2025 SHEH KAI PRECISION CO., LTD.
Sustainability Report

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Key ESG Performances in 2025

Environmental Aspect (E)
In 2025, the **energy efficiency of the Company's equipment** improved by approximately 25%.
In 2025, the Company **did not violate relevant environmental protection laws and regulations,** and there were **no major fines.**
Social Aspect (S)
No discrimination cases in 2025
No forced labor violations in 2025
There were **no cases of occupational disease**, **major occupational accidents, or fatalities** in 2025.
A total of **NTD 257,000** was donated to **social welfare** in 2025.
Corporate Governance Aspect (G)
Listed in the 2025 **Corporate Governance Evaluation** at 36%–**50%**
In 2025, the Company's **customer satisfaction survey** reached a score of an average of **88.75 points** (out of 100).
The **local procurement ratio** reached **99.68%** in 2025.
In 2025, the Company **did not have to pay any significant fines or compensation due to violations of laws and regulations.**
A total of **2 innovative R&D projects** were **completed** in 2025.

Core Philosophy and Prospects of Sheh Kai

At a time of rapid change across global industries and mounting challenges from climate change, Sheh Kai Precision Co., Ltd. has always believed that business growth is driven not only by advances in technology and quality, but also by a long-term commitment to environmental, social, and corporate governance (ESG). Going forward, we will continue to invest in green production processes, energy conservation, carbon reduction, and smart manufacturing to reduce the environmental impact of our operations, while working with our supply chain partners to build a sustainable value chain.

At the same time, we place great importance on employee development and workplace safety and are committed to creating a supportive work environment that enables growth, so that the Company's progress and employee well-being can advance together. Sheh Kai Precision will uphold ethical corporate management as a core value and build on a foundation of sound governance as we strive to become an outstanding enterprise that combines international competitiveness with a strong commitment to sustainability.

Going forward, we will continue to regard "sustainable operations" as an important direction for business development, creating lasting value for society and future generations while pursuing strong operating performance.



Chairman



Tai-Yuan Tu

About the Report

Boundaries and Scope of the Report

Sheh Kai published its first Sustainability Report in 2022 and it is published once a year. This is the fifth Sustainability Report issued by the Company, and is to be published in August 2026.

The disclosure period of this report is from January 1, 2025 to December 31, 2025. The Company uses an enterprise resource planning (ERP) system to integrate information across different entities, including itself and its subsidiaries. The scope covers the Taiwan operating locations of Sheh Kai Precision Co., Ltd. (hereinafter referred to as "Sheh Kai Precision," "Sheh Kai," "Sheh Kai Company," "we," "the Company," or "the parent company"). However, considering the scope of the 2025 greenhouse gas inventory and energy management, data from the subsidiary Sheh Kai Trading (Shanghai) Co., Ltd. are additionally included in the sections related to "Greenhouse Gas Emissions" and "Energy Consumption." Except for the environmental data specifically noted above, other sustainability performance indicators and management practices continue to cover primarily the Company's operations in Taiwan. If the disclosure scope of any chapter differs from the scope described above, this will be noted separately in that chapter to ensure the transparency and consistency of information disclosure.

This report transparently discloses the Company's sustainability actions and performance across the three major aspects of environmental, social, and corporate governance, enabling stakeholders to understand the Company's sustainable development, its efforts to fulfill social responsibility, and its determination to continuously improve.

Below is a list of the Company's affiliates:

Affiliated enterprises	
Entities included in the organization's sustainability reporting	SHEH KAI PRECISION CO., LTD.'s operations in Taiwan (Gangshan Plant, Luchu Plant, Packaging Plant, Zhunan Plant, and composite plant)
Entities partially included in the disclosures	Sheh Kai Trading (Shanghai) Co., Ltd. (subsidiary): currently included only in data disclosures for "Greenhouse Gas Emissions" and "Energy Consumption."
Entities not included in the organization's sustainability reporting	Bi-Metal Limited

Editorial Guidelines

This report refers to the Universal Standards 2021 published by the GRI Institute in 2021 as the main framework, and also echoes the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies," Task Force on Climate-related Financial Disclosures (TCFD), and Sustainability Accounting Standards Board (SASB).

Report Management

The statistical data disclosed in the 2025 report were based on statistics and the results of surveys conducted by Sheh Kai Precision and are presented using internationally accepted indicators. If there are estimates, they will be noted in each relevant chapter. The source of the relevant financial data is all from the published separate financial statements audited and certified by Deloitte Taiwan in accordance with the International Financial Reporting Standards (IFRS). The information is calculated in New Taiwan dollars (NTD). If information from the consolidated financial statements is used, it will be specifically stated in the relevant chapters of this report.

