

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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## **2025 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: April 20, 2026

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Name of any the exchanges where the Company's securities are traded offshore name and the method by which to access information on said offshore securities: 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. 2025 Business Report

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

#### 1. Baby Lion

- (1) The Company is currently dedicated to the consumer market. In response to the gradual increase in the utilization rate of wet wipes in the overall market, the Company has spared no effort to develop the Baby Lion products since 2025. In addition to the existing Baby Lion wet wipes, it has launched an anti-mosquito series and a baby washes series to expand its market share. Facing a market with decreasing birthrates, Baby Lion continues to uphold its dedication to premium quality and strict compliance with international and European safety standards, consistently winning the approval of 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 2025. 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 Forest Beauty VitaminiBs Renew series and the high-end new skin care products of Micro-gold Superconducting royal jelly peptide series. 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 income and expenditures and profitability in 2025

Unit: NTD thousand

Consolidated Statement of Comprehensive Income	2025	2024	Change (%)
Net operating income	153,294	155,769	(1.59)
Gross operating profit	99,939	93,494	6.89
Net operating loss	(21,940)	(48,287)	(54.56)
Net profit (loss) after tax	335,741	(21,009)	(1,698.08)

## II. Overview of Business Plan for 2026

(I) Baby Lion

1. The operating policy this year will focus on a marketing-oriented approach and channel expansion to continue to expand the market share and operating performance, and improve the 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, etc.) 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 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 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) Long- and short-term business development plans**

##### **1. Sales strategy**

- (1) Develop new customer groups based on product positioning, and formulate marketing strategies based on product and function differentiation.
- (2) Revitalize the brand's image, keep abreast of consumer needs, and innovate and copy successful models in order to launch new products.
- (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 in order 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, protection 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. The sales region of main products is mainly in the domestic market, divided into two areas: northern, central and southern regions, and plans to stabilize the Taiwan market.
2. Future supply and demand status and growth: According to the statistics from professional market surveys and research institutions, the wet wipes market continues to grow, with safety and professionalism as 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 OEM to respond to future market demand.

4. Favorable and unfavorable factors of development prospects:

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

(II) Forest Beauty

1. The sales region of Forest Beauty is mainly in the domestic market, divided into two areas: Northern, central and southern Taiwan and the Company plans to step into the global market while based in Taiwan.
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 OEM to respond to future market demand.
4. Favorable and unfavorable factors of development prospects:
  - (1) Favorable factors: Domestic and foreign professional OEM have better product technology capabilities and positive competitive advantages in innovative manufacturing processes, which make the product collections developed more complete than the competitors in the same industry so as to keeps 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.

## 2025 Business Report of the Reinvestment Sunshine Shihlin Development Co., Ltd.

### I. 2025 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. The Restoration and Reutilization Plan for this project was approved on December 25, 2024. In the future, the project will proceed with comprehensive development planning and the submission of an Urban Renewal Application Plan. This project is expected to achieve the goals of overall development, such as improving investment efficiency, fostering regional prosperity, and creating a high-quality urban environment.
- (II) For the Warehouse No. 5 hotel urban renewal development project: Construct a hotel building with 12 floors above ground and 3 floors underground. Following the issuance of the building permit in 2020, construction officially commenced in the third quarter of that year, with most of the construction works now completed. Also, the fire safety inspection has been passed, and the application for the occupancy permit is currently in progress.
- (III) No. 18, Fude Road development project: Construct a hotel building with 10 floors above ground and 3 floors underground. The building structure was completed in the fourth quarter of 2025.
- (IV) Guanghua Second Subsection No. 635, 669-3, and 669-15, development projects: Construction of residential buildings with 11 floors above ground and 3 floors underground. The bidding and contracting process for construction works was commenced in the fourth quarter of 2025.
- (V) Joint Development Project on Chongqing North Road with Nian Feng Construction: The Company’s allocated share consists of 8 housing units and 7 parking spaces. As of the end of November 2025, 7 housing units and 6 parking spaces were

officially handed over. The Company has decided to retain one commercial storefront and one parking space for rental purposes, optimizing asset utilization and securing stable future revenue streams.

- (VI) Sunshine Paper Sun Hotel Shihlin: The original subsidiary restaurant was rebranded as "Between Breaths", in the fourth quarter of 2022. It has since opened its doors to hotel guests and external visitors, offering brunch services. In 2024, the restaurant launched "Private Dining" services as part of its diversification strategy to drive revenue growth. The Paper Sun Cafe, at Neihu has been expanding and adjusting its menus in 2024. In 2025, the Sunshine Paper Sun Hotel Shihlin continued to maintain its diversification strategy and drive revenue growth.

## **II. Overview of 2026 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 first quarter of 2026.
- (II) Warehouse No. 5 hotel project: The occupancy permit is expected to be obtained in the first quarter of 2026, followed by the application for interior renovation.
- (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) Guanghua Second Subsection No. 635, 669-3, and 669-15, and adjacent lots: Joint development of a residential building (11 floors above ground, 3 floors below). The bidding and contracting process for construction works was initiated in the fourth quarter of 2025, with construction expected to commence in 2026.
- (V) Fude Road No. 18 self-owned land. Construction of a hotel building (10 floors above ground, 3 floors below): The fire safety inspection is scheduled for application in the second quarter of 2026, with the occupancy permit expected to be obtained in the third quarter of the same year.
- (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. Future 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 Company continues to comply with government regulations while proactively reviewing its existing land assets to implement various asset revitalization evaluations. 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 has conducted reviews of eligible land assets in accordance with relevant regulations to initiate joint and self-developed projects. These efforts have resulted in the commencement of construction for two new projects in the Guanhua Section, the completion and delivery of the Datong Section joint development, and the upcoming start of construction in 2026 for the joint development project on Land Lots No. 635 and others in the Guanhua Second Subsection.

In 2026, the global economy continues to experience significant volatility, and the domestic construction industry still faced challenges with rising raw material costs, labor shortages, and government soil and waste management policies, 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, labor shortage in the macro environment, and the development of the Beitou Shilin Technology Park, making appropriate countermeasures and adjustments, maintain our consistent prudent approach and successfully achieve the Company's development objectives.

Best regards

Shihlin Paper Co., Ltd.

Chairman: Tai Shih Trading Co., Ltd.

Representative: Chen, Po-Ting

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 26th Term of Directors (Assumed duty on 2025/06/20)

April 7, 2026

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 20, 2025	3 years	November 5, 1960	904,667	0.35%	904,667	0.35%	0	0%	0	0%	Chairman, Wan Hai Lines Ltd. (MBA, University of San Francisco)	Consultant, Asia Pacific Logistics International Co., Ltd. Director, Tai Chuan Investment 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 20, 2025	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, Yee Tzao Enterprise Co., Ltd. Chairman, Xiang Deng Construction Co., Ltd. Representative of Institutional Director of Wan Hai Lines Ltd.	None	None	None	None
Director	Taiwan, R.O.C	Chen-Yung Foundation Representative: Chen, Chih-Yuan	Male 61-70 years old	June 20, 2025	3 years	June 20, 2025	400,000	0.15%	400,000	0.15%	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. Institutional Representative Vice Chairman, Taiwan Air Cargo Terminal Limited Director, Yi Xiang Industrial Co.,Ltd.	None	None	None	None
Director	Taiwan, R.O.C	Wan Hai Charity Foundation Representative: Chueh, Chi-Wen (Note 2)	Male 51-60 years old	June 20, 2025	2 years	June 13, 2007	18,150,259	6.98%	18,150,259	6.98%	0	0%	0	0%	Chief Financial Officer, Mudanjiang Xinyuan Operations Management Co., Ltd. Regional CFO, Dimerco Express Group Department of Business Administration, Feng Chia University	President, Shihlin Paper Co., Ltd.	None	None	None	None
Independent Director	Taiwan, R.O.C	Hsiao-Chueh Hsieh	Female 61-70 years old	June 20, 2025	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)	Chairman, Ren He International Investment Co., Ltd. Institutional Representative Director, Chih Lien Industrial Co., Ltd. Director, June Lai Metal Co.,Ltd.	None	None	None	None
Independent Director	Taiwan, R.O.C	Chiang, Zhong-Yi	Male 61-70 years old	June 20, 2025	3 years	June 20, 2025	0	0%	0	0%	0	0%	0	0%	Executive director, KPMG Vice chairperson, the Federation of CPA Associations R.O.C Master of Accounting, Department of Accounting and Information Management, National Taiwan University	Independent Director, Hwatai Bank	None	None	None	None
Independent Director		Vacancy (Note 3)																		

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 representative of Wan Hai Charity Foundation was changed from Chen, Yu, to Chueh, Chi-Wen on October 15, 2025

Note 3: Independent Director Chen, Ming-Chu passed away on September 17, 2025, and a by-election is expected to be held in the upcoming shareholders' meeting.

