

Stock Code : 1903

Market Observatory Post System: <https://mops.twse.com.tw>  
The Company's website: <https://www.shihlin.com.tw>



**SHIHLIN PAPER CORP.**

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## **2024 ANNUAL REPORT**

### Notice to readers

For the convenience of readers and for information purposes only, the annual report has been translated into English from the original Chinese-language version prepared and used in the Republic of China. In the event of any discrepancy between the English and Chinese versions, or if there are any differences in interpretation between the two versions, the original Chinese version shall prevail.

Date of publication: May 12, 2025

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Name of Any Exchanges Where the Company's Securities are Traded Offshore and Information: None

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# One. Letter to Shareholders

Dear Shareholders,

We welcome you to attend this year's shareholders' meeting, and we would like to express our great gratitude for your long-term support of Shihlin Paper. We would like to report on the status of the Company's operations below:

## I. 2024 Business report

### (I) Focus on the consumer goods market

#### 1. Baby Lion

- (1) At present, the Company is committed to stepping into the consumer market. In response to the increasing utilization rate of wet wipes in the overall market, the Company will spare no effort in developing Baby Lion brand products in 2024. In addition to the existing wet wipes, the Company has also added the anti-mosquito series and the baby shower series products to expand market share. In response to the post-pandemic era, Baby Lion produces anti-pandemic protection products to protect the health of your family. Our consistent high quality has earned us strong recognition from consumers.
- (2) The Company's organization is adjusted, and performance is growing continuously and steadily while personnel training will be strengthened to increase the overall market share. The professional R&D team will also continue to develop more innovative extension products with high production value to meet market needs.

#### 2. Forest Beauty

- (1) The Company is currently dedicated to the consumer market. In response to the high usage rate of the facial masks, the Company spared no effort to develop the Forest Beauty facial mask products in 2024. In addition to the Forest Nut collection, we have developed a series of facial masks using Taiwanese tea leaves with natural plant extracts to enrich our product line and professionalism gradually. The skin care products include the new products - Catechin skin care products of the Mori series, Forest Beauty 14 Days new comfort series, and high-end new skin care products Micro Gold Superconducting Royal Jelly Peptide series sold. As for the expansion to the international market, the Company continuously participated in the online beauty exhibition organized by the Taiwan External Trade Development Council. The agency business of brands and the OEM business has grown steadily with increasing business opportunities. With the concept of safe, effective, and harmless natural plant

extracts, the brand Forest Beauty has gradually expanded its market share. In addition, the Company also maintains high-quality consistently, thereby receiving great recognition from consumers.

- (2) The Company's organization is adjusted and performance is growing continuously and steadily while personnel training will be strengthened to enhance their professional image, and to demonstrate professional performance in communication with distributors or clients. The R&D team will also continue to develop more innovative and extension products (skincare products) with high production value to meet market demand and to continue to expand market share and increase brand awareness.

(II) Consolidated financial receipt and expenditure and profitability in 2024

Unit: NTD thousand

Consolidated Statement of Comprehensive Income	2024	2023	Change (%)
Net operating income	155,769	171,105	(8.96)
Gross operating profit	93,494	84,954	10.05
Net operating loss	(48,287)	(64,656)	(25.32)
Net of Tax	(21,009)	86,352	(124.33)

## II. Overview of Business Plan for 2025

(I) Baby Lion

1. This year, the Company's business operation direction will be marketing-oriented instead of production-oriented, continue to expand market share and operating performance, and improve brand profitability.
2. In response to the advent of the era of low birthrate, the increasing demands of consumers for product enhancement, and the growth of the adult market, the Company will continue to optimize product integration and efficient products suitable for channels according to market demand (ingredients, packaging, and so on.) in order to facilitate long-term high turnover rate.
3. In addition to maintaining existing customers, the Company will use marketing resources, such as promotions and media advertisements, to integrate virtual and physical channels for products and launch products in major physical entities and online shopping platforms to expand its market share and increase profits. Meanwhile, the CRM system of the e-commerce platform will be improved. Cultivate brand loyal customers.

## (II) Forest Beauty

1. The operation direction of this year is to stabilize the market with sales and marketing, improve brand awareness and product exposure through marketing planning and promotion, and optimize the market channel structure to improve operating performance.
2. Products that emphasized cost-effectiveness in line with consumers' habits in the early days had resulted in astonishingly high sales performance. However, affordable products without high quality would cause skin discomfort, which has led to a change in demand and consumption structure. Based on the cost/value concept, Forest Beauty's high quality and affordable features will lead to a revolution in the facial mask market. It allows consumers to pay more attention to safe, effective, and harmless products suited for their personal skin in addition to the price.
3. In addition to maintaining existing customers, the Company will use marketing resources, such as promotions and media advertisements, to integrate virtual and physical channels for products and launch products in major physical entities and online shopping platforms to expand its market share and increase profits. Meanwhile, the CRM system of the e-commerce platform will be improved to cultivate brand loyal customers

## III. Future development strategy

### (I) Short-term business development plans

1. Sales strategy
  - (1) Based on product attributes and positioning, develop new customer groups, and formulate marketing strategies based on product and function differentiation.
  - (2) Revitalize the brand vitality, grasp the needs of consumers, innovate and copy successful cases, and launch new products as appropriate.
  - (3) Actively develop overseas markets and new businesses, and ensure sustainable operation by diversifying operations and revitalizing assets.
2. Marketing and R&D strategy
  - (1) Grasp the market dynamics and develop differentiated and customized products to facilitate the development and successful launch of new products.
  - (2) Work closely with academic and R&D units, actually participate in the R&D of new product-related units of the government, expand the range of new products developed, and actively apply for patents to ensure the Company's rights and interests.
3. OEM strategy

- (1) Strictly monitor and inspect the operating procedures to strengthen and improve product quality.
  - (2) Require manufacturers to cooperate with equipment maintenance and improvement and to upgrade process technology to achieve the differentiated value of new products.
- (II) Mid- and long-term business development plans
1. Master the win-win core technologies and continuously improve product quality to enhance competitive advantage.
  2. Use diversified marketing strategies to promote a diversified product mix to increase market share.
  3. Actively expand domestic and foreign sales markets, establish an international brand image, and become the most favored and reliable enterprise and a well-known brand.

**Baby Lion:**

Extended the product lines to the anti-mosquito series, anti-pandemic series, baby washes products, and adults recovery series building on the wet wipes collection, to provide safer and more reliable products for infants, young children and adults, so that consumers can have better choices.

**Forest Beauty:**

Develop a series of facial care products based on facial masks to provide female consumers to meet their demand for naturality, safety, beauty, and health in all aspects, and to share the pie in the female skincare market and explore male skincare market

#### **IV. Impacts and responses to the external competitive environment**

- (I) Baby Lion
1. Main products are mainly sold in Taiwan, with northern, central and southern regions as the plan to stabilize the Taiwan market.
  2. Future supply, demand and growth: According to the professional market research and market survey statistics, it shows that the wet tissue market continues to grow, and safety and professionalism are the mainstream. The Company will plan various functional products according to different consumer groups, and develop natural products and ones with patented formulas to achieve diversification and market segmentation to improve performance.
  3. Future supply-demand response: Seek more domestic and foreign professional OEMs to respond to future market demand.

4. Favorable and unfavorable factors of development prospects:

- (1) Favorable factors: Domestic and foreign professional OEMs have better product technology capabilities and positive competitive advantages in innovative manufacturing processes, which make the development of product collections more complete than the competitors in the same industry so as to keep pace with major domestic businesses.
- (2) Unfavorable factors: Due to the limited demand in the domestic consumer goods market because of many brands and sufficient resources in the market, the Company can only adopt marketing strategies to attract consumers and expand market share.

(II) Forest Beauty

1. The sales areas of Forest Beauty main products are mainly in Taiwan, with northern and central and southern regions as the main sales areas. We have a foothold in Taiwan and a global presence.
2. Future supply and demand status and growth: According to the statistics from professional market survey and research institutions and actual sales of distribution channels, the mask market continues to grow, and the concept of natural plant extracts also makes consumers feel assured and recognize the concept. The Company will plan various functional products according to different consumer groups, and continue to develop natural products, facial masks, and skincare products with unique patented formulas and diversified functions to increase market share and performance.
3. Future supply-demand response: Seek more domestic and foreign professional OEMs to respond to future market demand.
4. Favorable and unfavorable factors of development prospects:
  - (1) Favorable factors: Domestic and foreign professional OEMs have better product technology capabilities and positive competitive advantages in innovative manufacturing processes, which make the development of product collections more complete than the competitors in the same industry so as to keep pace with major domestic businesses.
  - (2) Unfavorable factors: Due to the limited demand in the domestic consumer goods market, the competition among brands is fierce. After acquiring a certain degree of market popularity and market share, the Company will step up the pace of entering overseas markets to become an international brand in the future.

## **V. The impact of legal and the overall business environments**

- (I) All products are tested and qualified in compliance with relevant laws and regulations to provide consumers with the highest quality.
- (II) In recent years, the Company has continued to develop innovative products with high production value, while strengthening R&D and marketing capabilities, and cultivating talents is also a key development strategy for the future.
- (III) In the future, the Company will continue to uphold a pragmatic spirit, strive to take on challenges at all stages, and work hard to operate the consumer product market so as to achieve goals as planned while fulfilling social responsibilities to create greater profits and best benefits for shareholders and all employees.

## I. 2024 Business report

- (I) The land development project for the former site of the Shihlin Paper Mill: The donation of the park and the urban renewal and development procedure have been conducted in accordance with the “Taipei City Shihlin District Urban Plan Review (Detailed Plan) (Phase 3)” announced by the Taipei City Government on June 13, 2023. Furthermore, certain buildings within the factory site were designated as historical buildings by the resolution of the 140th Cultural Heritage Review Committee of Taipei City on September 27, 2021. The Taipei City Bureau of Cultural Affairs convened the first subcommittee review meeting for the “Taipei City Historical Building: Shilin Paper Mill Restoration and Reuse Project” on July 25, 2023, and the restoration and reuse plan for this project was approved by the 173rd meeting of the Taipei City Government Antiquities, Historical Buildings, Memorial Buildings, Settlement Building Groups, Archaeological Sites, Historical Sites, and Cultural Landscape Review Committee held on July 29, 2024. This project is expected to achieve the goals of overall development, such as improving investment efficiency, regional prosperity, and creating an urban environment.
- (II) The construction permit application for the Warehouse No. 5 hotel urban renewal project: The building permit application for the twelve-story above-ground and three-story underground hotel building was completed in the second quarter of 2020. Construction commenced in the third quarter of the same year. As of 2024, the building’s structural framework has been completed, and exterior finishing work is currently underway.
- (III) The development project at No. 18 Fude Road: It is expected to build a new hotel building with ten-story above ground and three-story underground. The renovation project for the dangerous and old building was completed in the third quarter of 2020. The construction permit was obtained in the second quarter of 2022, and the application for construction start was completed in the fourth quarter of the same year. Contracting and contract signing in the third quarter of 2023, and the removal of the existing ground features in the fourth quarter of the same year. As of the fourth quarter of 2024, the construction of the second-floor foundation has been completed, and the building has obtained a Green Building Candidate Certificate.
- (IV) The land development of Guanghua 2 Subsection 669-3 and 669-15: Added to the adjacent land lot 635 in 2022 and the redevelopment of the dangerous and old buildings in the dangerous and old buildings has been changed in the second quarter of 2023. The design drawings are currently being adjusted. The building

permit amendment to accommodate design changes was completed in 2024.

- (V) Datong District's Land Number 901, Subsection 2, Datong Section, Datong District participated in the joint-construction project of Nianfeng Construction. The renovation project for the dilapidated and old building was completed in the first quarter of 2021, and the construction license application was completed in September 2021. For the transferable portion, except for the storefront and one parking space on the first floor, the pre-sale contract for the remaining 7 rooms and 6 parking spaces was signed in the first quarter of 2022.
- (VI) Sunshine Paper Sun Hotel Shihlin: In the fourth quarter of 2022, the property transitioned from a quarantine hotel back to a standard hotel. The former attached restaurant was rebranded as "Between Breaths," offering brunch to both hotel guests and external patrons, and commenced external operations. Furthermore, in 2024, private chef dining was introduced, diversifying operations to contribute to revenue. The Paper Sun Cafe, at Neihu has been expanding and adjusting its menus in 2024 to contribute to the overall revenue of the group.

## **II. Overview of 2025 Development Plan**

- (I) The land development project of the old Shihlin Paper Mill project: The Shilin Paper Mill Historic Building Restoration and Reuse Project was approved in the fourth quarter of 2024. It is expected that the Urban Renewal Business Plan will be submitted in the fourth quarter of 2025.
- (II) The construction permit application for the Warehouse No. 5 hotel urban renewal project: Fire safety inspections and urban renewal amendment procedures will be conducted in the first quarter of 2025. Following the expected acquisition of the occupancy permit in the second quarter of 2025, hotel interior renovation work will commence.
- (III) Apart from converting Sunshine Shihlin Paper Sun Hotel into a general hotel and diversified restaurant portfolio, the Company will continue to integrate various resources this year to expand revenue, occupancy rate, and overall operating revenue.
- (IV) The cooperative construction of an eleven-story above-ground and three-story underground residential building on land parcels numbered 635, 669-3, and 669-15, Section 2, Guanhua, and adjacent lands: Currently in the process of preparing construction bidding documents and conducting reviews of the five major utility pipelines. Groundbreaking is expected in mid-2025, with the occupancy permit anticipated in mid-2028.
- (V) Construction of a ten-story above-ground and three-story underground hotel building

on owned land at No. 18, Fude Road: It is projected that the seventh-floor slab structural work will be completed in the first quarter of 2025; the roof floor (RF) slab structural work in the second quarter of 2025; the structural work and interior fit-out work in the third quarter of 2025; and the exterior stone and tile work in the fourth quarter of 2025. The use permit is scheduled to be obtained in the third quarter of 2026.

- (VI) The joint construction project on No. 7, Section 3, Chongqing North Road would be allocated with 8 houses and 7 parking spaces. One storefront and one parking space will be retained for future leasing. The remaining seven residential units and six parking spaces are planned for pre-sale disposition.

### **III. Development strategy**

Sunshine Shihlin Development Co., Ltd. is a sustainable company, conducting the best management of its own land assets and re-planning and decorating existing properties according to the conditions of its self-owned land to improve the per ping efficiency and occupancy rate, and activate the idle land by planning the use of parking lots. In addition, the Company will continue to integrate other lands with development potential. Through joint constructions, urban renewal, or redevelopment of old buildings, it aims to diversify its operations into areas such as hotels, residential properties, commercial offices, restaurants, and shopping malls, creating niche opportunities for the Company. In the future, the goal is to preserve the cultural context of Shilin District and enhance the overall regional value, working together to create maximum benefits.

### **IV. External competition environment**

In response to the shifting global travel trends in the post-pandemic era, Sunshine Shihlin Paper Sun Hotel is continuously and actively integrating various internal and external resources, expanding its food and beverage operations, and connecting with surrounding tourism activities to increase occupancy rates and overall revenue.

### **V. The impact of legal and the overall business environments**

The “Taipei City Disaster Prevention Urban Renewal Detailed Plan” was amended, approved, and implemented on March 28, 2024. In conjunction with the “Urban Renewal Act,” the Company is actively reviewing existing land asset conditions to conduct various asset revitalization assessments. In addition, the Regulations Governing the Acceleration of Reconstruction of Dangerous and Old Buildings in Taipei City came into effect in October 2019. Since 2020, the Company examined land assets that meet the criteria in accordance with the regulations and relevant provisions of the ordinance and conducted joint construction and self-construction development operations, and completed the construction of two new projects in

Guanghua Section Construction permit application and pre-sale of the joint-construction project in Datong Section.

In 2024, the global economy continued to experience significant volatility, and the domestic construction industry still faced challenges with rising raw material costs and labor shortages, which substantially impacted the progress and cost of new construction projects. In the future, the Company will continue to closely monitor fluctuations of construction costs and labor shortage in the macro environment, and make appropriate countermeasures and adjustments, maintain our consistent prudent approach and successfully achieve the Company's development objectives.

Shihlin Paper Co., Ltd.

Chairman, Tai-Shih Trading Co., Ltd.

Representative

Sincerely, Chueh, Chi-Wen, President

## Two. Corporate Governance Report

### I. Information on Directors, President, Vice Presidents, Assistant Vice Presidents, and Heads of Departments and Branches

#### (I) Director

##### 1. List of Directors

Information of 25th Term of Directors (Assumed duty on June 14, 2022)

April 22, 2025

Title	Nationality of registration place	Name	Gender Age	Date of (elected to) office	Term	Date of first elected	Shareholdings at the time of elected office		Current shareholdings		Current shareholdings of spouse/minor children		Holding shares in the name of another person		Key Work and Academic Experience	Currently holding concurrent positions in the Company and other companies	Other officers, directors who are spouses or within two degrees of consanguinity			Remarks (Note 1)
							Shares	Percentage of Shareholding	Shares	Percentage of Shareholding	Shares	Percentage of Shareholding	Shares	Percentage of Shareholding			Title	Name	Relationship	
Chairman	Taiwan, R.O.C	Tai Shih Trading Co., Ltd. Representative: Chen, Po-Ting	Male 51-60 years old	June 14, 2022	3 years	November 05, 1960	904,667	0.35%	904,667	0.35%	0	0%	0	0%	Chairman, Wan Hai Lines Ltd. (MBA, University of San Francisco)	Consultant of Asia Pacific Logistics International Co., Ltd. Representative of Institutional Director of Wan Hai Lines Ltd. Representative of Institutional Chairman of Wan Hai Lines Ltd. (United Arab Emirates)	None	None	None	None
Director	Taiwan, R.O.C	Yee Tzao Enterprise Co., Ltd. Representative: Wu, Chiu-Ling	Female 51-60 years old	June 14, 2022	3 years	March 23, 1966	825,905	0.32%	825,905	0.32%	0	0%	0	0%	Chairman, Yee Tzao Enterprise Co., Ltd. (Hungkuo Delin University of Technology)	Chairman, Xiang Deng Construction Co., Ltd. Representative of Institutional Director of Wan Hai Lines Ltd.	None	None	None	None
Director	Taiwan, R.O.C	Yi Xiang Industrial Co., Ltd. Representative: Chen, Chih-Yuan	Male 61-70 years old	June 14, 2022	3 years	June 8, 2016	800,000	0.31%	800,000	0.31%	0	0%	0	0%	Chairman, Yi Yuan Industrial, Co., Ltd. (MBA, New York University)	Vice Chairman, Taian Insurance Co., Ltd. Institutional Representative Director, China Airlines, Ltd. Vice Chairman, Taiwan Air Cargo Terminal Limited Director, Yi Xiang Industrial Co., Ltd.	None	None	None	None
Director	Taiwan, R.O.C	Wan Hai Shipping Social Welfare Foundation Representative: Chen, You (Note 2)	Male 31-40 years old	June 5, 2023	2 years	June 13, 2007	18,150,259	6.98%	18,150,259	6.98%	0	0%	0	0%	Chairman, Martingale Enterprise Co. (Philosophy, Ph.D., University of California)	Chairman, Martingale Enterprise Co. Institutional Representative Director, New Sincere Transportation Corp. Institutional Representative Director, Tsung Cheng Warehousing Co., Ltd.	None	None	None	None
Independent Director	Taiwan, R.O.C	Hsiao-Chueh Hsieh	Female 61-70 years old	June 14, 2022	3 years	June 24, 2019	0	0%	0	0%	0	0%	0	0%	Vice Chairman, June Lai Metal Co., Ltd Director, Finance Department, Chiu Tung Motors Co., Ltd Accountant, Tah Chung Steel Corp. (National Chengchi University, EMBA Program in Business Management, Class of 2005)	Vice chairman, June Lai Metal Co., Ltd. Institutional Representative Director, Chih Lien Industrial Co., Ltd.	None	None	None	None
Independent Director	Taiwan, R.O.C	Ming-Chu Chen	Male 71-80 years old	June 14, 2022	3 years	June 8, 2016	0	0%	0	0%	0	0%	0	0%	Head of Department, Institute of Urban and Environmental Design, Chinese Culture University Director, Institute of Architecture and Urban Planning, Chinese Culture University Director, Institute of Architecture, Tamkang University (Master of Urban Design, Columbia University, USA; Master of Architecture, The Ohio State University, USA)	Chairman, Create Planning and Design Co., Ltd. Chairman, Foundation for Research on Open Space, Taipei Director of the distinguished alumni association of Chinese Culture University Chairman, Awards Committee, International Real Estate Federation (FIABCI)	None	None	None	None
Independent Director	Taiwan, R.O.C	Ming-Chien Tang	Male 71-80 years old	June 14, 2022	3 years	June 24, 2019	0	0%	0	0%	0	0%	0	0%	Director-General, Construction and Planning Agency, Ministry of the Interior (Institute of Industrial Planning, Chinese Culture University)	None	None	None	None	None

Note 1: The Company's Chairman and the President or the persons with equivalent positions (the top-level managers) are the same person, spouse, or relatives within the first degree of kinship to each other, the reason, reasonableness, necessity, and countermeasures shall be specified (such as increasing the number of independent directors or more than half of the directors not serving as employees or managers concurrently).

