidance of involvements in interest-conflicting discussions by directors; state the names of concerned directors, the discussions, the nature of conflicting interests, and the voting process:

Board meeting date/session	Proposal	Name of concerned directors	Reason for avoidance	Participation in voting
2025/3/6 16 th meeting of the 5 rd board	To submit for approval the list of director (including independent director) nominees proposed by the Board and the vetting of independent director qualifications.	Chi, Ping Hsin Hsu, Hsiang-Jen Chi, Tao-Song Wang, Chien-Chin Tsai, Jia-Peir	Avoidance of the interest-conflicting directors	The above directors had a personal stake in the proposal discussed, and were absent from the discussion without exercising voting rights. The proposal was passed as proposed without objection from the remaining directors.
2025/6/19 1 th meeting of the 6 rd board	Appointment of the Members of the 5 th Remuneration Committee	Wang, Chien-Chin Tsai, Jia-Peir Hsiao, Chin-Heng Tsai, Kun-Yuan	Avoidance of the interest-conflicting directors	The above directors had a personal stake in the proposal discussed, and were absent from the discussion without exercising voting rights. The proposal was passed as proposed without objection from the remaining directors.
	Appointment of the Members of the First Sustainability Development Committee	Wang, Chien-Chin Tsai, Jia-Peir Hsiao, Chin-Heng Tsai, Kun-Yuan	Avoidance of the interest-conflicting directors	The above directors had a personal stake in the proposal discussed, and were absent from the discussion without exercising voting rights. The proposal was passed as proposed without objection from the remaining directors.
2025/8/20 2 th meeting of the 6 rd board	The Company's Directors' Remuneration Payment Case for 2024 °	Chi, Ping Hsin Hsu, Hsiang-Jen Chi, Tao-Song	Avoidance of the interest-conflicting directors	The above directors had a personal stake in the proposal discussed, and were absent from the discussion without exercising voting rights. The proposal was passed as proposed without objection from the remaining directors.
	The company's employee remuneration payment case for 2024 °	Chi, Ping Hsin Chi, Tao-Song Hsu, Hsiang-Jen	Avoidance of the interest-conflicting directors	The above directors had a personal stake in the proposal discussed, and were absent from the discussion without exercising voting rights. The proposal was passed as proposed without objection from the remaining directors.

III. The cycle and duration, scope, method, and contents of self-evaluation or peer evaluation of the board of directors of TWSE/Tpex listed companies, including the status of board evaluation.

Related procedures were established on August 8, 2019 and implemented from January 1, 2020. Every year, board members will evaluate the performance of the board, functional committees, and individual directors through self-evaluation, peer evaluation, external evaluation, or by other means.

(I) The self-evaluation (or peer evaluation) cycle and period, evaluation scope, method, and evaluation content of the board of directors:

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation contents
Implemented once a year	2025/1/1~2025/12/31	The board of directors, individual director, and functional committees	Internal self-evaluation of the board of directors, self-evaluation of each director, and peer evaluation. Functional committee internal self-evaluation.	I. Evaluation aspects of the board of directors: <ol style="list-style-type: none"> 1. The degree of involvement in the company's operations 2. Improving decision-making quality of the board of directors 3. The composition and structure of the board of directors 4. Selection and further education of directors 5. Internal control II. Evaluation aspects of the directors: <ol style="list-style-type: none"> 1. Grasp of the company's goals and tasks 2. Director's recognition of responsibilities 3. The degree of involvement in the company's operations 4. Internal relationship management and communication 5. Professional and further education of the directors 6. Internal control III. Evaluation aspect of functional committees: <ol style="list-style-type: none"> 1. The degree of involvement in the company's operations 2. Recognition of the responsibilities of functional committees 3. Improving decision-making quality of the functional committees 4. The composition and selection of the functional committees 5. Internal control

(II) The 2025 internal board performance evaluation and functional committee performance evaluation status is as follows:

1. Performance evaluation of the board of directors:

Five self-evaluation aspects	Number of questions	Average score
A.The degree of involvement in the company's operations	12	4.77
B.Improving the decision-making quality of the board of directors	12	4.87
C.The composition and structure of the board of directors	7	4.88
D.Selection and further education of directors	7	4.71
E.Internal control	7	4.82
Total/Average score	45	4.81 (Excellent)

2. Performance evaluation of the directors3

Six self-evaluation aspects	Number of questions	Average score
A.Grasp of the company's goals and tasks	3	4.86
B.Director's recognition of responsibilities	3	4.86
C.The degree of involvement in the company's operations	8	4.68
D.Internal relationship management and communication	3	4.86
E.Professional and further education of the directors	3	4.86
F.Internal control	3	4.86
Total/Average score	23	4.80 (Excellent)

3. Performance evaluation of the Audit Committee:

Five self-evaluation aspects	Number of questions	Average score
A.The degree of involvement in the company's operations	4	5.00
B.Recognition of the responsibilities of functional committees	5	5.00
C.Improving decision-making quality of the functional committees	7	4.96

D.The composition and selection of the functional committees	3	5.00
E.Internal control	3	4.83
Total/Average score	22	4.97 (Excellent)

4. Performance evaluation of the Remuneration Committee:

Four self-evaluation aspects	Number of questions	Average score
A.The degree of involvement in the company's operations	4	5.00
B.Recognition of the responsibilities of functional committees	5	4.95
C.Improving decision-making quality of the functional committees	7	5.00
D.The composition and selection of the functional committees	3	5.00
Total/Average score	19	4.99 (Excellent)

5. 永續發展委員會績效評估:

Four self-evaluation aspects	Number of questions	Average score
A.The degree of involvement in the company's operations	4	5.00
B.Recognition of the responsibilities of functional committees	3	5.00
C.Improving decision-making quality of the functional committees	7	5.00
D.The composition and selection of the functional committees	3	5.00
Total/Average score	17	5.00 (Good)

(III) Conclusions:

1、Analysis of the overall evaluation for 2025 compared to 2024

Internal performance evaluation	2025 Average score	2024 Average score	Increase and decrease percentage between the two periods
Performance evaluation of the board of directors	4.81	4.75	1.26%
Performance evaluation of the directors	4.80	4.79	0.21%
Performance evaluation of the Audit Committee	4.97	4.93	0.81%
Performance evaluation of the Remuneration Committee	4.99	4.93	1.22%
Performance Evaluation of the Sustainability Committee	5.00	Established on June 19, 2025; no comparative data is available for the same period last year.	

As can be seen from the above table, the overall average scores in 2025 are higher than those in 2024.

- 2、The performance evaluation result for the Company's 2024 Board of Directors and functional committees is rated between the range of 4 points "Excellent (agree)" and 5 points "Good (highly agree)". The various rating indicators on the operations of the directors and functional committees are "Good". This indicates that the Company's board of directors and functional committees are operating well as a whole. All directors and committee members have diligently fulfilled their duties in alignment with corporate governance requirements. In addition to maintaining effective communication channels, the Company encourages directors to provide professional guidance to the management team. By refining corporate governance, risk management, operations, and sustainability, we aim to realize long-term corporate growth. Furthermore, we continue to enhance the operational efficiency of the Board and its functional committees, thereby strengthening director oversight and safeguarding shareholder interests.

IV. Enhancements to the functionality of the board of directors in the current and the most recent year (e.g. establishment of an Audit Committee, improvement of information transparency etc), and the progress of such enhancements:

- 1、The Company has established Audit Committee and Remuneration Committee on February 25, 2015 per resolution by the Board of Directors, to fulfill the functioning of corporate governance.
- 2、To enhance information transparency, the Company has assigned a spokesperson and a deputy spokesperson for external communication.
Relevant information is disclosed at the Company's official website and websites designated by competent authorities, to enhance information transparency.
- 3、To enhance the directors' competence in corporate governance, the Company arranges curricula for ongoing training of directors each year according to the Directives for Implementation of Continuing Education for Directors and Supervisors of TWSE/TPEX Listed Companies.
Both the 7 incumbent directors have completed more than six hours of training in 2025, respectively.
- 4、To implement the principles of corporate sustainability and align with the United Nations Sustainable Development Goals (SDGs) and international sustainability frameworks, the Company has integrated Environmental, Social, and Governance (ESG) policies into its corporate culture and business strategies. On June 19, 2025, the Sustainability Committee was established under the Board of Directors. Comprising four independent directors, the Committee assists in supervising sustainability information management. Under the Committee, a Sustainability Task Force is responsible for daily operations and the execution of the Group's sustainability strategies, reporting its work plans and progress to the Sustainability Committee and the Board of Directors on a regular basis.

(II) Functionality of the Audit Committee

1、The Company of the fifth Audit Committee their professional qualifications and experience are as follows:

Member	Professional qualifications and experience
Wang, Chien-Chih (Convener)	Currently servicing as responsible person of Jianzhi Law Firm. Has working experience in law and crisis management and has obtained a certificate of a national examination required for working as a professional and technician at a law firm. For information on directors and supervisors, please refer to p.8~p.12 of this Annual Report.
Tsai, Jia-Peir	Experience and expertise in mechanical engineering and manufacturing as required by the company's business. For information on directors and supervisors, please refer to p.8~p.12 of this Annual Report.
Hsiao, Chin-Heng	Experience and expertise in mechanical engineering and manufacturing as required by the company's business. For information on directors and supervisors, please refer to p.8~p.12 of this Annual Report.
Tsai, Kun-Yuan	Currently servicing as the Managing Partner of Yangtze CPAs and Co. Taoyuan Branch. Has working experience in accounting and crisis management and has obtained a certificate of a national examination required for working as a professional and technician at an accounting firm. For information on directors and supervisors, please refer to p.8~p.12 of this Annual Report.

2、The Company's Audit Committee assists the Board of Directors in oversight, takes a step further to establish a robust corporate governance system and strengthen the audit/supervision function as well as management mechanisms.

The key tasks and review items each year include:

- (1)、Establishment or amendment of the internal control system according to Article 14-1 of the Securities and Exchange Act.
- (2)、Review of the effectiveness of the internal control system.
- (3)、Establishment or amendment of the procedure of major financial/operational activities such as asset acquisition/disposal, transaction of derivatives, lending to others and endorsement/guarantees for others according to Article 36-1 of the Securities and Exchange Act.
- (4)、Matters concerning directors' personal interests.
- (5)、Major transactions of assets or derivatives.
- (6)、Major loans, endorsements or guarantees provided.
- (7)、Offering, issuance or private placement of equity securities.
- (8)、Appointment, dismissal or remuneration of external auditors.
- (9)、Appointment and dismissal of finance, accounting or internal audit executives.
- (10)、Annual financial statements signed or seal affixed by Chairperson, Manager and Accounting Head and the second quarter financial statements required to be audited by accountants.
- (11)、Other important matters specified by the Company or competent authorities.

3、Annual work focus and implementation status :

(1)、2025 Work Focus

- ①Financial statements, business report and proposal for distribution of earnings.
- ②Review of internal control effectiveness and audit plan for next year.
- ③Change of External Auditors and Assessment of Their Independence and Competency.
- ④Materials asset transactions and endorsement/guarantee proposal.
- ⑤Business plan and annual budget for the next year.
- ⑥Amendment to the "Procedures for the Preparation and Assurance of Sustainability Reports".
- ⑦Amendment to the "Operational Procedures for Sustainability Information Management".
- ⑧Amendment to the "Procedures for Acquisition or Disposal of Assets".

(2)、2025 Implementation Status :

All matters specified in Article 14-5 of the Securities and Exchange Act have been reviewed and approved by the Audit Committee and the independent directors have not expressed a dissenting opinion. (Please refer to (X) (P.59~P.60)Resolutions reached in the shareholder's meeting or by the board of directors during the most recent year and up to the date of publication of this annual report)

4、The Audit Committee held 6 meetings (A) by 2025, and up till the publication date of annual report.

Attendance records are as follows:

Title	Name	Attendance in Person (B)	Attendance by proxy	Actual attendance rate (%) (B/A)(Note)	Remarks
Independent Director	Wang, Chien-Chih	6	0	100.00	2025/6/19 Shareholders' meeting re-election
Independent Director	Tsai, Jia-Peir	6	0	100.00	2025/6/19 Shareholders' meeting re-election
Independent Director	Hsiao, Chin-Heng	4	0	100.00	2025/6/19 Shareholders' meeting new incumben Attendance required 4 times
Independent Director	Tsai, Kun-Yuan	4	0	100.00	2025/6/19 Shareholders' meeting new incumben Attendance required 4 times
Independent Director	Wang, Ching-Hsiang	2	0	100.00	2025/6/19 Shareholders' meeting resignation Attendance required 2 times
Independent Director	Tai, Kuo-Cheng	2	0	100.00	22025/6/19 Shareholders' meeting resignation Attendance required 2 times

Other notes:S

I. For Audit Committee meetings that meet any of the following descriptions, state the date and session of the Audit Committee meeting held, the discussed topics, the content of the objections, reservations or material recommendations of independent directors, the Audit Committee's resolution, and how the company has responded to Audit Committee's opinions:

(I) Matters listed in Article 14-5 of the Securities and Exchange Act:

Date of Audit Committee Meeting	Session	Proposal		Audit Committee's resolution	Company's action to Audit Committee's opinions	Attendance of at least one independent director
2025/3/6	16 th meeting of the 4 nd board	The Company's 2024 Consolidated financial statements and business report. °	None	No opinion	N/A	Yes
		The Company's 2024 internal control system self-assessment report.	None	No opinion	N/A	Yes
2025/5/6	17 th meeting of the 4 nd board	Application for a credit facility and endorsement/guarantee for Strong H Machinery Technology (Cayman) Incorporation	None	No opinion	N/A	Yes
2025/8/20	2 th meeting of the 5 nd board	The Company's 2025 second quarter consolidated financial statements.	None	No opinion	N/A	Yes
2025/11/5	3 th meeting of the 5 nd board	Amendment to the "Procedures for the Preparation and Assurance of Sustainability Reports"	None	No opinion	N/A	Yes
		Amendment to the "Operational Procedures for Sustainability Information Management"	None	No opinion	N/A	Yes

		Amendment to the "Procedures for Acquisition or Disposal of Assets"	None	No opinion	N/A	Yes
2025/12/23	4 th meeting of the 5 nd board	Proposal for the Change of External Auditors and the Assessment of Their Independence and Competency	None	No opinion	N/A	Yes
		The Company's 2026 audit plan.	None	No opinion	N/A	Yes

(II) Other than those described above, any resolutions unapproved by the Audit Committee but passed by more than two-thirds of directors: None.

II. Avoidance of involvements in interest-conflicting discussions by independent directors; state the names of concerned independent directors, the discussions, the nature of conflicting interests, and the voting process: None.

III. Communication between independent directors and internal/external auditors; state the matters discussed (e.g. the Company's financial and business affairs), the methods and outcome of communication:

(I) The Company's chief internal auditor regularly communicates with the independent directors on the audit report results, and makes an internal audit report at the quarterly Audit Committee meeting. Under special circumstances, the chief internal auditor reports to the independent directors. The company's audit supervisor communicated well with the independent directors. In 2025, there were no special circumstances for the Company's internal audits. The main communication issues are summarized in the following table:

Convening date	Communication key points	Suggestions and results
2025/3/6	1. Implementation of audits in December 2024 and January 2025 2. 2024 Internal Control System Self-Assessment Report and "Declaration of Statement for Internal Control System."	1. Processing as suggested. 2. Reviewed and sent to the Board of Directors for resolution.
2025/5/6	Internal Control Review Report 1. Background of Substantive Audit and Legal Basis. 2. Scope of Operations and Key Items of the Internal Control Substantive Audit. 3. Key Focus Areas and Responses of the Internal Control Special Audit. 4. Overall Assessment and Follow-up Recommendations.	Processing as suggested.
2025/5/6	Implementation of audits in February and March 2025	Processing as suggested.
2025/8/20	Implementation of audits from April to June 2025	Processing as suggested.
2025/11/5	Implementation of audits from July to September 2025.	Processing as suggested.
2025/12/23	1. Implementation of audits in October and November 2025 2. The Company's 2026 audit plan.	1. Processing as suggested . 2. Reviewed and sent to the Board of Directors for resolution.

(II) The Company's CPAs and independent directors have sound communication and attend the Audit Committee meeting as necessary to report on audit or review results of the current quarter as well as engaging in communications as required by other applicable laws. Under special circumstances, the CPAs also report to the members of the Audit Committee. The company's visa accountant and independent directors have good communication status. In 2025, there were no special circumstances with the Company's finance. The main communication issues are summarized in the following table:

Convening date	Communication key points	Suggestions and results
2025/3/6 Communication with accountants and governance units	2024 audit and conclusion.	No opinion.
2025/5/6 Audit Committee	Review result of the Company's 2025 first quarter consolidated financial statements.	Reviewed and sent to the Board of Directors for resolution.
2025/8/18 Communication with accountants and governance units	Audit Summary for the First Half of 2025.	No opinion.
2025/11/5 Audit Committee	Review result of the Company's 2025 third quarter consolidated financial statements.	Reviewed and sent to the Board of Directors for resolution.
2025/12/23	2025 annual audit planning stage..	No opinion.

	Communication with accountants and governance units		
--	---	--	--

(III) Status of Corporate Governance, and any nonconformity to the Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof

Item	Implementation Status			Difference from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and the reasons
	Yes	No	Summary	
I. Whether The Company establishes and discloses its rules of corporate governance in accordance with the Corporate Governance Best-Practice Principles for TSE/GTSM Listed Companies?	✓		The Company has established "Corporate Governance Code of Conduct" in accordance with "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies," and there was no significant deviation between corporate governance practices and the code of conduct.	No material deterioration was found.
II. Equity structure and shareholders' equity				
(I) Has the company implemented a set of internal procedures to handle shareholders' suggestions, queries, disputes and litigations?	✓		(I) In accordance with the "Corporate Governance Best Practice Principles", we have set up a spokesperson, acting spokesperson, dedicated personnel and email to handle shareholder suggestion or disputes in accordance with the procedure. Legal issues such as disputes and litigation are handed by lawyers.	No material nonconformity
(II) Will the Company possess the list of the Company's major shareholders and the list of the ultimate controllers of the major shareholders?	✓		(II) The Company establishes the identities of its major shareholders and the ultimate controller based on the shareholder registry provided by the share administration agency. For a list of major shareholders, please refer to p.66 of this Annual Report.	No material nonconformity
(III) Will the Company establish and implement the risk control and firewall mechanisms with the related parties?	✓		(III) The Company establishes appropriate risk control mechanisms and firewalls according to internal rules including the Supervision and Management Regulations for Subsidiaries, the Procedure for Endorsements and Guarantees, and the Procedure for the Acquisition or Disposal of Assets.. In addition, the "Rules Governing Financial and Business Matters between the Company and its Affiliated Enterprises" have been stipulated to explicitly specify the management, business and financial transactions of affiliated enterprises, such that the risk control mechanism has been established.	No material nonconformity
(IV) Will the Company set up internal norms to prohibit insiders from utilizing the undisclosed information to trade securities?	✓		(IV) The Company has "Business Integrity Code of Conduct""Management and Operational Procedures for Handling of Internal Material Information and Prevention of Insider Trading" in place to prevent insiders from trading securities against non-public information, and thereby protect the interests of investors and the Company.	No material nonconformity
III. The organization of Board of Directors				
(I) Has the Board formulated a diversity policy and specific management objectives, and have they been implemented?	✓		(I) The Company 6th Board of Directors is composed of 7 members and 3 of which are independent directors. The goal is to have no less than 4 independent directors and no less than 1/5 (inclusive) of the total number of directors. At present, there were 3 independent directors, accounting 4/7 of the total number of directors. The goal for directors working as the Company's part-time employees may not exceed 1/2 (inclusive) of the total number of directors. At present, only 3 directors are also part-time employees of the Company. Directors in the Board must be more than half and they must not be spouses or within second-degree relatives. At presents, only 2 directors are second-degree relatives. In summary, the goals have been achieved. For the Board's diversity policy and its implementation status, please refer to p16~p17 of this Annual Repor.	No material nonconformity
(II) Apart from the Remuneration Committee and Audit Committee, has the company assembled other functional committees at its own discretion?	✓		(II) In addition to the Remuneration Committee and the Audit Committee established in accordance with the law, the Company, to fulfill its commitment to sustainable development, approved the establishment of the Sustainability Committee by the Board of Directors on June 19, 2025.	No material nonconformity
(III) Will the Company have the performance evaluation rules and methods for the Board of Directors regulated and have the performance evaluation performed	✓		(III) The Company has formulated the "Board of Directors Evaluation Method", and Conduct regular performance evaluations of the Board, Audit Committee, Remuneration Committee,	No material nonconformity