## 2. Major Shareholders of Institutional Shareholders

April 7, 2026

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.	Shih-Teng Lin 62.2%, Wu, Chiu-Ling 18.09%, Yueh-Hsia Lin 3.71%, Cheng-Hsiung Lin 8%, Yu-Hsuan Lin 8%
Chen-Yung Foundation	None
Wan Hai Charitable Foundation	None

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

April 7, 2026

Name of Institutional Shareholder	Major Shareholders of Institutional Shareholder
Dao Qi Co., Ltd.	Crystal Blossom Ltd 100%
Dao Kuan Co.,Ltd.	Discovery Treasure Limited 100%
Dao Pu Co., Ltd.	Integrated Global Investments Limited 100%
Dao Zhou Co.,Ltd.	Chesterfield Capital Management Inc 100%

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

April 7, 2026

Name	Conditions	Professional qualifications and experience (Note 1)	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
Chen-Yung Foundation 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 Charity Foundation Representative: Chueh, Chi-Wen		Education: Department of Business Administration, Feng Chia University Chief Financial Officer, Mudanjiang Xinyuan Operations Management Co., Ltd. Regional Finance Director, Dimerco Express Group	A spouse or relative within the second degree of kinship relationship of another director. The representative served as the President of Shihlin Paper Co., Ltd..	0
Hsiao-Chueh Hsieh		Education: National Chengchi University, EMBA Program in Business Management Class of 2005 Onces served as Chief of Finance in Jiu Tong Automobile Co., Ltd., currently Vice Chairman in Junlai Metal Co., Ltd., Currently serving as an independent director, member of the audit committee, and convener of the remuneration committee of Shihlin Paper 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	0
Chiang, Zhong-Yi		Education: Master of Accounting, Department of Accounting and Information Management, National Taiwan University Senior partner at KPMG, Vice chairperson, the Federation of CPA Associations R.O.C, Member of the Financial Insurance Committee of the Consumers' Foundation, Chinese Taipei, Certified Public Accountant (passed the National Senior Examination), Executive director at KPMG, Vice chairperson of the Taiwan CPA Association, and Lecturer in the Department of Quantitative Finance at National Tsing Hua University. Currently serving as an independent director, convener of the audit committee, and member of the remuneration committee of Shihlin Paper Co., Ltd.	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.	1
Vacancy (Note 2)				

Note 1: None of the Company's directors are currently subject to any of the circumstances listed under Article 30 of the Company Act.

Note 2: Independent Director Chen, Ming-Chu passed away on September 17, 2025, and a by-election is expected to be held in the upcoming shareholders' meeting.

## 5. Diversity and Independence of the Board of Directors

### (1) Diversity of the Board of Directors

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. accounting, finance, business management, and more), professional skills and industrial experience, etc.

Regarding the specific management objectives of the diversification policy, board members must possess professional experience and expertise in areas of diversity, such as business management, leadership decision-making, and accounting and finance. The professional background and capabilities of current board members are detailed in the following table, and have met the established goals.

Currently, the Board of Directors has seven seats, with six currently filled (including 2 independent directors). Independent directors account for 33% of current directors.

Due to a vacancy resulting from the passing of an independent director, a by-election is expected to be held at the upcoming shareholders' meeting.

In terms of gender diversity, there are currently two female directors, accounting for 33% of the current board seats. However, if calculated by a total of seven seats, 28% of board seats are held by women, which is still short of the one-third goal.

The Company has always valued professional competence, industry background, and gender balance in decision-making. Going forward, it will actively seek qualified female candidates for its Board of Directors to further promote gender diversity and gradually increase the proportion of female members to over one-third, thereby strengthening the gender diversity of the Board.

#### Implementation status

Currently, the Board consists of six directors, including two independent directors who represent 33% of the total. In terms of diversity, there are four male directors (67%) and two female directors (33%). Three directors are between 50 and 60 years old (50%), while three are aged 61 or above (50%). Details on the implementation of these diversity standards are provided in the table below:

Title	Name	Diversified core projects								
		Basic conditions					Professional background and skills			
		Nationality	Gender Age	Independent director seniority			Business management	Leadership decisions	Industry experience	Accounting and finance
				3 years or less	3-9 years	9 years or more				
Chairman	Tai Shih Trading Co., Ltd. Representative: Chen, Po-Ting	Taiwan, R.O.C	Male 51-60 years old				✓	✓	✓	
Director	Yee Tzao Enterprise Co., Ltd. Representative: Wu, Chiu-Ling	Taiwan, R.O.C	Female 51-60 years old				✓	✓	✓	
Director	Chen-Yung Foundation Representative: Chen, Chih-Yuan	Taiwan, R.O.C	Male 61-70 years old				✓	✓	✓	
Director	Wan Hai Charity Foundation Representative: Chueh, Chi-Wen	Taiwan, R.O.C	Male 51-60 years old				✓	✓	✓	✓
Independent Director	Hsiao-Chueh Hsieh	Taiwan, R.O.C	Female 61-70 years old		✓		✓	✓	✓	✓
Independent Director	Chiang, Zhong-Yi	Taiwan, R.O.C	Male 61-70 years old	✓			✓	✓	✓	✓

## (2) Independence of the Board of Directors

The Company's Board of Directors is established with seven directors as stipulated in the Articles of Incorporation, and currently has six directors in office (including two independent directors), representing 33% of the current board. The Company has obtained written declarations confirming that no directors (including independent directors) have a spousal or familial relationship within the second degree of kinship, and that the board structure meets independence requirements. The Company's board independence is established in accordance with the number of directors and independent directors stipulated in its Articles of Incorporation. Independent director nominees submit conditions and qualification checklists, along with supporting documentation, as required by law. Following a review by the Company to verify their eligibility, they are presented for election at the shareholders' meeting after board review. Upon election, written confirmations of their independence are obtained from each independent director. Throughout their term, each independent director is periodically required to review their independence and re-sign the confirmation statement. The annual board performance evaluation results show that all directors are able to provide timely, professional, and objective suggestions for

the board's consideration in its decision-making process, effectively evaluate and monitor corporate risk management, and ensure the board operates in accordance with independence requirements.

#### 6. 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.

The succession plan for the Company's Board of Directors aims to enhance the diversity and expertise of the board. In addition to considering the board members' legal, financial, and industry expertise, the selection process particularly emphasizes practical management experience and the succession of the ability to manage new and emerging risks. Internal talent acquisition and professional development - The Company actively recruits senior managers with strong execution skills and industry insights to join the Board of Directors. As a key

member of the board, the President participates not only in day-to-day decision-making but also regularly participates in professional continuing education to strengthen governance functions. 2025 Specific implementation status - To cope with the operational challenges under the digital transformation, the Company has arranged professional courses for board members and potential successors. In November 2025, the director and President completed a three-hour course on "Data-Driven Risk Management Applications," introducing data analysis tools for corporate risk management. A structured identification and decision-making process that enables the Board of Directors to exercise science-based judgment under conditions of uncertainty.

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

April 7, 2026

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		Key Work and Academic Experience	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 CFO, 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 1, 2004	2,111,906	0.81	120,000	0.05	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 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 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 report		The Company	All companies included in the financial statements	
								Cash Amount	Amount of shares	Cash Amount	Amount of shares			
President	Chueh, Chi-Wen	2,453	2,453	153	153	572	572	0	0	0	0	0.95%	0.95%	None
Vice President	Chen, Mei-Ru													
Vice President	Chen, Chin-Cheng	0	2,116	0	34	0	456	0	0	0	0	0.00%	0.78%	None
Vice President	Tsai, Ching-I													

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.

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 NT\$1,000,000	Chen, Mei-Ru	Chen, Mei-Ru
NTD\$1,000,000 (inclusive) ~ NTD\$2,000,000 (exclusive)	None	Chen, Chin-Cheng, Tsai, Ching-I
NTD\$2,000,000 (inclusive) ~ NTD\$3,500,000 (exclusive)	Chueh, Chi-Wen	Chueh, Chi-Wen
NTD\$3,500,000 (inclusive) ~ NTD\$5,000,000 (exclusive)	None	None
NTD\$5,000,000 (inclusive) ~ NTD\$10,000,000 (exclusive)	None	None
NTD\$10,000,000 (inclusive) ~ NTD\$15,000,000 (exclusive)	None	None
NTD\$15,000,000 (inclusive) ~ NTD\$30,000,000 (exclusive)	None	None
NTD\$30,000,000 (inclusive) ~ NTD\$50,000,000 (exclusive)	None	None
NTD\$50,000,000 (inclusive)~ NTD\$100,000,000 (exclusive)	None	None
Above NTD\$100,000,000	None	None
Total	2	4

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

December 31, 2025; 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			
President	Chueh, Chi-Wen	2,040	2,040	103	103	385	385	0	0	0	0	0.75%	0.75%	None
Associate VP	Hung-Chu Li	1,185	1,185	76	76	224	224	0	0	0	0	0.44%	0.44%	None
Manager:	Ni-Ru Lin	1,134	1,134	73	73	268	268	0	0	0	0	0.44%	0.44%	None
Deputy President	Chen, Chin-Cheng	0	1,029	0	0	0	202	0	0	0	0	0.00%	0.37%	None
Deputy President	Tsai, Ching-I	0	1,087	0	34	0	254	0	0	0	0	0.00%	0.41%	None