Note 2: The Board of Directors of Wan Hai Shipping Social Welfare Charity Foundation was appointed on June 5, 2023.

## 2. Major Shareholders of Institutional Shareholders

April 22, 2025

Name of Corporate Shareholder	Major Shareholders of Institutional Shareholders
Tai Shih Trading Co., Ltd.	Hui-Ying Chen 4%, Yin-Ru Chen 17.87%, Mei-Ru Chen 9.65%, Po-Ting Chen 2.99% Chao-Di Chen 6.98% , Daoqi Co., Ltd. 15.62% , Daopu Co., Ltd. 13.62% Daokuan Co., Ltd. 15.65% , Daozhou Co., Ltd. 13.62%
Yee Tzao Enterprise Co., Ltd.	Shi-Teng Lin 62.2% , Qiu-Ling, Wu 18.09% , Yue-Hsia Lin 3.71% , Cheng-Hsiung Lin 8% , Yu-Hsuan Lin 8%
Yi Hsiang Industrial Co.,Ltd.	Skyway Industrial Limited 34.211% , Hsinfeng Co., Ltd. 18.421% Yong Yi, Co. )Ltd.18.421% ,FOONDALEY( CO., , LTD. 13.158% Yi Yuan Industrial (Co.)Ltd.9.211% 、 YiChao Industrial(Co.)Ltd.3.947% , Chih-Hsiang Chen 2.50% , Wan-yun Chang 0.033% , Chih-yuan Chen 0.033% , Chih-chao Chen 0.033%
Wan Hai Charitable Foundation	None

## 3. Institutional shareholders whose major shareholders are institutional shareholders

April 22, 2025

Name of Legal Entity (Note 1 )	Major shareholders of Legal Entity (Note 2 )
Dao Qi Co., Ltd.	a Bahamas companyCrystal Blossom Ltd 100%
Dao Kuan Co.,Ltd.	a Bahamas companyDiscovery Treasure Limited , 100%
Dao Pu Co., Ltd.	a Bahamas companyIntegrated Global Investments Limited , 100%
Dao Zhou Co.,Ltd.	a Bahamas companyChesterfield Capital Management Inc 100%
Skyway Industrial Limited	CCS Co., Ltd. 100%
Hsing Feng Co.,Ltd.	Skyway Industrial Limited 83.333% , Yiyuan Industrial Co.,)Ltd., 3.730% , Yichao Industrial (Co.)Ltd.,3.532% , Yihsiang Industrial (Co., )Ltd.3.532%Chih-Yuan, Chen 2.603% , Chih-Hsiang, Chen 1.258% , Chi-chao, Chen 1.218% , Wan-yun, Chang 0.794%
Yeong Yi Asia Corp.	Samoan businessman Smithson Crowford Murray Capital 32.165% ,Shin Feng(Co.,)Ltd.24.962% Fontainbleau(Co. )Ltd. 24.517% , Skyway Industrial Limited 4.923%YiChao Industrial (Co.)Ltd. 4.144% Yung Yuan Education Development Foundation 3.436% , Chen Chih-Chao 1.947% Sui Shih Sung (Co.,) Ltd.1.727%Yi Yuan Industrial (Co.)Ltd.1.154% Gang Du Industrial(Co.)Ltd.0.683%

Name of Legal Entity (Note 1 )	Major shareholders of Legal Entity (Note 2 )
Feng Tan Pai Lou Co.,Ltd.	China Container Lines Corporation 56.933% ; Skyway Industrial Limited 22.548% ; Samoan Smithson Crowford Murray Capital 9.442%Yongyi(Co.,) Ltd.2.157%, Yiyuan Industrial , Co.,)Ltd.2.155%,Yichao Industrial (Co.,)Ltd. )Company 2.121% , Yi Hsiang Industry (Co.,) Ltd.2.121%Chih -Yuan Chen 0.960% Gang Du Industrial ( Co.)Ltd. 0.564% Hsin Feng(Co.)Ltd.0.564%
Yi Yuan Industrial Co.,Ltd.	Skyway Industrial Limited 22.616% , Yong Yi(Co.,) Ltd.18.847%Fontainebleau(Co.)Ltd.18.847%Hsinfeng(Co.))Ltd.18.847% Chih -Yuan Chen 16.698% Sui Shih Sung( Co. )Corporation 1.998%Meng-li Chou 1.885% , Yu -An Chen 0.196% , Wan-yun Chang 0.038% , Chao-Heng Chen0.030%
Yi Chao Industrial Co.,Ltd.	Chen, Chih-Chao 49.891% , Skyway Industrial Limited 30.435% , FONTEK(Co.) 11.594%, Hsinfeng (Co., )Ltd.8.043%Chih Yuan Chen0.009% Chao-Heng, Chen 0.009 % , Wan-yun, Chang 0.009% , Shao-Ning, Chang 0.009%

#### 4. Disclosure of information on directors' professional qualifications and independence of independent directors

April 22, 2025

Name	Condition	Professional qualifications and experience (Note)	Independence status	Number of publicly listed companies where the person concurrently serves as an independent Director
Tai Shih Trading Co., Ltd. Representative: Chen, Po-Ting		Academic degree: Master of Business Administration, University of San Francisco, USA Chairman and Representative, Wan Hai Maritime Co., Ltd. Representative of legal directors, Sunshine Shihlin Development Co., Ltd.,	Representative of Tai Shih Trading Co., Ltd. Apart from representing the Company as the director of the Board of Directors for its wholly owned subsidiary, Sunshine Shihlin Development Co., Ltd., he/she is not an employee, director, or supervisor of the Company or any of its affiliated companies. A spouse or relative within the second degree of kinship relationship of another director.	0
Yee Tzao Enterprise Co., Ltd. Representative: Wu, Chiu-Ling		Academic degree: Hungkuo Delin University of Technology Representative of Institutional Director of Wan Hai Lines Ltd. Chairman, Yee Tzao Enterprise Co., Ltd. Director, Xiang Deng Construction Co., Ltd.	A spouse or relative within the second degree of kinship relationship of another director. The representative served as the Chairman of Yee Tzao Enterprise Co., Ltd.	0
Yi Xiang Industrial Co., Ltd. Representative: Chen, Chih-Yuan		Education: Graduate School of Business Administration, New York University, USA Chairman, Yi Yuan Industrial Co., Ltd. Vice Chairman, Taian Insurance Co., Ltd. Representative of Institutional Chairman, Sunshine Shihlin Development Co., Ltd. Representative of Institutional Director of China Airlines Co., Ltd.	A spouse or relative within the second degree of kinship relationship of another director. The representative served as the Chairman of Yi Hsiang Industrial Co., Ltd.	0
Wan Hai Shipping Social Welfare Foundation Representative: Chen, You		Academic degree: Doctor of Philosophy, University of California, USA Chairman, Martingale Enterprise Co.	A spouse or relative within the second degree of kinship relationship of another director. Representative of Martingale Enterprise Co., Chairman	0
Ming-Chu Chen		Academic Qualification: Master of Urban Design, Columbia University, USA, Master of Architecture, Ohio University, USA Experience: Member of the Academic Committee of the Association of International Port and City Cities (IAPC); Chief Urban Planner of Gresham&Smith Architects, USA; Chair of the Department of Engineering and Graphics, Danish Institute of Technology, South Carolina, USA; New City of Harbison, USA Town Chief Planner, Urban Designer of the Design Division of the Housing and Urban Development Authority of New York City, USA, Director of the Institute of Architecture and Urban Planning, Chinese Culture University, Dean of the Department of Architecture and Urban Design, Chinese Culture University, and Director of the Architecture Institute of Tamkang University. Current position: Chairman, Create Planning and Design Co., Ltd. Chairman, Foundation for Research on Open Space, Taipei Director of the distinguished alumni association of Chinese Culture University Chairman, Awards Committee, International Real Estate Federation (FIABC)	The applicant, spouse, or relative within the second degree of kinship does not serve as a director, supervisor, or employee of the Company or any of its affiliated companies. The shareholder, spouse, or relatives within the second degree of kinship do not own the Company's shares, nor are they held in the name of any third party. He has not served as a director, supervisor, or employee of a company specifically related to the Company. For the past two years, there has been no business, legal, financial, or accounting services provided to the Company or its affiliates. Meet the independence requirements of independent directors.	0
Ming-Chien Tang		Academic degree: Urban Planning Bureau, Industrial Planning Institute, Chinese Culture University; formerly Director-General of Urban Planning Bureau, Independent Director, Audit Committee member, and Compensation Committee Member at Shilin Paper Co., Ltd.	The applicant, spouse, or relative within the second degree of kinship does not serve as a director, supervisor, or employee of the Company or any of its affiliated companies. The shareholder, spouse, or relatives within the second degree of kinship do not own the Company's shares, nor are they held in the name of any third party. He has not served as a director, supervisor, or employee of a company specifically related to the Company. For the past two years, there has been no business, legal, financial, or accounting services provided to the Company or	0
Hsiao-Chueh Hsieh		Education: National Chengchi University, EMBA Program in Business Management Class of 2005 Ones served as Chief of Finance in Jiu Tong Automobile Co., Ltd., currently Vice Chairman in Junlai Metal Co., Ltd., Independent Director, Convener of Audit Committee and Member of Remuneration Committee of Shihlin Paper Industry Co., Ltd. More than 20 years of accounting and financial expertise and financial practice experience.	The applicant, spouse, or relative within the second degree of kinship does not serve as a director, supervisor, or employee of the Company or any of its affiliated companies. The shareholder, spouse, or relatives within the second degree of kinship do not own the Company's shares, nor are they held in the name of any third party. He has not served as a director, supervisor, or employee of a company specifically related to the Company. For the past two years, there has been no business, legal, financial, or accounting services provided to the Company or its affiliates. Meet the independence requirements of independent directors.	0

Note: None of the Company's directors are currently subject to any of the circumstances listed under Article 30 of the Company Act.

## Diversity and Independence of the Board of Directors.

- (1) The diversity policy of the Board of Directors of the Company is based on the operation, business model, and development needs of the Company, including but not limited to the following criteria: basic qualifications and values (e.g. gender, age, nationality, and culture, and more.), professional background (e.g. architecture, accounting, finance, construction, business management, and more), professional skills and industrial experience, etc.
  - (2) The current Board of Directors of the Company consists of 7 directors with extensive experience and expertise in various fields such as architecture and design, construction planning, finance and finance, accounting, and business management. Among the current seven directors, 5 are male, accounting for 71%, and 2 are female, accounting for 29%. 1 director is aged between 30 and 50, accounting for 14%, and 6 directors are over 50 years old, accounting for 86%.
  - (3) Among the seats of directors in the preceding paragraph, there shall be 3 independent directors, accounting for 43%. The candidate nomination system shall be adopted, and the shareholders shall elect the directors from the list of independent director candidates. The professional qualifications and appointment of these directors are in accordance with the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies".
  - (4) The number of female directors on the Board does not yet reach one-third, primarily due to the difficulty in recruiting senior professionals in this industry. Going forward, the Company will actively seek qualified female candidates and continue to promote gender diversity, with the aim of gradually increasing the proportion of female members on the Board.
5. Succession Planning for Board Members and important Management

The election of the directors of the Company is performed according to the "Procedures for Election of Directors" of the Company. Based on the consideration of the business development scale and the shareholding status of the main shareholders of the Company along with the evaluation of the needs of actual operation in practice, there are a total of seven directors. In addition, in accordance with the board member diversity policy of the Company, the abilities required for the entirety of the Board of Directors and the annual board performance evaluation result are considered, in order to perform board member candidate arrangement and appointment. The Board of Directors shall direct the strategies of the Company, review the execution progress of strategies, and supervise the management team. In addition, review and adjustment shall be performed according to the industry environment, market condition, and operational direction of the Company. The Board of Directors shall be responsible for the Company and its shareholders, and it is necessary to ensure that the Board of Directors exercises power and authority according to the provisions of the laws and articles of incorporation or resolution of shareholders' meeting.

The abilities required for the entirety of Board of Directors are as follows:

- (1) Operational judgment ability.
- (2) Accounting and financial analysis ability.
- (3) Business management ability.
- (4) Crisis handling ability.
- (5) Knowledge of the industry.
- (6) International market perspective.
- (7) Leadership.
- (8) Decision-making ability.

(II) Information on President, Vice Presidents, Assistant Vice Presidents, and Heads of Departments and Branches

April 22, 2025

Title	Nationality	Name	Gender	Date of (elected to) office	Number of shares held		Shareholding of spouse and underage children		Holding shares in the name of another person		Main experience (education)	Concurrent positions in other companies	Manager with spouse or consanguineous within two degrees			Remarks (Note 1)
					Shares	Percentage of Shareholding	Shares	Percentage of Shareholding	Shares	Percentage of Shareholding			Title	Name	Relationship	
President	Taiwan, R.O.C	Chueh, Chi-Wen	Male	August 12, 2024	0	0	0	0	0	0	Chief Financial Officer, Mudanjiang Xinyuan Operations Management Co., Ltd. Regional Finance Director, Dimerco Express Group (Department of Business Administration, Feng Chia University)	None	None	None	None	None
Vice President	Taiwan, R.O.C	Chen, Mei-Ru	Female	July 01, 2004	2,131,906	0.82	0	0	0	0	Vice President, Shihlin Paper Co., Ltd. (Master's Degree, Boston University)	Chairman, SUNNYFIELD SHIHLIN Co., Ltd.; Director, Shihlin Environmental Protection Co., Ltd.	None	None	None	None
Associate VP	Taiwan, R.O.C	Hung-Chu Li	Male	March 15, 2022	0	0	0	0	0	0	Assistant Vice President of Shihlin Paper Co., Ltd. (Department of Social Sciences, National Open University)	None	None	None	None	None
Manager	Taiwan, R.O.C	Ni-Ru Lin	Female	March 22, 2019	0	0	0	0	0	0	Manager of Shihlin Paper Co., Ltd. (Department of Accounting, Soochow University)	Accounting Manager, Sunshine Shihlin Development Co., Ltd.	None	None	None	None

Note 1: The Company's President or the persons with equivalent positions (the top-level managers) and the Chairman are the same person, spouse, or relatives within the first degree of kinship to each other, the reason, reasonableness, necessity, and countermeasures shall be disclosed (such as increasing the number of independent directors or more than half of the directors not serving as employees or managers concurrently).

## II. Remuneration of Directors, President and Vice Presidents

(I) Remuneration of general directors and independent directors (disclosure of individual names and remuneration methods):  
Unit: NTD thousand

Title	Name	Remuneration to directors								The proportions of items A, B, C and D collectively, to the net profit after tax (Note 1).		Compensation for part-time employees								The proportions of items A, B, C, D, E, F, and G, collectively, to the net profit after tax ((Note 1)1)		Remuneration received from reinvested businesses or from the parent company	
		Remuneration (A)		Retirement pay and pensions (B)		Remuneration to directors (C)		Business execution expenses (D)				Salaries, bonuses and allowances (E)		Severance pay and pension (F)		Employee remuneration (G)							
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	Cash Amount	Amount of shares	Cash Amount	Amount of shares	The Company	All companies included in the financial statements		
Director	Tai Shih Trading Co., Ltd. Representative: Chen, Po-Ting	0	0	0	0	0	0	0	0	0.00%	0.00%	0	0	0	0	0	0	0	0	0	0.00%	0.00%	None
Director	Yee Tzao Enterprise Co., Ltd. Representative: Wu, Chiu-Ling	0	0	0	0	0	0	0	0	0.00%	0.00%	0	0	0	0	0	0	0	0	0	0.00%	0.00%	None
Director	Yi Xiang Industrial Co., Ltd. Representative: Chen, Chih-Yuan	0	0	0	0	0	0	0	0	0.00%	0.00%	0	0	0	0	0	0	0	0	0	0.00%	0.00%	None
Director	Wan Hai Shipping Social Welfare Foundation Representative: Chen, You	0	0	0	0	0	0	0	0	0.00%	0.00%	0	0	0	0	0	0	0	0	0	0.00%	0.00%	None
Independent Director	Hsiao-Chueh Hsieh	0	0	0	0	0	0	272	272	-1.29%	-1.29%	0	0	0	0	0	0	0	0	0	-1.29%	-1.29%	None
Independent Director	Ming-Chu Chen	0	0	0	0	0	0	264	264	-1.26%	-1.26%	0	0	0	0	0	0	0	0	0	-1.26%	-1.26%	None
Independent Director	Ming-Chien Tang	0	0	0	0	0	0	272	272	-1.29%	-1.29%	0	0	0	0	0	0	0	0	0	-1.29%	-1.29%	None

1. Please state the policy, system, standard and structure of the remuneration to independent directors, and the correlation to the amount of remuneration based on the responsibilities, risks, time invested and other factors:  
The remuneration to the independent directors of the Company is based on the resolutions of the 8th meeting of the 23rd and the 2nd meeting of the 24th board of directors, and the professional fees are paid according to their roles.

2. In addition to the above disclosure, the remuneration received by the directors of the Company for services rendered in the most recent year (e.g. as a non-employee consultant of the parent company/the entities in the financial statements/the investees): None.

Note 1: Net income after tax refers to the net income after tax as in the parent company only financial reports for the most recent year.

\* The content of the remuneration disclosed in this table is different from the concept of income as in the Income Tax Act, so this table is for the purpose of information disclosure and not for taxation purposes.

(II) Remuneration of the President and Vice Presidents (name disclosed in the corresponding range in an aggregate manner)

Unit: NTD thousand

Title	Name	Salary (A)		Retirement pay and pensions (B)		Bonuses and Allowances (C)		Amount of employee compensation (D)				The proportion of total A, B, C and D to net income after tax(%) (Note 1)		Remuneration received from reinvested businesses or from the parent company
		The Company	All companies included in the financial report	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies included in the financial statements		The Company	All companies included in the financial statements	
								Cash Amount	Amount of shares	Cash Amount	Amount of shares			
President	Tsai, Cheng-Che (Note 2)													
President	Chueh, Chi-Wen (Note 3)	2,000	2,000	121	121	244	244	0	0	0	0	-11.26%	-11.26%	None
Vice President	Chen, Mei-Ru													

Note 1: Net income after tax refers to the net income after tax as in the parent company only financial reports for the most recent year.

Note 2: President Tsai, Cheng-Che resigned on August 12, 2024.

Note 3: President Chueh, Chi-Wen assumed office on August 12, 2024.

\* The content of the remuneration disclosed in this table is different from the concept of income as in the Income Tax Act, so this table is for the purpose of information disclosure and not for taxation purposes.