Item	Implementation Status			Difference from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and the reasons
	Yes	No	Summary	
regularly every year? Will the implement evaluation every year and determine the remuneration and nomination of directors with the results? (IV) Will the Company have the independence of the public accountant evaluated regularly?	✓		<p>Sustainability Committee and individual directors against themselves or their peers after the end of each year. The evaluation results are disclosed on the Company website.</p> <p>The results of the 2025 performance review were completed in the first quarter of 2026 and reported on March 5, 2026 Board of Directors.</p> <p>(IV) Financial statement auditors have been instructed to disassociate themselves from tasks that pose direct or indirect conflict with their own interests. Furthermore, financial statement auditors' independence is evaluated by the board of directors on a regular basis.</p> <p>In addition to obtaining a letter from an accountant stating that members of the audit team have not violated their independence, the Company also conducts the assessment in accordance with the independence assessment standards of accountants and the audit quality index reports provided by accounting firms.</p> <p>The assessment found no violation of relevant laws and regulations such as the Certified Public Accountant Act on independence.</p> <p>No circumstances of unsuitability for the appointment was identified either.</p> <p>Note 1 shows the CPA independence assessment in 2025.</p>	No material nonconformity
IV. Does a public company deploy sufficient quantity of eligible governance personnel and appoint a governance supervisor to take charge of company's governance affairs (including, without limitation, providing directors and supervisors with the data required for business operations, assisting directors and supervisors with legal compliance, handling affairs in relation to holding a BOD meeting or a general meeting of shareholders, processing company registration and change registration, and keeping minutes for BOD meetings and general meetings of shareholders)?	✓		<p>The Company has on May 9, 2023, subject to approval by the Board of Directors, established the position of Chief Corporate Governance Officer to protect the rights and interests of shareholders and strengthen the functions of the Board of Directors. The person has more than three years' experience in finance, shareholders service or parliamentary management of a public company.</p> <p>The main responsibilities of the Corporate Governance Officer include handling matters related to board of directors' meetings and shareholders' meetings according to the laws, preparing meeting minutes of the board of directors' meetings and shareholders' meetings, assisting assumption of office and continuing education of directors, providing documents necessary for the directors to perform their duties and assisting directors in legal compliance, etc.</p> <p>Please refer to Note 2 for details of the continuing education status for 2025.</p>	No material nonconformity
V. Has the Company provided proper communication channels and created dedicated sections on its website to address corporate social responsibility issues that are of significant concern to stakeholders (including but not limited to shareholders, employees, customers and suppliers)?	✓		<p>A "Stakeholder" section has been set up on the Company's website. We also have a spokesperson and acting spokesperson in place responsible for matters associated with external relations and stakeholders. Our contact means are available on both MOPS and company website to respond to important CSR issues concerned by stakeholders.</p>	No material nonconformity.
VI. Has the company appointed a professional shareholders service agent to process the affairs related to shareholders' meetings?	✓		<p>The Company commissions the Shareholder Service Department of Fubon Securities Co., Ltd. to handle matters relating to shareholder meetings.</p>	No material nonconformity
VII. Information disclosure (I) Has the company established a website that discloses financial, business, and corporate governance-related information?	✓		<p>(I) Financial and corporate governance information is disclosed on the Company's website (http://www.strongh.tw). We also have dedicated personnel to be responsible for information disclosure on MOPS and company website.</p>	No material nonconformity
(II) Has the company adopted other means to disclose information (e.g. English website, assignment of dedicated personnel to collect and disclose corporate information, implementation of a spokesperson system, broadcasting of investor conferences via the company website)?	✓		<p>(II) The Company has set up dedicated personnel to be in charge of company information collection and disclosure. As required by the regulations, we have a spokesperson and acting spokesperson, and organize an investor conference on a regular basis or from time to time. Moreover, we release operational and financial information in both English and Chinese. By doing so, we enhance the transparency of company information.</p>	No material nonconformity
(III) Does the company publish and declare its		✓		

Item	Implementation Status			Difference from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and the reasons
	Yes	No	Summary	
financial statements within two months after the end of a fiscal year, and publish and declare in advance the financial statements of Q1, Q2, and Q3 and status of monthly operations?			(III) The Company publishes and reports annual financial statements, the first/second/third quarter financial statements and monthly operations before deadlines.	Assessment on early publications and reporting will be made depending on requirements.
VIII. Does the company have other information that enables a better understanding of the company's corporate governance practices (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholders' interests, continuing education of directors/supervisors, implementation of risk management policies and risk measurements, implementation of customer policy, and insuring against liabilities of company directors and supervisors)?	✓		(I) The Company recruits employees without discrimination, whether in terms of gender, ethnicity or nationality, and is committed to protecting employees' rights and providing good working environment. For employee rights, benefits and care, please refer to V. Labor-Management Relations on p.79~p.80 of this Annual Report (II) The Company uses contracts to outline rights and obligations with its suppliers and customers. (III) With respect to investor relations and protection of stakeholders' rights, the Company maintains open communication at all times and implements a spokesperson system to disclose public information and protect investors and stakeholders in the utmost integrity. (IV) All of the Company's directors possess relevant professional knowledge and are subjected to ongoing education. Note 3 shows the status of further education in the last year. (V) Avoidance of directors' involvement in conflicting interest discussions has been outlined in the Company's Board of Directors Conference Rules. These requirements will be duly enforced in the future. (VI) Risk management policies, practices, and risk assessment standards: The Company has established internal policies and performs risk management and evaluation accordingly. (VII) Customer policy: The Company has established credit management practices and internal control procedures to regulate transactions with customers. (VIII) Insurance against directors' and supervisors' liabilities: The Company has insured itself against the liabilities of all its directors. No supervisor is present within the Company.	No material nonconformity
IX. Please state the corrective actions already taken and also propose the matters to be improved as the first priority and countermeasures against them, based on the corporate governance evaluation results released by the Corporate Governance Center of TWSE in the most recent year. (Not required if the Company is not one of the evaluated subjects): (I) Improved status Regarding the improvement of the transparency of company information and the disclosure of corporate governance information, in addition to the announcement in accordance with the norms of the competent authorities, the information that needs to be disclosed in the company's annual report and the company's website has been disclosed (II) Issues to be improved as the priority and enhancement measures The Company will continuously evaluate the feasibility of future improvement for projects that fail to meet the requirements of the corporate governance evaluation indicators, and plan to adopt a gradual approach to meet the requirements of the corporate governance indicators based on the evaluation results, so as to improve corporate governance and protect the interests of investors.				

Note 1: CPAs' independence assessment criteria in 2025

(1) Assessment according to the Audit Quality Indicators (AQIs) :

AQI indicators	Measurement focus	Assessment outcome	Whether or not the criterion is satisfied
Aspect 1: Professionalism			
1. Audit experience	Whether or not the senior auditor is equipped with adequate audit experience to perform audit works.	Yes	Criterion satisfied
2. Training hours	Whether or not the CPA and senior auditor receive sufficient education and training annually, in order to obtain professional knowledge and skills continuously.	Yes	Criterion satisfied
3. Turnover rate	Whether or not the firm maintains sufficient senior human resources.	Yes	Criterion satisfied
4. Professional support	Whether or not the firm has sufficient professionals (such as valuation personnel) to support the audit team.	Yes	Criterion satisfied
Aspect 2: Quality control			
1. CPA's workload	Whether or not the CPA's workload is too heavy.	No	Criterion satisfied
2. Audit participation	Whether or not the audit team members' participation in each audit stage is appropriate.	Yes	Criterion satisfied
3. EQCR second review status	Whether or not the EQCR account spends sufficient hours in executing the second review of the audit case.	Yes	Criterion satisfied
4. Quality control supporting capability	Whether or not the firm has sufficient quality control manpower to support the audit team.	Yes	Criterion satisfied
Aspect 3: Independence			
1. Non-audit service fee	Impact of non-audit service fee ratio on the independence.	21%	Criterion satisfied
2. Customer familiarity	Impact of audit case for the number of accumulated years of the annual financial report audited by the firm on its independence.	9 years	Criterion satisfied
Aspect 4: Supervision			
1. External inspection deficiency and disposition	Whether or not the quality control and audit case of the firm are executed according to the relevant regulations and standards.	Yes	Criterion satisfied
2. Improvement according to the competent authority's letter	Whether or not the quality control and audit case of the firm are executed according to the relevant regulations and standards.	Yes	Criterion satisfied
Aspect 5: Innovation capability			
1. Innovative planning or proposal	CPA firm's commitment on the improvement of audit quality, including the CPA firm's innovation capability and planning.	Yes	Criterion satisfied

(2) Assessment items established according to Article 47 of the Certified Public Accountant Act and the Ethics for Professional Accountants No. 10:

Assessment criteria	Consistent with independence and adaptability	
	CPA Chuang, Wen-Yuan	CPA Yang, Ching-Ting
1. CPAs were reappointed at least once every 7 years as of the most recent audit.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
2. CPAs were free of any direct and indirect financial interest with the Company.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
3. No financing or guarantee with the Company or the Company's directors.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
4. Not involved in the auditing of financial statements of former employers 2 years prior to practice.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
5. CPA's name is not used by another party.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
6. Does not own shares in the Company or affiliated enterprises.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
7. Not in any borrowing arrangement with the Company and its affiliated enterprises.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

Assessment criteria	Consistent with independence and adaptability	
	CPA Chuang, Wen-Yuan	CPA Yang, Ching-Ting
8. Does not engage the Company or affiliated enterprises in joint investment or profit-sharing arrangement.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
9. No promotion or brokerage of shares or other securities issued by the Company.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
10. Does not undertake regular work duty at the Company or affiliated enterprises, or receive fixed salary or undertake director or supervisor roles.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
11. Not involved in decision-making within the Company or affiliated enterprises.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
12. Not involved in any other businesses that may compromise independence.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
13. Free of any relationship with the Company's management personnel that is characterized as spouse, direct blood relative, relative by affinity, or relative of 2th degree or closer.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
14. Does not receive commission on business-related activities.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
15. No close business relationship or potential employment relationship with the Company.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
16. No acceptance of any gift or special favors of great value received from the Company or from directors, managers, or major shareholders of the Company.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
17. Free of penalties and occurrences that may compromise independence and obtain the "Declaration of independence" issued by the visa accountant.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

Note 2: Corporate Governance Officer continuing education status in the most recent year (2025)

Title	Name	Educational Course Date	Organizer	Course	Hours	Total training hours of the current year
Corporate governance officer	Hsu, Hsiang-Jen	2025/8/22	Securities and Futures Institute	2025 Insider Equity Trading Legal Compliance Seminar	3	12
		2025/9/8	TWSE	Seminar on CDP Questionnaire Analysis in Alignment with IFRS S2	6	
		2025/11/21	TCGA	Implementing Director and Supervisor Responsibilities Through Analysis of Institutional Investor Voting Behavior Case Studies, from the Perspective of Shareholder Activism, to Align with International Mindset	3	

Note 3: Status of Further Education of Directors in Last Year(2025)

Title	Name	Educational Course Date	Organizer	Course	Hours	Total training hours of the current year
Director	Chi, Ping-Hsin	2025/7/9	TWSE	2025 Cathay Sustainable Finance and Climate Change Summit	6	6
Director	Hsu, Hsiang-Jen	2025/5/7	TCGA	Trends and Risk Management of Digital Technology and Artificial Intelligence	3	12
		2025/5/9	Securities and Futures Institute	2025 Advocacy Seminar on the Prevention of Insider Trading“	3	
		2025/7/9	TWSE	2025 Cathay Sustainable Finance and Climate Change Summit	6	
Director	Chi, Tao-Song	2025/7/9	TWSE	2025 Cathay Sustainable Finance and Climate Change Summit	6	6
Independent Director	Wang, Chien-Chi	2025/8/22	CNAIC	2025 Taishin-Shin Kong Net Zero Summit	3	6
		2025/9/26	Securities and Futures Institute	2025 Advocacy Seminar on Compliance of Insider Transactions of Shares	3	
Independent Director	Tsai, Jia-Peir	2025/7/9	TWSE	2025 Cathay Sustainable Finance and Climate Change Summit	6	12
		2025/7/16	TCGA	Sustainability Awareness Seminar	3	
		2025/7/25	Securities and Futures Institute	2025 Advocacy Seminar on Compliance of Insider Transactions of Shares	3	
Independent Director	Hsiao, Chin-Heng	2025/7/9	TWSE	2025 Cathay Sustainable Finance and Climate Change Summit	6	12
		2025/7/22	TCGA	Sustainability Awareness Seminar	3	
		2025/8/22	Securities and Futures Institute	2025 Advocacy Seminar on Compliance of Insider Transactions of Shares	3	
Independent Director	Tsai, Kun-Yuan	2025/8/8	Securities and Futures Institute	2025 Advocacy Seminar on Compliance of Insider Transactions of Shares	3	6
		2025/8/11	Securities and Futures Institute	Practical Analysis of Internal Control Management for Corporate Greenhouse Gas (GHG) Inventory	3	
Independent Director	Tai, Kuo-Cheng (Note)	2025/5/9	Securities and Futures Institute	2025 Advocacy Seminar on the Prevention of Insider Trading“	3	3

Note: The Company conducted a comprehensive re-election on June 19, 2025. The former Independent Director, Mr. Tai Kuo-Cheng, retired following the re-election.

(IV) Describe the composition, duties and operations of the remuneration committee:

1. Information on Members of Remuneration Committee

Identity	Qualification Name	Professional qualifications and experience	Compliance of independence (Note)	Number of public companies where the person holds the title as a member of Remuneration Committee
Independent Director	Wang, Chien_Chih (Convener)	Has working experience in law and crisis management and has obtained a certificate of a national examination required for working as a professional and technician at a law firm. For information on directors and supervisors, please refer to p.8~12 of this Annual Report.	An independent director who is in compliance with the criteria for independence, not a director, supervisor, or employee of the Company or its affiliates; including but not limited to the person himself/herself, spouses or second-degree relatives; not holding shares of the Company ; not holding shares of the Company; not serving as a director, supervisor or an employee of a company with which the Company has a specific relationship; not having received any remuneration for commercial, legal, financial and accounting services provided by the Company or its affiliates in the past two years.	1
Independent Director	Tsai, Jia-Peir	Experience and expertise in mechanical engineering and manufacturing as required by the company's business ° For information on directors and supervisors, please refer to p.8~12 of this Annual Report.	An independent director who is in compliance with the criteria for independence, not a director, supervisor, or employee of the Company or its affiliates; including but not limited to the person himself/herself, spouses or second-degree relatives; not holding shares of the Company ; not holding shares of the Company; not serving as a director, supervisor or an employee of a company with which the Company has a specific relationship; not having received any remuneration for commercial, legal, financial and accounting services provided by the Company or its affiliates in the past two years.	0
Independent Director	Hsiao, Chin-Heng	Experience and expertise in mechanical engineering and manufacturing as required by the company's business ° For information on directors and supervisors, please refer to p.8~12 of this Annual Report.	An independent director who is in compliance with the criteria for independence, not a director, supervisor, or employee of the Company or its affiliates; including but not limited to the person himself/herself, spouses or second-degree relatives; not holding shares of the Company ; not holding shares of the Company; not serving as a director, supervisor or an employee of a company with which the Company has a specific relationship; not having received any remuneration for commercial, legal, financial and accounting services provided by the Company or its affiliates in the past two years.	0
Independent Director	Tsai, Kun-Yuan	Has working experience in accounting and crisis management and has obtained a certificate of a national examination required for working as a professional and technician at an accounting firm. Currently servicing as the Managing Partner of Yangtze CPAs and Co. Taoyuan Branch For information on directors and supervisors, please refer to p.8~12 of this Annual Report.	An independent director who is in compliance with the criteria for independence, not a director, supervisor, or employee of the Company or its affiliates; including but not limited to the person himself/herself, spouses or second-degree relatives; not holding shares of the Company ; not holding shares of the Company; not serving as a director, supervisor or an employee of a company with which the Company has a specific relationship; not having received any remuneration for commercial, legal, financial and accounting services provided by the Company or its affiliates in the past two years.	0

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

2. Responsibilities of the Remuneration Committee

The Remuneration Committee shall exercise the care of a prudent manager to fulfill the following duties, and offer recommendations for discussion by the board of directors:

- (1) Regular review of Remuneration Committee foundation principles and recommendation of changes.
- (2) Establish and review regularly the annual and long-term performance targets outlined for the Company's directors and managers, and the policies, systems, standards, and structures of their remuneration.
- (3) Evaluate on a regular basis the accomplishment of performance targets by the Company's directors and managers, and determine the details and amounts of individual compensation.

3. Functionality of the Remuneration Committee

- (1) The Remuneration Committee of the Company is consisted of 4 persons.
- (2) Terms of the current board: From June 19, 2025 to June 18, 2028. The Remuneration Committee held 3 meetings (A) in the last year (2025). Details of members' eligibility and attendance are shown below:

Job title	Name	Actual attendance (B)	Attendance by proxy	Actual attendance rate (%) (B/A) (Note)	Remarks
Convener	Wang, Chien-Chih	3	—	100.00	2025/6/19 re-election
Member	Tsai, Jia-Peir	3	—	100.00	2025/6/19 re-election
Member	Hsiao, Chin-Heng	2	—	100.00	2025/6/19 new appointment Attendance required 2 times
Member	Tsai, Kun-Yuan	2	—	100.00	2025/6/19 new appointment Attendance required 2 times
Convener	Wang, Ching-Hsiang	1	—	100.00	2025/6/19 resign Attendance required 1 time
Member	Tai, Kuo-Cheng	1	—	100.00	2025/6/19 resign Attendance required 1 time

The proposal content, resolution results, and the company's handling of the opinions proposed by the Remuneration Committee members in the most recent year (2023):

Remuneration Committee meeting date	Term	Proposal content	Resolution result	The opinions of the Remuneration Committee members handled by the company
2025/3/6	10 th meeting of the 4 th term	Motion for 2024 distribution of remuneration to directors and employees.	Passed by all members present unanimously	N/A
2025/8/20	1 th meeting of the 5 th term	Proposal for distribution of 2024 director remuneration	Passed by all members present unanimously	N/A
		Proposal for distribution of 2024 employees remuneration	Passed by all members present unanimously	N/A
2025/12/23	2 th meeting of the 5 th term	Review of policies, system, standards and structures of performance assessment and remuneration for directors, independent directors and managers	Passed by all members present unanimously	N/A
		Proposal for the standards of the Company's issuance of 2025 year-end bonuses to managers	Passed by all members present unanimously	N/A

Other notes:

- I. In the event where the Remuneration Committee's proposal is rejected or amended in a board of directors meeting, please describe the date and session of the meeting, details of the topics discussed, the board's resolution, and how the company had handled the Remuneration Committee's proposals (describe the differences and reasons, if any, should the board of directors approve a solution that was more favorable than the one

proposed by the Salary and Remuneration Committee): None.

II. Should any member object or express qualified opinions to the resolution made by the Remuneration Committee, whether on-record or in writing, please describe the date and session of the meeting, details of the motion, the entire members' opinions, and how their opinions were addressed. None.

(V) Operation of the Sustainability Committee

1、Sustainability Committee Member Profiles

The Company established the Sustainability Committee on June 19, 2025, comprising four members, all of whom are independent directors. For details regarding their professional qualifications and experience, please refer to pages p.13~15, "Professional Qualifications and Independence of Directors."。

2、Primary Responsibilities of the Sustainability Committee

- ① Formulate, promote, and strengthen the Company's sustainability policies, annual plans, and strategic goals.
- ② Review, monitor, and revise the implementation progress and effectiveness of sustainability initiatives.
- ③ Oversee sustainability information disclosure and review the Sustainability Report.
- ④ Supervise the execution of the Company's Sustainable Development Best Practice Principles and other sustainability-related tasks resolved by the Board of Directors.

3、Operation of the Sustainability Committee

Term of current members: June 19, 2025, to June 18, 2028. In the most recent year (2025), the Sustainability Committee held 2 meetings (A). The attendance of members is as follows:

Job title	Name	Actual attendance (B)	Attendance by proxy	Actual attendance rate (%) (B/A) (Note)	Remarks
Convener	Wang, Chien-Chih	2	—	100.00	2025/6/19 resign
Member	Tsai, Jia-Peir	2	—	100.00	2025/6/19 resign
Member	Hsiao, Chin-Heng	2	—	100.00	2025/6/19 resign
Member	Tsai, Kun-Yuan	2	—	100.00	2025/6/19 resign

Summary of Meeting Proposals and Resolutions in the Most Recent Year (2025):

Meeting Dates	Term	Reported Matters	Discussion Matters
2025/8/20	1th meeting of the 1rd term	Report on the Implementation Progress of Greenhouse Gas (GHG) Inventory and Verification Schedule under the "Sustainability Development Roadmap for TWSE/TPEX Listed Companies," as of July 31, 2025.	Proposal for the Review and Approval of the Company's 2024 Sustainability Report.
2025/11/5	2th meeting of the 1rd term	Report on the Implementation Progress of Greenhouse Gas (GHG) Inventory and Verification Schedule under the "Sustainability Development Roadmap for TWSE/TPEX Listed Companies," as of September 30, 2025.	Amendment to the "Sustainable Development Best Practice Principles".
		2024 Stakeholder Engagement Implementation Report.	Amendment to the "Procedures for the Preparation and Assurance of Sustainability Reports".
		Report on Sustainability Operations in 2025 and the Implementation Status as of September 30.	Amendment to the "Operational Procedures for Sustainability Information Management".
		Report on Ethical Management Operations in 2025 and The Implementation Status as of September 30.	Proposal for 2025 Stakeholder Identification and Materiality Assessment.
		2025 ESG and Climate Risk Response Measures and the Implementation Status as of September 30.	-
		2025 Sustainability Report Implementation Progress and Planning.	-

1、Reported Matters: All items have been submitted to the Board of Directors.。

2、Discussion Matters: In addition to the items submitted to the Board for report, all other discussion matters were approved by the attending members and then submitted to the Board of Directors for further discussion. For the results of these resolutions, please refer to pages 59~60, "Major board of directors resolutions."

(VI) Implementation of sustainable development promotion and difference from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof

Promotion	Implementation			Difference from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary	
I. Has the company constructed a governance structure to promote sustainable development and established a dedicated (part-time) unit for the promotion of sustainable development, which is managed by senior management by authorization of the Board of Directors and is supervised by the Board of Directors?	✓		<p>1. The Company established the Sustainability Committee in June 2025 as the highest-level decision-making center for sustainability. The "Organizational Charter of the Sustainability Committee" was also enacted to ensure compliance. Under the Committee, a Sustainability Task Force has been formed, consisting of three specialized teams: Corporate Governance, Environmental Sustainability, and Social Care. The task force is coordinated and led by the Corporate Governance Officer.</p> <p>Our management team frequently discusses sustainability issues through various meetings. The Chairman or senior executives convene these sessions to communicate the importance of sustainability and our strategic roadmap to all employees. Each year, the Sustainability Committee reports its performance and future work plans to the Board of Directors. The Committee discusses sustainability tasks, formulates strategic policies, and delegates execution to the task force. It also tracks and reviews progress to ensure the effective implementation of the company's sustainability policies..</p> <p>2. At present, the promotion of sustainable development is as follows: The Company has established the "Sustainable Development Best Practice Principles" to serve as the guiding criteria for promoting sustainability-related initiatives.</p> <p>3. The Board of Directors oversees the specific implementation and progress of sustainable development as follows: (1) Reports on the implementation schedule for greenhouse gas (GHG) inventory were presented on March 6, May 6, August 20, and November 5, 2025, as well as on March 6, 2026. All activities proceeded according to the original plan. (2) On November 5, 2025, the Board reported and discussed various sustainability-related topics for 2025, including: ① Status of stakeholder engagement and communication. ② Operational status and implementation of sustainable development. ③ Operational status and implementation of ethical management. ④ Implementation of ESG and climate risk mitigation measures. ⑤ Progress and planning for the preparation of the Sustainability Report. ⑥ Discussion on stakeholder identification and materiality assessment of sustainability issues.</p>	No material inconsistency.
II. Did the company assess the risk of environmental, social, and governance (ESG) issues in relation to company operations based on the materiality principles and establish policies or strategies in relation to risk management?	✓		<p>1. The information disclosed by the Company in 2024 covers the sustainable development performance of its major sub-subsidiary The boundary of risk assessment includes Strong H (Laizhou) and Hao Qiang (Qingdao).</p> <p>2. According to the rules of the internal control system, the Company takes precautionary measures to reduce losses brought by risks. Potential risks that may impact the Company's ability in achieving goals are identified, assessed, handled and monitored. These risks are incorporated into the daily operations of each unit.</p> <p>3. The Company conducts relevant risk assessment on important issues based on the Sustainability Materiality Principle. After assessment, following risk management policies or strategies have formulated targeting these risks: Please refer to Note 1</p>	No material inconsistency.
III Environmental issues (I) Does the company have an appropriate environmental management system established in accordance with its industrial characteristics?	✓ \		<p>(I) The Company's Administrative Department has specialists assigned to maintain and enforce safety and health of the work environment. The Company also adopts the following environmental policies:</p> <ol style="list-style-type: none"> The design department is required to comply with ROHS when choosing materials. The Company enforces a green supplier policy and 	No material inconsistency.