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 0.22% and -3.84% of the net income after tax in 2025 and 2024, respectively. No other director remuneration was paid. The remuneration of the President and Vice Presidents consists primarily of their salaries, which accounted for 1.73% and -11.26% of the net income after tax in 2025 and 2024, 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 6 meetings (A) in the most recent year, and the attendance of directors is as follows:

December 31, 2025

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 (2025/01/01 to 2025/06/20; two Board of Directors meetings were held in the most recent year)					
Chairman	Representative, Tai Shih Trading Co., Ltd.: Po-Ting Chen	2	0	100.00%	
Director	Representative, Yee Tzao Enterprise Co., Ltd.: Chiu-Ling Wu	2	0	100.00%	
Director	Representative, Yi Xiang Industrial Co., Ltd.: Chih-Yuan Chen	2	0	100.00%	
Director	Representative of Wan Hai Shipping Social Charitable Foundation : You Chen	1	1	50.00%	
Independent Director	Hsiao-Chueh Hsieh	2	0	100.00%	
Independent Director	Ming-Chu Chen	2	0	100.00%	
Independent Director	Ming-Chien Tang	2	0	100.00%	
Attendance of the 26th Board of Directors (2025/06/20 to 2025/12/31; two Board of Directors meetings were held in the most recent year)					
Chairman	Representative, Tai Shih Trading Co., Ltd.: Po-Ting Chen	4	0	100.00%	
Director	Representative, Yee Tzao Enterprise Co., Ltd.: Chiu-Ling Wu	4	0	100.00%	
Director	Representative, Chen-Yung Foundation Chih-Yuan Chen	3	0	75.00%	
Director	Representative of Wan Hai Shipping Social Charitable Foundation : You Chen	1	1	50.00%	Dismissed on October 15, 2025
Director	Representative of Wan Hai Shipping Social Charitable Foundation : Chueh, Chi-Wen	2	0	100.00%	Appointed on October 15, 2025
Independent Director	Hsiao-Chueh Hsieh	4	0	100.00%	
Independent Director	Chiang, Zhong-Yi	4	0	100.00%	
Independent Director	Ming-Chu Chen	2	0	100.00%	Passed away and dismissed on September 17, 2025
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, 2025 to December 31, 2025	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

The Company held 6 Board meetings in 2025, with a 93% attendance rate. The attendance and operation of the Board were satisfactory. The achievement rate of the assessment items for this year was between 94 and 99 points, and the assessment result was excellent. This means that the current system and implementation results of the Company's Board of Directors' various functional committees are in good condition. There are currently no suggestions for improvement. The Board of Directors will continue to strengthen these systems based on the results of this assessment 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 signed or sealed by the Chairman, manager, and chief accountant, as well as Q2 financial statements audited and certified by CPAs.
  - (11) Business report and the proposal for distribution of earnings or offsetting of losses
  - (12) Other Material Matters as Required by the Company or Competent Authorities.
2. Major tasks of the Audit Committee in 2025:
- (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 had held four meetings in the last year, and the attendance of independent directors is as follows:

Attendance of the 2nd term of Audit Committee members: (2025/01/01~2025/06/20; two Audit Committee meetings were convened in the most recent year) (A)					
Title	Name	Number of actual attendances B	Number in attendance by proxy	Actual attendance rate (%) (B/A)	Remarks
Independent Director (Convener of Audit Committee)	Hsiao-Chueh Hsieh	2	0	100%	
Independent Director (Member of the Audit Committee)	Ming-Chu Chen	2	0	100%	
Independent Director (Member of the Audit Committee)	Ming-Chien Tang	2	0	100%	
Attendance of the 3rd term of Audit Committee members: (2025/06/20~2025/12/31; two Audit Committee meetings were convened in the most recent year) (A)					
Title	Name	Number of actual attendances B	Number in attendance by proxy	Actual attendance rate (%) (B/A)	Remarks
Independent Director (Convener of Audit Committee)	Chiang, Zhong-Yi	2	0	100%	
Independent Director (Member of the Audit Committee)	Hsiao-Chueh Hsieh	2	0	100%	

Title	Name	Number of actual attendances B	Number in attendance by proxy	Actual attendance rate (%) (B/A)	Remarks
Independent Director (Member of the Audit Committee)	Ming-Chu Chen	1	0	100%	Passed away and dismissed on September 17, 2025
Other items to be recorded:					
<p>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.</p> <p>(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.</p> <p>(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.</p> <p>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.</p> <p>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):</p> <p>(I) Communication between independent directors and CPAs: There was 1 communication meeting held between independent directors and CPAs in 2025, and the main communication is summarized as follows:</p>					
Communication with accountants					
Date of meeting	Attendees	Matters	Result of communication		
March 11, 2025	Independent Director Hsieh, Hsiao-Chuck Independent Director Chen, Ming-Chu Independent Director Tang, Ming -Jian Audit Supervisor Hong, Yu-Ling	Independence of CPAs	<p>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.</p> <p>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.</p>		
		Auditors' responsibilities and scope of audit on the financial statements	<p>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.</p> <p>2. Communicate the key audit matters in the audit report.</p> <p>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.</p> <p>4. The accountant performs the relevant audit work according to the calculated materiality amount, and adopts the expert opinion.</p>		
(II) Communication between independent directors and the internal audit head: A total of four communication meetings were held between independent directors and internal audit heads in 2025. The main communication meetings are as follows:					
Communication with the internal audit supervisor					
Date of meeting	Attendees	Matters	Result of communication		
March 11, 2025	Independent Director Hsieh, Hsiao-Chuck Independent Director Chen, Ming-Chu Independent Director Tang, Ming -Jian Audit Supervisor Lin, Ming-Fu	1. 2024 Q4 audit performance report and communication.	The motion was unanimously approved by all attending members without objections, and it is ratified.		
		Amended the Internal Control System "Sales and Collection Cycle".	The motion was unanimously approved by all attending members without objection, and submitted to the Board of Directors for resolution.		
		Declaration of internal control system for 2024.	The motion was unanimously approved by all attending members without objection, and submitted to the Board of Directors for resolution.		

Date of meeting	Communication with the internal audit supervisor		
	Attendees	Matters	Result of communication
May 13, 2025	Independent Director Hsieh, Hsiao-Chuck Independent Director Chen, Ming-Chu Independent Director Tang, Ming -Jian Audit Supervisor Lin, Ming-Fu	2025 Q1 audit execution report and communication.	The motion was unanimously approved by all attending members without objections, and it is ratified.
August 11, 2025	Independent Director Chiang, Chung-I Independent Director Chen, Ming-Chu Independent Director Hsieh, Hsiao-Chuck Audit Supervisor Lin, Ming-Fu	2025 Q2 audit execution report and communication.	The motion was unanimously approved by all attending members without objections, and it is ratified.
November 11, 2025	Independent Director Chiang, Chung-I Independent Director Hsieh, Hsiao-Chuck Audit Supervisor Lin, Ming-Fu	Q3 2025 audit performance report and communication.	The motion was unanimously approved by all attending members without objections, and it is ratified.
		Amended the Internal Control System "Payroll Cycle".	The motion was unanimously approved by all attending members without objection, and submitted to the Board of Directors for resolution.
		Discussion of the 2026 audit plan.	The motion was unanimously approved by all attending members without objection, and submitted to the Board of Directors for resolution.

(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, in addition to appointing the Shares Registrar to handle related matters, has also appointed spokespersons and acting spokespersons to exclusively handle shareholders' suggestions, questions and disputes, and fully disclose the contact information on the Company's official website. Shareholders may voice out opinions by telephone or email.	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 established the "Corporate Governance Best-Practice Principles," "Procedures for Handling Inside Material Information," "Ethical Corporate Management Best Practice Principles," and "Procedures for Ethical Management and Behavioral Guidelines," and inform the insiders of the and advocating or arranging advanced insider courses from time to time.	No difference
III. Composition and Responsibilities of the Board of Directors				
(I) Has the Board of Directors formulated diversification policies, specific management objectives and implemented them?	✓		(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 the evaluation guidelines and methods for the Board of Directors' performance, for the regular annual performance evaluation; as well as presents the outcome of such evaluations to be applied to the remuneration of each director and their re-election nominations?	✓		(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.</p> <p>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. Vice President Chen, Mei-Ru, Head of Corporate Governance, completed 12 hours of continuing education in 2025 and complied with regulations. The courses are listed as follows:</p> <p>2025 Cathay Sustainable Finance and Climate Change Summit - Taiwan Stock Exchange (6 hours) July 9, 2025 Governance of Related Party Transactions and Major Transactions of Companies - Taipei Bar Association (3 hours) October 27, 2025 Data-Driven Risk Management Applications - Independent Director Association Taiwan (3 hours) November 20, 2025</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	Summary Description	
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 policy: The Company makes good use of the convenience of the Internet to set up a website to receive customer complaints and actively respond to customer needs, and to 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, 2025.</p>	No difference
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. We will continue to strengthen Board operations, enhance information transparency, and progressively integrate sustainability governance strategies into our corporate governance framework. Moving forward, we will continue to develop and implement improvement measures aligned with policies from relevant regulatory authorities to enhance corporate governance.				