Remuneration Range Table

Remuneration Paid to President, and Vice Presidents	Name of President and Vice Presidents	
	The Company	All companies included in the financial statements
Less than NTD 1,000,000	Tsai, Cheng-Che, Chueh, Chi-Wen, Chen, Mei-Ru	Tsai, Cheng-Che, Chueh, Chi-Wen, Chen, Mei-Ru
NTD 1,000,000 (inclusive) - NTD 2,000,000 (exclusive)	None	None
NTD 2,000,000 (inclusive) -NTD3,500,000( exclusive )	None	None
NTD 3,500,000 (inclusive) -NTD5,000,000( exclusive )	None	None
NTD 5,000,000 (inclusive) - NTD 10,000,000 ( exclusive )	None	None
NTD 10,000,000 (inclusive) -NTD15,000,000( exclusive )	None	None
NTD 15,000,000 (inclusive) -NTD30,000,000( exclusive )	None	None
NTD 30,000,000 (inclusive) - NTD 50,000,000 ( exclusive )	None	None
NTD 50,000,000 (inclusive) -NTD100,000,000( exclusive )	None	None
Over NTD 100,000,000	None	None
Total	3	3

(III) Top Five Managers of the Company with the Highest Remuneration

December 31, 2024; Unit: NTD Thousand

Title	Name	Salary (A)		Retirement pay and pensions (B)		Bonuses and Allowances (C)		Amount of employee compensation (D)				The proportion of total A, B, C and D to net income after tax(%) (Note 1)		Remuneration received from reinvested businesses or from the parent company
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies included in the financial statements		The Company	All companies included in the financial statements	
								Cash Amount	Amount of shares	Cash Amount	Amount of shares			
Associate VP	Hung-Chu Li	1,107	1,107	69	69	93	93	0	0	0	0	-6.04%	-6.04%	None
Manager:	Ni-Ru Lin	1,074	1,074	66	66	132	132	0	0	0	0	-6.05%	-6.05%	None
Associate VP	Chen, Chin-Cheng	0	906	0	0	0	108	0	0	0	0	0.00%	-4.83%	None
Manager:	Chou, Ming-Cheng	0	882	0	58	0	93	0	0	0	0	0.00%	-4.92%	None
Vice Manager	Chang, Wen-Cheng	0	905	0	58	0	91	0	0	0	0	0.00%	-5.02%	None

Note 1: Net income after tax refers to the net income after tax as in the parent company only financial reports for the most recent year.

\* The content of the remuneration disclosed in this table is different from the concept of income as in the Income Tax Act, so this table is for the purpose of information disclosure and not for taxation purposes.

(IV) Analysis of total remuneration of directors, President and Vice President as a percentage of net profit after tax of parent company only financial statements

In the past two fiscal years, the Company and all subsidiaries included in the consolidated financial statements have only paid professional service fees to independent directors. These expenses accounted for -3.84% and 0.91% of the net income after tax in 2024 and 2023, respectively. No other director remuneration was paid. The remuneration of the President and Vice Presidents consists primarily of their salaries, which accounted for -11.26% and 2.24% of the net income after tax in 2024 and 2023, respectively. Salary payments are made in accordance with the Company's personnel regulations.

### III. Operation of Corporate Governance

(I) Information on the Operation of the Board of Directors

The Board of Directors held 5 meetings (A) in the most recent year, and the attendance of directors is as follows:

December 31, 2024

Title	Name	Actual number of ( ) seats B	Number in attendance by proxy	Actual attendance rate (%) (B/A)	Remarks
Attendance of the 25th Board of Directors: (January 1, 2024 ~December 31, 2024; Board meetings were held 5 times in the most recent year)					
Chairman	Representative, Tai Shih Trading Co., Ltd.: Po-Ting Chen	5	0	100.00%	
Director	Representative, Yee Tzao Enterprise Co., Ltd.: Chiu-Ling Wu	4	1	80.00%	
Director	Representative, Yi Xiang Industrial Co.,Ltd.: Chih-Yuan Chen	4	1	80.00%	
Director	Representative of Wan Hai Shipping Social Charitable Foundation : You Chen	3	2	60.00%	
Independent Director	Hsiao-Chueh Hsieh	5	0	100.00%	
Independent Director	Ming-Chu Chen	5	0	100.00%	
Independent Director	Ming-Chien Tang	5	0	100.00%	
Other items to be recorded:					
I. The matters listed in Article 14-3 of the Securities and Exchange Act and other matters resolved by the Board of Directors' meeting in which the independent Directors have objected to or reserved their opinions and for which records or written statements are available shall state the date and time of the Board of Directors' meeting, the content of the motion, the opinions of all independent directors and the Company's treatment of the opinions of the independent Directors: In accordance with the law, the independent directors did not object to or reserve their opinions on any of the motions during this year's Board of Directors' meeting.					
II. The implementation of the director's recusal of the proposal of interest shall state the name of the director, the content of the proposal, the reason for the recusal of interest and the circumstances of participation in voting: None.					
III. Publicly listed companies shall disclose the evaluation cycle and period, evaluation scope, method and evaluation content of the Board of Directors' self ( or peer) evaluation as well as other material information					

	Evaluation Cycle	Evaluation period	Evaluation scope	Method of evaluation	Content of evaluation
	Performed once a year	January 1, 2024 to December 31, 2024	Overall Board of Directors, individual Board members and functional committees	Internal self-assessment	Board of Directors: 1. Participation in the Company's operations 2. Improvement of the decision-making quality of the board of directors 3. Composition and structure of the board of directors 4. Election and continuing education of directors 5. Internal control Members of the Board: 1. Mastery of the goals and mission of the company 2. Awareness of directors' duties 3. Participation in the Company's operations 4. Management of internal relations and communication 5. Directors' professionalism and continuing education 6. Internal control Functional Committees: 1. Participation in the Company's operations 2. Awareness of the duties of the functional committees 3. Improvement of the decision-making quality of the functional committees 4. Composition of the functional committees and selection of its members 5. Internal control

Overall evaluation: Good.

The Company held a total of 5 Board meetings in 2024, and the average attendance rate of directors was 89%; the attendance rate of directors and the operation of the Board of Directors were good, with the achievement rate of 92%-96% of the evaluation items this year. The current systems and implementation results of each functional committee are still sound, and there are no suggestions for improvement at the moment. The Board of Directors will continue to strengthen them based on the results of this evaluation to improve the effectiveness of corporate governance.

IV. Assessment of the objectives of the current and most recent year to strengthen the functions of the Board of Directors (e.g., establishing an audit committee, enhancing information transparency, etc.) and the corresponding implementation status.

(1) Objectives for enhancing Board of Directors functions: The Company has appointed independent directors to strengthen the independence of the Board. An Audit Committee was established in 2019, along with a Remuneration Committee. Through the establishment and operation of these functional committees, the effectiveness of the board has been enhanced.

(2) Implementation status: Major proposals of the Company (such as intercompany loans or endorsements and guarantees) are executed only after being reviewed by the Audit Committee and resolved by the Board of Directors. Full disclosure is made on the MOPS to ensure transparency of information.

## (II) Operation of the Audit Committee

1. The Audit Committee of the Company consists of three members, whose main authorities and responsibilities are as follows

- (1) To establish or amend the internal control system in accordance with Article 14-1 of the Securities and Exchange Act
- (2) To evaluate the effectiveness of the internal control system.
- (3) To establish or revise procedures for handling significant financial transactions involving the acquisition or disposal of assets, derivative transactions, lending of funds to others, or endorsement or guarantee for others in accordance with Article 36-1 of the Securities and Exchange Act.
- (4) Matters involving directors' own interests.
- (5) Significant asset or derivative transactions.

- (6) Significant lending of funds, endorsements or guarantees
- (7) The raising, issuance or private placement of marketable securities of an equity nature.
- (8) The appointment, dismissal or compensation of attesting CPAs
- (9) Appointment or removal of finance, accounting or internal audit officers.
- (10) Annual financial statements and semi-annual financial statements
- (11) Other Material Matters as Required by the Company or Competent Authorities.

2. Major tasks of the Audit Committee in 2024:

- (1) Review of financial reports: the Company's annual business reports, financial statement, and losses make-up proposals are approved by the Audit Committee and submitted to the Board of Directors for discussion, and then submitted to the shareholders' meeting for adoption after the Board of Directors' resolution.
- (2) Evaluation of the effectiveness of internal control: The audit unit regularly reports the internal control system and implementation status to the Audit Committee, and submits the amendments to the internal control system and the statement on the internal control system to the Audit Committee for review.
- (3) Assessment of the suitability of CPAs: The Audit Committee assesses the suitability of the appointed CPAs every year.

3. The Audit Committee met five times (A) in the most recent year, and the attendance of independent directors was as follows:

Title	Name	Number of actual attendances B	Number in attendance by proxy	Actual attendance rate (%) (B/A)	Remarks
Attendance of the 2nd term of Audit Committee members: (January 1, 2024 - December 31, 2024; 5 Audit Committee meeting was convened in the most recent year) (A)					
Independent Director (Convener of Audit Committee)	Hsiao-Chueh Hsieh	5	0	100%	
Independent Director (Member of the Audit Committee)	Ming-Chu Chen	4	1	80%	
Independent Director (Member of the Audit Committee)	Ming-Chien Tang	5	0	100%	
Other items to be recorded:					
I. The date, session and proposal content of Audit Committee meetings, objection, qualified opinions and content of significant recommendations of independent directors, the Audit Committee's resolutions and the Company's handling of the Audit Committee's comments shall be specified under any one of the following circumstances.					
(I) The matters listed in Article 14-5 of the Securities and Exchange Act: Handle the matters pursuant to the law, and the independent directors have no objection or qualified opinion on any proposal this year.					
(II) Aside from said circumstances, resolution(s) not passed by the audit committee but receiving the consent of two-thirds of the Board of Directors: None.					
II. The implementation of the independent Director's recusal of the proposal of interest shall state the name of the independent Director, the content of the proposal, the reason for the recusal of interest and the circumstances of participation in voting: None.					
III. Communication between the independent Directors, the head of internal audit, and the CPA (which should include significant matters, manner and results of communication regarding the Company's financial and business conditions):					
(I) Communication between independent directors and CPAs: There was 1 communication meeting held between independent directors and CPAs in 2024, and the main communication is summarized as follows:					

Date of meeting	Communication with accountants		
	Attendees	Matters	Result of communication
March 13, 2024	Independent Director Hsieh, Hsiao-Chuck Independent Director Chen, Ming-Chu Independent Director Tang, Ming -Jian Audit Supervisor Hong, Yu-Ling	Independence of CPAs	1. A declaration that the audit personnel's office is subject to independence regulations and that the firm and the affiliated firm have complied with the independence regulations. 2. The relationship or other matters that may be considered to affect the independence of the firm or the affiliated firm and the Company are not identified after assessment.
		Auditors' responsibilities and scope of audit on the financial statements	1. The CPA's responsibilities are to perform audits on the financial statements prepared by the management under the supervision of the unit overseeing the Company in accordance with the Auditing Standards, and to form and express an opinion. The audit does not relieve the management and the governing body of their responsibilities for the financial statements. 2. Communicate the key audit matters in the audit report. 3. The Company's financial statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, as well as the IFRS, IAS, and the related interpretations and announcements as endorsed and issued by the FSC. The audit was conducted in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by CPAs and auditing standards. 4. The accountant performs the relevant audit work according to the calculated materiality amount, and adopts the expert opinion.

(II) Communication between independent directors and the internal audit head: A total of 5 communication meetings were held between independent directors and internal audit heads in 2024. The main communication meetings are as follows:

Date of meeting	Communication with the internal audit supervisor		
	Attendees	Matters	Result of communication
March 13, 2024	Independent Director Hsieh, Hsiao-Chuck Independent Director Chen, Ming-Chu Independent Director Tang, Ming -Jian Audit Supervisor Lin, Ming-Fu	1. 2023 Q4 audit performance report and communication. 2. Declaration of internal control system for 2023.	1. The motion was unanimously approved by all attending members without objections, and the motion is ratified. 2. The motion was unanimously approved by all attending members without objection, and submitted to the Board of Directors for resolution.
May 9, 2024	Independent Director Hsieh, Hsiao-Chuck Independent Director Chen, Ming-Chu Independent Director Tang, Ming -Jian Audit Supervisor Lin, Ming-Fu	1. 2024 Q1 audit execution report and communication. 2. Audit report and communication on material losses in outsourced processing orders. 3. Amendments to the internal control system: "Procurement and Payment Cycle" and "Computer Cycle"	1. The motion was unanimously approved by all attending members without objections, and the motion is ratified. 2. The motion was unanimously approved by all attending members without objection, and submitted to the Board of Directors for resolution.
August 12, 2024	Independent Director Hsieh, Hsiao-Chuck Independent Director Chen, Ming-Chu Independent Director Tang, Ming -Jian Audit Supervisor Lin, Ming-Fu	1. 2024 Q2 audit execution report and communication.	1. The motion was unanimously approved by all attending members without objections, and the motion is ratified.
November 11, 2024	Independent Director Hsieh, Hsiao-Chuck Independent Director Tang, Ming -Jian Audit Supervisor Lin, Ming-Fu	1. Q3 2024 audit performance report and communication. 2. Establishment of control procedures for "Sustainability Information Management" and amendments to the internal control system: "Implementation Rules for Internal Audit." 3. Discussion of the 2025 audit plan.	1. The motion was unanimously approved by all attending members without objections, and the motion is ratified. 2. The motion was unanimously approved by all attending members without objection, and submitted to the Board of Directors for resolution.
December 16, 2024	Independent Director Hsieh, Hsiao-Chuck Independent Director Chen, Ming-Chu Independent Director Tang, Ming -Jian Audit Supervisor Lin, Ming-Fu	Audit execution report and communication for October 2024	1. The motion was unanimously approved by all attending members without objections, and the motion is ratified.

(III) The implementation of corporate governance and the deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor

Evaluation Items	State of Operations			Differences with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary Description	
I. Has the Company established and disclosed its corporate governance principles in accordance with Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?	✓		The Company has established the "Corporate Governance Best Practice Principles," which was approved after the discussion of the Board of Directors on November 9, 2021. The latest revised version is also disclosed on the Market Observation Post System and the Company's website from time to time. <a href="https://www.shihlin.com.tw/manage.html">https://www.shihlin.com.tw/manage.html</a>	No difference
II. Shareholding structure and shareholders' rights (I) Has the Company established internal procedures to deal with shareholders' proposals, questions, disputes and litigation matters, and implemented them in accordance with the procedures?	✓		(I) In order to protect the rights and interests of shareholders, the Company has appointed the Shareholders Service Department to handle related matters on behalf of the Company, and has also appointed a spokesperson and deputy spokesperson to handle shareholders' suggestions, doubts and disputes, and fully disclose the contact information on the Company's official website. Shareholders may voice their opinions through telephone and email, and the Company will handle the matter in accordance with the relevant operating procedures.	No difference
(II) Does the Company have a list of the major shareholders and the ultimate controllers of the major shareholders who effectively control the Company?	✓		(II) The Company provides information on the shareholders' register and the insider's shareholding change reporting system through the stock affairs agent.	No difference
(III) Has the Company established and implemented a risk control and firewall mechanism with its affiliates?	✓		(III) The Company has established the "Supervision and Management of Subsidiaries" and the "Regulations on the Management of Transactions with Related Parties", which are handled in accordance with the Company's internal control system, and the risk management and control mechanism and the firewall mechanism against the affiliated enterprises are duly implemented.	No difference
(IV) Has the Company established internal regulations to prohibit insiders from trading marketable securities using undisclosed information in the market?	✓		(IV) The Company has formulated the "Corporate Governance Best-Practice Principles", "Procedures for Handling Inside Information", "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct", and informs the insiders and advocating or arranging insider-related refresher courses from time to time.	No difference
III. Composition and Responsibilities of the Board of Directors (I) Does the Board of Directors have the formulation of diversity policy, specific management goals and implementation?	✓		(I) The Board of Directors is composed of members elected by the shareholders. In addition to the independence of the independent directors, the Company also nominates candidates with professional qualifications to be elected by the shareholders in accordance with the business needs of the Company. The Company's current board members come from different professional fields, and there are 2 female members, which is about one-third of the board seats. They can provide diversified opinions on the Board of Directors.	No difference
(II) Has the Company voluntarily established any functional committees other than the Remuneration Committee and Audit Committee in accordance with the law?	✓		(II) The Company has established a Remuneration Committee in accordance with the law, and has established an Audit Committee in 2019. Other functional committees will be evaluated and considered in accordance with actual needs.	The Company will set up other functional committees in the future in accordance with the regulatory requirements and operational needs.
(III) Has the Company established a method for evaluating the performance of the Board of Directors and how to evaluate the performance of the Board of Directors, conducts performance evaluation annually and regularly, and reports the results of the performance evaluation to the Board of Directors and uses them as reference for an individual Director's salary and compensation and nomination for reappointment?	✓		(III) The Company has established the performance evaluation method for the Board of Directors in 2020 and has been conducting regular performance evaluations every year since 2020, and the results of the performance evaluation are reported to the Board of Directors and used as reference for individual Director's remuneration.	No difference
(IV) Does the Company regularly evaluate the independence of the attesting CPA?	✓		(IV) The Company regularly evaluates the independence of CPAs every year. Moreover, the CPAs of the Company are not related parties to the Company or directors, and there is no doubt about their independence.	No difference

Evaluation Items	State of Operations		Differences with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons	
	Yes	No		Summary Description
IV. Does the listed company have a suitable and appropriate number of corporate governance personnel and designated a corporate governance officer to be responsible for corporate governance related matters (including but not limited to providing information necessary for directors and supervisors to perform their business, assisting directors and supervisors to comply with relevant laws and regulations, conducting Board and Shareholders' meeting related matters in accordance with the law, and preparing minutes of board and shareholders' meetings, etc.)?	✓		<p>The Company's Board of Directors resolved at the Board of Directors' meeting held on May 11, 2021 to appoint Vice President Chen, Mei-Ru as the corporate governance officer to protect shareholders' rights and interests and to strengthen the functions of the Board of Directors. Vice President Chen, Mei-Ru has more than three years of experience as a financial officer of a public company. The corporate governance officer is responsible for conducting Board of Directors' and shareholders' meetings, preparing minutes of Board of Directors' and shareholders' meetings, assisting directors in their appointment and continuing education, providing information necessary for directors to perform their duties, and assisting directors in complying with laws and regulations.</p> <p>Its terms of reference include:</p> <p>1. Managing Board of Directors' meetings and shareholders' meetings in accordance with laws, preparing minutes of Board of Directors' meetings and shareholders' meetings, assisting directors and supervisors in onboarding and continuing education, providing directors and supervisors with the information needed to execute their duties, and assisting directors and supervisors in complying with laws and regulations.</p> <p>2. According to Article 6, Paragraph 24 of Guidelines for Compliance in the Establishment and Exercise of Powers by the Board of Directors of Taiwan Stock Exchange Listed Companies, the listed company shall arrange professional training for its corporate governance officer. The Head of Corporate Governance shall receive at least 18 hours of advanced education within a year from the date of assuming the position, and shall also receive at least 12 hours of advanced education each year.</p> <p>Vice President Chen, Mei-Ru, Head of Corporate Governance, completed 12 hours of continuing education in 2024 and complied with regulations. The courses are listed as follows:</p> <p>2024/07/03 Taiwan Stock Exchange - 2024 Cathay Sustainable Finance and Climate Change Summit (6 hours)</p> <p>2024/10/04 Securities and Futures Institute - 2024 Seminar on Insider Trading Prevention (3 hours)</p> <p>2024/12/17 Taiwan Project Management Association - Advanced Course for Directors of Listed Companies: Applications of Generative AI and ChatGPT for Corporate Sustainability (3 hours)</p>	No difference
V. Has the company established communication channels with stakeholders (including but not limited to shareholders, employees, customers and suppliers, etc.) and set up a stakeholder area on the company's website, and appropriately respond to important CSR issues of concern to stakeholders?	✓		Currently, a spokesperson or an acting spokesperson serves as the external contact window and the Company has established a public website.	No difference
VI. Does the company appoint an independent stock affairs agency to handle the affairs of the shareholders' meetings?	✓		The Company has appointed Yuanta Securities Co., Ltd. to conduct shareholders' meetings.	No difference
VII. Information Disclosure (I) Has the Company set up a website to disclose financial and corporate governance information?	✓		(I) The Company has established a public website to disclose information on financial operations and corporate governance on a regular basis.	No difference
(II) Has the Company adopted other methods of information disclosure (e.g., setting up an English-language website, designating a person responsible for the collection and disclosure of corporate information, implementing a spokesperson system, and placing corporate presentation sessions on the Company's website)?	✓		(II) The Company has a spokesperson and proxy spokesperson system to serve shareholders or stakeholders at all times, and has designated a person responsible for collecting information and disseminating material information to the public.	No difference
(III) Does the Company announce and report its annual financial statements within two months after the end of the fiscal year, and announce and report its first, second and third quarterly financial statements and operations for each month well in advance of the prescribed deadline?		✓	(III) The Company announces and reports its financial statements and monthly operations within the allowable period prescribed by law.	The Company announces and reports its financial statements and monthly operations within the period prescribed by law.