Promotion	Implementation		Difference from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof												
	Yes	No		Summary											
(II) Is the company committed to enhancing the utilization efficiency of energy and use renewable materials that are with low impact on the environmental?	✓		<p>inspects suppliers' production facilities for hazardous substances on a regular basis.</p> <p>3. Suppliers that fail to meet requirements will have eligibility revoked.</p> <p>4. Products that violate ROHS are properly isolated and monitored.</p> <p>In addition, to fulfill environmental protection responsibility, to improve operating performance and to implement environmental protection responsibilities with the establishment of the appropriate environmental management system, relevant certifications have been acquired, including:</p> <p>1. ISO 14001:2015 environmental management system:</p> <table border="1"> <tr> <td>Certified plant site</td> <td>STRONG H (Laizhou)</td> </tr> <tr> <td>Date of first acquisition</td> <td>2022/2/17</td> </tr> <tr> <td>Expiration date</td> <td>2028/2/16</td> </tr> </table> <p>2. Pollutant discharge permit : Issued by Environment and Ecology Bureau, Yantai City, Shandong Province. rigorously fulfill pollution control responsibility according to the law and properly implement management of the pollutant emissions according to the requirements.</p> <table border="1"> <tr> <td>Approved plant site</td> <td>STRONG H (Laizhou)</td> </tr> <tr> <td>Acquisition date</td> <td>2022/5/13</td> </tr> <tr> <td>Expiration date</td> <td>2027/5/12</td> </tr> </table>	Certified plant site	STRONG H (Laizhou)	Date of first acquisition	2022/2/17	Expiration date	2028/2/16	Approved plant site	STRONG H (Laizhou)	Acquisition date	2022/5/13	Expiration date	2027/5/12
Certified plant site	STRONG H (Laizhou)														
Date of first acquisition	2022/2/17														
Expiration date	2028/2/16														
Approved plant site	STRONG H (Laizhou)														
Acquisition date	2022/5/13														
Expiration date	2027/5/12														
(III) Did the Company assess the present and future potential risks and opportunities of climate change on the Company and take actions to related issues?	✓		<p>(II) To develop environmental sustainability and to improve the utilization rate of all resources, the Company has adopted the following operation and management method:</p> <p>1. Promote garbage classification, reduction and paper recycle and reuse, in order to reduce generation of waste.</p> <p>2. Use LED energy-saving lighting fixtures for lighting equipment, and request employees to follow turning off lights when not in use in order to save electricity and to implement water saving policy</p> <p>3. Raw materials used by the Company are RoHS compliant. The production unit strives for recycling of materials and the reduction of pollution in the manufacturing process to reduce the impact on the environment.</p> <p>4. Regarding the supply chain management, the Company enhances supply chain environmental protection awareness and implement effective control on waste and pollution.</p> <p>Some of the suppliers have obtained the environmental safety certifications, and waste and pollution inspection management is properly performed according to the regulations</p> <p>(III) The Company pays attention to climate change and how greenhouse gases affect mitigation and also assesses that the use of electricity is one of the main sources of greenhouse gas: emissions. To achieve the objective of carbon reduction, energy management is the key management policy to be implemented. Accordingly the Company actively promotes various energy reduction measures, enhances the promotion of the energy saving concept, implements air conditioning temperature control, promotes the turning off of lights, machines and air conditioning system when not in use and also adopts the air conditioning temperature control during summer time. Promote resource re-use, and perform document review and communication via email and online system as much as possible.</p> <p>Promote paper recycling and re-use to reduce the use of paper. Enhance the promotion and education on the concept</p>												

Promotion	Implementation		Difference from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof																																	
	Yes	No																																		
(IV) Did the Company produce statistics on the GHG emissions, water consumption, and total waste in the last two years? Has the company established policies for GHG reduction, water conservation, and waste management?	✓		<p>of energy saving, in order to effectively use resources and to achieve the objective of energy saving and carbon reduction.</p> <p>The company discloses in its sustainability report the governance situation, strategies, risk management, indicators and targets of climate-related risks and opportunities in accordance with the framework of the Climate-related Financial Disclosure Proposal (TCFD). Listed side by side on of this annual report on (VII) Climate-related information of publicly listed companies.</p> <p>(IV) Our company discloses in the sustainability report the greenhouse gas emissions, water consumption and total weight of waste that we have independently calculated over the past two years, and explains policies for reducing greenhouse gas emissions, reducing water consumption or other waste management..</p> <p>1. Statistics of greenhouse gas emissions:</p> <table border="1"> <thead> <tr> <th>Annual</th> <th>Total emissions (Metric tonsCO₂e /Year)</th> </tr> </thead> <tbody> <tr> <td>2024</td> <td>8,996.5867</td> </tr> <tr> <td>2025</td> <td>9,294.3503</td> </tr> </tbody> </table> <p>2. Water consumption statistics: Unit: Million litres</p> <table border="1"> <thead> <tr> <th>Project/Year</th> <th>2024</th> <th>2025</th> </tr> </thead> <tbody> <tr> <td>Tap water intake</td> <td>17.81</td> <td>20.04</td> </tr> <tr> <td>Groundwater withdrawal</td> <td>21.18</td> <td>25.21</td> </tr> <tr> <td>Wastewater Discharge</td> <td>38.99</td> <td>45.25</td> </tr> <tr> <td>Total water consumption</td> <td>-</td> <td>-</td> </tr> </tbody> </table> <p>In terms of wastewater discharge, our company's main production base is located in Shandong, China. The effluent from the factory all complies with the discharge standards set by local regulations. The wastewater produced from daily production and life is first collected in the factory's sewage treatment facilities for treatment. Samples of the effluent are taken and tested irregularly to ensure that the effluent quality meets the relevant standards of local environmental protection regulations. The wastewater must be treated before it can be discharged to the subsequent municipal sewage treatment plant. In 2025, there were no incidents of wastewater testing exceeding the standards."</p> <p>3. Waste statistics Unit: Metric Ton</p> <table border="1"> <thead> <tr> <th>Project/Year</th> <th>2024</th> <th>2025</th> </tr> </thead> <tbody> <tr> <td>Hazardous waste</td> <td>0.53</td> <td>0.63</td> </tr> <tr> <td>General industrial waste</td> <td>275.751</td> <td>290.893</td> </tr> <tr> <td>Gross weight</td> <td>276.281</td> <td>291.523</td> </tr> </tbody> </table> <p>All the above-mentioned hazardous industrial waste emissions strictly comply with the quantity and limit values stipulated in the pollutant discharge permits issued by the Environmental Protection Administration department, and are transferred and disposed of in accordance with the requirements of environmental protection regulations.</p> <p>Our company uniformly collects the hazardous industrial waste generated during the production process and stores it in a dedicated warehouse for hazardous industrial (dangerous) waste to prevent the harm of hazardous industrial waste to the environment. We also cooperate with professional hazardous industrial waste disposal institutions that have been issued with legal qualifications and complete licenses by the government environmental protection department, and the professional institutions regularly dispose of the hazardous industrial waste.</p>	Annual	Total emissions (Metric tonsCO ₂ e /Year)	2024	8,996.5867	2025	9,294.3503	Project/Year	2024	2025	Tap water intake	17.81	20.04	Groundwater withdrawal	21.18	25.21	Wastewater Discharge	38.99	45.25	Total water consumption	-	-	Project/Year	2024	2025	Hazardous waste	0.53	0.63	General industrial waste	275.751	290.893	Gross weight	276.281	291.523
Annual	Total emissions (Metric tonsCO ₂ e /Year)																																			
2024	8,996.5867																																			
2025	9,294.3503																																			
Project/Year	2024	2025																																		
Tap water intake	17.81	20.04																																		
Groundwater withdrawal	21.18	25.21																																		
Wastewater Discharge	38.99	45.25																																		
Total water consumption	-	-																																		
Project/Year	2024	2025																																		
Hazardous waste	0.53	0.63																																		
General industrial waste	275.751	290.893																																		
Gross weight	276.281	291.523																																		

Promotion	Implementation			Difference from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof						
	Yes	No	Summary							
IV Social issues										
(I) Has the company developed related management policies and procedures in accordance with related laws and the International Bill of Human Rights?	✓		(I) We agree on and voluntarily follow internationally recognized human rights standards including the “Universal Declaration of Human Rights”, the “United Nations Global Compact”, the “United Nations Guiding Principles on Business and Human Rights”, and the “International Labour Organization”, and respect the protection provided in human rights conventions. All companies of the Group comply with applicable labor laws and regulations of the country where they operate and respect internationally recognized labor rights norms/principles. Relevant personnel regulations have been established and all employees are covered with labor/health insurance, group insurance with pension allocated, to protect their legal rights. We also provide non-differential treatment in the employment policy, while establishing appropriate management approaches, procedures and implementing them in a thorough manner. We also promote a gender-balanced workplace environment in accordance with the Act of Gender Equality in Employment. Employees are entitled to benefits such as menstrual leave, maternity leave (paternity leave), childcare leave without pay, and family care leave. Furthermore, we implement equality in wage and employment terms, training and promotion.	No material inconsistency.						
(II) Has the company established and implemented reasonable employee welfare measures (including remuneration, leave, and other benefits) and appropriately reflected business performance and achievements in the remuneration for employees?	✓		(II) All companies under the Group comply with relevant local labor laws and have also established work rules. Accordingly, employees are entitled to the benefits of menstrual leave, maternity (paternity) leave, parental leave without pay, family care leave, etc. In addition, the Company also implements the salary and employee criteria, training and job promotion equality. In 2025, the ratio of male and female employees was 2:1 and the ratio of male and female supervisors was 6:1. The Company has established employee benefit measures and remuneration incentive policies. Relevant bonuses are distributed according to the Company’s operational status and the achievement of the individual’s performance targets. According to Article 102 of the Articles of Incorporation: Employees of the Company and subsidiaries are entitled to annual remuneration at no less than 1% of “Annual Profit”. Remuneration to employees for 2024 was distributed in 2025. The Staff Welfare Committee organizes cultural, recreational activities, competitions and annual trips from time to time to enrich the lives of colleagues; a variety of recreational facilities is also provided. We provide emergency aid and wedding and funeral subsidies, while also regularly organizing year-end parties, departmental dinners and year-end raffle events.	No material inconsistency.						
(III) Does the company provide employees with a safe and healthy work environment and regular safety and health education?	✓		(III) We are committed to providing a safe and friendly workplace to our employees, offering them basic protection. Based on this notion, building a sound working environment and protecting the safety and health of employees in the workplace is the Company’s primary responsibility. The Company has acquired relevant certifications: 1. ISO 45001:2018 occupational health and safety management system: <table border="1" data-bbox="820 1883 1177 2024"> <tr> <td>Certified plant site</td> <td>STRONG H (Laizhou)</td> </tr> <tr> <td>Date of first acquisition</td> <td>2022/2/17</td> </tr> <tr> <td>Expiration date</td> <td>2028/2/16</td> </tr> </table> All companies of the Group conduct pre-employment and on-the-job training as well as disaster prevention	Certified plant site	STRONG H (Laizhou)	Date of first acquisition	2022/2/17	Expiration date	2028/2/16	No material inconsistency.
Certified plant site	STRONG H (Laizhou)									
Date of first acquisition	2022/2/17									
Expiration date	2028/2/16									

Promotion	Implementation		Difference from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof														
	Yes	No		Summary													
(IV) Has the Company established effective career development and training plans for employees?	✓		<p>drills to strengthen employees' evacuation and response capabilities. By having sufficient knowledge and preparation, the risk of injury to employees is reduced. In the meantime, we also encourage employees to take a regular health examination and provide them with sufficient protective equipment.</p> <p>2025 safety and fire training details are as follows and there were no major safety accidents throughout the year:</p> <table border="1"> <thead> <tr> <th>Item</th> <th>Person/time/hour</th> </tr> </thead> <tbody> <tr> <td>New employee training</td> <td>95 persons</td> </tr> <tr> <td>Employee education and training (all year round)</td> <td>38,601.48 hours</td> </tr> <tr> <td>On-the-job training</td> <td>38 sessions / 1,165 participants</td> </tr> <tr> <td>Occupational health examination</td> <td>226 persons</td> </tr> <tr> <td>Safety Re-training for All Staff</td> <td>27 times</td> </tr> <tr> <td>Fire drill</td> <td>3 times</td> </tr> </tbody> </table> <p>In 2025 the Company and all of its subsidiaries were not subject to any fire accidents throughout the year.</p> <p>(IV) The Company has a dedicated to arrange training, education, and skill development for employees. It is also the responsibility of department heads to provide employees with technical guidance and training. The company has established the "Education and Training Implementation Management Measures" and formulates an employee education and training plan every year. The plan covers both internal and external training courses, including occupational safety-related courses, professional skills training, technology research and development, marketing management, financial management, human resource management, leadership management, etc. It provides diverse options for employees to further their studies and improve their skills, creating an ideal growth path for them. This is to facilitate the cultivation of outstanding talents and enable them to give full play to their strengths, create a win-win situation for both employees and the company, and enhance the competitiveness of the enterprise.</p>	Item	Person/time/hour	New employee training	95 persons	Employee education and training (all year round)	38,601.48 hours	On-the-job training	38 sessions / 1,165 participants	Occupational health examination	226 persons	Safety Re-training for All Staff	27 times	Fire drill	3 times
Item	Person/time/hour																
New employee training	95 persons																
Employee education and training (all year round)	38,601.48 hours																
On-the-job training	38 sessions / 1,165 participants																
Occupational health examination	226 persons																
Safety Re-training for All Staff	27 times																
Fire drill	3 times																
(V) Did the company comply with the related laws and regulations and international standards regarding the customer health and safety, customer privacy, marking communication, and labeling of its products and services and establish policies to protect the rights and interests of customers or clients and procedures for grievances?	✓		<p>(V) The Company complies with international standards and local laws of the operating country for the customer health and safety, customer privacy, marketing and labeling of products and services.</p> <p>In addition, in response to the global green environmental protection activities, the Company also requests relevant suppliers to prohibit the use of relevant hazardous substances, in order to reduce impact of products on the environment, and to comply with RoHS directive and customer requirements.</p> <p>Furthermore, to protect the rights and interests of consumers and to fulfill product responsibility, the existing product and new product information is disclosed on the written catalogue and the Company's website, allowing customers to review relevant information at any time. Moreover, the Company has established the "Customer Complaint Handling Procedure" and "Customer Satisfaction Survey Form" in order to provide complete after-sale service and customer complaint management procedure.</p> <p>In addition, comprehensive return process and complaint channel have been established and implementation and follow-up are also performed</p>														

Promotion	Implementation			Difference from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary	
(VI) Has the company established policies for management to request suppliers to comply with the relevant laws and regulations of environmental protection, occupational safety and health, and labor human rights? Does the company keep track on the implementation of such policies?	✓		(VI) according to the customer complaint procedure. The Company has established supplier management related procedure, and according to the “Supplier Development, Evaluation and Certification Process,” relevant information and qualification of suppliers are assessed for compliance. The supplier evaluation is also conducted periodically, and the “Supplier Annual Evaluation Form” is completed. For the evaluation results, qualified suppliers are registered in the “List of Qualified Suppliers.” Based on the supply chain management, the Company further improves the supply chain environmental protection awareness, enhances waste and pollution effective management, and pays attention to the environmental protection, in order to promote the coordinated development of both economy and environment. Some of the suppliers have obtained the environmental safety certification qualification, and waste and pollution inspection is conducted rigorously according to the regulations. Furthermore, the Company also encourages and promotes suppliers to contribute effort in green environmental protection in order to provide products complying with the international standards and RoHS Directive as the objectives of the policy	No material inconsistency.
V Did the company, following internationally recognized guidelines, prepare and publish reports such as its corporate sustainability responsibility report to disclose non-financial information of the company? Did the company apply for assurance or guarantee of such reports to a third-party certification body?	✓		The Company's 2025 Sustainability Report is prepared in accordance with the GRI Standards 2021 of the Global Reporting Initiative issued by the Global Sustainability Standards Board (GSSB), and in reference to the TCFD (The Task Force on Climate-Related Financial Disclosures). It also meets the requirements under the “Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies.” Notwithstanding, as of the date of publication of the prospectus, it has not been completed. The report has not been verified by any external organization.	No material inconsistency.
VI If the company has established own corporate social responsibility guidelines in accordance with the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies”, please state the current Sustainable Development practice and any deviations from the “Best Practice Principles” We have established and implemented our own “Sustainable Development Best Practice Principles” without material inconsistency from the Best Practice Principles..				
VII. Other important information that helps understand the implementation of sustainable development:: (I) The Company supports community activities and is actively involved in neighborhood programs. (II) The Company has communication channels that employees may utilize to express opinions. In addition, meetings are convened from time to time to gather opinions from personnel of all levels and departments. (III) The Company pays social insurance premiums (which covers healthcare, childbirth, pension, work injury and unemployment benefits) and housing provident funds for employees according to national regulations. The portions borne between the Company and individual employees are split according to relevant rules. (IV) The Company organizes internal courses as a form of on-job training; employees may also be subsidized for external training if deemed necessary				

Note 1 : Our company discloses in the sustainability report the greenhouse gas emissions, water consumption and total weight of waste that we have independently calculated over the past two years, and explains policies for reducing greenhouse gas emissions, reducing water consumption or other waste management..:

Oriented towards	Risk project	Strategy/Response Measures
Corporate governance aspect	Supply chain disruption	<p>1、Adopt supply from more than two suppliers to diversify procurement risks and reduce costs; For materials with high commonality, a second source management mechanism is established; Safety stocks have been established for the main materials to prevent risks caused by material shortages or quality issues.</p> <p>2、Short-term risk: In response to short-term impacts (such as foreseeable important national holidays), prepare materials in advance, place orders and handle incoming materials. In response to the risk of short-term supply chain disruptions caused by abnormal weather conditions (such as typhoons and earthquakes), suppliers are required to change their transportation methods depending on the impact situation, in order to ensure that the materials can be supplied to the production line on schedule and meet the demand of customers for on-time delivery.</p> <p>3、Medium-term risk: For special specification materials, conduct alternative material assessment and introduction, and have a high degree of control over the price, quality and delivery time of the materials.</p> <p>4、Long-term risk: For the identification of high-risk suppliers, audits and time-limited improvements are required to reduce the risk to medium and low levels.</p>
	Trade secrets/intellectual property rights	<p>1、Improve the management system and manage intellectual property systematically.</p> <p>2、Continuously enhance the concept of intellectual property protection among all departments and employees.</p> <p>3、Properly handle infringement allegations from third parties to reduce the company's expenditures and risks.</p> <p>4、Regularly review the internal operation norms and relevant contract documents among employees.</p> <p>5、Strengthen the information security system to prevent the company's information from being stolen and leaked by external hackers or internal employees.</p> <p>6、Utilize the classified information classification mechanism and establish control methods to reduce the risk of leakage.</p> <p>7、Maintain communication channels with external institutions to keep abreast of laws and regulations and industry trends.</p>
	Information security	<p>1、Re-examine information security policies, procedures, management measures, etc.</p> <p>2、Strengthen the software and hardware of the information system.</p> <p>3、Carry out inventory of information assets and risk assessment.</p> <p>4、Business continuity drill operations and various information security operations.</p> <p>5、Regular education and training, and timely inclusion in the updates and requirements of laws and regulations.</p> <p>6、Build and maintain information security intelligence, and adjust and strengthen response measures in a timely manner.</p> <p>7、Internal audit verification and management review meetings are held annually.</p>
	Product safety	<p>All products of our company are produced and manufactured in accordance with corporate responsibility, in compliance with all laws and regulations, and in compliance with the EU RoHS standards, containing no harmful substances at all. And pass the laboratory test.</p>
Environmental aspect	Greenhouse gas emissions continue to increase	<p>Increased greenhouse gas emissions may lead to legal and policy risks, raise operating costs, damage a company's image, and affect sustainable development goals and market competitiveness.</p>

Oriented towards	Risk project	Strategy/Response Measures
	Unable to save energy effectively	Failure to effectively save energy will lead to an increase in energy costs, waste of resources, and may result in fines from environmental protection regulations, affecting the company's financial situation and sustainable development goals.
Social aspect	Facing a shortage of workers	Labor shortages will lead to poor operation of production lines, rising costs, increased employee pressure, and may even affect customer satisfaction and the overall operational performance of the company.
	Occupational accident occurs	Occupational accidents may lead to employee injuries, increased medical expenses, and may trigger legal proceedings, damage the company's reputation, and affect productivity and employee morale.