(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

Identity	Conditions		Independence status	Number of positions as Remuneration Committee member in other public companies
	Name	Professional qualifications and experience		
Independent Director (Convener)	Hsiao-Chueh Hsieh	Please refer to page 16 for information on directors' professional qualifications and independent director independence disclosure.	The member, 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	Chiang, Zhong-Yi	Please refer to page 16 for information on directors' professional qualifications and independent director independence disclosure.	The member, 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
Committee Members	Wu, Yu-Li	Chairman, Li-Jing Investment Co., Ltd. (Department of Accounting, Soochow University)	The member, 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 6th term: From June 20, 2025 to June 19, 2028. Over the last year the Remuneration Committee had held 2 (A) meetings.

The qualifications and attendance of the members are as follows:

Attendance of the 5th term of Audit Committee members: (2025/01/01~2025/06/20; one Audit Committee meeting was convened in the most recent year) (A)					
Title	Name	Number of actual attendances B	Number in attendance by proxy	Actual attendance rate (%) (B/A)	Remarks
Convener	Ming-Chu Chen	1	0	100%	
Committee Members	Ming-Chien Tang	1	0	100%	
Committee Members	Hsiao-Chueh Hsieh	1	0	100%	

Attendance of the members of the 6th term in non-voting status: (June 20, 2025 to December 31, 2025; one Audit Committee meeting was convened in the most recent year) (A)

Title	Name	Number of actual attendances B	Number in attendance by proxy	Actual attendance rate (%) (B/A)	Remarks
Convener	Hsiao-Chueh Hsieh	1	0	100%	
Committee Members	Chiang, Zhong-Yi	1	0	100%	
Committee Members	Wu, Yu-Li	1	0	100%	

Other items to be recorded:

- I. If the Board of Directors does not adopt or amend the recommendation of the Remuneration Committee, it shall state the date and period of the Board of Directors' meeting, the content of the resolution, the result of the Board of Directors' resolution and the Company's handling of the recommendation of the Remuneration Committee (if the compensation approved by the Board of Directors is better than the recommendation of the Compensation Committee, it shall state the difference and the reasons thereof): None.
- 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)			Differences with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary Description	
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. Supervision of the Board of Directors: A report on the implementation of sustainable development at the Company (including the progress of greenhouse gas inventory) has been submitted to the Board of Directors on December 16, 2025.	No difference
II. Does the Company follow the principle of materiality in conducting risk assessments on environmental, social, and corporate governance issues related to its operations, and formulate 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 a suitable environmental management system according to the characteristics of its industry?	✓		(I) We are committed to maintaining the environment inside and outside the factory, and all environmental and environmental protection are in compliance with the relevant laws and regulations.	No difference
(II) Does the Company strive to improve energy efficiency and use recycled materials that have a low impact on the environment?	✓		(II) We actively use our resources efficiently to reduce waste and cost.	No difference
(III) Does the Company assess the potential risks and opportunities of climate change to the Company's business now and in the future, and take relevant measures in response?	✓		(III) In order to save water resources and energy consumption, we are continuously promoting energy conservation at our plants, focusing mainly on electricity saving measures, and have started a comprehensive energy saving program.	No difference

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		
(IV) Does the Company keep statistics on greenhouse gas emissions, water consumption and total tonnage of waste for the past two years, and develop policies for energy saving and carbon reduction, greenhouse gas reduction, water use reduction or other waste management?	✓		(IV) The Company is not a high energy-consuming industry and does not install or use facilities that generate large amounts of greenhouse gas. 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 relevant laws and regulations and international human rights treaties?	✓		(I) The Company recognizes and complies with the "UN Universal Declaration of Human Rights", "UN Global Compact", "UN Guiding Principles on Business and Human Rights", "International Labor Organization - Declaration of Fundamental Principles and Rights at Work" and other international conventions on human rights. Meanwhile, the Company has established Employee Work Rules and other related management measures in accordance with labor laws and regulations to protect the legitimate rights and interests of employees. An Employee Welfare Committee is also 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) Has the Company established and implemented reasonable employee benefit measures (including compensation, vacation and other benefits, etc.) and appropriately reflected operational performance or results in employee compensation?	✓		(II) In addition to complying with the Labor Law, the Company determines salaries based on their educational background, professional knowledge, and abilities. There is no difference in the salary standards for men and women. In addition to basic salary, employees also receive The Company has established a comprehensive set of policies that cover work rules, employee assessment, education and training, and annual bonuses, and provide a clear and effective system of reward and discipline.	No difference
(III) Does the Company provide a safe and healthy work environment for employees and implement regular safety and health education for employees?	✓		(III) The Company provides employees with physical health examinations on a regular basis every year. In order to prevent occupational disasters and protect the safety and health of employees, the Company has established the Safety and Health Code of Practice to ensure the safety and health of employees, and actively and effectively prevent occupational disasters.	No difference
(IV) Does the Company have an effective career development program for employees?	✓		(IV) The Company assigns relevant employees to accept further training and education provided by competent authorities from time to time.	No difference
(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 has it established relevant consumer or customer protection policies and complaint procedures?	✓		(V) The Company follows relevant regulations and international standards for product development, service, marketing and labeling.	No difference
(VI) Has the Company formulated supplier management policies that require suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and monitor their implementation?	✓		(VI) The Company evaluates major suppliers on a regular basis. If there is any violation of its corporate social responsibility and significant impact on the environment and society, it will be listed as a supplier under observation immediately and counseling and improvement will be provided.	No difference

Promotional Items	Status of Implementation (Note 1)			Differences with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary Description	
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?	✓		Our company has prepared a sustainability report with reference to the guidelines issued by GRI, and the firm of Hui Chung Associates has performed a confidence procedure and issued a limited confidence report.	No difference
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	Solution	Implementation status	
1	Local events	Employee engagement, health management	Collaborated with Wan Hai Charity Foundation on a blood donation drive, encouraging colleagues and the public to donate generously, fostering positive relationships with local communities, and amplifying our social impact through synergy.	
2		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	Community engagement	Social engagement, brand sustainability	Shihlin Paper participated in the "Taipei Floral Picnic" organized by the Taipei City Government with its signature product, Baby Lion, and the Jin-Li Charity Foundation. The main customer base is children. We partnered with the Jin-Li Charity Foundation's EQ expression activity and Baby Lion to create a check-in wall and engage with children, enhancing brand image. The main focus is on directly addressing children's psychological development and emotional education. Through interactive activities, we promote emotional management skills and demonstrate corporate commitment to the growth of the next generation.	
4	Industrial waste management	Resource reuse	The Company actively implements the circular economy concept and establishes a comprehensive management system encompassing "source reduction, process monitoring, and end-of-pipe recycling". Through strict waste sorting and source control, we can maximize waste resources, minimize final landfill and incineration volumes, and fulfill our commitment to zero environmental pollution.	

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.

## 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 2025, 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.  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.
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 2025.
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 2025.
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 2025.
Greenhouse gas inventory, assurance status, reduction targets, strategies, and specific action plans.	The Company has established a GHG inventory schedule and reports its progress to the Board of Directors quarterly. The 2025 greenhouse gas inventory assurance is already underway.

Greenhouse gas inventory information		Equivalent emission for 2025(tons of CO <sub>2</sub> e)
Shihlin Paper Co., Ltd.	Category 1 Direct Greenhouse Gas Emissions	7.90
	Category 2 Indirect Greenhouse Gas Emissions	46.99
	total	54.89

Note: A confident opinion has not yet been obtained; limited confidence information will be disclosed in the sustainability report.