Evaluation Items	State of Operations		Differences with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	
VIII. Does the Company have other important information that can help with the understanding of the state of the Company's corporate governance (including but not limited to employee rights and benefits, employee care, investor relations, supplier relations, rights of interested parties, the status of continuing education of directors and supervisors, the implementation of risk management policies and risk measurement standards, the implementation of customer policies, the Company's purchase of liability insurance for directors and supervisors, etc.)?	✓		<p>(I) Employee rights: The Company encourages employees to communicate directly with management and directors to appropriately reflect their opinions on the Company's operations and financial condition or on major decisions involving their interests.</p> <p>(II) Employee care: The Company has established an employee Welfare Committee in accordance with the law to provide various welfare benefits and care for employees' injuries and illnesses.</p> <p>(III) Investor relations: The Company has always attached importance to the shareholders' right to be informed, and has a spokesperson to serve the shareholders. The Company convenes shareholders' meetings on a regular basis to discuss major resolutions, and complies with the relevant regulations on information disclosure and disclosure of the Company's finance, business operations, insider shareholding and corporate governance. Information is provided to shareholders on a regular and timely basis using the Market Observation Post System (MOPS) or the website set up by the Company.</p> <p>(IV) Supplier relations and stakeholder rights: The Company has a smooth communication channel with banks and other creditors, consumers, suppliers, communities or stakeholders of the Company, and welcomes and respects valuable opinions from the public to protect legitimate rights and interests.</p> <p>(V) Implementation of risk management policies and risk measurement standards: The Company has an audit office that regularly monitors the Company's operations and reports directly to the Audit Committee on a quarterly basis to assist the Audit Committee in monitoring the execution of the Company's business and the due diligence of directors and managers, and to pay attention to the implementation of the Company's internal control system so that the Audit Committee can take appropriate measures in a timely manner to prevent the expansion of possible deficiencies if they are identified, thereby reducing the Company's financial crisis and operational risks.</p> <p>(VI) Implementation of customer policies: The Company makes good use of the Internet to set up a website to accept customer complaints, actively respond to customer needs, and maintain smooth communication management with customers.</p> <p>(VII) The Company purchased liability insurance for Directors and independent Directors: The Company continued the purchase of liability insurance for Directors and independent Directors on March 11, 2024.</p>

IX. Please provide information on the results of the corporate governance evaluation released by the Corporate Governance Center of the Taiwan Stock Exchange Corporation (TWSE) in the most recent year, and propose priorities and measures to enhance those areas that have not yet been improved.		
Improvements or priority enhancements and measures for the 2024 11th Corporate Governance Evaluation		
Serial No.	Evaluation Indicators	Improved situation or priority enhancements and measures
1	Has the Company disclosed its water consumption and total waste volume over the past two years?	The Company will disclose its water consumption and total waste volume for the past two years on its official website.

#### (IV) Operation of the Remuneration Committee

The Company has formally established the Remuneration Committee since December 23, 2021. Its main responsibilities and powers include formulating and regularly reviewing directors' and managers' performance evaluation and their salary and compensation policy, system, standards, and structure, while assisting the Board of Directors in implementing and evaluating the remuneration of the Company's directors and managers from a professional and objective perspective.

##### 1. Information on the Remuneration Committee members

Conditional Identity	Name	Professional qualifications and experience	Independence status	Number of positions as Remuneration Committee
Independent Director (Convener)	Ming-Chu Chen	Please refer to page 11 for information on directors' professional qualifications and independent director independence disclosure.	None of himself, spouse, or relatives within the second degree of kinship serve as directors, supervisors, or employees of the Company or its affiliated companies. The shares of the Company are not held by themselves, spouse, or relatives within the second degree of kinship, nor are they held in the name of any third party. He has not served as a director, supervisor, or employee of a company specifically related to the Company. For the past two years, there has been no business, legal, financial, or accounting services provided to the Company or its affiliates. Concurrently, he is a member of the Remuneration Committee of Wan Hai Lines Co., Ltd.	1
Independent Director	Ming-Chien Tang	Please refer to page 11 for information on directors' professional qualifications and independent director independence disclosure.	None of himself, spouse, or relatives within the second degree of kinship serve as directors, supervisors, or employees of the Company or its affiliated companies. The shares of the Company are not held by themselves, spouse, or relatives within the second degree of kinship, nor are they held in the name of any third party. He has not served as a director, supervisor, or employee of a company specifically related to the Company. For the past two years, there has been no business, legal, financial, or accounting services provided to the Company or its affiliates.	0
Independent Director	Hsiao-Chueh Hsieh	Please refer to page 11 for information on directors' professional qualifications and independent director independence disclosure.	None of himself, spouse, or relatives within the second degree of kinship serve as directors, supervisors, or employees of the Company or its affiliated companies. The shares of the Company are not held by themselves, spouse, or relatives within the second degree of kinship, nor are they held in the name of any third party. He has not served as a director, supervisor, or employee of a company specifically related to the Company. For the past two years, there has been no business, legal, financial, or accounting services provided to the Company or its affiliates.	0

##### 2. Information on the operation of the Remuneration Committee

- (1) There are 3 members in the Company's Remuneration Committee
- (2) The term of office of the members of the current term: From June 14, 2022 to June 13, 2025. Over the last year the Remuneration Committee had held 2 (A) meetings. The qualifications and attendance of the members are as follows:

Title	Name	Number of actual attendances B	Number in attendance by proxy	Actual attendance rate (%) (B/A)	Remarks
The attendance of members of the 5th term: (January 1, 2024 - December 31, 2024; the Remuneration Committee met 2 times in the most recent year) (A)					
Convener	Ming-Chu Chen	2	0	100%	
Committee Members	Ming-Chien Tang	2	0	100%	
Committee Members	Hsiao-Chueh Hsieh	2	0	100%	
Other items to be recorded:					
I. If the Board of Directors does not adopt or amend the suggestions of the Remuneration Committee, the date and term of the Board meeting, the contents of the motions, the resolutions of the Board of Directors, and the Company's handling of the Remuneration Committee's opinions should be disclosed (e.g. the reason for the difference shall be stated): No such situation.					
II. If the members of the Remuneration Committee have objections or reservations to the resolutions and there are records or written statements, they shall state the date and period of the Remuneration Committee, the content of the resolutions, the opinions of all members, and the treatment of the opinions of the members: No such cases have occurred.					

(V) Implementation of Sustainable Development and the Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof

Promotional Items	Status of Implementation (Note 1)		Summary Description	Differences with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No		
I. Has the Company established a governance structure to promote sustainable development, and set up a dedicated (part-time) unit to promote sustainable development, which is authorized by the Board of Directors to be handled by senior management, and the supervision situation of the Board of Directors?	✓		The Company established the "Sustainable Development Committee" in 2022. The committee is responsible for setting, promoting, and supervising sustainable development goals and strategies. On economic, environmental, and social sustainability issues arising from the Company's operations, the Company's sustainability work report is submitted to the Board of Directors at least once a year.	No difference
II. Does the Company conduct risk assessments on environmental, social and corporate governance issues related to its operations in accordance with the principle of materiality, and establish relevant risk management policies or strategies ? ( Note 2)	✓		The management of the Company evaluates the risk assessment of environmental, social and corporate governance issues related to the Company's operations from time to time in accordance with the principle of materiality.	No difference
III. Environmental Issues				
(I) Has the Company established an appropriate environmental management system based on the characteristics of its industry?	✓		(I) The Company is committed to maintaining the internal and external environment of the plants, and all aspects of the environment and environmental protection have complied with relevant laws and regulations.	No difference
( II) Is the Company committed to improving energy efficiency and using recycled materials with low impact on the environment ?	✓		(II) The Company fully and effectively uses resources to reduce waste and cost.	No difference
(III) Does the Company evaluate the potential risks and opportunities posed by climate change to the Company at present and in the future, and take relevant countermeasures ?	✓		(III) In order to save water resources and energy consumption, the Company's plants continue to promote energy conservation, mainly focusing on electricity conservation measures, and fully implement energy conservation programs.	No difference
(IV) Has the Company kept statistics on the amount of greenhouse gas emission, water consumption and total weight of waste in the past two years, and formulated policies for greenhouse gas reduction, reduction of water consumption, and management of waste?	✓		(IV) The Company is not an energy-intensive industry and does not install or use facilities that generate large amounts of greenhouse gases. In the office area, we actively promote energy conservation and carbon reduction. We encourage the separation and recycling of waste and the use of eco-friendly chopsticks and water cups to reduce the impact on the environment.	No difference
IV. Social Issues				
(I) Has the Company established relevant management policies and procedures in accordance with applicable laws and International Bill of Human Rights?	✓		(I) The Company recognizes and follows the "United Nations Universal Declaration of Human Rights," "United Nations Global Compact," "United Nations Guiding Principles on Business and Human Rights," and "International Labor Organization - Declaration on Fundamental Principles and Rights at Work" and the principles disclosed in international conventions of human rights. Meanwhile, the Company has formulated work rules and other related management measures in accordance with labor laws and regulations to protect the legitimate rights and interests of employees. At the same time, an Employee Welfare Committee is in place to ensure employee welfare. In addition, the Company adopts an open two-way communication method to promote policies and understand employees' opinions.	No difference
(II) Does the Company formulate and implement reasonable employee welfare measures (including remuneration, leave and other benefits, etc.), and appropriately reflect the operating performance or results in the employee remuneration?	✓		(II) In addition to complying with the Labor Law, the Company appraises salaries based on their academic background, professional knowledge, and abilities, and the salary standards for men and women are consistent, and there is no difference ; in addition to the basic salary, the annual entitlement The Company has formulated comprehensive rules, including work rules, employee evaluation, education and training, annual bonuses, etc., to clarify and effective reward and discipline systems.	No difference
(III) Does the Company provide employees with a safe and healthy work environment, and provide employees with safety and health education on a regular basis?	✓		(III) The Company provides regular health checkups for employees every year . In order to prevent occupational disasters and protect the safety and health of employees, the Company has established the safety and health work rules to ensure the safety and health of employees, and actively and effectively prevent occupational disasters. In 2024, the number of occupational injuries was 0, and the number of occupational injuries was 0. This indicates that the Company's occupational safety and health measures are well effective.	No difference
(IV) Does the Company establish an effective career ability development training program for employees?	✓		(IV) The Company shall from time to time send relevant employees to the competent authorities to receive education and training.	No difference

Evaluation Items	State of Operations		Differences with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and reasons thereof	
	Yes	No		Summary Description
(V) Does the Company comply with relevant laws and regulations and international standards regarding customer health and safety, customer privacy, marketing and labeling of products and services, and establish relevant policies and complaint procedures to protect the rights and interests of consumers or customers?	✓		(V) The Company follows relevant regulations and international standards for product development, service, marketing and labeling.	No difference
(VI) Does the Company have a supplier management policy defined to require suppliers to comply with relevant regulations on environmental protection, occupational safety and health, or labor human rights, and the implementation status thereof?	✓		(VI) The Company regularly evaluates major suppliers. If there are any violations of its corporate social responsibility and significant impact on the environment and society, the suppliers will be immediately listed for observation and will be counseled for improvement.	No difference
V. Does the Company prepare its non-financial reports, such as a Sustainability Report in accordance with the internationally-used reporting standards or guidelines? Did the Company obtain confirmation or assurance from a third-party verifier for the preceding report?		✓	The Company's Sustainability Report was prepared with reference to the International Regulations Governing the Compilation of Reports.	In the future, subject to the requirements of the competent authority or laws and regulations, obtain confirmation or guarantee from a third-party verification unit in conjunction with the sustainability report.

VI. If the Company has established its own sustainable development best practice principles in accordance with the "Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies", please describe the current practices and any deviations from the Best Practice Principles: The actual operation is in line with the rules.

VII. Other important information helpful for understanding the promotion of sustainable development:

Serial No.	Objective/Target	Program	Implementation status
1	Community engagement	Neighborhood cleanup	In support of community environmental protection and to promote the message "Environmental protection starts with ourselves," Shihlin Paper collaborated with the local borough office to organize a "Neighborhood Cleanup" environmental campaign.
2	Local events	Participation in community and local activities	The Company actively participates in various festivals organized by local governments, as well as in regional temple fairs, cultural events, folk activities, and charitable programs.
3	Industrial waste management	Resource reuse	Adhering to the principle of waste resource recovery and maximized utilization, the Company strives to reduce waste generation and prioritizes recycling and reuse, with final disposal as a secondary option. Control measures include strict waste sorting requirements to prevent improper disposal and mitigate processing issues, as well as implementing source control of waste.

Note 1. If you select "Yes" for the implementation, please specify the important policies, strategies, measures and implementations; if "No" for the implementation, please describe in the "Deviation from the Best Practice Principles for Sustainable Development of TWSE/TPEX Listed Companies." and causes" of the differences and causes, and the plans to adopt related policies, strategies, and measures in the future. However, with regards to Items 1 and 2, the TWSE/TPEX listed company shall describe its sustainable development governance and supervision structure, including but not limited to management approach, strategy and goal setting, and review measures. It also describes the Company's risk management policies or strategies on environmental, social, and corporate governance issues related to its operations, and its evaluation.

Note 2. The principle of materiality refers to those which have a significant impact on the Company's investors and other interested parties regarding environmental, social and corporate governance issues.

Note 3. Please refer to the best practice reference examples on the website of the Corporate Governance Center of the Taiwan Stock Exchange for disclosure methods.

## Climate-Related Information of TWSE/TPEX-Listed Companies

### Implementation Status of Climate-Related Disclosures

Item	Implementation status
Description of the Board of Directors' and management's oversight and governance of climate-related risks and opportunities.	The Board of Directors serves as the highest governing body for overseeing and approving climate change management. To ensure the effective operation of the climate management mechanism, the Board regularly tracks and executes the following: (1) Monitoring the progress and results of annual targets. (2) Keeping up to date with international carbon emission regulations. (3) Setting sustainability goals and strategies.
Explanation of how identified climate risks and opportunities impact the Company's business, strategy, and financial planning in the short, medium, and long term.	In 2023, the Company completed an annual climate risk identification process based on the TCFD framework and indicators, identifying the potential financial impacts and corresponding strategies under both risk and opportunity scenarios. The Company's detailed analysis of climate change risks and opportunities is available on the Company's website: <a href="https://www.shihlin.com.tw/download/ESG/ESGReport_2023.pdf">https://www.shihlin.com.tw/download/ESG/ESGReport_2023.pdf</a>  Impact on business operations: (1) Short term: No significant or material impact on the Company. (2) Medium to long term: Water and electricity shortages may lead to increased environmental unsuitability and a rise in actual product costs.
Description of the financial impact of extreme climate events and transition actions.	Depending on the nature of extreme climate events and transition actions, the financial impact may include, but is not limited to, increased costs, higher capital expenditures, or increased revenues. For detailed information, please refer to the Company's website: <a href="https://www.shihlin.com.tw/download/ESG/ESGReport_2023.pdf">https://www.shihlin.com.tw/download/ESG/ESGReport_2023.pdf</a> .
Description of how the processes for identifying, assessing, and managing climate risks are integrated into the overall risk management system.	In accordance with TCFD recommendations, the Company has established a Sustainability Promotion Task Force, which monitors climate-related issues, evaluates potential impacts, proposes preventive measures in advance, and reports annually to the Board of Directors on the Company's climate response.
If scenario analysis is used to assess the resilience to climate-related risks, the applied scenarios, parameters, assumptions, analytical factors, and key financial impacts should be disclosed.	The Company did not apply scenario analysis to assess resilience to climate-related risks in 2024.
If there are transition plans for managing climate-related risks, the content of such plans should be disclosed, along with the indicators and targets used to identify and manage physical and transition risks.	The Company has no transition plan in place for managing climate-related risks in 2024.
If internal carbon pricing is used as a planning tool, the basis for pricing should be disclosed.	The Company has not yet adopted an internal carbon pricing mechanism.
If climate-related targets are set, information should be provided on the covered activities, GHG emission scopes, target timelines, and annual progress. If carbon offsets or Renewable Energy Certificates (RECs) are used to meet the targets, the source and amount of carbon reductions or RECs should be disclosed.	The Company has not yet set any climate-related targets in 2024.
Greenhouse gas inventory, assurance status, reduction targets, strategies, and specific action plans	The Company has established a GHG inventory schedule and reports on its progress to the Board of Directors quarterly.