(VII) Climate-related information of publicly listed companies

1 Climate-related information implementation status

Item	Execution situation			
1、Describe the oversight and governance of the board and the management on climate-related risks and opportunities.	<ul style="list-style-type: none"> The status of climate change risk response is reported by the chairperson of the Sustainable Development Team to the board of Directors at the end of each year, and the board of Directors supervises the implementation effect. The Sustainability Group will be convened by the Chairman at least once a year to discuss the risks and opportunities arising from climate-related changes in the company's operations and the corresponding countermeasures. 			
2、Describe how the climate risks and opportunities identified affect the business, strategy and finance (short-term, medium-term, long-term) of the Company.	Oriented towards	project	Influence period	The financial impact on the company
3、Describe the impact of extreme climate event and transformation action on the finance.	Transformation Risks - Policy and Regulation	Strengthening emission reporting obligations	Long-term	In response to policies and regulations formulated in response to climate change, companies may face the risk of carbon taxation, which will lead to increased operating costs. Failure to implement inspections and disclosures in accordance with regulations may result in fines and cause financial losses to the company.
	Transition Risk-Market	Rising raw material costs	Long-term	Extreme weather may lead to a shortage of raw materials, causing suppliers to raise prices. Rising raw material costs will increase the company's operating costs, dilute profits and reduce competitiveness.
	Opportunity - Resource Efficiency	Use more efficient production and distribution processes	Long-term	Improving production and distribution efficiency can reduce costs, shorten delivery time, improve product quality and market competitiveness, thereby increasing profits and customer satisfaction, optimizing resource allocation, strengthening supply chain management, and promoting sustainable development of the enterprise.
	Opportunities - Products and Services	R&D and innovation to develop new products and services	Long-term	1. R&D expenditure and capital investment in new alternative technologies will increase production costs. 2. Costs of adopting/building new practices and processes. 3. As demand for existing non-low-carbon products declines, related assets may be at risk of being written off and scrapped prematurely, causing a negative financial impact.
		Diversification of business activities	Long-term	Diversification of business activities can help companies diversify climate-related risks, improve market adaptability and competitiveness, open up new sources of revenue, and enhance financial stability, but it may also increase management complexity and resource allocation challenges.
4、Describe how the processes for identifying, assessing and managing climate risks are integrated into the overall risk management system.	<ul style="list-style-type: none"> The Sustainability Development Committee members completed the collection of climate and environmental background information and assessed the climate risks within the scope of operations. Establish a list of climate risk opportunity projects and create an internal operational impact questionnaire. Analyze the impact of climate-related risk opportunities and the possible impact period based on the questionnaire, and set implementation strategy goals. In the future, the implementation of ESG risk and climate risk response measures will be reported to the board of directors every year. 			

Item	Execution situation			
5・If the scenario analysis is used to assess the resilience against the climate change risk, it is necessary to describe the scenario, parameters, assumptions, analysis factors used and the key financial impact.	The Company has not yet adopted scenario analysis.			
6・If transformation plan for managing climate-related risk is available, the plan content shall be explained and the indicators and goals for identifying and managing physical risks and transformation risk shall be described.	Oriented towards	project	Influence period	Risk and opportunity response management measures
	Transformation Risks - Policy and Regulation	Strengthening emissions reporting obligations	Long-term	1. Continue ISO 14064-1 greenhouse gas self-inspection, control carbon emissions and accelerate the formulation of greenhouse gas emission reduction plans. In the future, we will also consider conducting assessments on the purchase of renewable energy, installation of solar energy-saving equipment, etc., and set carbon reduction targets. We will also conduct energy conservation and carbon reduction promotion and daily implementation for various departments from time to time, actively pay attention to information related to government regulations, and promptly adjust greenhouse gas control operations to meet compliance requirements.
	Transition Risk-Market	Rising raw material costs	Long-term	1. Establish cooperative relationships with multiple suppliers to avoid dependence on a single supplier and build long-term cooperation and mutual trust to gain support and priority treatment from suppliers. 2. Pay close attention to market and industry changes, including raw material price trends and supply conditions, and foresee possible problems in advance. When necessary, sign long-term supply contracts with suppliers to ensure stable supply and prices.
	Opportunity - Resource Efficiency	Use more efficient production and distribution processes	Long-term	1. Lean production management: Introduce automation technology, standardized processes and real-time data monitoring to reduce waste, increase production capacity and improve quality control. 2. Smart supply chain optimization: Use data analysis to predict demand, improve inventory management efficiency, establish close working relationships with suppliers, and ensure the rapid circulation of raw materials and products. 3. Digital distribution system: Apply advanced logistics technologies, such as warehouse management systems and transportation management systems, to improve distribution accuracy, shorten delivery time and reduce costs.
	Opportunities - Products and Services	R&D and innovation to develop new products and services	Long-term	1. Continue to reduce product carbon emissions to meet customer emission reduction requirements, 2. Improve product bargaining power or increase order volume, thereby increasing sales revenue. We allocate a research and development budget from our revenue every year and continue to invest in the research and development of high-performance, low-carbon, and environmentally friendly products.

Item	Execution situation			
		Diversification of business activities	Long-term	<p>1. Risk management and monitoring: Establish a climate risk assessment mechanism, regularly monitor market changes, predict the financial and operational risks that may arise from business diversification through data analysis, and formulate response plans.</p> <p>2. Green investment and innovation: Invest in low-carbon technology and sustainable product development, optimize energy efficiency, ensure that new businesses comply with the requirements of Climate-related Financial Disclosure (TCFD), and enhance market competitiveness and brand value.</p> <p>3. Ensure that the diversification of business activities complies with environmental responsibilities and regulatory requirements.</p>
7、If the internal carbon pricing is used as a planning tool, it is necessary to explain the price establishment basis.	Internal carbon pricing has not yet been implemented.			
8、If the climate-related goal has been set up, it is necessary to describe the information of activity covered, greenhouse gas emissions scope, plan schedule, annual achievement progress, etc. If carbon offset or renewable energy certificates (RECs) are used to achieve relevant goals, it is necessary to explain the carbon reduction source and quantity for the offset or the quantity of renewable energy certificates (RECs).	<p>1. Add the official website, ESG digital platform and public information observation station to disclose the results of greenhouse gas category 1~2 inventory.</p> <p>2. Greenhouse gas reduction target: Achieve 1% reduction each year.</p> <p>3. Compared to the base year 2024:</p> <ul style="list-style-type: none"> - Reduce Scope 1 and Scope 2 greenhouse gas emissions by 25% by 2030 - Reduce Scope 1 and Scope 2 greenhouse gas emissions by 50% by 2040 <p>4. Complete the parent company's emissions inventory in 2026 (inspection year: 2025), and complete the consolidated company's emissions inventory in 2027 (inspection year: 2026)</p> <p>5. Complete the parent company verification (confirmation) in 2028 (verification year: 2027), and complete the merger company verification (confirmation) in 2029 (verification year: 2028)</p> <p>6. Currently no carbon offsets or renewable energy certificates (RECs) are used to offset carbon credits.</p>			
9、Please describe the GHG inventory and assurance status and reduction goal, strategy and specific action plan in 1-1 and 1-2.	As shown in the table below.			

1-1 GHG inventory and assurance status of the Company in the most recent two years

1-1-1 GHG inventory information

Describe the emission volume (tons CO2e) and density (tons CO2e/NTD million) of GHG in the most recent years and the scope of data coverage.

Note: Greenhouse gas emissions for the Company and its consolidated subsidiaries are described below:

Entity	Category	2024		2025	
		Total emissions (metric tons CO2e)	Intensity (metric tons CO2e/million yuan)	Total emissions (metric tons CO2e)	Intensity (metric tons CO2e/million yuan)
The Company	Category 1	0	0	0	0
	Category 2	2.5169	0.0016	2.5122	0.0014
	Subtotal	2.5169	0.0016	2.5122	0.0014
All Consolidated Subsidiaries	Category 1	536.1268	0.3335	431.7172	0.2512
	Category 2	8,457.9430	5.2623	8,860.1209	5.1560
	Subtotal	8,874.6980	5.5958	9,291.8381	5.4072
Grand Total		8,877.2150	5.5974	9,294.3503	5.4086

Note1: The annual group turnover for fiscal year 2024 is NT\$1,607.273 million; the annual group turnover for fiscal year 2025 is NT\$1,718.429 million.

Note2: For the Company's complete inventory information, please refer to the Company's website and Sustainability Report.

1-1-2 GHG assurance information

Describe the assurance status in the most recent two years up to the printing date of the annual report, including the assurance scope, institution, standards and opinions.

Note: The Company conducted its own inventory in 2024 and 2025 and has not yet been externally verified. We will ensure that the project is completed within the planned period in accordance with the "Sustainable Development Roadmap for OTC Companies" issued by the Financial Supervisory Commission in March 2012.

1-2 GHG reduction goal, strategy and specific action plan

Describe the GHG reduction standard and its data, reduction goal, strategy and specific plan as well as the reduction goal achievement status.

Emissions reduction targets	Strategic action	Plan schedule
Compared to the base year 2024 Reduce Scope 1 and Scope 2 greenhouse gas emissions by 25% by 2030 Reduce Scope 1 and Scope 2 greenhouse gas emissions by 50% by 2040	<ol style="list-style-type: none"> 1. Through green procurement, we purchased infrastructure equipment with environmental labels and replaced all refrigeration and air conditioning systems with energy-efficient Class 1 equipment. 2. Implement energy-saving projects for facilities and equipment. 3. Solar energy installation for personal use. 	2024~2040
Status of GHG Reduction Target Achievement: With 2024 as the base year, total emissions in 2025 increased by 4.70% compared to 2024. This was primarily driven by an increase in electricity consumption (Scope 2 emissions) resulting from expanded production capacity.		

(VIII) Performance in ethical corporate management inconsistency with the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies”

Evaluation Item	Status (Note 1)			Inconsistency and Causes of Inconsistency from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
I. Establishing ethical corporate management policies and programs				
(I) Has the company established policies for ethical corporate management approved by the board of directors and stated such policies and practices in its regulations and external documents and in the commitment made by the board of directors and senior management to actively implement such policies?	✓		(I) We have established the “Ethical Corporate Management Best Practice Principles,” implemented ethical management policies, and disclosed them on the MOPS and company website. We have also requested all directors, managers, senior management, and employees to abide by these principles in all activities.	No material inconsistency.
(II) Has the company established an assessment mechanism of risk from unethical behavior to regularly analyze and assess business activities with higher risk of involvement in unethical behavior and preventive programs for unethical behaviors containing at least the preventive measures stated in paragraph 2, Article 7 of the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies”?	✓		(II) We have established and implemented the “Procedures for Ethical Management and Guidelines for Conduct” and the “Code of Ethical Conduct” to specify the operating procedures, guidelines for conduct, and the penalties and grievance channels of breach.	No material inconsistency.
(III) Has the company established in the preventive programs the operating procedures for unethical behavior prevention, penalties and grievance systems of breaching the guidelines for conduct, and implemented and periodically review them?	✓		(III) We have established the “Procedures for Ethical Management and Guidelines for Conduct” to specify related operations. We have also enhanced the education of no acceptance of valuable articles in any form or name for managers and employees to prevent damage on the company’s rights and interests because of personal interests.	No material inconsistency.
II. Implementing ethical corporate management				
(I) Has the company assessed the ethical records of its counterparts and explicitly included clauses on ethical conduct in transaction contracts?	✓		(I) All key customers are subject to credit investigation before commencement of business dealing. This practice helps avoid transaction with counterparties that exhibit undesirable record.	No material inconsistency.
(II) Has the company established a dedicated (concurrent) unit to implement ethical corporate management under BOD and report regularly (as least once a year) to BOD the status of implementation and supervision of the ethical management policy and preventive programs of unethical behavior?	✓		(II) Presently, the Corporate Governance Officer of the Company concurrently handles relevant matters and assists the board of directors and management to establish and supervise the execution of ethical management policy and prevention plan according to the job duty and scope of each unit, in order to ensure the proper implementation of Ethical Corporate Management Best Practice Principles and to report the implementation status to the board of directors once annually. The date of the most recent reporting to the board of directors was November 5, 2025 The Company has an Auditing Office established directly under the board of directors. The Auditing Office conducts regular and random audits each year and reports its findings to the Audit Committee and the board of directors. Corrective actions are taken based on these findings to enforce business integrity.	No material inconsistency.
(III) Has the company established and implemented a policy to prevent conflicts of interests and provided suitable channels for reporting such conflicts?	✓		(III) The Company has “Ethical Behavior Guidelines” and “Business Integrity Code of Conduct” available to provide governance.	No material inconsistency.
(IV) Has the company established an effective accounting system and an internal control system for the internal audit unit to establish related audit programs based on the results of risk assessment of involvement in unethical behavior to audit and prevent the compliance with the preventive programs of unethical behavior or hire a CPA to perform the audit?	✓		(IV) The Company has an accounting system in place to guide the practices of its accounting staff. Internal control measures have been implemented according to laws and the prevailing circumstances, and are audited regularly with reports submitted to the Audit Committee and the board of directors.	No material inconsistency.

Evaluation Item	Status (Note 1)		Summary	Inconsistency and Causes of Inconsistency from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies												
	Yes	No														
(V) Has the company regularly arranged internal and external education and training activities for ethical corporate management?	✓		<p>(V) The Company has established the Employee Handbook to require employees to engage in ethical management, and included the same into the contents of the orientation and in-service training for employees.</p> <p>The Company organizes training for directors, managers and employees. All business departments are required to communicate with their business counterparties about the Company's values, integrity commitment, policies, and consequences of dishonest conduct.</p> <p>Education, training and promotion for 2025:</p> <table border="1"> <thead> <tr> <th>Item</th> <th>Contents</th> </tr> </thead> <tbody> <tr> <td>New employee training courses</td> <td>A total of 95 people</td> </tr> <tr> <td>The Company's internal promotion of the promotional campaign organized by the competent authority and the additions/amendments to the laws and regulations.</td> <td>① A total of 18 emails ② A total of 11 sessions of video conferencing and briefings</td> </tr> <tr> <td>Directors, managers and employees participated in the advocacy courses.</td> <td>A total of 153 man-hours</td> </tr> <tr> <td>Communicate integrity and ethics related policies and procedures within the company</td> <td>7 directors 1,418 employees</td> </tr> <tr> <td>Receive integrity and ethics training within the company</td> <td>7 directors 1,415 employees</td> </tr> </tbody> </table>	Item	Contents	New employee training courses	A total of 95 people	The Company's internal promotion of the promotional campaign organized by the competent authority and the additions/amendments to the laws and regulations.	① A total of 18 emails ② A total of 11 sessions of video conferencing and briefings	Directors, managers and employees participated in the advocacy courses.	A total of 153 man-hours	Communicate integrity and ethics related policies and procedures within the company	7 directors 1,418 employees	Receive integrity and ethics training within the company	7 directors 1,415 employees	No material inconsistency.
Item	Contents															
New employee training courses	A total of 95 people															
The Company's internal promotion of the promotional campaign organized by the competent authority and the additions/amendments to the laws and regulations.	① A total of 18 emails ② A total of 11 sessions of video conferencing and briefings															
Directors, managers and employees participated in the advocacy courses.	A total of 153 man-hours															
Communicate integrity and ethics related policies and procedures within the company	7 directors 1,418 employees															
Receive integrity and ethics training within the company	7 directors 1,415 employees															
III. Operating the whistleblower system																
(I) Has the company established explicit whistleblower and reward schemes and convenient reporting channels, and assign appropriate personnel to investigate the target of a whistleblower report?	✓		(I) The Company has established relevant reporting procedures in the "Reporting System Implementation Regulations" and established a convenient channel for reporting, and assigned dedicated personnel to deal with the reported person. The Stakeholder Section on the Company's website also provides effective communication methods for employees, shareholders, stakeholders, and external personnel. There is also a mailbox for complaints on unethical conduct. The General Manager's Office is the designated unit dedicated to handling complaints on unethical conduct and conducts disciplinary actions against those who are unethical to implement the integrity policy.	No material inconsistency.												
(II) Has the company established standard operating procedures for investigation, post-investigation measures, and related mechanisms to ensure confidentiality of a whistleblower complaint?	✓		(II) The Company has established the "Reporting System Implementation Regulations" to specify the relevant procedures, and the identity and contents of the reporter are strictly kept confidential. No whistle-blowing cases and no involvement in unethical conduct in 2025.	No material inconsistency.												

Evaluation Item	Status (Note 1)			Inconsistency and Causes of Inconsistency from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
(III) Has the company established measures to protect whistleblowers against retaliation?	✓		(III) The Company keeps the personal information and the contents of the report in strict confidence, to protect the whistleblower from any possible mistreatment due to the report.	No material inconsistency.
IV. Strengthening information disclosure (I) Whether the Company has disclosed its rules of ethical corporate management and effect of implementation thereof on its website and MOPS?	✓		The Company has established a corporate governance website to disclose the Ethical Corporate Management Best Practice Principles and related financial and corporate governance information.	No material inconsistency.
V. Where the company may have establish its own business integrity best-practice principles in accordance with the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies” , and shall elaborate the practice of business integrity and the variations from the aforementioned regulation: The Company has implemented “Business Integrity Code of Conduct” along with 4 independent directors, an internal audit unit and an Audit Committee. No significant violation of business integrity has occurred to date.				
VI. Other information relevant to understanding the Company's business integrity (e.g. reviews of business integrity principles) The Company has associated its business integrity policy with employee performance evaluation and the human resource policy, and clearly outlined its disciplinary actions and rewards. The Company will always pay attention to the development of domestic and foreign regulations related to ethical management, and encourage directors, managers and employees to participate in continuing education or training to propose timely improvements and suggestions, in order to enhance the effectiveness of the Company's promotion of ethical management.				

(IX) Other material information helpful for understanding the status of implementation of corporate governance may be disclosed at the same time:

The Company has established a code of corporate governance and related regulations, which have been approved by the Board of Directors, and the relevant contents are uploaded to the Company website: <http://www.strongh.tw> for the convenience of investors to inquire.

(X) Enforcement of internal control system

1. Declaration of Internal Control System

Strong H Machinery Technology (Cayman) Incorporation

Declaration of Internal Control

Date: March 5, 2026

The following declaration regarding the internal control system of the Company and subsidiaries has been made based on a self-assessment performed in 2025:

- I. The Company and subsidiaries acknowledge and understand that establishment, implementation and maintenance of the internal control system are the responsibility of the board and managers, and that such a system has been implemented within the Company. The Company has the internal control system established to provide a reasonable assurance for the realization of operating effect and efficiency (including profits, performance, and assets safety), the reliability of financial report, and the obedience of relevant regulations.
- II. There are inherent limitations to even the most well-designed internal control system. As such, an effective internal control system can only reasonably assure achievement of the three goals mentioned above. Furthermore, changes in the environment and circumstances may all affect the effectiveness of the internal control system. However, the internal control system of the Company and subsidiaries features a self-monitoring mechanism that rectifies any deficiencies immediately upon discovery.
- III. The Company and subsidiaries evaluate the design and execution of its internal control system based on the criteria specified in "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as "The Governing Principles") to determine whether the existing system continues to be effective. The criteria introduced by "The Governing Principles" consisted of five major elements, each representing a different stage of internal control: 1. Control environment, 2. Risk evaluation and response, 3. Procedural control, 4. Information and communication, 5. Supervision. Each element further contains several items. Please refer to the "Governing Rules" for the details of the said items.
- IV. The Company and subsidiaries have adopted the abovementioned criteria to validate the effectiveness of its internal control system design and execution.
- V. Based on the assessments described above, the Company and subsidiaries consider the design and execution of its internal control system to be effective as at December 31, 2025. This system (including the supervision and management of subsidiaries) has provided assurance with regards to the Company's and subsidiaries' business results, target accomplishments, reliability, timeliness and transparency of reported financial information, and its compliance with relevant laws.
- VI. This declaration constitutes part of the Company's annual report and prospectus, and shall be disclosed to the public. For any forgery and concealment of the aforementioned information to the public, we will be held responsible by law in accordance with Article 20, Article 32, Article 171 and Article 174 of the Securities and Exchange Act.
- VII. This declaration was approved during the board of directors meeting held on March 5, 2026. All 7 attending directors had concurred with the content of this declaration.