(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	Operating Conditions (Note )		Differences with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" and reasons thereof	
	Yes	No		Summary Description
I. Establishment of Corporate Conduct and Ethics Policy and Implementation Measures				
(I) Does the Company have an ethical management policy approved by the Board of Directors, and does the Company express its policy and practices on ethical management in its bylaws and external documents, as well as the commitment of the Board of Directors and senior management to actively implement the management policy?			(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) Does the Company establish a mechanism to assess the risk of unethical behavior, regularly analyze and evaluate business activities within the scope of risk of unethical behavior, and establish a plan to prevent unethical behavior accordingly, and cover at least the preventive measures for each act in Article 7, Paragraph 2 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies"?	✓		(II) The Company has established the "Ethical Corporate Management Operating Procedures and Code of Conduct" to regulate the specific ethical management practices and prevention of unethical conducts, including the operating procedures, code of conduct, and the establishment of a publicity, reward and punishment, complaint 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 specify the operating procedures, guidelines for conduct, disciplinary and grievance systems for non-compliance in its unethical behavior prevention program, implement them, and regularly review and revise the previously disclosed program?	✓		(III) The Company has formulated preventive plans against the acceptance of improper benefits, political contributions, donations or sponsorships, infringement of intellectual property rights, conflicts of interest, leakage of trade secrets, insider trading, etc. in the "Procedures for Ethical Management and Guidelines for Conduct", and measures.	No difference
II. Implementing Corporate Ethical Management				
(I) Does the Company evaluate the integrity of records of its counterparties and specify the terms of ethical behavior in the contracts it signs with its counterparties?	✓		(I) The Company conducts regular supplier evaluations annually and will refuse to deal with suppliers with a record of unethical behavior.	No difference
(II) Does the Company have a dedicated unit under the Board of Directors to promote corporate ethical principles, and report to the Board of Directors on a regular basis(at least once a year)on its integrity management policies and plans to prevent unethical practices and monitor their implementation?	✓		(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
(III) Does the company have a conflict-of-interest prevention policy, provide a channel for proper representation, and implement it?	✓		(III) The Company has established policies intended to prevent conflicts of interest and provides appropriate channels for employees to provide information and report any unethical behaviors at any time.	No difference

Evaluation Items	Operating Conditions (Note )		Summary Description	Differences with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and reasons thereof
	Yes	No		
(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
(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 whistleblowing. 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 e-mail to remind employees of ethical behavior.	No difference

Evaluation Items	Operating Conditions (Note )		Differences with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" and reasons thereof
	Yes	No	
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 formulated the "Code of Ethical Conduct" and "Procedures for Ethical Management and Guidelines for Conduct," which were announced on the Company's website after approval by the Board of Directors. The Company fully implements and adheres to the above regulations and guidelines, with no deviations. The specific implementation results are as follows: 1. Awareness promotion and training: Regularly conduct awareness promotion and training on ethical management for all employees, covering topics such as anti-bribery and conflict of interest avoidance. 2. Whistleblowing mechanisms are in place: A whistleblowing channel has been established. 3. Regular reporting: Report annually to the Board of Directors on the implementation of ethical corporate management.			
VI. Other important information to help understand the Company's ethical operations (e.g., the Company reviews and sets its own Ethical Code of Conduct): 1. System optimization: The "Code of Ethical Conduct" is reviewed regularly and amended as necessary to ensure that standards are consistent with the latest regulations and the evolving needs of corporate development. 2. Cultural implementation: The company will periodically distribute "Workplace Ethics Guidelines" and "Ethics Reminders" via email to reinforce employees' ethical awareness. 3. Awareness promotion and communication: Actively incorporate ethical values into daily management, implement corporate social responsibility, and foster a highly self-disciplined business environment.			

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 10, 2026

The Company states the following with respect to its 2025 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, 2025, 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 10, 2026. Among the six 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. Signature

President: Chueh, Chi-Wen Signature

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																
2025 General Shareholders' Meeting (June 20, 2025)	<p>The following matters are recognized</p> <p>I. Subject: Please proceed to ratify the 2024 Financial Statements and Business Report. Resolution: Passed by means of electronic and on-site voting.</p> <p>II. Subject: The Board of Directors of the Company recognizes the appropriation of losses for the year ended December 31, 2024 and requests the Board of Directors to recognize the appropriation. Resolution: Passed by means of electronic and on-site voting.</p> <p>Election Items: Subject: Election of the 26th Board of Directors (including Independent Directors). Election results: The winners are listed as follows</p> <table border="1"> <thead> <tr> <th>Identity</th> <th>Name</th> </tr> </thead> <tbody> <tr> <td>Director</td> <td>Tai Shih Trading Co., Ltd.</td> </tr> <tr> <td>Director</td> <td>Yee Tzao Enterprise Co., Ltd.</td> </tr> <tr> <td>Director</td> <td>Chen-Yung Foundation</td> </tr> <tr> <td>Director</td> <td>Wan Hai Charitable Foundation</td> </tr> <tr> <td>Independent Director</td> <td>Chiang, Zhong-Yi</td> </tr> <tr> <td>Independent Director</td> <td>Hsiao-Chueh Hsieh</td> </tr> <tr> <td>Independent Director</td> <td>Ming-Chu Chen</td> </tr> </tbody> </table> <p>Discussion Items: I. Subject: Please proceed to discuss and approve the release of the non-compete restriction on the 26th term of new directors Resolution: Passed by means of electronic and on-site voting. II. Subject: Amendment to the "Articles of Incorporation" of the Company, proposed for approval. Resolution: Passed by means of electronic and on-site voting.</p>	Identity	Name	Director	Tai Shih Trading Co., Ltd.	Director	Yee Tzao Enterprise Co., Ltd.	Director	Chen-Yung Foundation	Director	Wan Hai Charitable Foundation	Independent Director	Chiang, Zhong-Yi	Independent Director	Hsiao-Chueh Hsieh	Independent Director	Ming-Chu Chen
Identity	Name																
Director	Tai Shih Trading Co., Ltd.																
Director	Yee Tzao Enterprise Co., Ltd.																
Director	Chen-Yung Foundation																
Director	Wan Hai Charitable Foundation																
Independent Director	Chiang, Zhong-Yi																
Independent Director	Hsiao-Chueh Hsieh																
Independent Director	Ming-Chu Chen																

2. Important resolutions of the Board of Directors:

Time	Resolutions
16th meeting of the 25th 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.
17th meeting of the 25th Board of Directors (May 13, 2025)	Proposal: Proposal of the Company's 2025 first quarter consolidated financial statements, is submitted for review.
	Resolution: Approved by the Chairman after consulting all Directors and independent Directors present without objection.

Time	Resolutions	
1st meeting of the 26th Board of Directors (June 20, 2025)	Proposal:	Election of the Company's 26th Chairman of the Board for approval.
	Resolution:	Election of Taishi Trading Co., Ltd. (representative of Po-Ting Chen) as the Chairman of the 26th term. The decision was unanimously approved by all attending directors and independent directors at the chairperson's inquiry.
2nd meeting of the 26th Board of Directors (August 11, 2025)	Proposal:	Proposal of the Company's 2025 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:	Approval for submitting the Company's 2024 Sustainability Report.
	Both resolved:	Approved by the Chairman after consulting all Directors and independent Directors present without objection.
3rd meeting of the 26th Board of Directors (November 11, 2025)	Proposal:	The Company's 2025 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.
	Proposal:	Approval for defining the Company's Scope of Grassroots Employees.
	Proposal:	The proposed amendment to the Company's Internal Control System "Payroll Cycle", is submitted for review.
	Proposal:	Please proceed to discuss and approve the proposal for the Company's 2026 audit plan
	Proposal:	Presentation of the Company's 6th Remuneration Committee members.
Both resolved:	Approved by the Chairman after consulting all Directors and independent Directors present without objection.	
4th meeting of the 26th Board of Directors (December 16, 2025)	Proposal:	Evaluate the current status of compensation and remuneration for managers in 2025 and the achievement of performance targets, and propose the content and amount of individual remuneration for managers in accordance with the managerial compensation system and regulations approved by the Remuneration Committee for approval.
	Proposal:	Proposed budget for 2026.
	Both resolved:	Approved by the Chairman after consulting all Directors and independent Directors present without objection.
The 5th meeting of the 26th Board of Directors (March 10, 2026)	Proposal:	The evaluation of the CPA's independence and competency, and their appointment and remuneration in 2026, is submitted for review.
	Proposal:	2025 Financial Report and Consolidated Financial Statements have been prepared, is submitted for review.
	Proposal:	2025 business report, is submitted for review.
	Proposal:	2025 loss appropriation statement, is submitted for review.
	Proposal:	Amendment to the "Articles of Incorporation" of the Company, proposed for approval.
	Proposal:	Amendment to the "Regulations Governing the Election of Directors" of the Company.
	Proposal:	Please review the nomination and qualification review for the by-election of one independent director.
	Proposal:	Proposal of the causes of convening of the 2026 general shareholders' meeting, is submitted for review.
	Proposal:	Formulated the 2025 statement of internal control system of the Company, is submitted for review.
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	Remarks
Earnest & Co., CPAs.	Min-Chih Cho	January 1, 2025 to December 31, 2025	1,280	421	1,701	
	Hsiang, Wen-Ting	January 1, 2025 to December 31, 2025				

Non-audit fee services include: tax certification, sustainability report assurance, and business registration.

- (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	2025		2026 up to April 20		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	Chen-Yung Foundation	0	0	0	0	
Director	Wan Hai Charitable Foundation	0	0	0	0	
Independent Director	Hsiao-Chueh Hsieh	0	0	0	0	
Independent Director	Chiang, Zhong-Yi	0	0	0	0	
Independent Director	Chen, Ming-Chu (Note 1)	0	0	0	0	
Independent Director	Tang, Ming-Chien (Note 2)	0	0	0	0	
President	Chueh, Chi-Wen	0	0	0	0	
Vice President	Chen, Mei-Ru	(20,000)	0	0	0	
Associate VP	Hung-Chu Li	0	0	0	0	
Manager:	Ni-Ru Lin	0	0	0	0	

Note 1: Independent director Chen, Ming-Chu was dismissed from his position on September 17, 2025, due to his passing.