(VI) Status of the Ethical Corporate Management and the Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof

Evaluation Items	Operation status ( Note )		Differences with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and reasons thereof	
	Yes	No		Summary Description
I. Establishment of Corporate Conduct and Ethics Policy and Implementation Measures				
(I) Has the Company established an ethical corporate management policy approved by the Board of Directors, and stated in its Articles of Incorporation or external documents the Company's policies and practices on ethical management, and the commitment of the Board of Directors and senior management to actively implement business policies?	✓		(I) In order to establish a corporate culture of ethics and sound development of the Company, and to implement good corporate governance and risk control mechanisms to create a sustainable business environment, the Company established the "Ethical Corporate Management Best Practice Principles" on December 10, 2021 with reference to the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies".	No difference
(II) Whether the Company establishes an assessment mechanism for the risk of unethical conduct, analyzes and assesses the business activities with higher risk of unethical conduct within the business scope on a regular basis, and establishes prevention programs accordingly, and at least covers the "listed" "Ethical Corporate Management Best Practice Principles", Paragraph 2, Article 7	✓		(II) The Company has established the "Procedures for Ethical Management and Guidelines for Conduct" to govern the specific ethical management practices and plans for preventing unethical behaviors, including the operating procedures, guidelines, and the establishment of an education, reward, and punishment system and disciplinary action. Regulate the precautions that personnel should be aware of when conducting business, and prohibit the offering or acceptance of unjustifiable benefits in order to prevent unethical practices.	No difference
(III) Does the Company have the operational procedures, behavioral guidelines, punishment and complaint systems specified in the prevention program for unethical conducts, and implemented, and the programs disclosed above are regularly reviewed and amended?	✓		(III) The Company has established the preventive programs in the "Procedures for Ethical Management and Guidelines for Conduct" against the acceptance of improper benefits, political contributions, donations or sponsorships, infringement of intellectual property rights, conflicts of interest, leakage of trade secrets, and insider trading; and measures.	No difference
II. Implementing Corporate Ethical Management				
(I) Does the Company evaluate the ethical records of its trading counterparts, and specify the ethical conduct clauses in the contracts signed with its trading counterparts?	✓		(I) The Company conducts annual supplier evaluation, and will refuse to deal with suppliers with records of unethical behavior.	No difference
(II) Has the Company set up a dedicated unit under the Board of Directors to promote corporate ethical management, and has it reported its ethical management policies and programs to prevent unethical behaviors and supervision to the Board of Directors on a regular basis ( at least once a year ) ?	✓		(II) The Company's President's Office is responsible for promoting the formulation and supervising the implementation of policies and preventive programs for ethical corporate management, assisting the Board of Directors and management in checking and evaluating whether the preventive measures established for ethical corporate management are operating effectively, reviewing the appropriateness and effectiveness of the preventive programs, and regularly (once a year) reporting to the Board of Directors on its implementation.	No difference

Evaluation Items	Operation status ( Note )			Differences with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and reasons thereof
	Yes	No	Summary Description	
(III) Does the company have a conflict-of-interest prevention policy, provide a channel for proper representation, and implement it?	✓		(III) The Company establishes policies to prevent conflicts of interest and provides appropriate channels of expression for colleagues to provide information and report at any time.	No difference
(IV) Has the Company established an effective accounting system and internal control system for the implementation of ethical management, and has the internal audit unit prepared a relevant audit plan based on the assessment results of the risk of unethical acts, and reviewed the compliance of the unethical behavior prevention plan accordingly, or appointed an accountant to perform an audit?	✓		(IV) The Company established an accounting system in accordance with the relevant laws and regulations and with the international financial reporting standards, interpretations and explanatory pronouncements approved by the Financial Supervisory Commission, taking into account the characteristics of the industry, so that the Company's accounting matters, can be followed in line with accepted standards, ensuring that accurate and reliable accounting information can be provided on a regular basis for the management's reference. Through the implementation of the procedures and regulations related to the accounting system, the Company's operating activities can be operated in accordance with strict operational regulations, so that all operations can be collated with each other to prevent the occurrence of malpractice and safeguard the safety of the Company's assets. The Company designs and implements an internal control system taking into account the overall operational activities and reviews it from time to time in response to changes in the Company's internal and external environment to ensure that the system is designed and implemented in an effective manner. In accordance with the audit plan, internal auditors may conduct on-site audits at the audited units on a regular or irregular basis, and may request the audited units to submit documents, books, and certificates for documentary reference, and if necessary, conduct project audits on specific topics, and submit audit reports with working drafts and related information to the Board of Directors.	No difference
(V) Does the company regularly conduct internal and external education and training on ethical management?	✓		(V) The Company has a dedicated unit that promotes education and education for all employees to enhance the concept of integrity and self-discipline. The scope of education covers integrity, ethical behavior, business secrets, and anti-corruption and anti-bribery.	No difference
III. Operation of the whistleblowing System (I) Does the Company have a specific whistleblower and reward system, and has it established a convenient whistleblower channel and assigned appropriate staff to receive whistleblowing reports?	✓		(I) The Company has established a "Code of Ethical Behavior" and a whistle-blowing hotline in the whistle-blowing system, where whistle-blowers may report matters directly to the President's Office. Employees who violate the regulations will be punished in accordance with the "Employee Work Rules"; if the report is true, the whistleblower will be given appropriate rewards in accordance with the "Employee Work Rules."	No difference

Evaluation Items	Operation status ( Note )			Differences with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and reasons thereof
	Yes	No	Summary Description	
(II) Does the Company have standard operating procedures for the investigation of whistleblowing matters, follow-up measures to be taken after the completion of the investigation, and relevant confidentiality mechanisms?	✓		(II) The "Code of Ethical Conduct" of the Company provides for relevant regulations on whistle-blowing. The President's Office will keep the personal information of the complainant or whistleblower confidential in order to prevent them from being mistreated.	No difference
(III) Does the Company take measures to protect whistleblowers from improper treatment as a result of reporting unethical behavior?	✓		(III) The relevant personnel of the Company shall keep the confidentiality during the process of handling complaints or whistleblowing, and those who divulge the secrets will be punished. Any retaliation against the complainant or the whistleblower will also be subject to heavier penalties.	No difference
IV. Enhancing information disclosure Does the Company disclose the content of the Ethical Corporate Management Best Practice Principles and the implementation results on its website and the Market Observation Post System?	✓		The Company's Ethical Corporate Management Best Practice Principles and related information are disclosed on the Company's website and the Market Observation Post System. The Company's personnel are responsible for collecting, disclosing, and regularly updating, such information, and will also post announcement on the Company's bulletin boards and mail to remind employees of ethical behavior.	No difference
V. If the Company has its own Ethical Code of Conduct established in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies", please describe the differences between the two: The Company has established the Ethical Corporate Management Best Practice Principles and announced them on the Company's website. The Company's operations are consistent with the Best Practice Principles.				
VI. Other important information helpful to understand the Company's ethical corporate management operations (e.g., the Company's review and amendment of the Company's ethical corporate management best practice principles): In order to enhance corporate social responsibility and implement ethical management, the Company announces on the Company's bulletin board to remind employees from time to time Be mindful of your own ethics.				

Note: The operation should be described in the summary description field, regardless of whether "Yes" or "No" is checked.

#### (VII) Other Important Information That Facilitates Better Understanding of the Operation of the Company's Corporate Governance

1. Important financial information is posted on the Company's website under the "Investor Services" section, as well as the "Stakeholders" section.
2. The Company has established a comprehensive internal control system and an internal audit system, and has established an annual audit plan, which is submitted to the Board of Directors for approval in accordance with the regulations and is reported to the competent authorities on a regular basis each year. In addition, based on the audit report of the Audit Office, with the consent of the Audit Committee, it will be submitted to the Board of Directors for resolution to issue the Declaration of Internal Control System and report to the competent authority.
3. The Company prepares (amends) important financial regulations such as "Procedures for Endorsement and Guarantee", "Procedures for Lending Funds to Others", "Procedures for Acquisition and Disposal of Assets", and "Procedures for Derivative Transactions" by law and submits them to the Board of Directors and shareholders' meeting for approval.

(VIII) Disclosure of Necessary Matters Related to the Implementation of the Internal Control System

1. Statement on Internal Control

Shihlin Paper Co., Ltd.  
Statement on the Internal Control System

Date: March 11, 2025

The Company states the following with respect to its 2024 internal control system based on the results of a self-assessment:

- I. The Company is clearly aware that the establishment, implementation, and maintenance of an internal control system is the responsibility of the Company's Board of Directors and managers, and therefore the Company has established such a system. It aims to provide reasonable assurance about the achieving of the goals of operational effectiveness and efficiency (including profit, performance, and asset security protection), reporting reliability, timeliness, and transparency, as well as compliance with relevant laws and regulations.
- II. The internal control system has its inherent limitations. No matter how complete the design is, an effective internal control system can only provide reasonable assurance about the achieving of the three goals above; also, due to changes in the environment and conditions, the effectiveness of the internal control system may vary. However, the Company's internal control system is equipped with a self-monitoring mechanism. Once a defect is identified, the Company will take action to rectify it.
- III. The Company exercise judgment on whether the design and implementation of the internal control system are effective based on the items used to judge the effectiveness of the internal control system stipulated in the Regulations Governing Establishment of Internal Control Systems by Public Companies (hereinafter referred to as the "Regulations"). The items adopted in the Regulations to judge the effectiveness of the internal control system in the "Regulations" are based on the process of management control, and the internal control system is divided into five elements: 1. control environment, 2. risk assessment, 3. control operations, 4. information and communication, and 5. supervisory operations. Each element includes a couple of items For said items, please refer to the Regulations.
- IV. The Company has adopted said judgment items to evaluate the effectiveness of the design and implementation of the internal control system.
- V. Based on the evaluation results of the preceding paragraph, the Company believes that its internal control system (including supervision and management of subsidiaries) as of December 31, 2024, including understanding of the effectiveness of the operations and the extent to which efficiency goals are achieved, and the reporting are reliable, timely, transparent, and the relevant design and implementation of the internal control system regarding compliance with relevant laws and regulations are effective; therefore, it can provide reasonable assurance about the fact that it has achieved the goals above.
- VI. This statement will be included in the main content of the Company's annual report and prospectus, and will be made available to the public. Where there are false or concealed contents in the statement above, the Company shall be legally liable under Article 20, Article 32, Article 171, and Article 174 of the Securities and Exchange Act.
- VII. This statement was approved by the Company's Board of Directors on March 11, 2025. Among the seven directors present, all of them approved the content of this statement without any of them expressing objections. It is hereby certified that the information disclosed herein is true and correct.

Shihlin Paper Co., Ltd.

Chairman: Taishi Trading Co., Ltd.

President: Chueh, Chi-Wen

2. Where CPAs are appointed to conduct ad-hoc review of the internal control system, the review report issued by the CPAs shall be disclosed: None.

(IX) Important Resolutions of the Shareholders' Meetings and Board of Directors in the Last Year and As of the Publication Date of the Annual Report

1. Important resolutions of the shareholders' meeting:

Time	Recognitions and Resolutions
2024 General Shareholders' Meeting (June 18, 2024)	The following matters are recognized  I. Cause of motion: The 2023 Financial Statements and Business Report are submitted for acknowledgment. Resolution: Passed by means of electronic and on-site voting.  II. Cause of motion: The 2023 deficit subsidization is submitted for acknowledgment. Resolution: Passed by means of electronic and on-site voting.  Questions and Motions: None.

## 2. Important resolutions of the Board of Directors:

Time	Resolutions
11th meeting of the 25th Board of Directors (March 13, 2024)	Proposal: The drafting of the Company's Statement of Internal Control for 2023, is submitted for review.
	Proposal: The "Rules of Procedure for Board of Directors Meetings" amendment, is submitted for review.
	Proposal: 2023 Financial Report and Consolidated Financial Statements have been prepared, is submitted for review.
	Proposal: 2023 business report, is submitted for review.
	Proposal: 2023 loss appropriation statement, is submitted for review.
	Proposal: Proposal of the date, place and causes of convening of the 2024 general shareholders' meeting, is submitted for review.
	Proposal: The proposal regarding the appointment and remuneration of the CPA for 2024, along with the evaluation of the CPA's independence and competency, is submitted for review.
	Both resolved: Approved by the Chairman after consulting all Directors and independent Directors present without objection.
12th meeting of the 25th Board of Directors (May 9, 2024)	Proposal: Proposal of the Company's 2024 first quarter consolidated financial statements, is submitted for review.
	Proposal: Approval for submitting the Company's 2023 Sustainability Report.
	Proposal: The proposed amendments to the Company's internal control system "Procurement and Payment Cycle" and "Computer Cycle" are submitted for review.
	Proposal: The proposal for the adjustment of the Company's managerial compensation, is submitted for review.
	Proposal: The policy, system, standard and structure of performance evaluation and salary compensation for Directors and managers of the Company for 2024, is submitted for review.
	Both resolved: Approved by the Chairman after consulting all Directors and independent Directors present without objection.
13th meeting of the 25th Board of Directors (August 12, 2024)	Proposal: Proposal of the Company's 2024 second quarter consolidated financial statements, is submitted for review.
	Proposal: Proposal of capital increase in cash by subsidiary Shihlin Environmental Protection Co., Ltd. Agenda: Proposal
	Proposal: Appointment of the Company's President, is submitted for review.
	Proposal: To evaluate the current compensation and performance targets of the Company's managers for 2024, and to propose the contents and amounts of individual compensation in accordance with the compensation system and rules for managers approved by the fifth meeting of the 5th Remuneration Committee.
Both resolved: Approved by the Chairman after consulting all Directors and independent Directors present without objection.	
14th meeting of the 25th Board of Directors (November 11, 2024)	Proposal: The amendment to the "Audit Committee Charter", is submitted for review.
	Proposal: The amendment to the "Sustainability Report Preparation and Assurance Procedure", is submitted for review.
	Proposal: The establishment of the "Sustainability Information Management Guidelines", is submitted for review.
	Proposal: The establishment of control procedures for "Sustainability Information Management" and amendments to the internal control system "Implementation Rules for Internal Audit", is submitted for review.
	Proposal: The establishment of the Company's 2025 audit plan, is submitted for review.
	Proposal: The Company's 2024 Third Quarter Consolidated Financial Reports, is submitted for review.
	Proposal: The application of the subsidiary Shihlin Environment Corporation for a fund borrowing line, is submitted for review.
	Both resolved: Approved by the Chairman after consulting all Directors and independent Directors present without objection.
15th meeting of the 25th Board of Directors (December 16, 2024)	Proposal: The amendment to the "Table of Approval Authority", is submitted for review.
	Proposal: The amendment to the "Delegation of Authority Guidelines", is submitted for review.
	Both resolved: Approved by the Chairman after consulting all Directors and independent Directors present without objection.
16th meeting of the 26th Board of Directors (March 11, 2025)	Proposal: The proposed change of the CPA for 2025, along with the evaluation of the CPA's independence and competency, and the appointment and remuneration, is submitted for review.
	Proposal: 2024 Financial Report and Consolidated Financial Statements have been prepared, is submitted for review.
	Proposal: 2024 business report, is submitted for review.
	Proposal: 2024 loss appropriation statement, is submitted for review.
	Proposal: Amendment to the "Articles of Incorporation" of the Company, proposed for approval.
	Proposal: The proposed amendment to the Company's Internal Control System "Sales and Collection Cycle", is submitted for review.
	Proposal: Formulated the 2024 statement of internal control system of the Company, is submitted for review.
	Proposal: The proposal for the adjustment of the Company's salary adjustment, is submitted for review.
	Proposal: The policy, system, standard and structure of performance evaluation and salary compensation for Directors and managers of the Company for 2025, is submitted for review.
	Proposal: Election of the 26th Term of Directors (including Independent Directors), is submitted for review.
	Proposal: Proposal of the causes of convening of the 2025 general shareholders' meeting, is submitted for review.
	Proposal: The nomination and review of candidates for the 26th Term of Directors (including Independent Directors), is submitted for review.
	Proposal: The release of the non-compete restriction on the 26th term of new directors, is submitted for resolution.
	Both resolved: Approved by the Chairman after consulting all Directors and independent Directors present without objection.

(X) In the Last Year and As of the Publication Date of the Annual Report, Where the Directors or Supervisors Have Different Opinions on Important Resolutions Passed by the Board of Directors on Records or in a Written Statement, the Main Content Shall be Specified: None.

#### IV. Public Fees of CPAs

Unit: NTD thousand

Name of Accounting Firm	Name of Attesting CPAs	Audit Period	Audit fees	Non-audit fees	Total	Note
Earnest & Co.,CPAs.	Yu-Ling Hung	January 1, 2024 to December 31, 2024	1,550	17	1,567	
	Min-Chih Cho	January 1, 2024 to December 31, 2024				

Non-audit services include the review of salary information for full-time employees not holding managerial positions and travel allowances for the shareholders' meeting.

- (I) Where the CPA Firm is Replaced and the Audit Fees Paid During the Year in Which Replacement Occurs Are Less than Those in the Prior Year, the Amount and Reasons for the Audit Fees Before and After the Replacement Shall Be Disclosed: None.
- (II) Where the Audit Fees Are Reduced by at Least 10% Compared with the Prior Year, the Amount of the Decrease, Percentage, and Reason: None.

#### V. Information on CPA Replacement:

None

#### VI. Where the Company's Chairman, President, or Managers in Charge of Financial or Accounting Affairs Have Worked in the CPA Firm at Which the CPAs Appointed Work or Its Affiliates Within the Last Year

None

#### VII. In the Last Year and As of the Publication Date of the Annual Report, Equity Transfer and Changes in Pledged Equity by Directors, Supervisors, Managers, and Shareholders Whose Shareholding Ratio Exceeds 10%.

Title	Name	2024		2025 up to May 12		Remarks
		Increase (Decrease) in the number of shares held	Increase (Decrease) in the number of shares pledged	Increase (Decrease) in the number of shares held	Increase (Decrease) in the number of shares pledged	
Chairman	Tai Shih Trading Co., Ltd.	0	0	0	0	
Director	Yee Tzao Enterprise Co., Ltd.	0	0	0	0	
Director	Yi Hsiang Industrial Co.,Ltd.	0	0	0	0	
Director	Wan Hai Charitable Foundation	0	0	0	0	
Independent Director	Ming-Chu Chen	0	0	0	0	
Independent Director	Ming-Chien Tang	0	0	0	0	
Independent Director	Hsiao-Chueh Hsieh	0	0	0	0	
President	Chueh, Chi-Wen	0	0	0	0	
Vice President	Chen, Mei-Ru	0	0	0	0	
Associate VP	Hung-Chu Li	0	0	0	0	
Manager:	Ni-Ru Lin	0	0	0	0	

## VIII. Relationship information, if among the top ten shareholders any one is a related party or a relative within the second degree of kinship of another

April 22, 2025

Name (Note 1 )	Shares Held		Shareholding of spouse and underage children		Total shareholdings held in the name of others		The names and relationships of the top ten shareholders who are related to each other or who are related to each other as spouses or second-degree relatives.		Remarks
	Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage	Name	Relationship	
Wan Hai Charitable Foundation	18,150,259	6.98%	0	0%	0	0%	None	None	
Representative: Po-Ting Chen	3,884,108	1.49%	345,261	0%	0	0%	None	None	
Tai Chuan Investment Co., Ltd.	17,986,525	6.92%	0	0%	0	0%	None	None	
Representative: Cheng-Chih Chen	5,947,389	2.29%	0	0%	0	0%	Cheng-Ti Chen	Siblings	
Yeong Yi Asia Corp.	16,521,434	6.35%	0	0%	0	0%	None	None	
Representative: Chen, Zhi-Yuan	751,826	0.29%	819	0%	0	0%	None	None	
Taiwan Evervaliant Corp.	12,674,381	4.87%	0	0%	0	0%	None	None	
Representative: Ching-Chi Chen	0	0.00%	0	0%	0	0%	None	None	
Wan Hai Lines Ltd.	10,710,088	4.12%	0	0%	0	0%	None	None	
Representative: Jiu Fu Garden Co., Ltd.	5,000	0.00%	0	0%	0	0%	None	None	
Cheng-Ti Chen	9,011,204	3.47%	0	0%	0	0%	Cheng-Chih Chen	Siblings	
Liuhe Investment Co., Ltd.	8,800,000	3.38%	0	0%	0	0%	None	None	
Representative: Yun-Yu Chiu	0	0%	0	0%	0	0%	None	None	
HSBC Bank (Taiwan) Limited as Custodian for Bit Bank Investment Account	8,748,346	3.36%	0	0%	0	0%	None	None	
Shih-Teng Lin	8,072,437	3.10%	0	0%	0	0%	None	None	
Cheng-Chih Chen	5,947,389	2.29%	0	0%	0	0%	Cheng-Ti Chen	Siblings	

Note 1: All of the top ten shareholders should be listed. For institutional shareholders, the names of the institutional shareholders and the representative should be listed separately.

Note 2: The calculation of shareholding refers to the calculation of shareholding in own name, in the name of spouse and minor children.

Note 3: The shareholders listed above include both juristic persons and natural persons, and the relationship between them should be disclosed in accordance with the Regulations Governing the Preparation of Financial Reports by Issuers.

## IX. The Number of Shares Held by the Company, Its Directors, Supervisors, Managers, and Businesses Directly or Indirectly Controlled by the Company in the Same Investee, and the Combined Shareholding Ratio Shall be Calculated

April 22, 2025; Unit: Shares; %

Invested business (Note)	Investments by the Company		Directly or Indirectly Controlled Businesses and Investments of Company Directors, Supervisors, and Managers		Consolidated Investments	
	Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage
Shihlin Environment Corporation	41,500,000	100.00%	0	0.00%	41,500,000	100.00%
Sunshine Shihlin Development Co., Ltd.	200,100,000	100.00%	0	0.00%	200,100,000	100.00%
Sunnyfield Shihlin Co., Ltd.	30,000,000	100.00%	0	0.00%	30,000,000	100.00%
Da Di Urban Renewal Construction Co., Ltd.	100,000	100.00%	0	0.00%	100,000	100.00%

Note: The Company's Investment under Equity Method

## Three. Fundraising Status

### I. Capital and Shares

#### (I) Sources of capital

Unit: Share; NTD

Year Months	Issue price	Authorized capital		Paid-in share capital		Remarks		
		Shares	Amount	Shares	Amount	Sources of capital	Paid in properties other than cash	Others
September 3, 1994	10	250,000,000	2,500,000,000	202,706,600	2,027,064,600	Earnings transferred to capital increase totaling NTD 156,636,810 Capitalization of capital reserves for NTD 27,641,790	None	
September 24, 1995	10	250,000,000	2,500,000,000	207,774,122	2,077,741,220	Earnings transferred to capital increase totaling NTD 50,676,620	None	
August 31, 1997	10	250,000,000	2,500,000,000	222,941,633	2,229,416,330	Capitalization of capital reserves, totaling NTD 151,675,110	None	
August 31, 1999	10	250,000,000	2,500,000,000	240,776,964	2,407,769,640	Capitalization of capital reserves, totaling NTD 178,353,310	None	
September 1, 2001	10	280,000,000	2,800,000,000	260,039,121	2,600,391,210	Capitalization of capital reserves, totaling NTD 192,621,570	None	

#### Type of shares

Type of shares	Authorized capital			Remarks
	Outstanding shares ( Note )	Unissued shares	Total	
Ordinary shares	260,039,121	19,960,879	280,000,000	

Note: Listed stocks in circulation.