Strong H Machinery Technology (Cayman) Incorporation

Chairman: Chi, Ping-Hsin

President: Chi, Ping-Hsin

2. If the internal control system was reviewed by an external CPA, the result of such review must be disclosed : None

(XI) Resolutions reached in the shareholder's meeting or by the board of directors during the most recent year and up to the date of publication of this annual report:

1. Key shareholder meeting resolutions and execution

Item No.	Time of meeting	Key resolutions and execution progress
2025 annual general meeting	2025/6/19	<p>Acknowledgments:</p> <ul style="list-style-type: none"> ● Motion for the Company's 2024 business report and Consolidated financial statements. Execution status: The Company's operating revenue in 2024 was NT\$1,607,273 thousand; net was NT\$138,677 thousand; earnings per common share was NT\$2.04. The motion was acknowledged at the annual general meeting. ● Motion for the Company's 2024 earnings distribution. Execution status: For the 2024 earnings distribution, shareholders had cash dividends of NT\$81,717 thousand. The motion was acknowledged at the annual general meeting and the distribution was completed on August 20, 2025. <p>Discussions:</p> <ul style="list-style-type: none"> ● Approval of amendments to the Company's Articles of Incorporation". Implementation: Handled and completed in accordance with the resolution. <p>Elections :</p> <ul style="list-style-type: none"> ● Completed the election of the Company's 6th term of Directors. Implementation: Elected 3 Directors and 4 Independent Directors, totaling 7 seats ◦ <p>Other Matters :</p> <ul style="list-style-type: none"> ● Approval of the removal of non-competition restrictions on the Company's newly elected directors and their representatives. Implementation: Handled and completed in accordance with the Resolution. <p>Special motion: None.</p>

2. Major board of directors resolutions

Meeting date	Important Resolution
2025/3/6	<p>(1) Passed the motion for 2024 distribution of remuneration to directors and employees. (2) Passed the motion for the Company's 2024 Consolidated financial statements and business report. (3) Passed the motion for the Company's 2024 earnings distribution. (4) Passed the motion for the Company's 2024 internal control system self-assessment report. (5) Passed the motion for the Company's Articles of Incorporation. (6) Passed the motion for the Company's comprehensive re-election of all Directors. (7) Passed the motion for non-competition restrictions on the Company's newly elected directors and their representative. (8) Proposal for the Convocation of the Company's 2025 Annual General Meeting of Shareholders (9) Passed the motion for the nomination of Director candidates (including Independent Directors) by the Board of Directors and the review of the qualifications of Independent Directors.</p>
2025/5/6	<p>(1) Passing of the Company's 2025 first quarter consolidated financial statements. (2) Passed the motion for application for a credit facility and endorsement/guarantee for Strong H Machinery Technology (Cayman) Incorporation. (3) Passing of the proposal for the capitalization of retained earnings by the sub-subsidiary, Strong H Machinery Technology Co.,Ltd. ◦</p>
2025/6/19	<p>(1) Passed the motion for election of the Company's Chairman. ◦ (2) Approval of the appointment of the members of the company's 5th Remuneration Committee. (3) Approval of the establishment of the company's "Sustainability Committee" and the adoption of the "Sustainability Committee Charter."</p>

	(4) Approval of the appointment of the members of the company's 1st Sustainability Committee.
2025/8/20	(1) Passing of the Company's issuance of 2024 remuneration to directors. (2) Passing of the Company's issuance of 2024 remuneration to employees, (3) Passing of the Company's 2025 second quarter consolidated financial statements. (4) Passed the proposal for credit extension application with the bank. (5) Approval of the company's 2024 Sustainability Report.
2025/11/5	(1) Passing of the Company's 2025 third quarter consolidated financial statements. (2) Approval of the amendments to the company's "Sustainable Development Best Practice Principles." (3) Approval of the amendments to the company's "Procedures for the Preparation and Assurance of Sustainability Reports." (4) Approval of the amendments to the company's "Procedures for Managing Sustainability Information." (5) Approval of the amendments to the company's "Procedures for Acquisition or Disposal of Assets." (6) Approval of the 2025 Stakeholder Identification and Materiality Assessment of Sustainability Issues.
2025/12/23	(1) Passing of the review of policies, system, standards and structures of performance assessment and remuneration for directors, independent directors and managers. (2) Passing of the proposal for the standards of the Company's issuance of 2025 year-end bonuses to managers (3) Approval of the change of the company's external auditors for financial reports and the assessment of the auditors' independence and competence. (4) Approval of the Company's 2026 audit plan. (5) Passing of the Company's 2026 business plan and annual budget.
2025/3/6	(1) Approved the company's 2025 distribution of remunerations of directors and employees.
	(2) Approved the company's 2025 Consolidated Financial Statements and Business Report.
	(3) Approved the company's 2025 Earnings Distribution Proposal.
	(4) Approved the company's 2025 internal control system self-evaluation report.
	(5) Resolution to cancel the bank credit line application and the endorsement and guarantee case for Strong H Machinery Technology (Cayman) Inc..
	(6) Approval of amendments to the "Procedures for Pre-approval of Non-assurance Services by CPAs."
	(7) Approval of amendments to the "Rules of Procedure for Shareholders' Meetings."
	(8) Approval of amendments to the "Articles of Incorporation."
	(9) Proposal to convene the 2026 Annual General Meeting of Shareholders.

(XII) Documented opinions or written declarations made by directors or supervisors against board resolutions:
None.

IV. Information About CPA Professional Fee

Unit: NT\$ thousands

Firm Name	Name of CPA	Accountant audit time	Audit fees	Non-Audit fees	Total	Remarks
Deloitte & Touche	Chuang, Wen-Yuan	2025/1/1~2025/9/30	3,900	232.50	4,132.50	1. Non-audit expenses include audit of internal control system, financial consulting, etc..
	Yang, Ching-Cheng					
Deloitte & Touche	Chuang, Wen-Yuan	2025/10/1~2025/12/31	2,380	1,567.50	3,947.50	
	Yang, Ching-Ting					
TOTAL			6,280	1,800	8,080	

(I) Change of accounting firm that resulted in the reduction of audit remuneration from the previous year; disclose audit remuneration before and after the change and the cause of such change: None.

(II) Any reduction in audit remuneration by more than 50% compared to the previous year; state the amount, the percentage and reason of such variation: None.

V. Change of CPA

Change of CPA in the last 2 years and after:

1、Effective from the fourth quarter of 2025, due to the internal rotation policy of Deloitte & Touche, the company's external auditors will be changed from Chuang, Wen-Yuan and Yang, Ching-Cheng to Chuang, Wen-Yuan and Yang, Ching-Ting.

VI. The Company's Chairman, President, or any managers involved in financial or accounting affairs being employed by the accounting firm or any of its affiliated company in the last year: None.

VII. Any transfer of equity interests and pledge of or change in equity interests by a director, supervisor, managerial officer, or shareholder with a stake of more than 10 percent in the most recent year and until to the date of publication of the annual report

(I) Change of shareholding of directors, supervisors, managers and major shareholders

Job title	Name	2025		Year-to-date as at April 18	
		Net Change in Shareholding	Increase (decrease) in shares collateralized	Net Change in Shareholding	Increase (decrease) in shares collateralized
Chairman	IMPERIAL INTERNATIONAL CO., LTD..	—	—	—	—
Legal representative of the chairman Major shareholder/general manager	Chi, Ping-Hsin	—	—	—	—
Legal representative of the director Corporate Governance Officer	Hsu, Hsiang-Jen	—	—	—	—
Director	Chi, Tao-Song	—	—	—	—
Independent Director (Term expired on June 19, 2025 due to re-election)	Wang, Ching-Hsiang	—	—	—	—
Independent Director (Term expired on June 19, 2025 due to re-election)	Tai, Kuo-Cheng	—	—	—	—
Independent Director	Wang, Chien-Chih	—	—	—	—
Independent Director	Tasi, Jia-Peir	—	—	—	—
Independent Director (Newly elected on June 19, 2025)	Hsiao, Chin-Heng	—	—	—	—
Independent Director (Newly elected on June 19, 2025)	Tsai, Kun-Yuan	—	—	—	—
Vice Executive President	Qi, Yu-Bin	—	—	—	—
Business Vice Executive President	Guo, Jun-Zhu	—	—	—	—
Auditing manager	Tung, Shang-Ju	—	—	—	—
Finance and Accounting Supervisor	Huang Deak-Huei	—	—	—	—

(II) Disclosure of shares transferred to related parties: None.

(III) Disclosure of shares pledged to related parties: None.

Name	Shares Held In Own Name		Number of shares held by their spouse and underage children		Total shares held by proxy		Disclosure of information on related parties, spousal relationship or relations within second degree of kinship, among the top ten shareholders, including their names and relationships		Remarks
	Number of shares	Shareholding percentage (%)	Number of shares	Shareholding Percentage (%)	Number of shares	Ratio of Shareholding (%)	Name	Relationship	
								person as the representative Second degree of kinship with the representative	
Regency Star International Limited (Regency Star International Limited) (Representative: Chi, Ping-Hsin)	3,480,000	5.11	—	—	—	—	IMPERIAL INTERNATIONAL CO.,LTD PREMIER CHOICE VENTURES INC DOUBLE FAITH HOLDING LIMITED Global Sharp Investments Limited Joyful Gain Investment Limited HERO PROMISE LIMITED (HERO PROMISE LIMITED)	The same person as the representative The same person as the representative The same person as the representative The same person as the representative The same person as the representative Second degree of kinship with the representative	—
Belize Business Xin Yao Co., Ltd.	3,211,000	4.72	—	—	—	—	—	—	—
Xu Jinxing	2,135,000	3.14	—	—	—	—	—	—	—
ZHAN,LI-HUI	1,215,000	1.78	—	—	—	—	—	—	—
HERO PROMISE LIMITED (Representative: Chi, Tao-Song)	735,000	1.08	—	—	—	—	IMPERIAL INTERNATIONAL CO.,LTD PREMIER CHOICE VENTURES INC DOUBLE FAITH HOLDING LIMITED Global Sharp Investments Limited Joyful Gain Investment Limited Regency Star International Limited (Regency Star International Limited)	The same person as the representative Second degree of kinship with the representative The same person as the representative Second degree of kinship with the representative The same person as the representative Second degree of kinship with the representative The same person as the representative Second degree of kinship with the representative The same person as the representative Second degree of kinship with the representative The same person as the representative Second degree of kinship with the representative The same person as the representative Second degree of kinship with the representative	—

IX. Shareholding ratio of the re-invested business of the company, the company’s directors, supervisors, managers and corporations directly or indirectly controlled by the company, and the comprehensive shareholding ratio
December 31, 2025; unit: thousand shares

Investee	Invested by the Company		Held by directors, supervisors, managers, and directly or indirectly controlled enterprises		Combined Investment	
	Number of shares	Ratio of Shareholding (%)	Number of shares	Shareholding percentage (%)	Number of shares	Ratio of Shareholding (%)
Faith Light International Corporation.(Samoa)	6,000	100	—	—	6,000	100
VANDEN INTERNATIONAL CO.,LTD.(Samoa)	1,000	100	—	—	1,000	100
Grand Strong Precision Machines Co., Ltd.	(Note)	100	—	—	(Note)	100
Strong H Machinery Technology Co.,Ltd.	(Note)	100	—	—	(Note)	100

Note: Limited liability company; no shares were issued.

Four. Capital Overview

I. Capital Stock and Shares

(I) Source of Capital Stock

1. Share category

April 18, 2026; unit: shares

Share Types	Authorized capital stock			Remarks
	Outstanding shares	Unissued shares	Total	
Common shares	68,097,240	31,902,760	100,000,000	Listed Stocks

2. Changes in share capital

April 18, 2026; unit: NTD/shares

Year/Month	Issuing price (NTD)	Authorized capital stock		Paid-up capital		Remarks		
		Number of shares	Amount	Number of shares	Amount	Source of capital	Paid in properties other than cash	Others
October 2014	10	1	10	1	10	Date of incorporation	—	—
November 2014	10	150,000	1,500,000	150,000	1,500,000	IMPERIAL INTERNATIONAL subscribed 149,999 shares (totaling NT\$1,499,990) of the cash issue	—	—
December 2014	10	58,000,000	580,000,000	58,000,000	580,000,000	Exchanged shares with shareholders of Faith Light and VANDEN for NT\$578,500,000 in capital contribution	—	—
Year 2016 September	10	100,000,000	1,000,000,000	58,000,000	580,000,000	Authorized capital was raised to NT\$1,000,000,000 during the extraordinary shareholder meeting held on September 26, 2016.	—	—
May 2017	10	100,000,000	1,000,000,000	65,250,000	652,500,000	Note 1	—	—
June 2018	10	100,000,000	1,000,000,000	65,894,950	658,949,500	Conversion of convertible bond	—	—
July 2018	10	100,000,000	1,000,000,000	65,921,809	659,218,090	Conversion of convertible bond	—	—
August 2018	10	100,000,000	1,000,000,000	66,151,141	661,511,410	Conversion of convertible bond	—	—
March 2019	10	100,000,000	1,000,000,000	66,285,431	662,854,310	Conversion of convertible bond	—	—
April 8, 2019	10	100,000,000	1,000,000,000	66,289,563	662,895,630	Conversion of convertible bond	—	—
June 2019	10	100,000,000	1,000,000,000	66,713,116	667,131,160	Conversion of convertible bond	—	—
July 2019	10	100,000,000	1,000,000,000	66,823,486	668,234,860	Conversion of convertible bond	—	—
September 2019	10	100,000,000	1,000,000,000	66,911,780	669,117,800	Conversion of convertible bond	—	—
October 2019	10	100,000,000	1,000,000,000	66,969,174	669,691,740	Conversion of convertible bond	—	—
December 2019	10	100,000,000	1,000,000,000	67,331,950	673,311,950	Conversion of convertible bond	—	—
January 2020	10	100,000,000	1,000,000,000	67,851,619	678,516,190	Conversion of convertible bond and issuance of 335,000 shares of RSA (Note 2)	—	—
June 2020	10	100,000,000	1,000,000,000	67,933,293	679,332,930	Conversion of convertible bond	—	—
July 2020	10	100,000,000	1,000,000,000	67,979,599	679,795,990	Conversion of convertible bond	—	—
November 2020	10	100,000,000	1,000,000,000	67,965,887	679,658,870	Convertible corporate bonds were converted to 24,038 restricted shares for employees and with 37,750 shares cancelled	—	—
December 2020	10	100,000,000	1,000,000,000	68,062,035	680,620,350	Conversion of convertible bond	—	—
January 2021	10	100,000,000	1,000,000,000	68,162,990	681,629,900	Conversion of convertible bond	—	—
November 2021	10	100,000,000	1,000,000,000	68,097,240	680,972,400	restricted shares for employees and with 65,750 shares cancelled	—	—

Note 1: A cash issue of 7,250,000 new shares (totaling NT\$72,500,000) was made as part of the Company's initial listing. This transaction was approved by the authority on April 27, 2017 under correspondence No. Tai-Cheng-Shang-2-1061701448.

Note 2: Issuance of RSA under approval document Jin-Guan-Cheng-Fa-Zi No. 1080311497 reported for validation on April 18, 2019.

3. Offering and issuance of securities subject to aggregate reporting: None.

(II) Roster of Major Shareholders

The names of shareholders with more than 5% ownership interest, names of top-10 shareholders, and the actual number and percentage of shares held:

April 18, 2026 unit: shares

Name of Major Shareholders	Type of share	Nationality or place of registration	Current shareholding	Ratio of Shareholding (%)
IMPERIAL INTERNATIONAL CO.,LTD (Imperial International Co. Ltd)		The Independent State of Samoa	27,272,000	40.05
PREMIER CHOICE VENTURES INC		The Independent State of Samoa	5,220,000	7.67
DOUBLE FAITH HOLDING LIMITED		The Independent State of Samoa	5,220,000	7.67
Global Sharp Investments Limited		The Independent State of Samoa	5,220,000	7.67
Joyful Gain Investment Limited		The Independent State of Samoa	4,060,000	5.96
Regency Star International Limited (Regency Star International Limited)		The Independent State of Samoa	3,480,000	5.11
Belize Business Xin Yao Co., Ltd.		Belize	3,211,000	4.79
Xu Jinxing		Taiwan, R.O.C	2,135,000	3.14
ZHAN,LI-HUI		Taiwan, R.O.C	1,215,000	1.78
HERO PROMISE LIMITED		The Independent State of Samoa	735,000	1.08

(III) Dividend Policy and the Status of Implementation

1. Dividend policy stated in the Company's Articles of Incorporation

(1) Without violating the Cayman Islands Companies Act, the Articles of Incorporation or any instructions made during the shareholder meeting, the board of directors may propose cash distribution of dividends and capital reserves to shareholders, subject to resolution during a shareholder meeting. Shareholders may authorize the board of directors to pay dividend or capital reserve in cash from legally available capital.

(2) Without violating any laws of The Cayman Islands or any rights vested in shares, the Company shall distribute cash on a particular category of shares or capital reserve according to the Articles of Incorporation based on the number of fully-paid preferred shares and available capital reserves as at the baseline date.

(3) Before distributing dividends or capital in cash, the board of directors may retain an appropriate portion as reserves. This reserve can be utilized by the Company for any purpose relating to its business activities.

(4) Except otherwise regulated in the Cayman Islands Companies Act, amounts that do not originate from the Company's profits, reserve appropriated from profit, or share premium accounts can not be distributed as dividend or other form of capital.

The Company's dividend policy is as follows:

A. In the event that the Company's shares are listed on any securities exchange in The Republic of China, any future profits (i.e. pre-tax profit before employee and director remuneration; refers to "Annual Profit" below) shall be subject to provision for employee and director remuneration in the following amounts. However, profits must first be taken to offset against cumulative losses if any.

(A) Directors are entitled to remuneration at no more than 3% of "Annual Profit," which can only be paid in cash; and

(B) Employees of the Company and subsidiaries are entitled to annual remuneration at no less than 1% of "Annual Profit," which can be paid in cash, shares or any combination of the above.

B. In the event that the Company's shares are listed on any securities exchange in The Republic of China, any earnings concluded from a financial year shall be distributed after deducting (i) taxation, (ii)

reimbursement of previous loss, (iii) 10% provision for legal reserve ("Legal Reserve") according to laws applicable to public companies, unless the balance of Legal Reserve has accumulated to the paid-up capital, and (iv) special reserves according to the authority of The Republic of China (including but not limited to Financial Supervisory Commission and securities markets of The Republic of China), unless otherwise regulated by the laws of The Cayman Islands. The amount of earnings net of the above deductions shall be referred to as "Current Distributable Earnings" below. Shareholders' dividends and profit-sharing can be paid from Current Distributable Earnings or undistributed earnings carried from previous periods (collectively referred to as "Cumulative Distributable Earnings" below).

- C. The Company may distribute cash dividend and/or shareholder bonus based on future budget and capital requirements to support capital spending, business expansion and growth, even if the decision contradicts any prevailing rules. If a proposal is raised to make distribution out of Cumulative Distributable Earnings, the board of directors shall present a dividend/profit-sharing plan for a general resolution at the meeting of shareholders and meet the following requirements:
- (a) Cumulative Distributable Earnings can be distributed in cash or new shares for shareholders.
 - (b) The total amount of dividend under the plan shall be no less than 10% of the Cumulative Distributable Earnings of the period.
 - (c) No interest shall accrue on the undistributed payable dividends or profit sharing.
2. The situation of the proposed dividend distribution at the shareholders meeting
- The Company's 2025 earnings distribution was approved by the Board of Directors on March 5, 2026, with NT\$1.5 per share for a total cash dividends of NT\$102,145,860. The aforementioned 2025 annual earnings distribution proposal The financial case has not been resolved by the shareholders' meeting as of the publication date of the annual report..
- (IV) Impacts of proposed stock dividends on the Company's business performance and earnings per share
- No public financial forecast was made and no distribution of stock dividend was proposed during shareholder meeting in the current year, hence not applicable.
- (V) Employee/director/supervisor remuneration (the Company does not have supervisors)
1. Percentage and range of employee/director/supervisor remuneration stated in the Articles of Incorporation
- In the event that the Company's shares are listed on any securities exchange in The Republic of China, any future profits (i.e. pre-tax profit before employee and director remuneration; refers to "Annual Profit" below) shall be subject to provision for employee and director remuneration in the following amounts. However, profits must first be taken to offset against cumulative losses if any.
- (1) Directors are entitled to annual remuneration at no more than 3% of "Annual Profit," which can only be paid in cash; and
 - (2) Employees of the Company and subsidiaries are entitled to annual remuneration at no less than 1% of "Annual Profit," which can be paid in cash, shares or any combination of the above.
2. Basis of calculation for employee/director/supervisor remuneration and share-based compensations; and accounting treatments for any discrepancies between the amounts estimated and the amounts paid.
- If the amount changes after the financial statements are approved and announced to the public, the difference will be treated as a change in accounting estimate and recognized as a gain or loss in the following year.
3. Remuneration passed by the board of directors
- (1) Employees' compensation and directors'/supervisors' remuneration, in cash or in shares. Disclose the amount, causes and treatments of any differences between the amount paid and the amount estimated in the year the expense was recognized:
The Board resolved to paid the Directors the 2025 amount of NT\$2,099 thousand and the employees the amount of NT\$2,099 thousand as remunerations payable in cash in the session dated March 5 2026. The above remuneration is not different from the estimated amount of expenses recognized in the 2024 financial statements
 - (2) Percentage of employees' remuneration paid in shares, relative to current net income and total employees' remuneration
: The Company did not distribute stock dividends in 2025 hence not applicable.
4. Actual payment of employee/director/supervisor remuneration in the previous year (including the number of shares allocated, the sum of cash paid, and the price at which shares were issued), and any differences from the figures estimated (explain the amount, the cause, and treatment of such discrepancies): The actual remuneration for directors and employees of the company in 2025 for 2024 is NT\$1,415 thousand and NT\$1,415 thousand.
The aforementioned remuneration is consistent with the estimated expenses recognized in the 2024 financial statements.
5. Remuneration reported by the board of directors
The distribution resolution of employee compensation approved by the board. The appropriation of

2023 earnings had been approved by the shareholders during their meeting on June 19, 2025 and distribution of bonus to employees and remuneration to directors and supervisors are as follows:

- (1) Employee remuneration NT\$1,415,077 all paid in case.
- (2) Directors remuneration NT\$1,415,077 all paid in case.
- (3) Cash dividend to the shareholders NT\$81,716,688.

There is no difference between the reported remuneration issued by the board of directors.

(VI) Buyback of company shares: None.

II. Issuance of corporate bonds: None.

III. Preferred shares: None.

IV. Global depository receipt: None.

V. Employee stock warrants: None.

VI. Issuance of new employee restricted shares: None.

VII. New shares issued for merger, acquisition or share exchange: None.

VIII. Implementation of fund utilization plan: None.

Five. Operational Profile

I. Operations

(I) Scope of business

1. Main business activities

The Company is mainly involved in the production and sale of industrial sewing machine parts.

2. Main products and revenue weight

Unit: NTDS\$ thousand

Product \ Year	2024		2025	
	Amount	Revenue weight (%)	Amount	Revenue weight (%)
Industrial sewing machine parts	1,607,273	100	1,718,429	100
Total	1,607,273	100	1,718,429	100

3. Existing products (services)

The main product lineups of this Company include: accessories before sewing, industrial sewing machine blades, needle blades, automatic assisted devices, automatic sewing equipment, and other industrial blades.

4. Planned products (services)

- (1) Automation devices: Continuously develop and install automation devices on the production lines of terminal garment factories to optimize their equipment, thereby enhancing labor efficiency and production capacity. And improve the performance structure of the old products to make them more in line with the operability and usability of the terminal.
- (2) Automated equipment: Continuously design and manufacture automated equipment that supports single-machine or multi-machine processes by one person. The product features automatic material collection, time-saving and labor-saving. It is provided to terminal garment factories as peripheral sewing equipment production lines to reduce the number of workers and production costs. And develop towards sewing production lines composed of unit automated equipment through single or multiple sewing processes, and cooperate with garment factories to design sewing equipment or automated sewing production lines for special products.
- (3) Potential products : leather cutters, leather skiving knives, new materials of alloy, trading goods and products of investment casing.

(II) Overview of business

1. State of the current industry and prospects

(1) State of the current industry

- According to the China Sewing Machinery Association published on the current challenges and opportunities facing the industry

In December 2025, the global economy remained stable, while demand in overseas footwear and apparel markets continued to show strong resilience. China's sewing machinery exports to regional markets, including South Asia, Africa, Latin America, Central and Eastern Europe, and Western Asia, all demonstrated year-on-year growth, indicating a promising outlook. For the full year, the export value of Chinese sewing machinery products increased by 16.42% year-on-year, reaching a new historical high.