Note 2: Independent director Tang, Ming-Chien was dismissed from his position on June 20, 2025.

## 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 7, 2026

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 (or full 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	0.13%	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: Chen, Zhi-Yuan	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	
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	
Cheng-Ti Chen	8,603,000	3.31%	0	0%	0	0%	Cheng-Chih Chen	Siblings	
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 the top ten shareholders shall be listed. In the case of institutional shareholders, the names of the institutional shareholders and the names of their representatives shall be listed separately.

Note 2: The shareholding ratio refers to the shareholding ratios of oneself and by nominee arrangement, including spouse and minor children.

Note 3: For the shareholders listed above, including juridical and natural persons, their relationship between each other in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be disclosed.

## 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 7, 2026; Unit: Share; %

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	65,000,000	100.00%	0	0.00%	65,000,000	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; NTS

Year and Month	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	Capitalization of earnings by NT\$156,636,810 Capitalization of capital surplus by NT\$27,641,790	None	
September 24, 1995	10	250,000,000	2,500,000,000	207,774,122	2,077,741,220	Capitalization of earnings by NT\$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 surplus by NT\$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 surplus by NT\$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 surplus by NT\$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 7, 2026

Name of major shareholder	Shares	Number of shares held	Percentage of Shareholding
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%
Liuhe Investment Co., Ltd.		8,800,000	3.38%
HSBC Bank (Taiwan) Limited as Custodian for Bit Bank Investment Account		8,603,000	3.31%
Cheng-Ti Chen		9,011,204	3.47%
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

Item		Year	2024	2025
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 percentage of the remuneration of employees and directors or scope thereof stipulated 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) In the amount of employee remuneration referred to in the preceding paragraph, no less than 55% of the amount shall be distributed as remuneration to entry-level employees. Employee compensation may be distributed in the form of shares or cash, and eligible recipients may include employees of subsidiaries who meet certain criteria. The conditions and distribution methods shall be determined by the board of directors.

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 2025, 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 2024, so it is not applicable.

5. Names of managers receiving employee bonuses and the details of distribution:

December 31, 2025

	Title	Name	Amount of shares	Cash Amount	Total	Total amount and ratio relative to net income after tax (%) (Note 1)
Manager:	President	Chueh, Chi-Wen	0	0	0	0.00%
	Vice President	Chen, Mei-Ru	0	0	0	0.00%
	Associate VP	Hung-Chu Li	0	0	0	0.00%
	Manager, Finance	Ni-Ru Lin	0	0	0	0.00%

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.

(VI) Repurchase of the Company's shares: None.

## II. Issue of corporate bonds

None.

## III. Issue of preferred stock

None.

## IV. Issue of overseas depository 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, the Company also introduced wet wipes for adults, feminine intimate cleaning wipes. The Company continues to provide family-wide essentials and advanced protective solutions for a safer home environment.
- (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 24 mask items, 9 skincare products, 1 make-up remover, 1 eye mask, and 1 facial cleaning product, with a total of 36 items, covering a full range of skincare needs; Baby Lion also has 6 wipes, body cleaner, and so on. Baby Lion has 13 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 34 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
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




Product Name	Registration Agency	No.	Country
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	Calendula Baby Moisturizing Lotion 200ml	Preservative Efficacy Test			
		Strain of bacteria	7 days	14 days	28 days
		Aspergillus niger	Post-exposure microbial count: <1 Log reduction value (R): >3	Post-exposure microbial count: <1 Log reduction value (R): >3	Post-exposure microbial count: <1 Log reduction value (R): >3
		Candida albicans	Post-exposure microbial count: <1 (estimate) Log reduction value (R): >3	Post-exposure microbial count: <1 Log reduction value (R): >3	Post-exposure microbial count: <1 Log reduction value (R): >3
		Escherichia coli	Post-exposure microbial count: <1 Log reduction value (R): >3	Post-exposure microbial count: <1 Log reduction value (R): >3	Post-exposure microbial count: <1 Log reduction value (R): >3
		Pseudomonas aeruginosa	Post-exposure microbial count: <1 Log reduction value (R): >3	Post-exposure microbial count: <1 Log reduction value (R): >3	Post-exposure microbial count: <1 Log reduction value (R): >3
		Staphylococcus aureus	Post-exposure microbial count: <1 Log reduction value (R): >3	Post-exposure microbial count: <1 Log reduction value (R): >3	Post-exposure microbial count: <1 Log reduction value (R): >3
Baby Lion	Baby Hair & Body Bubble Bath 500ml	Preservative Efficacy Test			
		Strain of bacteria	7 days	14 days	28 days
		Aspergillus niger	Post-exposure microbial count: <1 Log reduction value (R): >3	Post-exposure microbial count: <1 Log reduction value (R): >3	Post-exposure microbial count: <1 Log reduction value (R): >3
		Candida albicans	Post-exposure microbial count: <1 Log reduction value (R): >3	Post-exposure microbial count: <1 Log reduction value (R): >3	Post-exposure microbial count: <1 Log reduction value (R): >3
		Escherichia coli	Post-exposure microbial count: <1 Log reduction value (R): >3	Post-exposure microbial count: <1 Log reduction value (R): >3	Post-exposure microbial count: <1 Log reduction value (R): >3
		Pseudomonas aeruginosa	Post-exposure microbial count: <1 Log reduction value (R): >3	Post-exposure microbial count: <1 Log reduction value (R): >3	Post-exposure microbial count: <1 Log reduction value (R): >3
		Staphylococcus aureus	Post-exposure microbial count: <1 Log reduction value (R): >3	Post-exposure microbial count: <1 Log reduction value (R): >3	Post-exposure microbial count: <1 Log reduction value (R): >3
Baby Lion	Baby Hair & Body Mousse 500ml	Preservative Efficacy Test			
		Strain of bacteria	7 days	14 days	28 days
		Aspergillus niger	Post-exposure microbial count: <1 Log reduction value (R): >3	Post-exposure microbial count: <1 Log reduction value (R): >3	Post-exposure microbial count: <1 Log reduction value (R): >3
		Candida albicans	Post-exposure microbial count: <1 Log reduction value (R): >3	Post-exposure microbial count: <1 Log reduction value (R): >3	Post-exposure microbial count: <1 Log reduction value (R): >3
		Escherichia coli	Post-exposure microbial count: <1 Log reduction value (R): >3	Post-exposure microbial count: <1 Log reduction value (R): >3	Post-exposure microbial count: <1 Log reduction value (R): >3
		Pseudomonas aeruginosa	Post-exposure microbial count: <1 Log reduction value (R): >3	Post-exposure microbial count: <1 Log reduction value (R): >3	Post-exposure microbial count: <1 Log reduction value (R): >3
		Staphylococcus aureus	Post-exposure microbial count: <1 Log reduction value (R): >3	Post-exposure microbial count: <1 Log reduction value (R): >3	Post-exposure microbial count: <1 Log reduction value (R): >3



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
	Reviving Essence Toner	The Vegetarian Society of the United Kingdom Limited
	Whitening Mask	
	Micromolecular Shea Butter Moisturizing Mask	
	White Peony Purifying Acne Mask	
	Red Pomegranate Polyphenols Freezing Mask	
	Elderflower Renewal Repair Mask	
	Alishan Green Tea Firming Mask	
	Kombucha Treatment Mask	
	Black Diamond Truffle Hydrating Radiance Mask	
	Baccarat Black Rose Anti-Aging Mask	
	Hyaluronic Acid Hydrating Bio-Fiber Mask	
	Calendula Centella Asiatica Soothing Biofiber Mask	
	Orchid Peptide Anti-Aging Bio-Fiber Mask	
Horse Chestnut Soothing Mask		
	Private clean soft wipes	Forest Stewardship Council

#### 4. Estimated research funds

Annual Project Item	Planned Content	Estimated additional investment of R&D expenses
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\$377.8 thousand
Product audit/maintenance costs	Cosmetic registration and maintenance fees, product certification application fees, and product information file compilation costs for Taiwan, Europe, North America, and Southeast Asia.	NTD \$502.3 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:** Please refer to pages 11-12 of the 2026 Development Plan Overview.