#### (II) List of major shareholders: The names of shareholders holding at least 5% of the shares or the top ten shareholders with the highest shareholding ratios

April 22, 2025

Shares	Number of shares held	Percentage of Shareholding
Name of major shareholder		
Wan Hai Charitable Foundation	18,150,259	6.98%
Tai Chuan Investment Co., Ltd.	17,986,525	6.92%
Yeong Yi Asia Corp.	16,521,434	6.35%
Taiwan Evervaliant Corp.	12,674,381	4.87%
Wan Hai Lines Ltd.	10,710,088	4.12%
Cheng-Ti Chen	9,011,204	3.47%
Liuhe Investment Co., Ltd.	8,800,000	3.38%
HSBC Bank (Taiwan) Limited as Custodian for Bit Bank Investment Account	8,748,346	3.36%
Shih-Teng Lin	8,072,437	3.10%
Cheng-Chih Chen	5,947,389	2.29%

(III) The Company's dividend policy and implementation status:

1. Dividend per share

Year		2023	2024
Item			
Cash dividend		0	0
Stock dividend	Stock dividend from retained earnings	0	0
	Stock dividend from capital surplus	0	0
Cumulative unpaid dividends		0	0

2. Dividend policy

Where there is a surplus in the Company's annual final accounts, the Company shall first pay taxes and compensate the accumulated losses; then, appropriate 10% of the balance for legal reserve and another 10% for the payment for dividends. If there is still a surplus, the shareholders' meeting shall decide on the distribution of shareholders' dividends.

The Company's industrial environment is ever-changing and it is at a stage of development. The Company shall consider the overall industrial environment and take into account the long-term financial planning and future capital needs to achieve stable development and sustainable operation.

The Company's dividend policy is based on the current year's profitability and the consideration for the Company's future growth, capital budgeting, and measurement of capital needs. After the Company retains earnings or reserves the fund needed for stock dividends, the remaining surplus will be allocated for cash dividends.

(IV) The impact of the stock dividend as proposed in the current shareholders' meeting on the Company's operating performance and earnings per share: None.

(V) Remuneration of employees and directors

1. The percentages or ranges with respect to the remuneration of employees and directors as set forth in the Articles of Incorporation:

(1) Where the Company makes a profit at the end of the year, it shall allocate 1% of the balance for employee remuneration. However, where there are accumulated losses, an equivalent amount shall be appropriated to compensate for the losses.

(2) Employees entitled to receive the employee remuneration, distributed in the form of stock or cash, in the preceding paragraph include the employees of subordinate companies who meet certain criteria.

2. The basis for estimation of the amount of employee compensation and remuneration of directors for the period, the basis for calculation of the number of shares for employee compensation distributed in stock, and the accounting treatment when the actual amount distributed is different from the estimated amount: The Company was in accumulated loss for 2024, so employee and directors' remuneration were not estimated.
  3. Remuneration allocation approved by the Board of Directors: None.
  4. The actual distribution of employees' and directors' remuneration in the previous year, if there is any difference from the recognized employees', directors' and supervisors' remuneration, the difference, the reason for and the treatment of the difference should be stated: The Company had accumulated losses in 2023, so it is not applicable.
- (VI) Repurchase of the Company's shares: None.

**II. Issue of corporate bonds**

None.

**III. Issue of preferred stock**

None.

**IV. Issue of overseas depositary receipts**

None.

**V. Issue of employee stock warrants**

None.

**VI. Issue of new restricted employee shares**

None.

**VII. Issue of new shares for mergers and acquisitions of or transfer of shares from another company**

None.

**VIII. The implementation of the fund utilization plan**

None.

## Four. Overview of Operations

### I. Information on Business:

#### (I) Scope of business:

##### 1. Baby Lion:

- (1) Business of products under its own brand, including wet wipes, anti-mosquito and anti-pandemic products, and baby wash and care products.
- (2) Sales of paper towels, anti-mosquito and anti-pandemic products, and baby wash and care products.
- (3) The promotion and development of mini packet pack collection of wet wipes, private napkin, anti-mosquito and anti-pandemic products, and baby wash and care products.

##### 2. skincare products:

- (1) Business of the skincare products under its own brand of skincare Forest Beauty
- (2) Sales of facial masks and relevant skincare products.
- (3) Promotion and development of products of the Forest Nut plant extract collection and basic skincare products.

##### 3. Investment in relevant businesses and the businesses under the Statute for the Encouragement of Investment.

##### 4. Outsourcing contractors to build commercial buildings and residential buildings, lease and sale.

##### 5. Hotel rental business.

#### (II) Overview of Industry:

##### 1. Baby Lion:

- (1) Despite the impact of the low birth rate, the Company is rapidly developing potential products such as anti-mosquito and anti-epidemic products, as well as baby bath and skincare products to meet parents' demand for natural, safe, and effective products for infants and young children. In addition, we have also introduced wet wipes for adults and women's intimate cleaning wipes, as well as the 2021 epidemic prevention series (alcohol wipes, alcohol spray, alcohol refill can) to provide more protective and safe home products.
- (2) Due to the rising awareness of environmental protection, the government has paid more attention to the cleanliness of the home environment; thus, the Company will not only focus on good quality but environmental protection in the future; pollution reduction is even an important trend.

- (3) Due to the changes in lifestyle and usage habits, the target users of our products have gradually shifted towards the special needs of different groups of people for personal cleaning and household cleaning. The demand for products in the market continues to grow. Therefore, we continue to introduce differentiated products with better quality, which account for important consumption in the Taiwan and Asian markets.
- (4) The correlation between upstream, mid-stream, and downstream sections of the industry:  
Factories→inspection factories→distribution channels→consumers

## 2. skincare products:

- (1) The skincare product market is ever-changing with new products introduced, and consumers like to try new facial masks. Thus, Forest Beauty has launched different series of new products for different needs. With the differentiated mask fabrics, the formula of the facial mask essences that meet the market needs is selected. The market for skincare products is also gradually expanding, and skincare products suitable for different age groups are researched and developed based on the differences in distribution channels and customer groups to facilitate market development and increase profits.
- (2) The correlation between upstream, mid-stream, and downstream sections of the skincare products industry  
Skincare product ODM/OEM (including self-inspection) → advanced laboratory inspection → distribution channels → consumers

## 3. Hotel business:

At present, the population of booking accommodation on the Internet is increasing rapidly and the growth is significant around the world. E-commerce has become the largest market. Consumers are becoming more accustomed to ordering products or comparing prices on the Internet. The competition in the domestic tourism industry has become increasingly fierce. Faced by the increasingly competition in the industry, the Company continues to strengthen its software services to increase the overall revenue.

### (III) Overview of Technology and R&D:

At present, Forest Beauty has 21 mask items, 8 skincare products, 1 make-up remover, and 1 eye mask with a total of 31 items, covering a full range of skincare needs; Baby Lion also has 7 wipes, body cleaner, and so on. Baby Lion has 14 products from the maintenance series, 2 products from the anti-mosquito series, 5 products from the daily necessities, and 8 products from the children's tableware set. There are a total of 36 items.

1. In order to develop into an international brand, the Company can successfully export its products, and it is also actively submitting existing products to various countries for product verification. Currently, the Company has passed international tests, and has officially registered or filed for the following products:




Product Name	Registration Agency	No.	Country
24K Gold & Collagen Lifting Bio Cellulose Mask	CPNP Reference	3080106	European Union
Calendula & Centella Soothing Bio Cellulose Mask	CPNP Reference	3080176	European Union
Hyaluronic Acid Intensive Moisturizing Bio Cellulose Mask	CPNP Reference	3080203	European Union
Peptides & Orchids Extract Anti-Ageing Bio Cellulose Mask	CPNP Reference	3080218	European Union
Luxurious Golden Foil Royal Jelly Advanced Hydration Mask	CPNP Reference	3080231	European Union
Luxurious Golden Foil Royal Jelly Rejuvenating Mask	CPNP Reference	3080472	European Union
Luxurious Silver Foil Swiss Ice Wine Firming & Lifting Mask	CPNP Reference	3080478	European Union
Luxurious Silver Foil Swiss Ice Wine Moisture Boost Mask	CPNP Reference	3080700	European Union
CICA Soothing & Cooling Mask	CPNP Reference	3872423	European Union
24K Gold and Collagen Wrinkless Eye Mask	CPNP Reference	3872452	European Union
Elderflower Repairing Mask	CPNP Reference	3872480	European Union
Pore Minimizing & Oil Control Mask	CPNP Reference	3872511	European Union
Renewing & Oxygen Refreshing Mask	CPNP Reference	3872529	European Union
Edelweiss Long-Lasting Hydrating Mask	CPNP Reference	3872575	European Union
Pore Minimizing & Oil Control Mask	CPNP Reference	3872511	European Union
Renewing & Oxygen Refreshing Mask	CPNP Reference	3872529	European Union
Edelweiss Long-Lasting Hydrating Mask	CPNP Reference	3872575	European Union

Product Name	Registration Agency	No.	Country
FOREST BEAUTY Edelweiss Long-Lasting Hydrating Mask	BADAN PENGAWAS OBAT DAN MAKANAN	NA47210200002	Indonesia
FOREST BEAUTY Oriental Beauty Tea Moisturizing Mask	BADAN PENGAWAS OBAT DAN MAKANAN	NA47200200064	Indonesia
FOREST BEAUTY Pomegranate Anti-Ageing Mask	BADAN PENGAWAS OBAT DAN MAKANAN	NA47210200001	Indonesia
FOREST BEAUTY Shea Butter Moisturizing Mask	BADAN PENGAWAS OBAT DAN MAKANAN	NA47200200063	Indonesia
FOREST BEAUTY Luxurious Golden Foil Royal Jelly Advanced Hydration Mask	BADAN PENGAWAS OBAT DAN MAKANAN	NA47200200062	Indonesia
FOREST BEAUTY 24K Gold Foil EYE Mask	BADAN PENGAWAS OBAT DAN MAKANAN	NA47210200012	Indonesia
FOREST BEAUTY Luxurious Silver Foil Swiss Ice Wine Moisture Boost Mask	BADAN PENGAWAS OBAT DAN MAKANAN	NA47200200060	Indonesia
FOREST BEAUTY 24K Gold & Collagen Lifting Bio Cellulose Mask	BADAN PENGAWAS OBAT DAN MAKANAN	NA47210200004	Indonesia
FOREST BEAUTY Hyaluronic Acid Intensive Moisturizing Bio Cellulose Mask	BADAN PENGAWAS OBAT DAN MAKANAN	NA47210200003	Indonesia
FOREST BEAUTY Calendula & Centella Soothing Bio Cellulose Mask	BADAN PENGAWAS OBAT DAN MAKANAN	NA47210200005	Indonesia
Micro-gold Superconducting Peptide Elastic Eye Mask			Singapore
Micro-gold Superconducting Brightening Eye Mask			Singapore
Red Pomegranate Polyphenols Freezing Mask			Singapore
Edelweiss Long-Lasting Hydrating Mask			Singapore
Elderflower Renewal Repair Mask			Singapore
Black Diamond Truffle Hydrating Radiance Mask			Singapore
Baccarat Black Rose Anti-Aging Mask			Singapore
Royal Neroli Essential Oil Stress Relieving and Moisturizing Mask			Singapore
King of Essential Oils Boswellia Anti-aging Mask			Singapore

## 2. Efficacy Test Results of Marketed Products

Brand	Product	Test contents/Results		
Baby Lion	Amino Acid Antibacterial Hand Wash	Antibacterial test		
		Strain of bacteria	5min	
		Staphylococcus aureus	>99.9%	
		Escherichia coli	57.10%	
		Pseudomonas aeruginosa	98.30%	
		Klebsiella pneumoniae	35.50%	
Baby Lion	Pink Bubble Antiseptic Hand Mousse	Antibacterial test		
		Strain of bacteria	5min	60min
		Escherichia coli	5.50%	28.20%
		Klebsiella pneumoniae	22.50%	73.20%
		Staphylococcus aureus	<1%	65.80%
		Pseudomonas aeruginosa	<1%	44.30%
Forest Beauty	14-dayrenew relieving cream	Skin test: 24 subjects used continuously for 48 hours, 14-day renew relieving cream is considered non-irritating		
Forest Beauty	White Peony Purifying Acne Mask	Antibacterial test against Propionibacterium acnes in 60 mins is 95.4%		
Baby Lion	75% alcohol moisturizing hand spray	Antibacterial test		
		Strain of bacteria	5min	
		Escherichia coli	>99.9%	
		Klebsiella pneumoniae	>99.9%	
		Staphylococcus aureus	>99.9%	
		Pseudomonas aeruginosa	>99.9%	

3. The Company is committed to environmental friendliness. It selects eco-friendly materials, adopts natural and harmless materials with the least impact on the environment for the formulas. Meanwhile, it has applied for international labels to confirm that its products meet the regulations. List of labels obtained and products that have been certified with relevant labels:

Label	Product	Certification entity
	Alishan Green Tea Firming Mask	The Vegetarian Society of the United Kingdom Limited
	Elderflower Renewal Repair Mask	
	Edelweiss Long-Lasting Hydrating Mask	
	Red Pomegranate Polyphenols Freezing Mask	
	White Peony Purifying Acne Mask	
	Micromolecular Shea Butter Moisturizing Mask	
	Reviving Essence Toner	
	Whitening Mask	
	Kombucha Treatment Mask (Vegan)	The Vegetarian Society of the United Kingdom Limited
	Oriental Beauty Tea Hydrating Moisturizer (Vegan)	
	Private clean soft wipes	Forest Stewardship Council

#### 4. Estimated research funds

Annual Project Item	Planned Content	Estimated additional investment of R&D expenses
New product development and testing of Baby Lion and Forest Beauty	The planning of related products of the two brands includes various product proofing and testing, as well as related tests on product properties, chemistry, efficacy and other related tests.	NTD 254 thousand
Review and registration of exported products	Application for cosmetic product registration and foreign trade mark application in China, Europe, America and Southeast Asia	NTD 114 thousand

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

##### **Lion Baby and Forest Beauty:**

To meet the market demand, the Company will take the baby wet wipes with the largest share in the market in this field as the main product to be developed for Baby Lion, and will work with many collaborative manufacturers to develop functional and natural formulas and other products to increase its market share. For Forest Beauty, the Company will take facial masks as the main product to be developed and will incorporate unique ingredients to develop more skincare products and cleaning products to increase the market share.

##### 1. Short-term business development plans:

###### (1) Sales strategy:

- A. Develop new channels based on product positioning, and formulate marketing strategies based on product and channel differentiation.
- B. Revitalize the brand's image, keep abreast of consumer needs, and innovate and copy successful models in order to launch new products.
- C. Actively develop overseas markets and new businesses, and ensure sustainable operation by diversifying operations and revitalizing assets.

###### (2) Marketing and R&D strategy

- A. Grasp the market dynamics and develop differentiated and customized products in order to facilitate the development and successful launch of new products.
- B. Work closely with academic and research and development units, actually, participate in the government's relevant unit's new product research and development projects, and actively apply for patents to ensure the Company's rights and interests while expanding the scale of new product development.

###### (3) OEM strategy

- A. Strictly monitor and inspect the operating procedures to strengthen and improve product quality.

B. Require manufacturers to cooperate with equipment maintenance and improvement and to upgrade process technology to achieve the differentiated value of new products.

2. Mid- and long-term business development plans:

- (1) Master the win-win core technologies and continuously improve product quality to enhance competitive advantage.
- (2) Use diversified marketing strategies to promote a diversified product mix to increase market share.
- (3) Actively expand domestic and foreign sales markets, establish an international brand image, and become the most favored and reliable enterprise and a well-known brand.

#### **Development and hotel business development plan:**

1. For the land development project of the old Shilin Paper Mill, the Company continues to reach a consensus with the Taipei City Government actively on various possible plans and to look for possible opportunities based on the development of the situation, so as to successfully complete the development work in line with both parties' expectations.
2. The construction permit application for the Warehouse No. 5 hotel urban renewal project: Fire safety inspections and urban renewal amendment procedures will be conducted in the first quarter of 2025. Following the expected acquisition of the occupancy permit in the second quarter of 2025, hotel interior renovation work will commence.
3. The hotel will publish high-quality marketing materials to cater to customers' preferences.

## **II. Overview of Market, Production, and Sales:**

(I) Market analysis:

1. Overview of the market

(1) Wet wipes:

A. Market share of functional products

The overall market is divided by functionality: pure water>antibacterial>skincare>others; the market share of Baby Lion continues to grow.

B. Performance of distribution channels

The distribution channels of wet wipes are as follows:

Group shopping>Online shopping platforms>Maternity products and drugstores>General retail stores and pharmacies>Hypermarkets and supermarkets. All distribution channels continue to grow.

(2) Toiletries:

A. Market overview and product development

Although Taiwan is facing an intensified decline in children, the changing concept of raising children has increased consumption potential year by year. Young families are paying increasing attention to the quality of maternal and infant products and their service experience, and parenting methods and product consumption have become more refined. In addition to pursuing products that are natural, safe, and high-quality, our brand influence is also an important factor for parents in the purchase process. To expand brand sales and create product differentiation, Baby Lion continues to focus on caring for the needs of the whole family. Two new hand creams have been launched, designed primarily to help parents care for and restore their hardworking hands. The gentle formulas are also suitable for moisturizing and soothing children's delicate skin. Emphasizing the importance of natural botanical extracts and skin nourishment, the products feature premium ingredients and unique plant-based formulations. Combined with excellent quality assurance, these new items are expected to significantly increase consumer purchase intent.

B. Performance of distribution channels

Baby Lion's wet wipes and bath care series have performed strongly and shown continuous growth on e-commerce platforms and within mom-group communities. The brand also actively manages its official website, where engaging campaigns and effective customer relationship strategies have led to a steady increase in both average order value and transaction frequency. The wet wipes and bath care products have been selected for two consecutive years as top recommended items by tens of thousands of parents in a major parenting media poll. This outstanding recognition has significantly enhanced brand awareness. The physical stores mostly sell maternity and baby products, and Baby Lion continues to participate in major maternity and baby product exhibitions, and actively participate in the planning of all major festivals and promotional events, in order to attract consumers and to increase the brand visibility at the same time.

(3) Alcohol-based protective and anti-mosquito products:

A. Market overview and product development

In response to the post-pandemic era and the ongoing demand driven by seasonal influenza, Baby Lion has seen a significant surge in demand for its

household hygiene products. These include the 75% alcohol wipes, 75% alcohol moisturizing hand spray, amino acid antibacterial hand wash, and dish and produce cleanser. These products have received an overwhelmingly positive market response and strong sales performance. At the same time, the mosquito repellent patch has been updated with a new, eye-catching design. Its cute and playful appearance adds a touch of fun to busy daily life and helps new parents more easily navigate the challenges of childcare.

#### B. Performance of distribution channels

Alcohol-based hygiene and mosquito repellent products are primarily distributed through e-commerce platforms, maternity and baby stores, and major pharmacies. Both offline retail channels and online platforms have experienced steady sales growth, while the number of active members continues to expand.