Throughout 2025, enterprises within China's sewing machinery industry accelerated technological innovation, actively expanded both domestic and international markets, and promoted product upgrades. Overall, the industry's economic operations remained stable with continuous improvement in efficiency and moderate growth in foreign trade. However, influenced by various internal and external factors, domestic sales experienced a significant decline, which directly caused the industry's economic growth to slow down substantially compared to 2024..

- Industry Export Market Overview

According to data from the General Administration of Customs of China: From January to December 2025, the cumulative export value of China's sewing machinery products reached US\$3.986 billion, a year-on-year (YoY) increase of 16.42%.

Breakdown by product category: Industrial Sewing Machines: 5.28 million units were exported, with an export value of US\$1.689 billion, representing a YoY growth of 12.62% and 10.98%, respectively.

Embroidery Machines: 145,000 units were exported, totaling US\$1.011 billion, with a significant YoY increase of 50.43% and 48.12%, respectively.

With the exception of household sewing machines, exports of pre-sewing and post-sewing

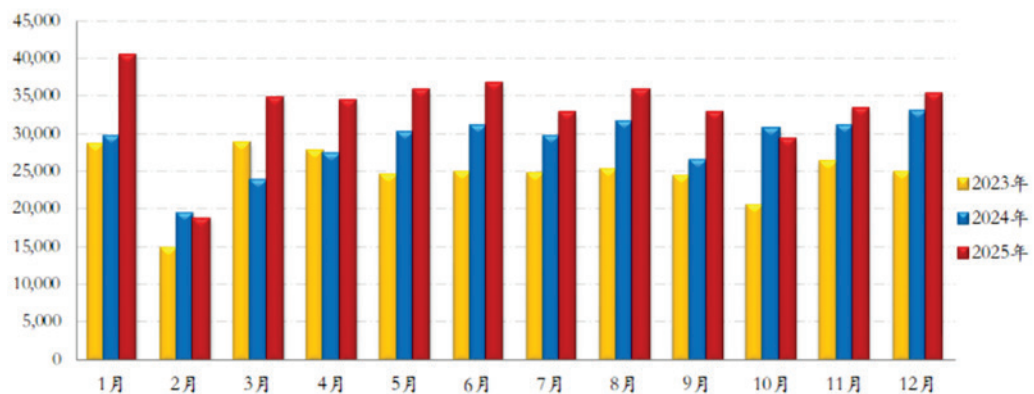
equipment, as well as spare parts, also demonstrated various degrees of growth.

Export of Sewing Machine Products in China from January to December 2025

Name of product	Export		Growth YoY	
	Quantity (Set /Kg)	Amount (US\$)	Quantity (%)	Amount (%)
Home sewing machine	10, 055, 975	233, 334, 642	-5. 88	-18. 48
Industrial sewing machine	5, 277, 822	1, 688, 822, 051	12. 62	10. 98
Embroidery machine	144, 791	1, 011, 159, 568	50. 43	48. 12
Pre- and post-sewing equipment	2, 410, 418	610, 071, 879	22. 18	23. 52
Sewing machine parts	98, 224, 252	442, 861, 207	15. 12	0. 78
Summary of sewing machine products	-	3, 986, 249, 347	-	16. 42

Export value of the sewing machine sector in China

Unit: US\$ Thousand



In 2025, China's sewing machinery products were exported to 206 countries and regions, with 60% of these markets recording positive year-on-year (YoY) growth in export value. The industry's top five export markets (India, Vietnam, Pakistan, Bangladesh, and Cambodia) all saw double-digit growth. Among the top 20 markets, 10 achieved double-digit growth, while 5 experienced surges exceeding 30%.

Regional Market Performance: "Belt and Road" Initiative (BRI) Markets: Export value reached US\$2.87 billion (+19.95% YoY), accounting for 72.00% of total industry exports (a 2.12% increase in share from the previous year).South Asian Market: Exports totaled US\$1.265 billion (+38.52% YoY), making up 31.72% of the total (a 5.06% increase in share).RCEP Markets: Export value was US\$1.131 billion (+9.91% YoY), representing 28.37% of the total (a 1.68% decrease in share).ASEAN Market: Exports reached US\$1.010 billion (+11.90% YoY).Other Regions: Exports to North Africa and the EU grew by 19.96% and 10.04% respectively. In contrast, declines were seen in Western Asia (-7.19%), East Asia (-1.34%), and Central Asia (-3.98%, with total exports at US\$93.5 million).Continental Trends:Except for Oceania, China's sewing machinery exports to all other five continents showed growth. Notably, exports to the African market surged by 20.76% YoY, reflecting the accelerated layout and development of the footwear and apparel industries in Africa.

Main export markets of China's sewing machinery industry from January to December 2025

Countries and regions	Amount (USD)	Year-on-year (%)	Proportion (%)	Increase or decrease in proportion (%)
India	842,350,735	49.83	21.13	4.71
Vietnam	431,283,792	17.27	10.82	0.08
Pakistan	195,948,740	15.83	4.92	-0.03
Bangladesh	170,710,183	19.13	4.28	0.1
Cambodia	167,121,731	38.33	4.19	0.66
Brazil	149,452,443	5.52	3.75	-0.39
Indonesia	148,834,925	15.46	3.73	-0.03
USA	126,453,704	3.5	3.17	-0.4
Egypt	107,171,080	61.91	2.69	0.76
Russia	96,997,664	-5.32	2.43	-0.56
Japan	71,616,045	-1.4	1.8	-0.32
Singapore	70,774,399	-11.13	1.78	-0.55
Thailand	68,082,527	22.83	1.71	0.09
Malaysia	62,109,043	-34.54	1.56	-1.21
Türkiye	60,053,539	-12.3	1.51	-0.49
UAE	57,851,573	-6.49	1.45	-0.36
Mexico	53,089,155	-5.35	1.33	-0.31
Uzbekistan	50,401,608	2.41	1.26	-10.28
Nigeria	50,250,070	30.59	1.26	0.14
Colombia	45,549,946	54.44	1.14	0.28
Algeria	44,542,619	-16.05	1.12	-0.43

(2) Industry prospect

2026 China Sewing Machinery Industry Outlook: Analysis of Trends and Strategic Challenges

I. Overall Macro Situation: Resilience Amidst a Slowdown

In 2025, China's sewing machinery industry demonstrated strong resilience despite a moderate growth slowdown. Entering 2026, the industry continues to face a complex external environment with significant downward pressure; opportunities and challenges coexist.

International Economic Climate: Global GDP growth is expected to slow to approximately 3.0% in 2026 (down from 3.2% in 2025). The long-term "Great Power Competition"—spanning tech, trade, and tariffs—remains a persistent factor. As a cyclical industry, sewing machinery is expected to fluctuate near its bottom or median line as a "new normal."

II. Consumption Demand: Continued Deceleration

The WTO forecasts that global trade growth will drop sharply from 2.4% in 2025 to 0.5% in 2026 due to the lagged effects of U.S. tariff policies.

Regional Markets: The U.S. and Europe remain the primary consumers (50% global share). U.S. consumption is slowing, while European demand has stabilized.

China & Emerging Markets: China (28% global share) faces sluggish consumption due to weak domestic demand and employment instability. Emerging markets are growing but lack the scale to drive overall global momentum.

III. Downstream Industry: Structural Transformation and New Opportunities

Supply Chain Restructuring: Under geopolitical pressure, brands are deepening the "China + N" strategy. Production is shifting to Southeast Asia, Africa, and Latin America. China's industry is forming a tripartite layout: "High-end East + Specialized Central/West + Low-cost Overseas Bases." This shift will catalyze demand for new equipment and internationalized operations.

Innovation and "Small Orders, Quick Response" (SOQR): As the industry enters a "stock market" phase (replacement demand), the SOQR model is becoming mainstream. Demand is shifting from long-lead, bulk orders to personalized, small-batch, and high-turnover models. Developing

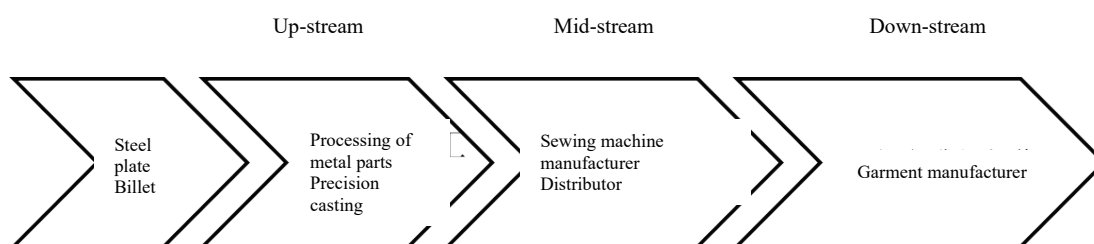
flexible supply chains and intelligent sewing solutions for SOQR will be the focal point of technological innovation.

Athleisure and Niche Markets: Sportswear continues to lead with a projected 4.4% CAGR. The 2026 FIFA World Cup will further drive demand for sporting goods. Additionally, functional apparel (sun-protection), the "silver economy," and the "pet economy" are emerging as vital new growth points for equipment manufacturers.

Conclusion: While the macro-environment and consumption levels show no significant improvement for 2026, the relocation of downstream industries and digital upgrading present latent opportunities for growth.

2. Connection between upstream, midstream and downstream industry participants

The Company is a producer and seller of industrial sewing machine parts, which places it in the upstream of the industry chain. The mid-stream participants comprise industrial sewing machine manufacturers and parts distributors, whereas downstream participants comprise manufactures of garments, bedding accessories and textile products.



3. Industry and product trends

(1) Automation is the key industrial adjustment and development

Through introduction of digitally controlled equipment, a processing center and automation of existing equipment, businesses may yield significant benefits including reduced work force, simplified process, increased production capacity, lower wastage, improved efficiency and higher quality assurance. In recent years, sewing machine parts manufacturers have invested extensively into renewing production equipment and improving technologies. As a result, production capacity and the level of automation have advanced substantially across the industry in recent years. Currently, it is common for businesses to have 1 worker operate 2 production equipment, and some businesses with high level of automation may even have 1 worker operating 3-4 equipment at one time. Due to increased yields of replacing manual labor with machinery, businesses have been able to reduce the size of production labor while at the same time increase production efficiency by a significant extent in recent years. As a result, sewing machine parts manufacturing is quickly transforming from a labor-intensive industry into a technology and labor-intensive industry.

Manufacturing of sewing machine parts is characterized by a number of challenges including wide product variety, low volume per category, multiple procedures, and complex craftsmanship. Some of the production procedures have been successfully automated in recent years, and certain critical procedures or parts that can not be mass-produced still require the presence of highly experienced technicians to ensure the quality of goods produced. Although businesses will still focus largely on equipment upgrade and automation for the next 2-3 years, the benefits of equipment automation are diminishing over time, and the industry will soon find its growth bottlenecked. Through adoption of new materials, new process and smarter technologies, the sewing machine parts industry may be able to regain its growth momentum.

(2) Transformation towards intensive and micro-management

As technology evolves and competition intensifies within the industry, sewing machine parts manufacturers have taken steps to develop modern management practices in recent years by shifting from a general to more intensified micro-management approach.

Through the adoption of new business administration philosophy and advanced management practices, sewing machine parts manufacturers are able to incorporate standards into daily management and embrace new values such as "professionalism, specialization, and customization."

(3) Product focus, specialization, adjustment and positioning of the parts manufacturing business

In recent years, sewing machine parts manufacturers have seen their profits dwindle due to intensified competition, which they responded by removing low-margin or less competitive items from their product portfolios so that resources can be concentrated to the items they have an advantage of and build a professional and specialized reputation. In the meantime, businesses are seeking to introduce parts and components of higher complexity and precision as means to improve profitability and expand growth prospects.

(4) Innovative manufacturing and support of product diversity offer transformation opportunities for parts manufacturers

Following the 2008 global financial crisis, the sewing machine industry underwent a series of changes that shifted the industry's demand towards all-in-one and intelligent machinery. The need for product upgrades lessened and parts manufacturers were faced with volatile or inadequate demands. Many manufacturers that relied on single sewing machine parts were presented with increased business risk, while few struggled to survive from the substantial loss of purchase orders. For this reason, many manufacturers have sought to expand market exposure by producing parts for electric tools, medical machinery, electromechanical systems, pumps, automobiles and hydraulic components in recent years. This diversified approach did reduce business risk and enabled manufacturers to maintain business activities, production and employee size relatively stable.

4. Competition

The industry has undergone structural adjustment at such a rapid rate in recent years that sewing machine parts manufacturers have responded with different competitive strategies, causing the industry divide to widen further in the following ways:

(1) Large players grow stronger. Renowned parts manufacturers including Strong H, Deying, Wangong, Yingong, Sage, Huajie, Huayi, Shunda and Wangye have invested persistently into equipment, technology, management and quality over many years that they were able to improve product quality and brand awareness over time. As a result, they attract purchase orders and grow against the declining industry, which in turn enables them to make higher investments. These additional investments will undoubtedly compound their competitive advantage.

(2) Mid-size businesses diversify from sewing machine into other industries. Lower demand for sewing machine combined with reduced profit margin has limited the industry's growth potentials, causing mid-size parts manufacturers (with annual production value between RMB 15 million and RMB 30 million) to adjust product portfolio on a more active scale. While they continue to develop high value-adding products for the sewing machine industry, they also explore ways to utilize existing production equipment for other manufacturing activities, and find growth opportunities in alternative products and industries.

(3) Small-size parts manufacturers facing difficulties. Loss of purchase orders in a declining industry presents survival challenge to manufacturers that only employ a few dozen employees and produce several million dollars of goods a year. Their lack of production advantage and capital also makes diversification and transformation a nearly impossible task. These businesses tend to exhibit higher loss of revenue when the industry is in decline.

(III) Overview of the Company's technologies and R&D

1. Technical complexity and R&D

The Company produces a wide variety of industrial sewing machine parts including blades, needle plates, thread cutters and others, and therefore has the ability to satisfy customers' diverse needs. The Company's current R&D efforts are focused toward patent application, development of automated and digital devices, high-quality and high value-adding blades and needle plates.

2. Academic and career background of R&D personnel

Unit: persons

Personnel \ Year	2022	2023	2024	2025
Doctor	—	—	—	—
Master	—	—	—	1
Bachelor	22	21	25	34
Diploma (and below)	165	162	167	169
Total	187	183	192	204

3. Annual R&D expenses in the last 5 years

Unit: NTDS\$ thousand

Item \ Year	2021	2022	2023	2024	2025
R&D expenditures	79,071	72,715	72,295	84,446	69,526
Net revenues	1,722,922	1,760,939	1,239,857	1,607,273	1,718,429
As a percentage of net revenues (%)	4.59	4.13	5.83	5.25	4.05

4. Technologies or products successfully developed

In addition to designing customized blades, hooks and thread-cutting devices for customers, the Company has also developed high value-adding technologies such as anti-wear and anti-corrosion treatment, auto thread cutter and multi-purpose blades for the purpose of bringing higher value products to customers.

In terms of production technology, improvements to metal polishing, cold stamping, quench test etc combined with the development of automated equipment enables production of better quality products at higher efficiency.

Category	Major R&D results
Product	Thread-cutting components, hooks, thread cutters, blades... Anti-wear and anti-corrosion stamped blades, durable anti-wear blades, automated thread-cutting system, multi-purpose thread-cutting blades, multi-purpose rag cutters etc. Overlock, interlock, anti-bird nest, belt cutting device etc.
Technology	Anti-wear thermal treatment, high-efficiency welding, surface strength enhancement, cold stamping, belt blanking mold etc.
Equipment	Semi-auto weld strength test equipment, semi-auto drawing equipment, auto controlled Thread-cutting Performance Testing Machine, auto controlled cleaning equipment, high-precision digitally controlled surface grinding machine, multi-operator hi-frequency welding machine, automated high-frequency selective quenching test equipment, fully digital automatic needle plate slotting machine etc.
Patent	High-efficiency steel belt blanking mold, weld strength test equipment, Thread-cutting Performance Testing Machine, digitally controlled surface grinding machine, automated selective quenching test equipment, sewing machine parts drawing device, durable stationary blade etc.

(IV) Long and short-term business plans

1. Short-term business plan

- A. Conduct research on competitors' products, analyze their strengths and weaknesses, formulate effective countermeasures, and increase the market share of parts..
- B. Conduct market demand research on opportunity products, formulate promotion plans and develop sales strategies.
- C. Research on the demands of major factories for automation devices and large equipment terminals, joint product development, creating prototypes (sales models) and replicating them to other factories (customers).
- D. Formulate marketing promotion and sales promotion activity plans, optimize the management system of distributors and agents, and improve market and price management.

2. Long-term business plan

- A. Follow the differentiation strategy.
- B. Meet the customer's requirements for price and delivery time.
- C. Pursue quality first and product innovation.
- D. The product range is complete and the products offer high cost performance.
- E. Provide maintenance services and customized services.
- F. Improve the applicable performance of the product
- G. Improve the applicable performance of the product.

II. Overview of market, and production and marketing

(I) Market analysis

1. Locations where products are primarily sold

Unit: NTD\$ thousand

Year	2023		2024		2025	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
Geographic areas where the main products are provided						
C h i n a	965,531	77.87	1,270,732	79.06	1,327,511	77.25
A s i a - o t h e r s	182,407	14.71	222,542	13.85	277,643	16.16
A m e r i c a	49,677	4.01	66,514	4.14	58,032	3.38
E u r o p e	33,802	2.73	31,239	1.94	31,447	1.83
O t h e r s	8,439	0.68	16,246	1.01	23,796	1.38
T o t a l	1,239,857	100	1,607,273	100.00	1,718,429	100.00

2. Market share

The Company is one of the largest industrial sewing machine parts manufacturers and sellers in the world. It currently produces more than 10,000 different parts for industrial sewing machines classified between 5 main categories: blade, needle plate, teeth, presser foot and needle clamp. The Company operates more than 400 pieces (sets) of advanced equipment to supply products of exceptional quality and craftsmanship to China and the rest of the world.

The Company's key customers comprise renowned sewing machine brands including: JUKI, SiRUBA, Brother, TYPICAL, ZOJE, Protex, SGGEMSY, Jack, Feiyue, Golden Wheel, Pegasus, Yamato, Kansai, Sunstar, PFAFF, Highlead, Kingtex, SewQ, Shing Ling, Feiya, and Tianniao. Strong H products are sold to more than 40 countries worldwide and is one of the market's leading brands.

3. Future market supply, demand and growth

- (1)The trend of restorative growth continues, and structural excesses appear Affected by strong market demand, low inventory and shortage of parts, the company's increased production and strong willingness to expand, in the case of rapid domestic market demand saturation, the inventory of single-machine products increased significantly, and showed a rapid expansion; Products such as high-efficiency automatic sewing units are still in short supply, and structural overcapacity and development imbalances in the industry are highlighted.
- (2)Insufficient supply of spare parts, industry competition extended to supplyDue to the high-speed growth demand, the development of high-quality parts is often under the influence of the upstream part of the blank casting, heat treatment, blackening and other operations, and the difficulty in recruiting workers, the effective supply capacity of the industry parts is far from meeting the requirements of the whole machine. The competition of the whole machine enterprise is rushed from the distribution level to grab the order and gradually extend to the production and supply links.
- (3)Key enterprises accelerate adjustment and focus on high-efficiency sewing unit products.The production capacity of leading products such as flat seaming machine is quickly concentrated in

leading enterprises, and the signs of industry reshuffle are becoming increasingly clear. In order to avoid competition and transform and upgrade to high value-added products, key enterprises have adjusted their structure, focused on advantages, highlighted differences, developed automation, intelligent model machines and automatic sewing units and other related products, and high-efficiency sewing unit products are gradually mass-produced.

(4) Increase the expansion and layout of overseas markets due to the efforts of the international market

Enterprises have adjusted the structure to meet the needs of the international market, and accelerated the expansion, layout and production capacity of the international market. First, actively participate in various international professional sewing equipment exhibitions, secondly, increase technical training for foreign dealers, improve marketing and service capabilities in the international market.

(5) New progress in high quality development First, the quality improvement continued to deepen. Second, the demand for high value-added and high-quality products increased substantially. The third was the in-depth advancement of smart manufacturing. The fourth was significant progress in mergers and acquisitions.

4. Competitive advantage

- A. The Company markets products to the world under its proprietary brand - "STRONG H," which is one of the leading brands of machinery parts.
- B. Strong business management and quality assurance system.
- C. Competent product R&D team and capacity.
- D. Flexible solutions and ability to design products to customers' needs.
- E. Robust human resource system and talented management team.
- F. Experienced frontline employees; 50% of the Company's employees have contributed more than 10 years of service.
- G. Complete supply chain of supporting partners.
- H. High-efficiency production model and scale.
- I. Excellent corporate culture that aligns employees' growth with business growth and emphasizes on customers' satisfaction.

5. Opportunities, threats and response strategies

A. Positive factors

(A) Ability to materialize precision, speed and new technologies in manufacturing equipment

The industry is demanding increasing level of precision in mechanical parts of all shapes and sizes in recent years. The conventional mechanical manufacturing industry has responded to this trend by developing the ability to perform precision/high-speed/composite machining, so that they may improve the precision, performance and quality of products produced. The sewing machine industry is currently undergoing rapid structural adjustment and technological upgrade, with products being designed with high-speed and intelligent features. The shape and complexity of specialized parts have also increased continuously, which requires greater level of precision from parts manufacturers. 5-axis machining, for example, makes it possible to produce mechanical parts of complex shape and curvature, and creates opportunities for structural innovation and optimization. Composite machining, on the other hand, allows complex parts to be produced on a single machine, and therefore eliminates the need to move, load and unload between different machines for more simplified process and higher work quality. The Company will be able to accommodate the sewing machine industry's ever-growing needs with improved production quality and efficiency if it follows the machining trends and invests into advanced technologies and equipment.