## 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 faces the problem of low birth rate, as the parenting concept changes over time, the maternity market consumption potential increases year after year, and young families value the quality of maternity and baby products and service experience. Furthermore, the parenting method and product consumption move toward the trend of refined products and services. In addition to the pursuit of natural, safe and high quality products, brand influence is also an important key factor considered by parents during the process of their purchase. 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 PureBeautyGlobalAwards. 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 TaiwanPlus 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	Bottles, glycerin, organic olive oil, shea butter, vitamin B5 & E, emulsifier, artificial flavors, and preservatives	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 hand spray	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. Suppliers who account for more than 10% of total purchases:

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

Unit: NTD thousand; %

Year	2024				2025				As of March 31, 2026			
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	Web-Pro Co., Ltd.	12,671	50.63%	None	Web-Pro Co., Ltd.	9,944	39.73%	None	Not applicable (Note 1)			
2	Stellar Beauty Biotech Co. Ltd.	6,315	25.23%	None	Stellar Beauty Biotech Co. Ltd.	7,289	29.13%	None				
3	Others	6,042	24.14%	None	Nan Liu Enterprise Co., Ltd.	3,686	14.73%	None				
4					Others	4,106	16.41%	None				
	Net purchases	25,028	100.00%		Net purchases	25,025	100.00%					

Note 1: The Company's financial information for the most recent period up to the date of publication of the annual report, namely the first quarter of 2026, has not been reviewed by the accountant, therefore the financial information for that period is disclosed.

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	2024				2025				As of March 31, 2026			
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	17,972	11.54%	None	Customer A	17,978	11.73%	None	Not applicable (Note 1)			
2	Customer B	16,322	10.48%	None	Customer B	16,373	10.68%	None				
3	Others	121,475	77.98%	None	Others	118,943	77.59%	None				
	Net sales	155,769	100.00%		Net sales	153,294						

Note 1: The Company's financial information for the most recent period up to the date of publication of the annual report, namely the first quarter of 2026, has not been reviewed by the accountant, therefore the financial information for that period is disclosed.

### 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		2024	2025	As of April 20, 2026
Number of employees		50	47	49
Average age		41.38	42.18	42.01
Average years of service		5.85	5.88	5.59
Distribution of education (%)	Doctoral degree	2.13%	2.13%	2.04%
	Master's degree	10.64%	6.38%	6.12%
	Junior college	78.72%	82.98%	83.67%
	Senior high school	6.38%	6.38%	6.12%
	Below senior high school	2.13%	2.13%	2.04%

### 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 its employees as its most valuable assets and highly values the career and personal growth of each individual. To strengthen employees' expertise and foster their potential, the Company offers a wide range of training programs and further education support. Supported by a comprehensive training framework, the overall quality of the workforce is enhanced, driving the Shihlin Paper team toward continuous improvement and excellence.

- (1) Digital transformation and forward-looking technology: In response to the trend of the AI era, the Company is actively introducing digital tools and application training to help employees master modern work skills, optimize workflows, and improve cross-departmental collaboration efficiency.
- (2) Application for external further education: We encourage colleagues to participate in various seminars or professional qualification courses offered by professional institutions, and provide corresponding funding subsidies to foster a corporate culture of "lifelong learning".

#### (II) Losses Incurred Due to Labor Disputes in the Last Two Years

The Company has strictly complied with the Labor Standards Act and relevant labor laws and regulations for the past two years as of the report's publication date. The Company has established comprehensive internal communication channels and management regulations to maintain harmonious labor-management relations, and has not incurred any losses due to labor disputes.

#### (III) Employee Conduct and Code of 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. General rules of work attitude and moral 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 (include by e-mail and other physical/non-physical means) 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 not affecting the Company's reputation due to personal deviant behavior.
  - (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 Protective Measures for Employees' Personal Safety

1. The Company understands well that a quality working environment and comprehensive personal safety protection are the foundations of sustainable business operations. We adopt a dual-track approach of "management by objectives" and "program implementation." We regularly collect and analyze occupational safety data to iteratively refine and improve our measures. It has long been a core tenet of the Company's operations to maintain a safe workplace and reduce employee occupational injuries. To achieve this goal, the Company has established the following management regulations and control programs:

(1) Environmental safety maintenance

- A. Regular facility inspection: Professional institutions are entrusted to conduct annual safety inspections of fire-fighting equipment, power systems, and mechanical equipment in the office area to ensure proper operation.
- B. Environment disinfection: Regular monthly environmental disinfection is performed and records are maintained by dedicated personnel.
- C. Access control: 24-hour security is in place to ensure the safety of personnel in the plant and office areas.

(2) Employee health management and occupational injury prevention

- A. Regular health checkups: We provide employees with annual health checkups that exceed legal requirements. Medical personnel also follow up on checkup results with health tracking and consultation.
- B. Training and education: Regular fire drills, first aid training (such as AED instruction), and occupational safety and health education are provided to enhance employees' crisis management skills.
- C. Sexual harassment prevention: We have formulated and announced the "Sexual Harassment Prevention, Reporting and Disciplinary Procedures" to ensure gender equality and personal autonomy in the workplace.

2. Occupational safety and health promotion activities

(1) Occupational injury prevention plan: Building a robust safety and security defense system.

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. Regulatory compliance and standardized procedures: In response to the

amendments to laws and regulations, the Company amends the safety and health work rules regularly, and implements rolling revisions to equipment operating standards to minimize the risk of human error.

- B. Professional skill training: The Company organizes employee education and training in accordance with laws and regulations, and helps them obtain relevant certificates and licenses.
- C. Fire protection and regular reporting: The Company has established a complete fire protection system per the Fire Services Act, and annually engages qualified professional agencies to inspect and report on fire safety equipment, ensuring all equipment remains in proper working condition.

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

The Company believes that "safety awareness" is the first step in preventing occupational disasters. Fostering consensus among all employees through diverse channels:

- A. Timely case alerts: The Company continuously collects major domestic occupational safety incidents and workplace injuries, and communicates them through via publications, posters, or email communications, using external incidents as internal training materials.
- B. Belief in company-wide engagement: Maintaining workplace safety is the responsibility and mission of every employee. Through various training opportunities, we aim to foster a workplace culture where everyone is a safety guardian, working together to create a safe, clean, and hazard-free work environment.

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

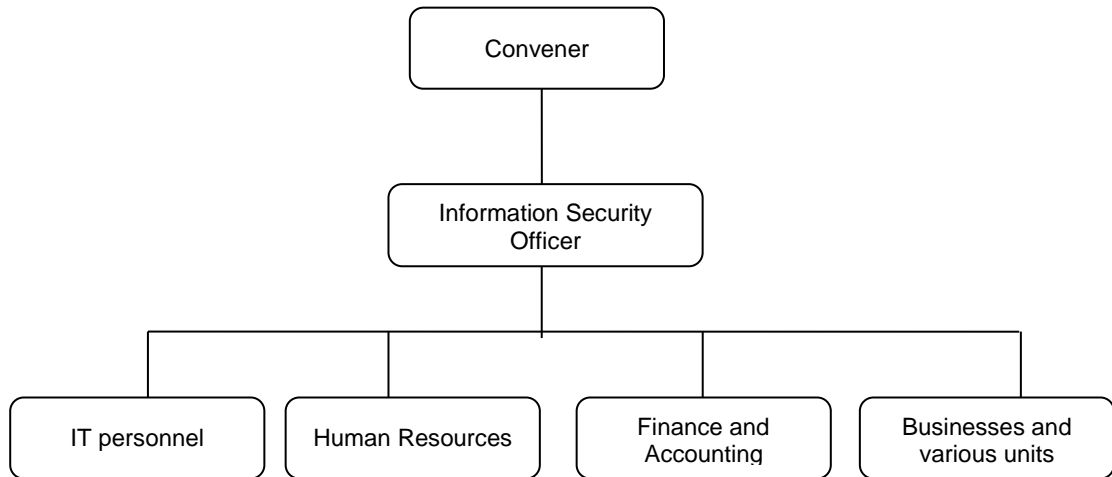
Although the Company has established a trade union, the trade union has never requested the Company to negotiate a group agreement. Therefore, no collective agreement was signed.

## VII. Cyber security management

(I) Establishing an information security risk management framework:

An “Information Security Team” was established in 2025 with a cross-departmental structure. The President serves as convener, and managers and information personnel from each unit comprise the team.

Information Security Team Organizational Chart



(II) Information security policy:

Enhance information security management to protect data, network, and system security. Establish backup and redundancy mechanisms, and join TWCERT/CC, Taiwan’s Computer Emergency Response Team/Coordination Center, to effectively reduce the risk of data loss, damage, or service interruption caused by human error, malicious acts, equipment failure, or natural disasters. This ensures data availability, security, and integrity, and provides emergency response measures for major disasters, fulfilling commitments to shareholders and customers and enabling business continuity.

(III) Concrete management plan:

Currently, this is being combined with the business meeting. Going forward, the meeting format will be adjusted flexibly as needed to promote information security measures and access control across departments, ensuring data protection and preventing data breaches.

(IV) Resources dedicated to information security management:

1. Personnel: Hire a chief information security officer (CISO), responsible for company information security planning, Introduce new technologies and related information security measures to maintain and continuously strengthen information security.
2. Conduct irregular information security awareness training and education to enhance employee information security awareness.
3. Replace, upgrade, and update information equipment and fine-tune systems to enhance information security.
4. Implement intelligent security protection mechanisms to block hacker attacks.

5. Implement offline backups and redundancy mechanisms to enhance data and system protection.
  6. Insure information equipment to guarantee its protection.
- (V) Losses suffered due to major cybersecurity incidents in the most recent year and up to the date of publication of the annual report: None.