#### (4) Facial masks and skincare products:

##### A. Cosmetics and skincare market overview and product development

In recent years, as the pandemic has eased, the global skincare market has shown steady growth and has gradually recovered since 2021. It is projected to grow at an annual rate of 6%, reaching approximately USD 125.4 billion by 2027. Meanwhile, the global facial mask market is expected to surpass USD 10.5 billion by 2028, with its core market gradually expanding beyond Asia into more countries in Europe and North America! According to the Kantar Taiwan Consumer Index Report, due to the impact of the global pandemic and inflation on the economy, the level of impact on the cosmetics industry in Taiwan is relatively small in comparison to other industries, and the overall market is still stable. It is evident that consumers have a steady demand for personal care products, with many making regular purchases to enhance their well-being and quality of life. In fact, the number of consumers buying beauty and personal care products online has increased by 30% compared to the pre-pandemic period. In 2024, Forest Beauty launched a new product in its upgraded "Botanical Fruit Series," White Peony Purifying Acne Mask. Specifically designed for individuals struggling with acne and blemishes, the product features an exclusive formula developed to deliver high efficacy with low irritation, helping restore smooth and refined skin. Upon release, it garnered widespread media coverage and achieved strong sales performance across various channels. - The above information is partly referenced from Kantar Taiwan's "2024 FMCG E-commerce Marketing Strategy Analysis" and InData's "Post-Pandemic Aesthetic Opportunities - 2023 Beauty Industry Data Analysis."-

##### B. Performance of distribution channels

Forest Beauty demonstrates excellent performance in the offline retail channels and online shopping channels. After the pandemic, it continues to show growth, and the customer orders, number of transactions and total sales have also indicated the trend of stable growth. Physical retail is currently focused on chain cosmetics stores. By leveraging seasonal shopping peaks and coordinating promotional campaigns with retail partners, the brand enhances consumer engagement and expands its visibility. Since its establishment in 2017, Forest Beauty has continued to launch a variety of well-received facial masks, earning a strong reputation in the market. With its professional R&D capabilities and product excellence, the brand has achieved remarkable international recognition. From 2019 to 2024, it has garnered a total of 20 prestigious international beauty and skincare awards within just six years. Among them, the newly launched “White Peony Purifying Acne Mask” the best-selling “Kombucha Treatment Mask,” and the “24K Gold&Collagen Lifting Bio Cellulose Mask” have received top honors, including the Best Mask award and a nomination for Best Iconic Skincare Product at the globally renowned Pure Beauty Global Awards. In the post-pandemic era, Forest Beauty continues to advance its export strategy with a focus on brand promotion and channel development. While maintaining a stable foundation, the brand remains committed to exploring new markets and aims to achieve a refined and focused presence, small in scale yet high in quality and distinction. Forest Beauty currently distributes its products across various countries and regions, including Mainland China, Hong Kong, Macau, Japan, Singapore, Russia, Georgia, and Romania. In addition to the eye mask achieving outstanding sales performance at Watsons Singapore, the tea-based mask and skincare series also nearly sold out during a three-month limited-time promotion at the Eslite Nihonbashi store in Tokyo. In terms of international exhibitions, both the Shanghai Beauty Expo in May 2024 and the Taiwan Plus Market in Kyoto delivered strong results in promoting the Forest Beauty brand.

## 2. Market analysis:

- (1) The sales areas of the Company’s main products are currently mainly in the domestic market, divided into two areas: Northern and southern-central regions. Currently, the Company is actively developing the domestic e-commerce market and steadily developing domestic physical channels.
- (2) Future supply and demand status and growth: According to the market survey statistical data of professional market research institution, the market of Baby Lion and Forest Beauty continues to grow, and consumers’ positive recognition and

brand popularity are also increasing. Baby Lion focuses on the maternity and daily household products for natural, safe and effective use. Forest Beauty uses plant extraction formula and focuses on the main development of certified organic ingredients and product differentiation. The Company will plan various functional products according to different consumer groups, and develop natural, high safety and effective products and the ones with patented formula to achieve diversification and market segmentation to improve performance.

(3) Future supply-demand response: Seek more domestic and foreign professional OEMs to respond to future market demand.

(4) Favorable and unfavorable factors of development prospects:

A. Favorable factors: Both brands have certain popularity in the market, unique brand recognition and loyal customer group. In addition, product series development is relatively more complete than other competitions in the same industry. With domestic and foreign professional OEM cooperating partners, outstanding product technical capability, high quality and reliability, both brands are able to maintain high customer satisfaction.

B. Unfavorable factors: Since the domestic consumer product market demand is limited, and brand competition is severe, both brands will utilize sales promotion and marketing strategy to attract consumers' support along with virtual and physical integration for mutual guidance of customer flows, thereby expanding the market share.

### 3. Market Outlook

(1) Lion Baby and Forest Beauty:

A. Innovative research and development, understand and monitor consumer demands, continue to release new products, provide characteristic and quality products.

B. Target at the international market, actively participate in international exhibitions and professional cosmetics and skincare award competitions, in order to establish international brand image and to strategically invest in brands, thereby establishing an excellent foundation for overseas market.

C. To increase market share, strengthen online and offline promotions, increase brand awareness and goodwill, and increase sales and product profits.

D. Implement membership management, continue to optimize the operation of the Company's webstore and the membership of the external website.

(2) Sunshine Shihlin Paper Sun Hotel: Continues to integrate various resources to improve occupancy rates and drive revenue growth.

## (II) Important Functions and Production Process of Major Products

### 1. Wet wipes:

(1) The functions of the wet wipes: Wet wipes are cleaning products for individuals, families, and babies and children.

(2) Production process of wet wipe products:

Non-woven fabrics (raw materials)→folding and laminating→flattening→adding liquid→cutting upon flattening→ automated bag packaging→metal weight inspection→box packaging.

### 2. Toiletries and anti-mosquito products:

(1) Functions of main toiletries products: Toiletries products are cleaning and care products for babies and small children.

(2) The production process of toiletries products: Raw material inspection→compounding and weighing→ blending/mixing and water-in-oil emulsion→quality control and inspection→quantitative filling→sealing→ carton packaging and shrinkable film→quality control of finished goods.

(3) The functions of the main anti-mosquito products: Anti-mosquito products are products for preventing babies, small children, and adults from mosquito bites.

(4) The production process of anti-mosquito products: Raw material inspection→compounding and weighing→ blending/mixing and water-in-oil emulsion→quality control and inspection→quantitative filling→sealing→ carton packaging and shrinkable film→ finished product emulsion→quality control of finished goods.

### 3. Alcohol-based protective products:

(1) Functions of 75% alcohol wipes: They are used for cleaning and disinfecting the environment and supplies.

(2) The production process of 75% alcohol wipes:

Raw material non-woven fabric -> pleating and lamination -> flattening -> alcohol mixture -> flattening and cutting -> bagging and automatic packaging.

(3) Functions of 75% alcohol moisturizing hand spray: It is for hand cleaning.

(4) Production process of 75% alcohol moisturizing hand spray:

Raw material inspection →compounding and weighing → blending and mixing → quality control and inspection → quantitative filling → sealing → shrinkable film.

### 4. Facial masks and skincare products:

(1) The functions of the main products of the facial masks: To condition the skin, improve the skin condition, and help to present natural charm of the skin.

- (2) Production process of facial mask products:  
Raw material mask fabric ->folding, bagging ->sterilization -> making and filling -> sealing -> appearance quality inspection & lining material quality inspection -> put into boxes and shrink sealed -> carton -> send to third-party verification unit for inspection.
- (3) The functions of the main skincare products: They aim to provide suitable care procedures for different skin conditions, repair skin for anti-aging, and maintain skin health.
- (4) The production process of skincare products: Raw material inspection→compounding and weighing→ blending/mixing and water-in-oil emulsion→quality control and inspection→quantitative filling→sealing→ carton packaging and shrinkable film→quality control of finished goods.

### (III) Supply of main raw materials

#### 1. Supply of main raw materials for wet wipes outsourced

Main ingredients	Supply
Fiber, viscose staple, waterproof PE film, and hot glue	The supply of goods is stable.

#### 2. Supply of main raw materials for toiletries, care, and anti-mosquito products outsourced

Item	Main ingredients	Supply
Personal toiletry products	Bottles, glycerin, surfactants, moisturizers, artificial flavors, and preservatives	The supply of goods is stable.
Cleaning products (dishes, vegetable and fruit cleaners)	Bottles, water, surfactants, natural moisturizers, natural germicides, and essence oils	The supply of goods is stable.
Cleaning products (universal cleaning fluid)	Bottles, water, surfactants, artificial flavors, and antibacterial agents	The supply of goods is stable.
Skincare products	Containers, glycerol, organic olive oil, shea butter, vitamin B5 & E , emulsifier, essence, preservative	The supply of goods is stable.
Anti-mosquito products	Containers, aluminum pouches with chains, non-woven stickers, ABS accessory clips, various essential oils	The supply of goods is stable.

#### 3. Supply of main raw materials for alcohol-based protective products outsourced

Item	Main ingredients	Supply
75% alcohol wipes	Waterproof PE film, hydroneedle non-woven fabric, ultra-pure water, alcohol, bacteriostat	The supply of goods is stable.
75% alcohol moisturizing	Bottles, alcohol, water, essential oils, antioxidants, and antibacterial agents	The supply of goods is stable.

#### 4. Supply of main raw materials for facial masks and skincare products outsourced

Main ingredients	Supply
Aluminum bag, paper box, mask fabric (bio-fiber, tencel, and pure cotton fabrics)	The supply of goods is stable.

(IV) The Names of Customers Who Have Accounted for More than 10% of the Total Purchases (Sales) in Any of the Last Two Years and the Amount and Proportion of Their Purchases (Sales)

1. Customers who account for more than 10% of total purchases:

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

Unit: NTD thousand; %

Year	2023				2024				As of March 31, 2025			
Item	Name	Amount	Proportion to net purchases for the whole year %	Relationship with the issuer	Name	Amount	Proportion to net purchases for the whole year %	Relationship with the issuer	Name	Amount	Proportion to net purchases for the current year up to the previous quarter %	Relationship with the issuer
1	Nan Liu Enterprise Co., Ltd.	32,988	55.25%	None	Web-Pro Co., Ltd.	12,671	50.63%	None	Nan Liu Enterprise Co., Ltd.	2,716	48.29%	None
2	Stellar Beauty Biotech Co. Ltd.	15,255	25.55%	None	Stellar Beauty Biotech Co. Ltd.	6,315	25.23%	None	WELSON LI CO., LTD.	1,610	28.63%	None
3	Others	11,463	19.20%	None	Others	6,042	24.14%	None	Others	1,298	23.08%	None
	Net purchases	59,706	100.00%		Net purchases	25,028	100.00%		Net purchases	5,624	100.00%	

2. Customers who accounted for more than 10% of total sales:

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

Unit: NTD thousand; %

Year	2023				2024				As of March 31, 2025			
Item	Name	Amount	Proportion to total annual net sales %	Relationship with the issuer	Name	Amount	Proportion to total annual net sales %	Relationship with the issuer	Name	Amount	Proportion to net sales for the current year up to the previous quarter %	Relationship with the issuer
1	Customer A	17,966	10.50%	None	Customer A	17,972	11.54%	None	Customer B	4,481	11.18%	None
2	Customer B	15,906	9.30%	None	Customer B	16,322	10.48%	None	Customer A	4,474	11.16%	None
3	Others	137,233	80.20%	None	Others	121,475	77.98%	None	Others	31,127	77.66%	
	Net sales	171,105	100.00%		Net sales	155,769	100.00%		Net sales	40,082	100.00%	

### III. The Number of Employees, Average Years of Service, Average Age, and Education Distribution in the Last Two Years and As of the Publication Date of the Annual Report

Year		2023	2024	As of May 12, 2025
Number of employees		61	50	43
Average age		40.52	41.38	41.79
Average years of service		6.19	5.85	5.90
Distribution of education (%)	Doctoral degree	1.75%	2.13%	2.33%
	Master's degree	12.28%	10.64%	9.30%
	Junior college	77.20%	78.72%	79.07%
	Senior high school	7.02%	6.38%	6.98%
	Below senior high school	1.75%	2.13%	2.33%

### IV. Information on Environmental Protection Expenditure

Losses incurred due to environmental pollution in the last year and as of the publication date of the annual report: None.

### V. Labor-management Relations

#### (I) Current Important Labor-management Agreements and Execution

##### 1. Employee benefits

The Company handles labor insurance and health insurance in accordance with the laws and regulations. It has also formulated the Employee Welfare Committee Charter in accordance with the Employee Welfare Fund Act, established the Employee Welfare Committee, and appropriated funds for employee benefits in accordance with the regulations, while setting out various benefits based on the actual situation of the Company in accordance with the relevant provisions of the labor laws and regulations.

(1) The Company's welfare measures include gifts for Labor Day, employee pensions, annual health checkup, gifts on birthdays, and free application for parking spaces.

(2) The Employee Welfare Committee is responsible for the Company's measures, including bonuses for three major holidays, wedding cash gifts, childbirth allowance, funeral allowance, teambuilding activities, and children's education grants and scholarships.

##### 2. Retirement system

The Company has processed all employees' participation in the new labor retirement system or the consultation on their intention to participate in the old labor system, processed employees' seniority in the old system, declared under the new system, and contributed pensions. 6% of the salary. The pension payment standard of the Company is handled in accordance with Article 55 of the Labor Standards Act and Labor Pension Act. The Company has established employee retirement regulations.

According to the regulations, employees' years of service and pension are calculated in accordance with Article 55 of the Labor Standards Act.

3. Employee education and training

The Company regards employees as its most important asset and attaches great importance to their growth and development. Thus, to help employees enhance their professional skills and develop their own potential, it provides diverse education and training courses or training subsidies to improve employees' overall quality through adequate training and to enable the Shihlin Paper team to move toward a greater vision.

(II) Losses due to labor disputes in the last two years

In the past two years, the Company has formulated work rules in accordance with the relevant labor laws and regulations, and implemented various management policies in accordance with the newly promulgated laws and regulations by the government to maintain harmonious labor-management relations and no losses due to labor-management disputes.

(III) Employee Code of Conduct and Ethics

The Company attaches great importance to its employees' work attitude and moral ethics. It has set out general rules for all employees, and included the work attitude and moral ethics in the performance evaluation indicators for all employees.

1. Work Attitude and General Rules of Ethics

- (1) Shihlin Paper motto: "Loyal and honest, diligent and pragmatic, responsible, and cherishing". All employees shall strive hard in line with the motto.
- (2) Employees shall be proud of being a member of Shihlin Paper, and abide by the requirements of various regulations and announcements or notices via email on the work environment, work attitude, and employee relations.
- (3) Comply with laws and regulations, including laws and regulations regarding insider trading.
- (4) Protect the Company's assets for effective utilization.
- (5) Keep official and business secrets confidential, and all documents, items, and information shall be handled in accordance with the information security policy and shall not be taken out of the office (or sent by e-mail) and leaked. In the case of any situation above, in addition to dismissal, legal actions may be taken according to the severity of the circumstances.
- (6) Employees are not allowed to request or accept commissions, kickbacks, or accept improper entertainment or any other gifts and other illegal personal benefits by means of their work. Once found, they shall be dismissed. If the Company suffers any losses, they will be prosecuted for compensation in accordance with the law.
- (7) All employees' personal behavior shall be honest and ethical, particularly when

individuals have conflicts of interest with their work.

- (8) The reports submitted regularly shall be disclosed in a complete, fair, correct, timely, and easy-to-understand manner.
  - (9) Follow supervisors' reasonable supervision and guidance and pay attention to work safety.
  - (10) Employees shall respect and value the Company's reputation. Any personal opinions related to the Company may not be published without permission; except for the tasks assigned by the Company, any work shall not be conducted under the Company's name without authorization.
  - (11) Employees shall be sincere, proactive and responsible at work, and discover problems and put forth solutions actively.
  - (12) Treat customers, distributors, suppliers, and competitors in an impartial manner.
2. Performance evaluation indicators for work attitude and ethics
- (1) Moral ethics: Integrity; not obtaining personal benefits through improper means, and no personal deviant behavior that affects the Company's reputation.
  - (2) Dedication: Loving work and willing to spend extra time and effort to complete the work.
  - (3) Active and responsible attitude: Working hard to complete the work within the scope of responsibilities, and doing the best to complete the work assigned by the supervisor.
  - (4) The overall interests of the Company: Understanding his/her job responsibilities and duties, and knowing how to evaluate and maintain the Company's overall interests.
- (IV) Work environment and employee safety protection measures
1. In view of the importance of the work environment and employee personal safety protection measures, Using goals and plan management, and making improvements based on the results of statistical analysis, maintaining the workplace environment and safety, and reducing employee occupational hazards are our long-term goals and beliefs. Therefore, the Company's management measures and control plans are as follows:
    - (1) Employee education and training regulations: In accordance with current laws and regulations.
    - (2) Smoking management measures: In accordance with the rules announced.
    - (3) Relevant regulations on wearing helmets: In accordance with current regulations.
    - (4) Safety control of electricity consumption: In accordance with current regulations.
    - (5) Vehicle speed limit and access control: Execute in accordance with the announcement.
    - (6) Regulations on relocation of guards by assisting personnel: Execute in accordance with the announcement.
    - (7) Betel nut ban in factory areas: Execute in accordance with the announcement.

- (8) It is strictly prohibited to place food in the workplace. Meals must be served in designated places: Execute in accordance with the announcement.
- (9) Recycling of resources: Execute in accordance with the announcement.
- (10) Removal of cats and dogs: Execute in accordance with the announcement.

## 2. Occupational safety and health promotion activities

### (1) Occupational injury prevention plan

In order to achieve the goal of zero occupational injury, the Company draws up an annual occupational injury prevention plan at the end of each year, and then sets out a detailed execution plan based on the content of the occupational injury prevention plan, and each business unit executes it in accordance with the timeline and content of the plan.

- A. In response to changes in laws and regulations, the safety and health work rules are regularly revised, and the safe operation standards of plant equipment are compiled for employees to follow .
- B. Conduct employee education and training in accordance with laws and regulations, and obtain relevant certificates.
- C. According to the provisions of the Fire Protection Act, the Company has set up a comprehensive fire safety system, and regularly reported the inspection of fire equipment.

### (2) Awareness-raising activities and education through injury prevention cases:

Cases of major disasters and work-related injuries in Taiwan are collected from time to time, and publications, posters, or emails are made to remind and educate all employees to be prepared for disasters while providing the latest information. The maintenance of the environment and occupational safety is the responsibility and work of each employee. It depends on the joint efforts of all employees to maintain, cherish, and jointly create a safe, clean, clean, and disaster-free working environment.

## **VI. Signing of collective agreements**

Although the Company has established a trade union, the trade union has never requested the Company to negotiate a group agreement. Therefore, no collective agreement was signed.

## **VII. Cyber security management**

- (I) Information security is a cornerstone of modern corporate operations. The Company continuously strengthens cybersecurity and data protection mechanisms in a progressive manner to mitigate the risk of confidential information leaks or data damage.

- (II) A dedicated server room has been established, along with comprehensive information and communication security mechanisms to protect systems and data. Regular data backup procedures and recovery tests are implemented to ensure the robustness of information system defenses and minimize the risks and operational impacts caused by hacking, natural disasters, or human error, thereby safeguarding shareholder interests and corporate assets.
- (III) Employees are regularly educated on information security through ongoing awareness campaigns to ensure understanding and compliance with relevant policies and best practices in daily operations.
- (IV) The Company integrates internal resources and updates information assets as needed, establishing various security protection measures that are periodically reviewed and adjusted. New protections and equipment are added promptly based on threat assessments.
- (V) Access rights are strictly managed. User permissions related to information systems, network services, and sensitive data are regularly reviewed, monitored, and adjusted to prevent unauthorized access.
- (VI) Continue to review and improve, perform audit activities periodically, in order to implement information security management system, and to improve deficiencies or vulnerabilities.
- (VII) With reference to cybersecurity intelligence shared by the TWCERT/CC, the Company has enhanced its network security protection and incident response capabilities to further strengthen its overall information security resilience.
- (VIII) In 2024, the Company and its subsidiaries did not have any information security incidents that had a significant adverse effect on the Company.