(B) Develop new products and strategic alliances in line with structural adjustment and industry migration

Due to increasing level of competition, sewing machines with customized features and proprietary intellectual property rights will begin to surface, giving rise to the need for new parts. Sewing machine production in China has improved in quality that it is no longer feasible for renowned Japanese enterprises to produce specialized, complex automation parts in wide variety, low volume and high cost back home. As a result, there has been a shift of production activity towards China in the last two years. This movement will provide new business opportunities if responded appropriately. The sewing machine industry is progressing in two extremes where large players grow even larger and specialized manufacturers become more focused in their areas of expertise. As the number of industry participants dwindle, the industry will resemble more of an oligopolistic competition. For parts suppliers, it is essential to engage machine manufacturers in strategic alliance to secure the supply of parts and ensure future growth.

B. Threats and response strategies

- (A) Industrial sewing machines are susceptible to changes in the economic cycle. The Chinese market has saturated with business participants exhibiting slow growth and declined profitability

Due to poor performance of the sewing machine industry, parts manufacturers experienced a general decline in sales volume throughout 2014. Although sales remained relatively stable in the first half, industry participants generally experienced a 30% to 50% decline in the second half, forcing parts manufacturers to increase the amount sold on credit in an attempt to retain customers. It was common for receivables balance to reach 15-20% of annual production value, and some businesses even had receivables exceeding RMB 10 million and averaging a collection period of more than 5 months. The buildup of receivables risk is evident within the industry. Furthermore, rising wages and social insurance premiums in China are starting to impose additional cost and burden to businesses. The general decline in business profitability was largely attributed to the above factors.

Countermeasures

The Company has been planning ahead of time in response to these changes, targeting not only to serve existing customers, but expand new sales channels as well. In addition to designing customized blades, hooks and thread-cutting devices for customers, the Company has also developed high value-adding technologies such as anti-wear and anti-corrosion treatment, auto thread cutter and multi-purpose blades for the purpose of bringing higher value products to customers. In the meantime, progressive changes are being made to the management team, the funding structure and production equipment to improve overall efficiency and competitiveness in the manufacturing of sewing machine parts.

- (B) Shortage and high attrition rate of labor undermine business growth

The Company is a conventional mechanical manufacturer that is unlikely to grow out of its labor-intensive nature in the short term. Having well-experienced technicians on the production line is still key to the Company's growth. Due to the undesirable work environment and complex craftsmanship involved, technicians tend to request for higher compensation, which increase personnel cost over time. New employees tend to lack loyalty and exhibit high attrition rate in response to work environment, workload, salary, and career prospect. Instability among employees eventually affect the quality and consistency of products produced. According to surveys conducted by the CSMA Parts Committee, issues such as hiring of technician, employee attrition and aging workforce are common among businesses. This reality is even more severe in coastal areas including Ningbo, which has significant adverse effects on business stability and growth.

Countermeasures

The Company will aim to improve its production environment and dormitory, and implement a fair, reasonable compensation system supported by training programs that employees may find accommodating. Employees with more than 10 years of service history currently account for over 50% of total employees, which is indicative of employees' loyalty towards the Company.

- (C) Rising labor and operating costs

The Company's main production sites are located in Shandong Province (Qingdao City and Laizhou City), China. As the Chinese economy grows, salary and social insurance premiums rise, causing businesses to incur additional personnel costs over time. According to CSMA's survey on the nation's top-30 parts manufacturers, 1/3 of businesses generated annual profits less than RMB 1 million and less than 1/2 of them had gross profit margin exceeding 18%.

Countermeasures

The Company will aim to implement fair and reasonable compensations supported by a robust training system to speed up automation and thereby reduce the need for manual labor. Meanwhile, refined management practices and models will be adopted to improve production efficiency. Reduce personnel costs.

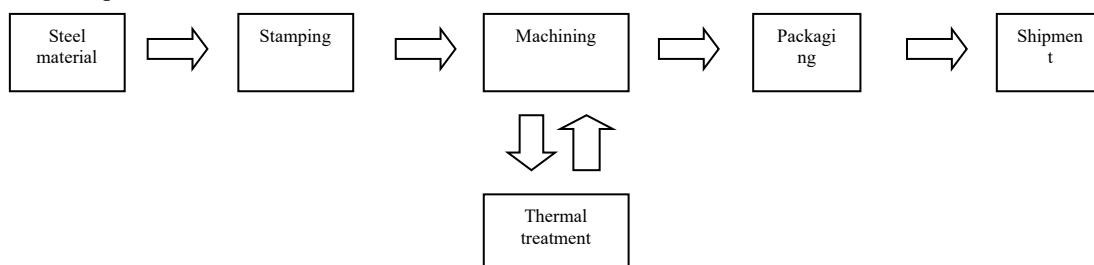
(II) Key purpose and manufacturing processes for the Company's main products

1. Purposes of main products

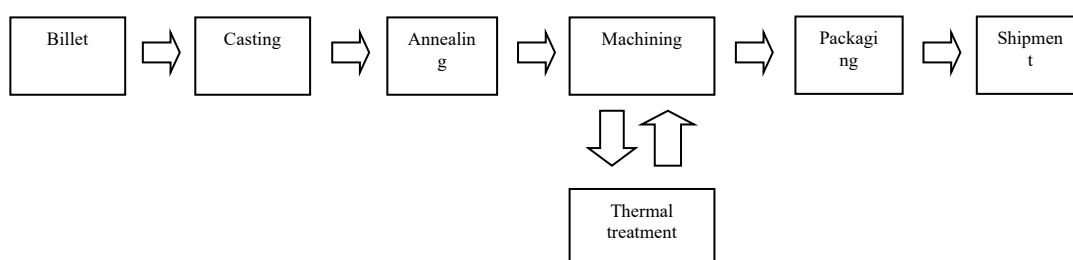
The Company is mainly involved in the production and sale of industrial sewing machine parts and automation devices. Its products are used for the assembly and repair of industrial sewing machines. Main product categories include industrial sewing machine blades, needle plates, thread cutters and others.

2. Production process of main products

A. Stamped items



B. Cast items



(III) Supply of main materials

The Company is mainly involved in the production and sale of industrial sewing machine parts, where steel is the key raw material. All primary suppliers are long-time business partners, and the Company also maintains sound relationship with secondary suppliers

. For this reason, the Company has been able to secure the supply of key materials.

Key materials	Key suppliers	Supply status
Steel material, Steel plate	Hongshu Enterprise, Fushun Special Steel Co., Ltd , Zhejiang Haohuan,	Satisfactory
Knife head, knife holder, blade	Qianghao Zhuzhou Jinte Cemented Carbide Co., Ltd., and Laizhou Huangjia Precision. Laizhou Guanrong Precision	Satisfactory
Pneumatic components	Teng Zhuo Smart Technology Co., Ltd. 、Airtac (Shandong) Automation Co., Ltd.	Satisfactory
Electromagnet	Ningbo Cihong Electronicmechanical Technology Co.,Ltd.	Satisfactory
Spare parts for screws and bushings	Ningbo Beilun Risheng Sewing Machine Bolt Factory	Satisfactory

(IV) Name of trade partner representing more than 10% of total purchases (sales) in any of the previous two years, and the amount and percentage of purchase (sale). Describe the cause of any variation

1. Name of supplier representing more than 10% of total purchases in any of the previous two years, and the amount and percentage of purchases made. Describe the cause of any variation:

The Company produces a wide range of products and therefore requires a broad variety of materials from diversified sources. No single supplier had represented more than 10% of total purchases in any of the last 2 years.

2. Name of customer representing more than 10% of total sales in any of the previous two years, and the amount and percentage of sales made. Describe the cause of any variation:

The Company has a diversified source of customers due to its distinctive industry characteristics. No single customer had accounted for more than 10% of total sales.

III. Employee size, average years of service, average age, and academic background in the last 2 years by the date of report publication

Item		2024	2025	As of May 10, 2026
Number of employees	Direct labor	898	990	1,004
	Indirect labor	321	295	301
	Managerial staff	130	133	132
	Total	1,349	1,418	1,437
Average age		39.1	37.5	38.33
Average tenure (year)		9.9	11.23	11.45
Education distribution ratio (%)	Doctor	0	0	0
	Master	0.15	0.21	0.28
	College	29.04	30.31	31.52
	Senior high school	49.74	50.15	48.58
	Below senior high school	21.07	19.33	19.62
	Total	100	100	100

IV. Information about expenditure on environmental protection

The Company is mainly involved in the production and sale of industrial sewing machine parts, which is not considered a pollutive industry. Although the Company uses electroplating equipment, it produces limited volume of pollution and no treatment facility is implemented. Instead, the Company engages legally licensed environmental service providers to collect and treat the hazardous waste produced and therefore poses no pollution concern.

(I) Any losses (including compensations) or fines incurred (including compensations and violations of environmental protection laws found in environmental audits with information regarding the date of punishment, ticket number, regulations breached, contents of breach, and contents of punishment) due to pollution in the last year and by the date of report publication, and disclose the estimated amount at present and in the future and countermeasures, or the reasons preventing from estimation, if any:

The Company and subsidiaries (including 2nd-tier subsidiaries) did not incur any losses or fines due to pollution in the last year and up till the publication date of annual report.

(II) Major environmental protection spending planned for the next 2 years: None.

V. Labor-Management Relations

(I) Availability and execution of employee welfare, education, training and retirement policies. Elaborate on the agreements between employers and employees, and protection of employees' rights:

1. Employee welfare measures and implementation

The Company provides the 5 insurance coverage, contributes to the housing provident fund, and offers employee benefits such as Chinese New Year/Mid-autumn gifts, annual health checkup, childbirth gifts, annual banquet and prize draws.

2. Employee education and training

A. The Company organizes pre-job and on-job training courses and invites participation from employees in need.

B. Employees may participate in external training courses where necessary and have expenses subsidized by the Company.

3. Retirement system and implementation

The Company pays retirement insurance premiums on behalf of employees in compliance with local laws, and thereby contributes to the security of employees' lifestyle after retirement. Retirement insurance has been included as part of the social insurance scheme (which covers medical, childbirth, retirement, work injury and unemployment insurance) under the local regulation. The Company begins fulfillment of its retirement insurance obligations as soon as an employee is placed onto the social insurance list.

4. Enforcement of labor agreements and employee rights

The Company places great emphasis on labor-management relations and enables employees to reflect opinions through meetings, e-mail or the grievance hotline. This open communication helps maintain harmonic labor-management relations and no significant employment dispute has occurred to date.

(II) Losses arising as a result of labor-management disputes (including the violation of the Labor Standards Act found in the labor inspection, with information regarding the date of punishment, ticket number, regulations breached, contents of breach, and contents of punishment) in the last year up and by the date of report publication. Please quantify the estimated losses and state any responsive actions, and state the reasons if losses cannot be reasonably estimated:

The Company has always maintained harmonic labor-management relations, and no loss had incurred as a result of employment dispute in the last 2 years up till the publication date of the prospectus.

VI. Cyber Security Management:

(I) Provides the cyber security risk management framework, Cyber Security Policy, specific management plans and cyber security management resources invested.

1. Cyber security risk management framework

The Head of the Information Management Department serves as the company's designated contact for information security management practices. This role is responsible for promoting the coordination and operational execution of the information security management system (ISMS). An Information Security Steering Committee may be established as needed, with the General Manager serving as the convener and the Head of Information Management responsible for conducting annual security assessment reports.

The organizational structure includes an Information Security Response Team and an Information Security Review Team. The Information Security Response Team is responsible for execution, monitoring, and incident response management. The Information Security Review Team collaborates with the Internal Audit Department to manage information confidentiality and audit-related matters. Finally, information user departments are responsible for identifying data and security requirements, managing usage, and ensuring information protection.

2. Cyber Security Policy

- A. Increase information security awareness of personnel.
- B. Avoid leakage of sensitive information.
- C. Implement the effectiveness of daily operations.
- D. Ensure sustainable operation.

3. Specific management projects

Cybersecurity Strategy	Specific Management Procedures and Measures
Network Security Procedures	<ul style="list-style-type: none"> ●Establish firewall access rules and other measures to ensure internal network security and reduce the risk of hacker intrusions.
Personnel Safety and Management	<ul style="list-style-type: none"> ●Appropriate security assessments are conducted when accessing sensitive and confidential information. ●Regular information security education and training and promotion is provided to personnel at different ranks. ●Network and information security promotion is provided to newcomers before employment. ●Access privileges are timely adjusted when an employee leaves. ●For areas involving sensitive data (such as R&D areas, technical laboratories, etc.), management and control measures for imaging devices, including mobile phones and cameras, are implemented to prevent the leakage of confidential information.
Asset classification and control	<ul style="list-style-type: none"> ●Create an information asset inventory and establish maintenance and updates on information asset projects and custodians ●Establish phased information security control based on the Company's impact of information leakage.
Access control	<ul style="list-style-type: none"> ●Establish information system access control rules so that users' access to network system services is restricted within the scope of authorization. ●User Access Management: Implement registration management and Privileged Access Management (PAM), enforce the Principle of Least Privilege (PoLP), and strictly manage access rights and remote login controls for outsourced vendors. ●Set up a separate or exclusive operating environment in consideration of sensitive and confidential information
Computer processing of	<ul style="list-style-type: none"> ●Employees' own login account and password control. ●Routine review of user privileges and routine data backup.

personal data protection	<ul style="list-style-type: none"> ●Procedures for disposal of hard disk data from computers and management of storage devices for departed employees.
Outsourced information security	<ul style="list-style-type: none"> ●External connection security control mechanism. ●Security agreement for access of third parties.
Implementation of a sensitive file encryption system to control external file transfer channels	<ul style="list-style-type: none"> ●Encryption control and tracking of documents and information. ●Implement outbound email controls to block the leakage of sensitive data via email, USB storage, or cloud services. ●Security protection for software and hardware control.
Ensure continuous operation of the operating system	<ul style="list-style-type: none"> ●System backup. ●Conduct recovery drills for critical IT/OT system. ●Emergency preventive measures.
Promotion and assessment review.	<ul style="list-style-type: none"> ●Conduct regular annual security assessments, or perform immediate updates in response to major risks or regulatory changes. ●Conduct annual evaluations of the information security policy to reflect developments in laws, technology, and business operations. Furthermore, provide differentiated cybersecurity training for personnel across various levels and functions.

4. Resources invested for cyber security management

The company's Information Security Steering Committee is responsible for the establishment and evaluation of information security policies, plans, and technical specifications. Adhering to risk-oriented principles, the Committee identifies five major categories of information security risks: (1) business interruptions, (2) industrial control system (OT) intrusions, (3) ransomware attacks, (4) leakage of technical data, intellectual property (IP), or manufacturing secrets, and (5) supply chain vulnerabilities. Based on the risk levels, annual control measures and improvement plans are formulated. Furthermore, information security policies are evaluated regularly to reflect the latest developments in laws, technology, and business operations, ensuring the continued effectiveness of information security.

①Cybersecurity Training

To ensure that newly appointed management personnel possess the necessary information security awareness upon arrival, the company has integrated information security topics as a mandatory component of the pre-employment training program for external hires. Completion of this training is required before the formal authorization of access privileges. The curriculum includes basic computer operations, information security awareness, access request procedures, account management regulations, and the company's information system usage guidelines. This ensures that management staff can adhere to information security protocols from the very beginning of their tenure.

②Cybersecurity and System Recovery Drills

The company conducts business continuity drills for its critical operations, incorporating comprehensive planning based on risks, key assets, and emerging threats to verify the feasibility and practical execution of these plans. In 2025, a total of 12 information security-related system recovery drills were performed. The primary objective was to verify data recoverability and the effectiveness of system restoration procedures for core systems in the event of data loss, system failure, or equipment anomalies. These drills ensure that technical documents, operational data, ERP/PLM systems, and internal support systems (HERC) can be restored in a timely manner during emergencies, thereby mitigating business interruption risks.

The 2025 drills focused on "system-level data restoration and server recovery," covering ERP, PLM, HERC, email systems, production-related applications, technical documents, audiovisual data, core operational systems, internal administrative systems, and daily operational support systems. All drill items are foundational systems essential to the company's business continuity. These exercises were conducted to verify the feasibility and practical execution of the plans. The company performs at least one test or drill annually; the system recovery drills and testing completed in 2025 yielded results that met expectations.

- (II) Losses, possible impacts and countermeasures as a result of major cyber security incidents in the last year up to the publication date of this annual report, state the reasons if losses cannot be reasonably estimated:
1. No major information security incidents occurred that resulted in business losses in the last year up to the publication date of this annual report.
 2. The Company has an emergency notification procedure in place; when an information security incident occurs, the unit will notify the “Information Security Promotion Team” to determine the classification of the incident and identify the problem. The issue shall be dealt with immediately and a record kept. The Company will also continue to implement its information security management policy and achieve the objectives, while at the same time conducting regular recovery plan drills. By doing this, the Company’s important systems and data security are protected.

VII. Major agreements

Contracts signed between the Company’s main operating entities, namely Hao Qiang Precision Machinery (Qingdao) Co., Ltd. and Strong H Mechanical Technology (Laizhou) Co., Ltd., with main customers and suppliers are as follows:

Nature	Participants	Contract start and end dates	Main contents	Restrict clauses
Sale	Strong H Machinery Technology (Laizhou) INC. Jack Sewing Machine Co., Ltd.	2017.1.1-Long Term	Sales Agreement	-
	Strong H Machinery Technology (Laizhou) INC . Zoje Sewing Machine Co., Ltd.	2026.1.1-2026.12.31		-
	Strong H Machinery Technology (Laizhou) INC . Kaulin Mfg. Co., Ltd.	2013.1.1- Long Term		-
	Hudong Heavy Machinery Co., Ltd.	2015.4.22- Long Term		-
Purchase	Hao Qiang Precision Machinery (Qingdao) Co., Ltd.	2026.1.1-2026.12.31	Purchase agreement	-
Loan Contract	Strong H Machinery Technology (Cayman) INC /Cathay United Bank	2025/8/15~2026/8/15	USD 3 million operating turnover fund	-
	Strong H Machinery Technology (Cayman) INC /Mega International Commercial Bank Pateh Branch	2025/7/5~2026/7/5	USD 3 million operating turnover fund	-
	Strong H Machinery Technology (Cayman) INC / Shanghai Commercial & Savings Bank	2025/5/17~2026/5/27	USD 5 million operating turnover fund	-

Six. Review, analysis and risk of the financial status and management result

I. Financial position

(I) Financial information for the last 2 years

Unit: NTD\$ thousand

Item	Year	2024	2025	Variance	
				Amount	(%)
Current assets		1,509,807	1,667,667	157,860	10.46
Property , plant, and equipment		554,940	520,172	(34,768)	(6.27)
Intangible assets		32,052	33,169	1,117	3.48
Other assets		253,075	248,640	(4,435)	(1.75)
Total assets		2,349,874	2,469,648	119,774	5.10
Current liabilities		461,076	451,385	(9,691)	(2.10)
Other liabilities		23,491	22,624	(867)	(3.69)
Total liabilities		484,567	474,009	(10,558)	(2.18)
Capital stock		680,972	680,972	0	0.00
Capital surplus		396,563	396,563	0	0.00
Retained earnings		837,641	961,623	123,982	14.80
Other equity		(49,869)	(43,519)	6,350	(12.73)
Total shareholders' equity		1,865,307	1,995,639	130,332	6.99
<p>The main reasons for the significant changes in assets, liabilities and shareholders' equity in the last two years (more than 10% in the previous period and the absolute change amounted to NT\$100,000) and their impact and future response plans:</p> <ol style="list-style-type: none"> 1. Current Assets: Primarily due to an increase of NT\$162,000 thousand in financial assets, a decrease of NT\$77,000 thousand in accounts receivable, and an increase of NT\$65,000 thousand in inventories.. 2. Retained earnings : Mainly due to the increase in net profit for the current period. 					

II. Financial performance

(I) Financial performance analysis for the previous 2 years

Unit: NTD\$ thousand

Item \ Year	2024	2025	Variance	
			Amount	(%)
Total operating revenue, net	1,607,273	1,718,429	111,156	6.92
Operating cost	1,084,352	1,104,873	20,521	1.89
Gross profit	522,921	613,556	90,635	17.33
Total operating expenses	367,097	344,479	(22,618)	(6.16)
Operating income	155,824	269,077	113,253	72.68
Total non-operating revenue and expenditure	10,356	3,058	(7,298)	(70.47)
Income before tax	166,180	272,135	105,955	63.76
Income tax expenses	27,503	66,437	38,934	141.56
Net profit in the current period	138,677	205,698	67,021	48.33

The main reason for major changes:

The increase or decrease ratio has changed by more than 20%, and the amount of change has reached NT\$10 million. The analysis is as follows:

1. Operating Income: The significant growth in operating income was primarily driven by an industry upturn and a year-on-year increase in customer orders. This led to higher capacity utilization and operating rates, resulting in an improved gross profit. Combined with the effective management of fixed operating expenses, which showed no material increase, the overall operating profit experienced substantial growth.
2. Income before Tax: Primarily due to the increase in operating income, resulting in a corresponding growth in income before tax.
3. Income Tax Expense: The substantial year-on-year increase in income tax expense was primarily driven by the growth in income before tax, combined with the fact that tax incentives were more favorable in the previous year.
4. Net Income: Primarily due to the increase in income before tax, resulting in a corresponding growth in net income for the period.

(II) Sales forecast and basis

The Company has secured its place as the industry leader for many years. Based on assessment of market demand and sales/supply to customers, the Company expects sales volume and value to grow in the coming year. With the mass production of newly developed products and strengthened relationship with new and existing customers, the Company is optimistic about its profit growth.

(III) Possible financial impacts and response plans

The Company has been able to maintain sound financial structure and rational control of operating costs. They provide the basis for future business growth.

III. Cash flow

(I) Analysis of cash flow variations in the last year

Unit: NTD\$ thousand

Item \ Year	2024	2025	Variance	
			Amount	(%)
Operating activities	201,275	313,650	112,375	55.83
Investing activities	(92,228)	(55,141)	37,087	(40.21)
Financing activities	(153,972)	(112,015)	41,957	(27.25)

Analysis of Capital Changes:

1. Cash flow from operating activities: Primarily due to the increase in income before tax for the current year.
2. Cash flow from investing activities: Primarily due to the decrease in the acquisition of right-of-use assets and property, plant, and equipment (PP&E) during the current year.
3. Cash flow from financing activities: Primarily due to the decrease in short-term borrowings during the current year.