### **VIII. Important Contracts**

None

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

### I. Financial Position

Unit: NTD thousand

Item	Year	2025	2024	Difference		Description
				Amount	%	
Current assets		3,677,394	3,594,506	82,888	2.31	
Property, Plant and Equipment		2,420,254	2,120,153	300,101	14.15	
Intangible asset		2,550	3,748	(1,198)	(31.96)	2
Other assets		4,459,860	4,546,649	(86,789)	(1.91)	
Total assets		10,560,058	10,265,056	295,002	2.87	
Current liabilities		3,265,805	3,314,361	(48,556)	(1.47)	
Non-current liabilities		1,768,376	1,676,373	92,003	5.49	
Total liabilities		5,034,181	4,990,734	43,447	0.87	
Equity attributable to owners of parent		5,525,877	5,274,322	251,555	4.77	
Share capital		2,600,391	2,600,391	0	0.00	
Capital surplus		0	0	0	0.00	
Retained earnings		452,882	116,975	335,907	287.16	1
Other equity interest		2,472,604	2,556,956	(84,352)	(3.30)	
Treasury stock		0	0	0	0.00	
Non-controlling interests		0	0	0	0.00	
Total Equity		5,525,877	5,274,322	251,555	4.77	

Description of significant changes:

1. The increase in retained earnings is mainly due to gains from the disposal of investment properties and increased dividend income.
2. The decrease in intangible assets is mainly due to amortization.

## II. Financial performance

Unit: NTD thousand

Item \ Year	2025	2024	Difference		Description
			Amount	%	
Operating income	153,294	155,769	(2,475)	(1.59)	
Operating costs	53,355	62,275	(8,920)	(14.32)	
Gross operating profit	99,939	93,494	6,445	6.89	
Operating expenses	121,879	141,781	(19,902)	(14.04)	
Operating losses	(21,940)	(48,287)	26,347	(54.56)	1
Non-operating revenue and expense	367,155	27,278	339,877	1,245.97	2
Net profit (loss) before tax	345,215	(21,009)	366,224	(1,743.18)	2
Net profit (loss) on continuing operations for the current period	335,741	(21,009)	356,750	(1,698.08)	2
Net profit (loss) for the current period	335,741	(21,009)	356,750	(1,698.08)	2
Other comprehensive income (net of tax)	(84,186)	993,866	(1,078,052)	(108.47)	3
Total comprehensive income (loss) for the current period	251,555	972,857	(721,302)	(74.14)	3
Net profit attributable to the owners of the parent company	335,741	(21,009)	356,750	(1,698.08)	2
Net profit attributable to non-controlling interests	-	-	-	-	
Comprehensive income (loss) attributable to owners of the parent company	251,555	972,857	(721,302)	(74.14)	3
Total comprehensive income (loss) attributable to non-controlling interests	-	-	-	-	
Earnings per share	1.29	(0.08)	1.37	(1,712.50)	2

### Description of significant changes:

1. Operating loss decreased, primarily due to a decline in management 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 Increase of the parent, and earnings per share all increased, mainly due to the disposal of investment properties and an increase in dividend income during the current period..
3. Decrease 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 a decrease in unrealized gains on financial assets at FVTOCI.
4. Description of the possible impact on the Company's future financial affairs and the plan of response: No significant impact.

### 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	Amount of annual cash inflow(outflow)	The amount of cash surplus (deficit)	Remedial measures for cash deficit	
				Investment plan	Financial plan
226,564	161,830	125,527	513,921	None	None

#### 1. Analysis of changes in the cash flows for the current year:

- (1) Operating activities: The net cash inflow of NTD 161,830 thousand was mainly due to the dividend income received in the current period.
- (2) Investing activities: Net cash inflow of NTD 73,847 thousand, mainly due to the disposal of investment properties.
- (3) Financing activities: The net cash inflow of NTD 51,680 thousand was mainly due to the issuance of short-term bills to fund the construction of the hotel located at No. 18Fude Road.

#### 2. Remedial measures for cash deficit and liquidity analysis: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	Amount of annual cash inflow(outflow)	The amount of cash surplus (deficit)	Remedial measures for cash deficit	
				Investment plan	Financial plan
513,921	(36,962)	(231,189)	245,770	None	Financing

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

The expenditure on the hotel under construction in 2025 was approximately NTD 333,989 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 derivative 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

As the Company does not hold material foreign currency-denominated financial assets or liabilities, no significant exposure to exchange rate risk is expected.

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 2025, 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: Refer to page 43 for the expected R&D budget.
- (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 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.

Enhance information security management to protect data, network, and system security. Establish backup and redundancy mechanisms, and join TWCERT/CC, Taiwan's Computer Emergency Response Team/Coordination Center, to effectively reduce the risk of data loss, damage, or service interruption caused by human error, malicious acts, equipment failure, or natural disasters. This ensures information asset confidentiality, integrity, and availability. The Company also provides emergency response measures for major disasters, fulfilling commitments to shareholders and customers and enabling business continuity.

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**

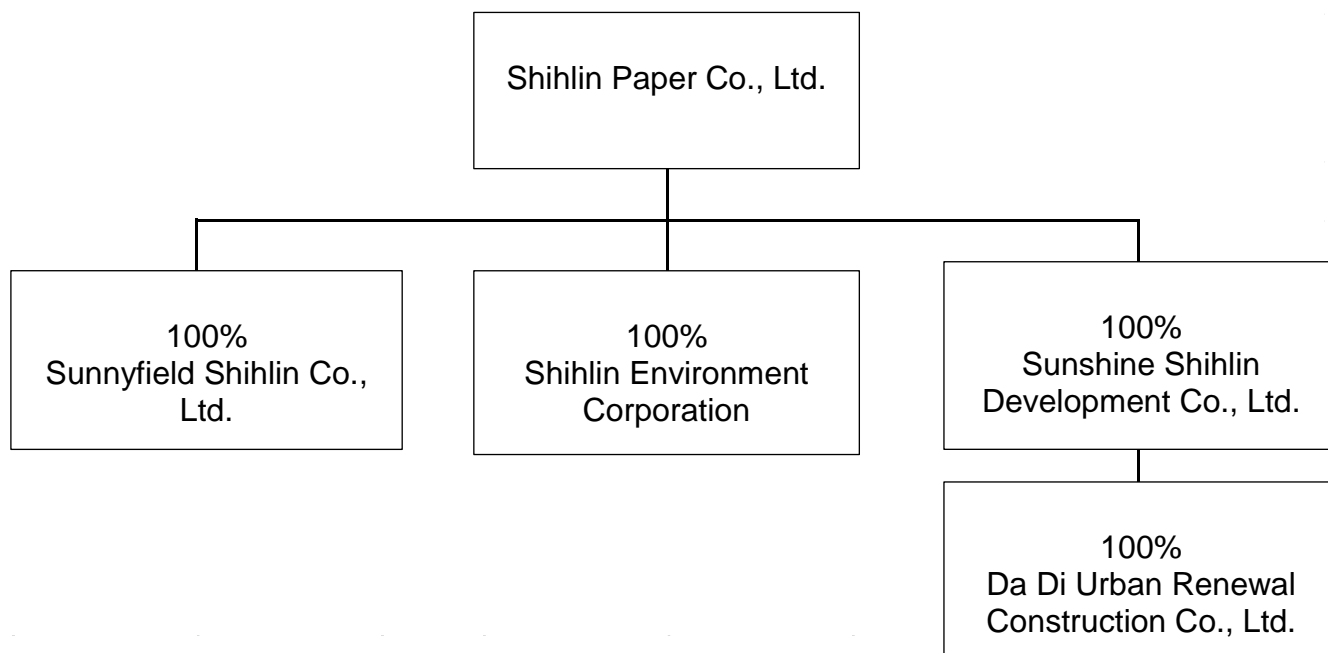
None

## Six. Special Notes

### I. Relevant Information on Affiliates

(I) Consolidated business report of affiliated enterprises (As of December 31, 2025)

#### 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	650,000,000	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. Development of new towns and communities.
	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. Specific area development.
	2. Investment in construction of public works.
	3. Development of new towns and communities.
	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. Development of new towns and communities.
	5. Urban renewal and reconstruction
	6. Real estate trading and leasing industry.

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

Unit: 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.)	65,000,000	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	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	Hui-Hua Lien (Representative of Shihlin Paper Co., Ltd.)		
	Director	I-Min Huang (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	650,000	1,181,044	521,606	659,438	0	-228	905	0.01
Sunshine Shihlin Development Co., Ltd.	2,001,000	5,966,977	3,229,675	2,737,302	66,121	-10,586	232,894	1.16
Sunnyfield Shihlin Co., Ltd.	300,000	55,758	20,912	34,846	38,135	-7,857	-7,886	-0.26
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 2025 (from January 1, 2025 to December 31, 2025) 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 10, 2026

(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





Person in charge of Shihlin Paper Industry

Co., Ltd.: Tai Shih Trading Co., Ltd.