## **VIII. Important Contracts**

None

## Five. Review and Analysis of Financial Position and Financial Performance, and Risks

### I. Financial Position

Unit: NTD thousand

Item	Year		Difference		Description
	2024	2023	Amount	%	
Current assets	3,594,506	2,446,042	1,148,464	46.95	1
Property, Plant and Equipment	2,120,153	1,717,729	402,424	23.43	2
Intangible asset	3,748	5,292	(1,544)	(29.18)	3
Other assets	4,546,649	4,540,061	6,588	0.15	
Total assets	10,265,056	8,709,124	1,555,932	17.87	
Current liabilities	3,314,361	2,510,685	803,676	32.01	4
Non-current liabilities	1,676,373	1,896,974	(220,601)	(11.63)	
Total liabilities	4,990,734	4,407,659	583,075	13.23	
Equity attributable to owners of parent	5,274,322	4,301,465	972,857	22.62	1
Share capital	2,600,391	2,600,391	0	0.00	
Capital surplus	0	0	0	0.00	
Retained earnings	116,975	137,783	(20,808)	(15.10)	
Other equity interest	2,556,956	1,563,291	993,665	63.56	1
Treasury stock	0	0	0	0.00	
Non-controlling interests	0	0	0	0.00	
Total Equity	5,274,322	4,301,465	972,857	22.62	1

Description of significant changes:

1. The increase in current assets, equity attributable to owners of the parent, other equity, and total equity was primarily due to an increase in unrealized gains on financial assets measured at FVTOCI held at the end of the period.
2. The increase in property, plant and equipment was due to the rise in construction in progress during the period.
3. The decrease in intangible assets is mainly due to amortization.
4. The increase in current liabilities was primarily due to the rise in short-term borrowings and long-term borrowings due within one year.

## II. Financial performance

Unit: NTD thousand

Item \ Year	2024	2023 _	Difference		Description
			Amount	%	
Operating revenue	155,769	171,105	(15,336)	(8.96)	1
Operating costs	62,275	86,151	(23,876)	(27.71)	1
Gross operating profit	93,494	84,954	8,540	10.05	
Operating expenses	141,781	149,610	(7,829)	(5.23)	
Operating losses	(48,287)	(64,656)	16,369	(25.32)	1
Non-operating revenue and expense	27,278	151,008	(123,730)	(81.94)	2
Net profit (loss) before tax	(21,009)	86,352	(107,361)	(124.33)	2
Net income ( loss ) from continuing operations	(21,009)	86,352	(107,361)	(124.33)	2
Net profit (loss) for the current period	(21,009)	86,352	(107,361)	(124.33)	2
Other comprehensive income (net of tax)	993,866	(949,061)	1,942,927	(204.72)	3
Total comprehensive income (loss) for the current period	972,857	(862,709)	1,835,566	(212.77)	3
Net profit attributable to the owners of the parent company	(21,009)	86,352	(107,361)	(124.33)	2
Net profit attributable to non-controlling interests	-	-	-	-	
Comprehensive income (loss) attributable to owners of the parent company	972,857	(862,709)	1,835,566	(212.77)	3
Total comprehensive income (loss) attributable to non-controlling interests	-	-	-	-	
Earnings per share	(0.08)	0.33	(0.41)	(124.24)	2

Description of significant changes:

1. Operating revenue, operating costs, and operating loss decreased, primarily due to a decline in sales revenue, operating costs, and selling expenses.
2. Non-operating income and expenses, profit before tax, net profit from continuing operations, net profit in the current period, net profit attributable to owners of the parent, and earnings per share all decreased, mainly due to a decline in dividend income compared to the previous period.
3. Increase in other comprehensive income for the current period (net of tax), total comprehensive income for the current period, and total comprehensive income attributable to the owners of the parent company was mainly due to an increase in unrealized gains on financial assets at FVTOCI.

### III. Cash flow

#### (I) Review and analysis of the cash flow for the current year

Unit: NTD thousand

Opening balance of cash	Cash flow from operating activities throughout the year	Annual cash inflows ( outflows )	The amount of cash surplus (deficit)	Remedial measures for cash deficit	
				Investment plan	Financial plan
186,724	28,295	11,545	226,564	None	None

1. Analysis of changes in cash flow for the year:  
 (1) Operating activities: The net cash inflow of NTD 28,295 thousand was mainly due to the dividend income received in the current period.  
 (2) Investing activities: The net cash outflow was NTD 468,516 thousand, mainly due to the construction of the hotel in Warehouse No. 5.  
 (3) Financing activities: The net cash inflow of NTD 480,061 thousand was mainly due to the financing of the hotel from the bank for the construction of Warehouse 5.  
 2. Remedial measures for insufficient cash and analysis of liquidity : None

#### (II) Analysis of the cash flow for the coming year

Unit: NTD thousand

Opening balance of cash	Cash flow from operating activities throughout the year	Annual cash inflows ( outflows )	The amount of cash surplus (deficit)	Remedial measures for cash deficit	
				Investment plan	Financial plan
226,564	18,822	(110,156)	135,230	None	Financing

### IV. The Impact of Material Capital Expenditures on Financial Operations in the Last Year

The expenditure on the hotel under construction in 2024 was approximately NTD 351,685 thousand, which was invested by bank loans and funds generated from the operation.

### V. Investment Policy in the Last Year, the Main Reason For Its Profit or Loss, Improvement Plan, and Investment Plan for the Coming Year

None

### VI. Risk Analysis

#### (I) The impact of changes in interest rates and exchange rates, and inflation on the Company's profit or loss and future countermeasures

##### 1. The impact of changes in interest rates on the Company's profit or loss and future countermeasures

The Group's interest rate risk arises from long-term and short-term borrowings with floating interest rates. The Group maintains an appropriate fixed and floating rate for the portfolio and also negotiates interest rates with correspondent banks irregularly in order to manage interest rate risk. Accordingly, no derivate financial instruments are used to manage the interest rate risk.

2. The impact of changes in exchange rates on the Company's profit or loss and future countermeasures

The Company's exchange rate risk mainly comes from foreign currency time deposits. The Company estimates the appreciation of the US dollar to determine the timing of selling, with reference to the estimated exchange rate trend reports of the financial industry.

3. The impact of inflation on the Company's profit or loss and future countermeasures

Possible impact of raw material price fluctuation on the operating cost of the Company. Risk response measures include the mechanism of large quantity purchase or long-term contract, in order to reduce the level of cost change. Product selling price is adjusted appropriately according to the cost and market status, in order to manage the impact of inflation on the Company.

- (II) Policy for engaging in high-risk, high-leverage investments, lending of funds to others, provision of endorsements/guarantees to others, and derivatives trading, main reasons for profit or loss, and future countermeasures

The finance of the Company mainly adopts the principle of stability, such that the Company does not engage in investments of high risk or high leverage and derivative operations.

At the end of 2003, the Company divided its assets to Sunshine Shihlin Development Co., Ltd. for business needs. As of the end of 2024, the Company had endorsed guarantees for NTD 800,000 thousand and the actual amount used was NTD 300,000 thousand.

- (III) Future R&D plans and estimated R&D expenses

Annual Project Item	Planned Content	Estimated additional investment of R&D expenses
New product development and testing of Baby Lion and Forest Beauty	The planning of related products of the two brands includes various product proofing and testing, as well as related tests on product properties, chemistry, efficacy and other related tests.	NTD 254 thousand
Review and registration of exported products	Application for cosmetic product registration and foreign trade mark application in China, Europe, America and Southeast Asia	NTD 114 thousand

- (IV) The impact of important domestic and foreign policies and legal changes on the Company's financial business and countermeasures: None.
- (V) The impact of changes in technology (including cyber security risk) and the industry on the Company's financial business and countermeasures

The Company is currently developing the business in the consumer market. As the utilization rate of wet wipes in the overall market is gradually increasing, it has

developed such products by function. With the pure water wet wipes accounting for the largest market share, the Company will launch Baby Lion extreme pure water wet wipes first, and facial masks first in terms of the skincare products. The Company divides overall cosmetics market by function, and will plan various functional products according to different consumer groups, and develop natural products and the ones with patented formula to achieve diversification and market segmentation to improve performance.

The Company has established objectives for information security management to enhance overall protection and ensure the security of data, information systems, equipment, and network communications. These measures aim to effectively reduce the risks of theft, misuse, leakage, tampering, damage, or service interruption of information assets caused by human error, intentional sabotage, equipment failure, or natural disasters. By safeguarding the confidentiality, integrity, and availability of information assets, the Company ensures the proper operation of its information systems and the security of its data. To this end, systems are prioritized and improved based on urgency, with multilayered defense mechanisms and offline backups implemented to protect data and maintain critical business functions such as operations and accounting.

Through the review and evaluation of information from various systems, the Company assesses their appropriateness and effectiveness. Based on the critical business processes, operational needs, and corresponding information system services of each user unit, the Company designs and enhances suitable hardware and software resources, improves operational workflows, and implements forward-looking planning mechanisms to respond to technological advancements and changes in the industry.

- (VI) The impact of corporate image change on corporate crisis management and countermeasures: None.
- (VII) Expected benefits, potential risks, and countermeasures regarding mergers and acquisitions: None.
- (VIII) Expected benefits, potential risks, and countermeasures regarding plant expansion: None.
- (IX) Risks arising from supplier or customer concentration and countermeasures

Purchase: For the wet wipes of the Company, based on the consideration of stable product quality and purchase cost, the Company has assigned supply contracts with domestic main supplier, such that the supplies are centralized. Nevertheless, in case where the contract supplier cannot supply materials due to

force majeure events, the Company is still able to obtain such product from other supplier; therefore, there is no risk of material shortage.

- (X) The impact and risks of massive transfer or replacement of shares by directors, supervisors, or major shareholders holding more than 10% of the shares, and countermeasures: None.
- (XI) The impact and risks of the change of management rights on the Company and countermeasures: None
- (XII) For litigation or non-litigation cases, where the Company and its directors, supervisors, President, substantive persons in charge, major shareholders holding more than 10% of shares, or affiliates have engaged in material litigation, non-litigation, or administrative disputes that are finalized or on trial and the results thereof may have a significant impact on shareholders' equity rights or securities prices, the facts in dispute, the amount in question, the starting date of the litigation, the main parties involved, and the handling situation as of the publication date of the annual report shall be disclosed: None.
- (XIII) Other significant risks and countermeasures: None.

## **VII. Other Important Matters**

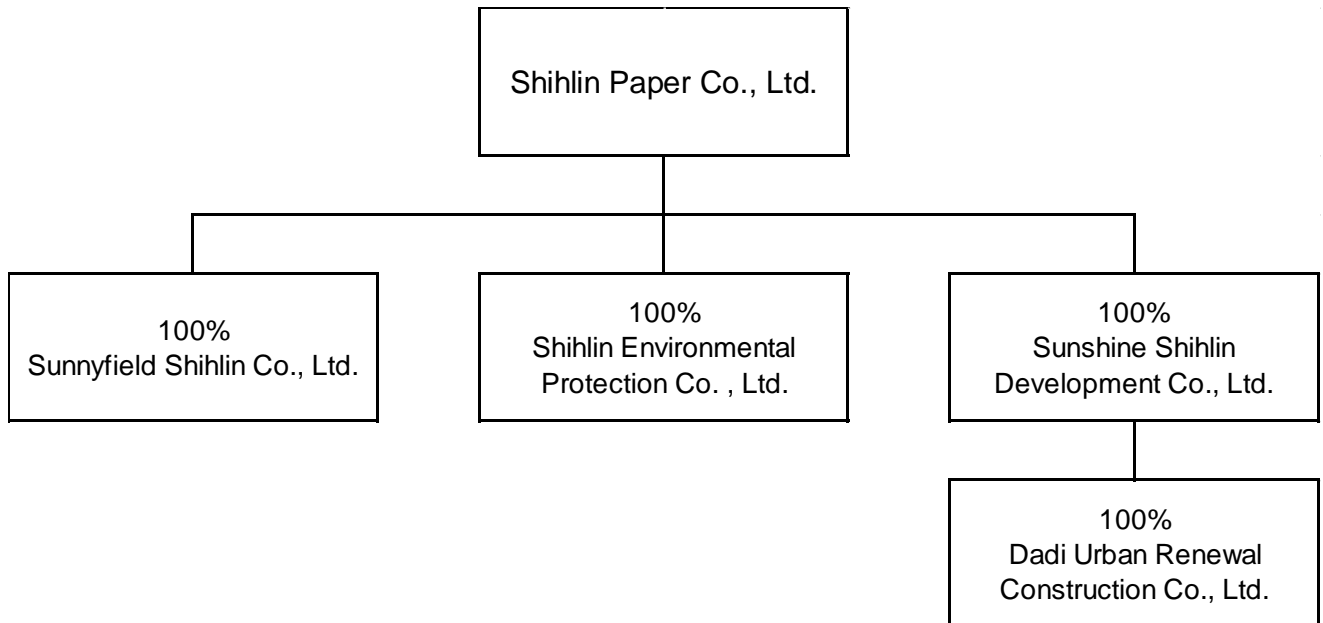
None

## Six. Special Notes

### I. Relevant Information on Affiliates

(I) Affiliation Report (As of December 31, 2024)

#### 1. Overview of Affiliates: Organizational Chart of Affiliates



#### 2. Basic information on each affiliate

Unit: NTD

Company Name	Date of incorporation	Address	Paid-in capital	Main business or products
Shihlin Environment Corporation	November 22, 1988	3F, No.138, Dadong Road, Shilin District, Taipei City	415,000,000	Investment and development
Sunshine Shihlin Development Co., Ltd.	December 24, 2001	No. 31, Fude Rd., Shilin Dist., Taipei City	2,001,000,000	Investment and development
Da Di Urban Renewal Construction Co., Ltd.	November 19, 2009	No. 31, Fude Rd., Shilin Dist., Taipei City	1,000,000	Urban renewal and reconstruction
Sunnyfield Shihlin Co., Ltd.	November 24, 2016	No. 31, Fude Rd., Shilin Dist., Taipei City	300,000,000	Wholesale of daily necessities

#### 3. Information on the same shareholders of those who are in the control-subordinate relationship: None.

4. The scope of industries of the affiliates.

Company Name	Main business or products
Shihlin Paper Co., Ltd.	1. Production, shipping, and sales of paper.
	2. Manufacturing of processed paper products.
	3. Important raw materials for paper, and production and sales.
	4. Wholesale of daily necessities restaurants.
	5. Wholesale of cosmetics restaurants.
	6. Real Estate Leasing.
Shihlin Environment Corporation	1. Specific area development.
	2. Investment in construction of public works.
	3. New towns and new community development business.
	4. Urban renewal and reconstruction.
	5. Waste disposal industry, building cleaning services, and restaurants.
	6. Real estate trading and leasing industry.
Sunnyfield Shihlin Co., Ltd.	1. Wholesale of daily necessities restaurants.
	2. Wholesale of cosmetics restaurants.
Sunshine Shihlin Development Co., Ltd.	1. Development of specific zones
	2. Investment in construction of public works.
	3. New towns and new community development business.
	4. Office building rental industry.
	5. General hotel industry.
	6. Parking space operation.
Da Di Urban Renewal Construction Co., Ltd.	1. Residential building and building development, leasing, and sales.
	2. Specific area development.
	3. Investment in construction of public works.
	4. New towns and new community development business.
	5. Urban renewal and reconstruction.
	6. Real estate trading and leasing industry.

## 5. Information on directors, supervisors, and presidents of affiliates:

Unit: Thousand NTD; Share; %

Company Name	Title	Name or name of legal representative	Number of shares held	
			Shares	Shareholding percentage
Shihlin Environment Corporation	Chairman	Hui-Jung Chen (Representative of Shihlin Paper Co., Ltd.)	41,500,000	100 %
	Director	Chih-Yuan Chen (Representative of Shihlin Paper Co., Ltd.)		
	Director	Chin-Cheng Chen (Representative of Shihlin Paper Co., Ltd.)		
	Director	Mei-Ru Chen (Representative of Shihlin Paper Co., Ltd.)		
	Supervisor	Cheng-Che Tsai (Representative of Shihlin Paper Co., Ltd.)		
	Supervisor	Chiu-Ling Wu (Representative of Shihlin Paper Co., Ltd.)		
Sunshine Shihlin Development Co., Ltd.	Chairman	Chih-Yuan Chen (Representative of Shihlin Paper Co., Ltd.)	200,100,000	100 %
	Director	Po-Ting Chen (Representative of Shihlin Paper Co., Ltd.)		
	Director	Chih-Hsiang Chen (Representative of Shihlin Paper Co., Ltd.)		
	Director	Cheng-Chih Chen (Representative of Shihlin Paper Co., Ltd.)		
	Director and President	Hui-Ying Chen (Representative of Shihlin Paper Co., Ltd.)		
	Supervisor	Hui-Jung Chen (Representative of Shihlin Paper Co., Ltd.)		
Sunnyfield Shihlin Co., Ltd.	Chairman	Mei-Ru Chen (Representative of Shihlin Paper Co., Ltd.)	30,000,000	100 %
	Director	Yen-Che Chiang (Representative of Shihlin Paper Co., Ltd.)		
	Director	Li-Hua Li (Representative of Shihlin Paper Co., Ltd.)		
	Supervisor	Chao-Ti Chen (Representative of Shihlin Paper Co., Ltd.)		
Da Di Urban Renewal Construction Co., Ltd.	Chairman	Hui-Jung Chen (Representative of Sunshine Shihlin Development Co., Ltd.)	100,000	100 %
	Director	Cheng-Chih Chen (Representative of Sunshine Shihlin Development Co., Ltd.)		
	Director	Chih-Hsiang Chen (Representative of Sunshine Shihlin Development Co., Ltd.)		
	Director	Chien-Kun Chen (Representative of Sunshine Shihlin Development Co., Ltd.)		
	Director	Mei-Ru Chen (Representative of Sunshine Shihlin Development Co., Ltd.)		
	Director	Ni-Ru Lin (Representative of Sunshine Shihlin Development Co., Ltd.)		
	Director	Vacant (Representative of Sunshine Shihlin Development Co., Ltd.)		
	Supervisor	Hsin-Pei Lin (Representative of Sunshine Shihlin Development Co., Ltd.)		

### (II) Overview of operations of affiliates:

Unit: NTD thousand

Company Name	Capital Amount	Total assets	Total liabilities	Net worth	Operating revenue	Operating gains or losses	Current profit and loss (after tax)	Earnings per share (NTD) (after tax)
Shihlin Environment Corporation	415,000	961,653	537,823	423,830	0	-243	330	0.01
Sunshine Shihlin Development Co., Ltd.	2,001,000	5,749,729	3,245,320	2,504,408	63,178	-29,814	-56,472	-0.28
Sunnyfield Shihlin Co., Ltd.	300,000	52,070	9,338	42,732	43,639	-11,943	-11,047	-0.37
Da Di Urban Renewal Construction Co., Ltd.	1,000	105	0	105	0	0	0	0.00

(III) Consolidated financial statements of affiliates:

**Representation Letter**

In 2024 (from January 1, 2024 to December 31, 2024) The companies included in the consolidated financial statements are the same as those that should be included in the preparation of the consolidated financial statements of the parent and subsidiary companies under IFRS 10, and the relevant information to be disclosed in the consolidated financial statements of affiliated companies is disclosed in the aforementioned consolidated financial statements of the parent and subsidiary companies The disclosure has been made, and the Company shall not prepare separate consolidated financial statements of affiliated companies.

Sincerely,

Company Name: Shihlin Paper Co., Ltd.

Person in Charge: Tai Shih Trading Co., Ltd.

March 11, 2025

(IV) Affiliation Report: None

**II. Private placement of securities in the last year up till the publication date of this annual report:**

None

**III. Other supplementary information:**

None

**IV. In the most recent year and up to the publication date of this annual report, any occurrences of events defined under Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act that significantly impacted shareholders' equity or security prices:**

None





Shihlin Paper Co., Ltd.

Person in Charge: Tai Shih Trading Co., Ltd.