(II) Improvements for lack of liquidity Inadequacy

(III) Analysis of variance in cash flows for the future year:

Unit: NTD\$ thousand

Opening cash balance	Expected net cash flow from operating activities for the year	Projected cash flow from investing and financing activities	Expected cash surplus (deficit)	Financing of projected cash deficits	
				Investment plans	Financing plans
701,898	225,000	(387,000)	539,898	—	-

Change situation analysis:

1. Business activities: Cash receipts from customers.
2. Investment and financing activities: Primarily due to cash payments for the acquisition of property, plant, and equipment, and the payment of cash dividends.

IV. Material capital expenditures in the last year and impact on business performance:

The Company did not incur any major capital expenditure in the last year.

V. Direct investment policy, the main reasons for profit or loss, and corrective action plan for the most recent year, and investment plan in the next year

(I) Direct investment policy in the most recent year:

The Company manages its investments according to the investment cycle outlined in the internal control system. Furthermore, the Company follows its " Related Party Transactions and Business Operations " and "Subsidiary Monitoring Policy" and helps investees establish appropriate internal control systems given the prevailing local regulations and applicable practices. With respect to the organizational structure, all investees have had director positions created according to local laws and assigned by the parent company. Presidents of all investees are uniformly appointed by the parent company, whereas other managerial staff are assigned or recruited under the authority of the respective presidents. However, appointment and dismissal of the head of finance is subject to the consent of the parent company. The Company obtains financial statements, operational reports and audited financial statements of all its investees on a regular basis, which therefore enables timely analysis and assessment on the operational performance and profitability of individual investees. Furthermore, the company has an internal audit department that performs regular and unscheduled audits on subsidiaries, devises audit plans, issues audit reports, monitors defects within the internal control system, and follows up on improvements.

(II) Causes of profit or loss incurred on investments in the last year, and improvement plans:

Unit: Foreign currency/ NTD thousands

Investee	Investment amount	Ratio of Shareholding (%)	Investment gains/losses recognized in 2024	Main causes for profit or loss	Corrective action plan
Faith International Corporation Light	257,587 (US\$8,038)	100	36,498	Subsidiary's income recognized by the investment holding company	N/A
VANDEN INTERNATIONAL CO., LTD.	235,763 (US\$7,518)	100	191,002	Subsidiary's income recognized by the investment holding company	N/A
Hao Qiang Precision Machinery (Qingdao) Co., Ltd.	US\$8,000	100	7,809	Product mix adjustment	N/A
Strong H Mechanical Technology (Laizhou) Co., Ltd.	US\$42,979	100	237,867	The industrial boom has increased and customer orders have increased, leading to increased profits.	N/A

(III) Investment plans for the coming year:

The Company's investment policies largely depend on operational requirements. All subsidiaries (including 2nd-tier subsidiaries) are expected to maintain sound operation and consistent profit growth in the next year. The Company will devise new investment plans at appropriate timing in the future depending on the prevailing market condition, group business strategy and financial position.

VI. Analysis of risk factors

(I) Impact of interest and exchange rate changes and inflation, and their future countermeasures

1. Interest rate

Interest expenses incurred in 2024 and 2025 amounted to NT\$10,145 thousand and NT\$3,958 thousand, which represented 0.63% and 0.23% of net operating revenues, respectively. Therefore, changes in market interest rates have no significant impact on the company's financial business status.

The company's capital planning to conservative and steady for the principle of working capital allocation first safety. Therefore, they maintain good relations with financial institutions so that they can obtain favorable financing terms when they need funds in the future. If interest rate exhibits high level of volatility in the future, the Company may raise funds from the capital market using alternative tools and choose between fixed or floating rate loans depending on interest rate movements to avoid interest rate risks.

2. Exchange rate

The Company's Chinese operations earn revenues and incur expenses mainly in RMB. The Company may have the need to exchange USD for transactions such as domestic fundraising and payment of dividends to domestic investors, which therefore puts the Company at risk of changes in the USD/TWD exchange rate. The following is a list of possible response measures the Treasury Department may undertake to address such risk:

A. Treasury personnel will maintain close contact with banking partners to monitor changes in the foreign exchange market, and adjust foreign currency deposit positions as needed to support operations of group subsidiaries, while at the same time minimize impact of exchange rate changes on the Company's profits.

B. The Company adopts a natural hedge against currency risks (i.e. importing and exporting using USD quotations). It utilizes forward exchange contracts and raises foreign currency debts whenever appropriate to minimize the impacts of exchange rate fluctuation to the Company's profitability.

3. Inflation/deflation

Despite the rapid change of the global economic environment, there are no circumstances as of the publication date of this annual report due to inflation or monetary tightening abovementioned that have material influence on the Company's profit or loss. Going forward, the Company will continue to maintain good relationships with suppliers and customers. We will also stay on top of market price fluctuations and adjust procurement strategies and sales quotations in a timely manner, to mitigate the inflation impact on our profit or loss. °

- (II) Policies on high-risk and highly leveraged investments, loans to third parties, endorsements / guarantees, and trading of derivatives; describe the main causes of profit or loss incurred and future response measures

The Company has established "Procedure for the Acquisition or Disposal of Assets" and "Endorsement and Guarantee Procedures" to serve as guidance for related activities for all subsidiaries of the group.

- (1) Policies on high-risk and highly leveraged investments; describe the main causes of profit or loss incurred and future response measures:

The Company devotes all its focus on core business and does not engage in other risky activities. In addition, it adopts conservative financial practices and refrains from high-leverage investments, and thus has limited risk exposure.

- (2) Policies on third-party lending; describe the main causes of profit or loss incurred and future response measures:

The Company did not lend to any third party in the last year and up till the publication date of prospectus. All outstanding loan arrangements with subsidiaries as at December 31, 2025 had complied with the Company's policies and posed no impact to the profits or losses presented on the consolidated financial statements.

- (3) Policies on guarantees and endorsements; describe the main causes of profit or loss incurred and future response measures:

The Company and 2nd-tier subsidiary - Hao Qiang Precision Machinery (Qingdao) Co., Ltd. that offered intragroup guarantee/endorsement to another 2nd-tier subsidiary - Strong H Mechanical Technology (Laizhou) Co., Ltd. according to "Endorsement and Guarantee Procedures." The purpose of this arrangement was to provide guarantee for loans. The Company has never incurred losses on any guarantee/endorsement offered to another party.

- (4) Policies on derivative trading; describe the main causes of profit or loss incurred and future response measures:

The Company trades derivatives primarily to control exchange rate volatility. All transaction activities are carried out according to the "procedure for the Acquisition or Disposal of Assets"

- (III) Future R&D plans and expected R&D expenditure

The Company determines its R&D expenses based on new products and status of manufacturing process development. R&D budgets are increased on an annual basis according to new products under development. The purpose is to support development programs and increase the Company's competitiveness in the market. The 2026 R&D expense is expected to be about 4% of sales.

- (IV) Changes in important policies and legal environment at home and abroad, and the effect on the financial status and operation of the Company, and Countermeasures:

The Company has not encountered any significant financial or business impact caused by changes in local/foreign policies or laws in the last year and up till the publication date of prospectus. The Company performs all business activities in compliance with domestic/foreign policies and regulations, and closely monitors changes to the domestic/foreign political environment and the latest regulatory developments. Any of the above changes will be consulted with lawyers, accountants etc or evaluated with appropriate response measures planned and implemented in response to the new market environment. The Company has not encountered any significant financial or business impact caused by changes in policies or laws of the Cayman Islands or China in the last year and up till the publication date of prospectus.

- (V) The effect of technological(including cyber security risk management) and industrial changes on financial status and operation of the Company, and countermeasures:

Given the ongoing automation and labor replacement within the industry, the Company will closely monitor market trends and evaluate the impacts they have on future operations. In the meantime, more R&D expenses will be spent to improve overall competitiveness.

The Company emphasizes cybersecurity management. A dedicated unit has been established to take charge of cybersecurity management and initiatives. As technology advances, cyber attacks become increasingly frequent. To prevent data leakage due to hacking or computer viruses, the Company has strengthened firewalls and anti-virus software. Server data is backed up periodically. The cybersecurity unit is responsible for planning and implementation of cybersecurity management, including corporate networks and emails control, IT system authorization management, advocacy to enhance employees' awareness in cybersecurity and improve information-related technical and operational procedures, in order to enhance and protect the Company's cybersecurity.

The Company encountered no change in technology(including cyber security risk management) or industry practice that significantly affected its financial or business performance in the last year and by the date of report publication.

(VI) Impact of changes in corporate identity on the Company's crisis management, and countermeasures

The Company upholds integrity and has been taking active steps to enhance internal management and quality assurance since it was first founded. These practices have enabled the Company to build a strong corporate image, gain customers' trust, and avoid the aforementioned crisis.

(VII) Expected benefits and possible risks of merger and acquisition, and countermeasures

There had been no merger or acquisition in the last year and by the date of report publication, hence not applicable.

(VIII) Expected benefits and possible risks of facilities expansion, and countermeasures

The Company will continue to adopt rigorous, conservative and diligent attitude towards the production capacity expansion. With regard to the production capacity utilization rate adjustment, the Company expects to effectively respond to the change of the future economic cycle and product demands.

(IX) Risk from centralized purchasing or selling, and countermeasures

No single supplier or customer accounted for more than 10% of total purchase/sale, hence there was no concentration risk.

(X) Impact and risk associated with large share transfers or changes in shareholdings of directors, supervisors, or shareholders who hold more than 10% of the Company's shares, and countermeasures

No significant transfer of shares by directors, supervisors or major shareholders holding over 10% of the stake in the last year and by the date of report publication. As the third board of directors expired, a full board re-election was held on June 6, 2019. Six directors won a second term, and only one was replaced. There has been no significant change in management.

(XI) Impact and risk associated with changes in management rights, and countermeasures

There has been no change in the Company's management in the last year and up till the publication date of annual report. To support future business development, the Company invited professionals with extensive machinery expertise and finance/accounting background to undertake director and independent director roles, but there has been no significant change in the management team.

(XII) Litigation and non-contentious cases

Major litigations, non-contentious cases, or administrative litigations involving the company or any director, supervisor, President, person-in-charge or major shareholder with more than 10% ownership interest, whether concluded or pending judgment, that are likely to pose significant impact to shareholders or security prices of the company. Disclose the nature of dispute, the amount involved, the date the litigation first started, the key parties involved, and progress as of the publication date of this annual report: As of the date of publication of the annual report, none of this has happened..

(XIII) Other significant risks and response measures

1. Macroeconomic, political, foreign currency and regulatory risks

The Company is registered in the Cayman Islands and operates mainly in China and Taiwan. For this reason, changes in macroeconomic, political and foreign currency risks at the place of registration and place of operation will all affect business performance of the Company.

2. Protection of shareholders' interests

The Company is registered in The Cayman Islands, where the laws (e.g.: The Companies Law) are somewhat different from those of Taiwan. The Company has amended its Articles of Incorporation according to the "Shareholders' Equity Protection Checklist for Foreign Securities Issuer" prepared by Taiwan Stock Exchange Corporation, but investors are still advised to investigate the differences in regulation between the two jurisdictions and how they related to the Company's operations, and consult experts on the legal and investment risks involved.

3. Information security risk

We have hired professional staff to take charge of matters in relation information security prevention and information crisis management; make high-availability backup of data based on the risk level of IT system and infrastructure; assess the operational risk and impacts in terms of finance, regulation, and customers every year; plan, design, and improve appropriate hardware and software equipment and resources; and improve operating procedures to significantly reduce the impact of information security risk. After assessment, no significant operational risk was found in the Company's information security.

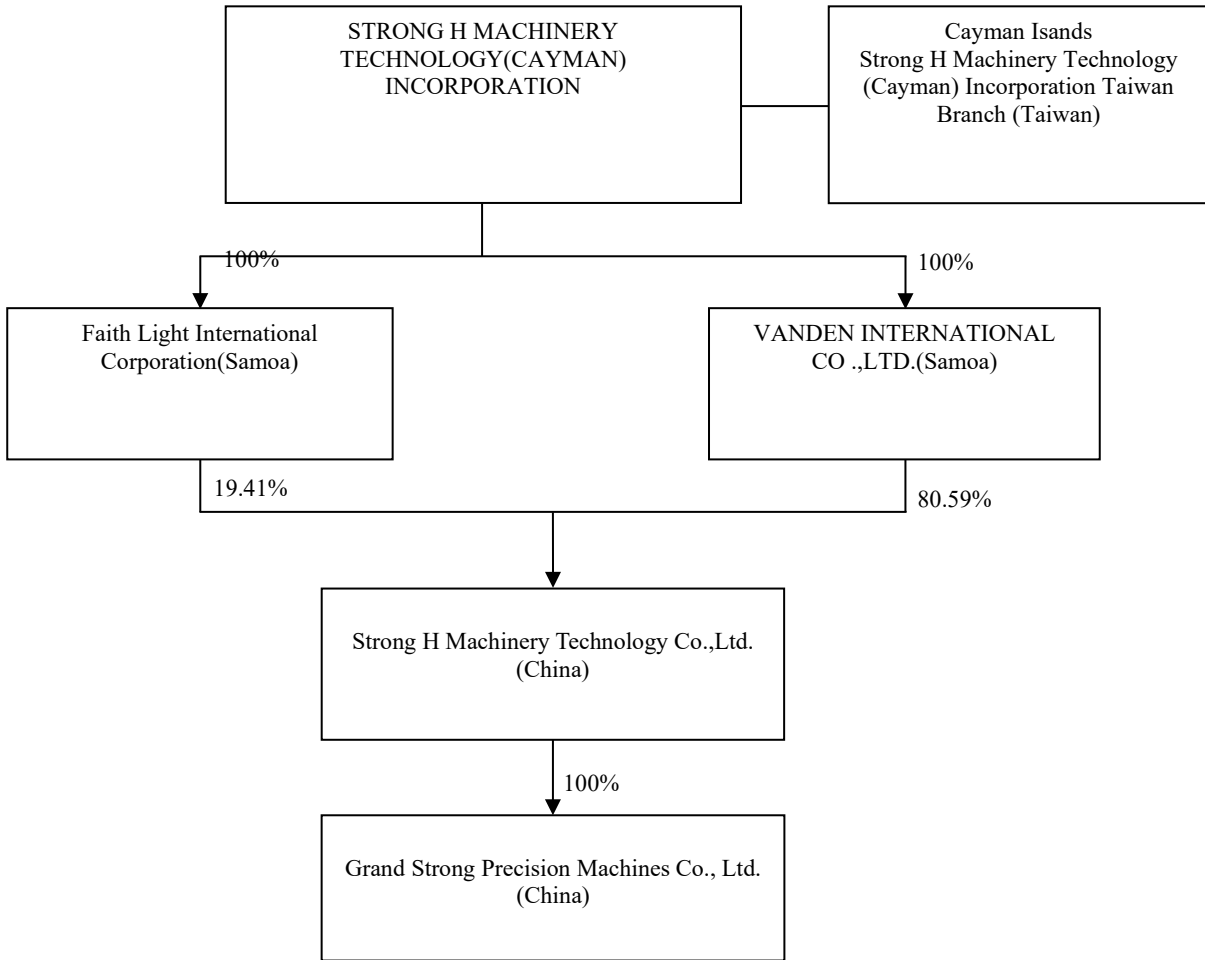
VII. Other important disclosures: None.

Seven. Special Disclosures

I. Information About Affiliates

(I) Consolidated business report

1. Affiliated enterprises chart



2. Profile of affiliated enterprises

Date: December 31,2025 unit: foreign currency thousands

Name	Date of foundation	Address	Paid-up Capital	Main business activities or products
VANDEN INTERNATIONAL CO., LTD,	2012/6/19	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	USD 7,518	Professional investment institution
Faith Light International Corporation	2004/7/20	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	USD 8,038	Professional investment institution
Strong H Machinery Technology Co.,Ltd.	2006/12/14	No. 2099, Kaiming Road, Development Zone, Laizhou City, Shandong Province	USD 42,979	Manufacturing and sale of high-tech, specialized industrial sewing machine parts
Grand Strong Precision Machines Co., Ltd.	2005/6/1	Qiancheng Community, Shangma Street, Chengyang District, Qingdao City, Shandong Province	USD 8,000	Manufacturing and sale of high-tech, specialized industrial sewing machine parts

3. Directors, supervisors, and President of affiliated companies

Name	Job title	Name or the representative person	Shareholding	
			Number of shares	Percentage
VANDEN INTERNATIONAL CO., LTD,	Director	Chi, Ping-Hsin	0	0
Faith Light International Corporation	Director	Chi, Ping-Hsin	0	0
Strong H Machinery Technology Co.,Ltd.	Director	Chi, Ping-Hsin	0	0
	Supervisors	Chi, Tao-Song	0	0
	President	Chi, Ping-Hsin	0	0
Grand Strong Precision Machines Co., Ltd.	Director	Chi, Ping-Hsin	0	0
	Supervisors	Chi, Tao-Song	0	0
	President	Chi, Ping-Hsin	0	0

4. Performance of affiliated enterprises

Date: December 31, 2025; unit: foreign currency/NTD thousands

Name	Paid-up Capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating profit (loss)	Income in the current period	EPS (\$) (after-tax)
VANDEN INTERNATIONAL CO., LTD,	USD7,518	RMB 350,033 NTD 1,573,749	RMB 4,755 NTD 18,719	RMB 345,278 NTD 1,552,371	RMB - NTD -	R M B (9) N T D (3 9)	R M B 44,064 N T D 191,529	-
Faith Light International Corporation	USD 8,038	RMB 85,697 NTD 385,293	RMB 1,805 NTD 8,117	RMB 83,892 NTD 377,176	RMB - NTD -	R M B (1 0) N T D (4 3)	R M B 8,426 N T D 36,625	-
Strong H Machinery Technology Co.,Ltd.	USD 42,979	RMB 519,181 NTD 2,334,237	RMB 85,664 NTD 385,145	RMB 433,517 NTD 1,949,092	RMB 387,246 NTD 1,683,224	RMB 65,236 N T D 2 8 3 , 5 5 8	R M B 54,724 N T D 237,867	-
Grand Strong Precision Machines Co., Ltd.	USD 8,000	RMB 69,281 NTD 311,486	RMB 13,074 NTD 58,777	RMB 56,207 NTD 252,709	RMB 50,537 NTD 219,667	R M B 2 , 4 4 6 N T D 1 0 , 6 3 2	R M B 2,077 N T D 9,029	-

5. Common shareholders in controlling and controlled companies, as defined in Article 369-3 of The Company Act: None.

6. Businesses covered by affiliated companies

Affiliated enterprises of the Company are mainly involved in the production and sale of industrial sewing machine parts.

(V) Consolidated financial statements of affiliated companies

Foreign companies are exempted under Chapter 5 of the Preparation Guidelines from preparing consolidated financial statements of affiliated companies.

(VI) Declaration for consolidated financial statements of affiliated companies

Foreign companies are exempted from preparation.

(VII) Affiliation report

The Company is not a subordinate of any corporate entity defined in the Affiliated Enterprises Chapter of The Company Act, hence not applicable.

II. Private placement of securities in the last year and by the date of report publication: None.

III. Other supplementary information:

Due to slight inconsistencies between the laws of the British Cayman Islands and the Republic of China (Taiwan), the Company, provided that it does not violate Cayman law, has proposed a draft amendment to its Articles of Association to protect shareholder interests. This amendment is based on the updated "Checklist of Shareholder Protection Matters at the Foreign Issuer's Domicile" (hereinafter the "Shareholder Protection Checklist") announced by the Taiwan Stock Exchange (TWSE) in February 2026. The Company intends to have the amended Articles of Association approved at the Annual General Meeting on June 16, 2026:

Protection of Shareholder's Rights	Applicable laws and regulations of "Company Act" or "Securities and Exchange Act"	Company Charters & Regulations
The notice of an annual general meeting shall be given to each shareholder no later than thirty (30) days prior to the scheduled date; the notice of an extraordinary general meeting shall be given to each shareholder no later than fifteen (15) days prior to the scheduled date. The notice shall specify the reasons for convening the meeting. With the prior consent of the recipient, such notice may be delivered by electronic means.	1. Company Act, Article 172.	The requirements of the "Shareholder Protection Checklist" listed on the left are stipulated in Article 36 of the Company's Articles of Association. In accordance with Paragraph 4, Article 172 of the Company Act of the Republic of China, the notice of a shareholders' meeting may be given by electronic means with the prior consent of the recipient. Accordingly, relevant provisions have been added to ensure compliance with the Company Act of the Republic of China.
When convening a shareholders' meeting, the Company shall prepare a shareholders' meeting agenda handbook and shall publicly announce the handbook and other relevant meeting materials thirty (30) days prior to the scheduled date of an annual general meeting, or fifteen (15) days prior to the scheduled date of an extraordinary general meeting.	Article 6 of the Measures for Records and Compliance Items in the Handbook of Shareholders' Meetings of Public Offering Companies	The contents of the "List of Shareholders' Rights Protection Measures" are stipulated in Article 36 and Article 39 of the Articles of Incorporation. In response to the amendment of Paragraph 3, Article 6 of the "Regulations Governing Content and Compliance Matters for Shareholders' Meeting Agenda Handbooks of Public Companies," the deadline for transmitting electronic files of the meeting handbook has been revised to thirty (30) days prior to the annual general meeting, so as to comply with the laws and regulations of the Republic of China.
the term of office of a director shall not exceed three (3) years; provided, however, that a director may be eligible for re-election.	Company Act, Article 195, Paragraph 1.	The requirements of the "Shareholder Protection Checklist" listed on the left are stipulated in Article 64 of the Company's Articles of Association. In accordance with Paragraph 3, Article 4 of the "Taiwan Stock

Protection of Shareholder's Rights	Applicable laws and regulations of "Company Act" or "Securities and Exchange Act"	Company Charters & Regulations
		Exchange Corporation Directions for Compliance Requirements for the Establishment and Exercise of Powers of Boards of Directors of Listed Companies," starting from 2027, the continuous term of office of all independent directors of a listed company shall not exceed three consecutive terms. Accordingly, relevant provisions have been amended to ensure compliance with the laws and regulations of the Republic of China..

IV. Any occurrence of event defined under Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act in the previous year and by the date of report publication that significantly impacted shareholders' interest or security prices: None.

STRONG H MACHINERY TECHNOLOGY (CAYMAN) INCORPORATION

Chairman: Chi, Ping-Hsin