In addition, the relevant management systems include: ISO 14001 environmental management system and ISO 9001 quality management system, both of which have been verified by third-party verification agencies.

During the reporting period, the Company had no significant changes in its operations and continued to maintain stable operations and corporate competitiveness. There were also no restatements of information or changes in reporting. The 2025 Sustainability Report has undergone limited assurance by Deloitte & Touche Taiwan, conducted in accordance with Assurance Standard No. 3000 issued by the Accounting Research and Development Foundation of the Republic of China, titled "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (which is based on the International Standard on Assurance Engagements ISAE 3000 Revised). The auditor's limited assurance report can be found in Appendix 5. During the verification process of the six sustainability indicators related to the steel industry, the Chairman and President will, as needed,

participate in interviews conducted by the external assurance providers. The final assurance results of the annual sustainability report will also be submitted to the Board of Directors for discussion.

According to Article 7 of the Company's Sustainability Information Management Procedures, the sustainability report prepared by the Company must be submitted to the Board of Directors for discussion and approval. Prior to submission to the Board, the report shall be finalized by the President's Office and then submitted for approval to the President and the Chairman. Only after approval by the Board of Directors may the report be officially released.

According to the "Sustainable Development Best Practice Principles" of the Company, the President's Office is the dedicated unit. It is responsible for proposing and implementing sustainable development policies, systems or related management guidelines and specific promotion plans, and reporting to the Board of Directors. The head of the President's Office is responsible for convening all relevant units to prepare the report, and through the meeting to understand whether there is the latest requirement of the report preparation standards, and then discuss major topics and think about countermeasures, assign tasks according to the report preparation items, collect information and write the report. After the completion of the first draft of the report, a meeting will be held to revise the content of the wording and the accuracy of the data. The final version of the report will be forwarded to the president and the chairman for approval. At the first Board of Directors meeting in 2026, the Company reported on its progress in promoting sustainable development in 2025.

Publication Time

This is the fifth Sustainability Report prepared by Sheh Kai. It is published annually and made publicly available on the Company's website at the same time.

- Last edition: Issued in August 2025
- Current edition: Issued in August 2026
- Next edition: Scheduled to be issued in August 2027

Contact Information

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Data provided by: Finance Department

If you have any questions or suggestions about the content or activities of this report, you are welcome to contact us.

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I. Sustainability Advancement

1-1 Stakeholder Engagement

Sheh Kai Precision identifies stakeholders according to the five principles of the AA 1000 Stakeholder Engagement standards (SES), dependency, influence, responsibility, tension, and diverse perspectives, and categorizes the impact on stakeholders into the following categories: actual negative impacts, potential negative impacts, actual positive impacts, and potential positive impacts. The six major categories of stakeholders were identified as: employees, suppliers/contractors, shareholders, banks, clients/consumers/distributors, and government agencies.

Sheh Kai Precision is committed to establishing transparent and effective multi-directional communication channels. We formally communicate with the public through our website, annual report, and sustainability report. In addition, via appropriate channels, we further understand the interests and opinions of our stakeholders and respond appropriately to important issues of concern to them, so as to continuously review and improve the performance of sustainable development.



Stakeholder communication channels

Stakeholders	Stakeholders Significance to the Company	Communication Channel	Communication Frequency	Communication Effectiveness	Contact
Employees	Employee happiness is the driving force for the Company's sustainable growth as employees are the most important asset of the Company. At the same time, talent development and retention are fundamental pillars for the Company's long-term development and sustainable continuity.	● Cross-departmental meetings between supervisors and employees are held to listen to employee suggestions and foster communication across teams. ● Grievance hotline and mailbox ● Labor-management meetings ● Employee Welfare Committee ● Sexual harassment complaint hotline and mailbox ● Provide monthly health consultation	● Regularly ● Immediately ● Quarterly ● As needed ● Immediately ● Monthly	● Based on individual performance evaluations and career development needs, the Company implements on-the-job training programs for employees. ● In addition, regular and ad hoc labor-management meetings are held, with a total of eight sessions conducted in 2025. ● We have established an Occupational Health and Safety Committee to ensure a safe working environment. ● Accredited with ISO 14001 for environmental protection. ● The Employee Welfare Committee organizes various activities such as employee trips, cycling events, and charitable activities. ● Grievance hotline and mailbox for unlawful infringement in the workplace: No grievances were received in 2025. ● Provide employees with free health checkups every year. ● Monthly health consultations and educational sessions are provided to enhance employees' medical knowledge.	Administration Department: Senior Manager Yu-Ling Ma (TEL:07-6225669 #203)
Supplier/Contractor	Sheh Kai Precision's high-quality products rely on the stable support and services of many suppliers, and we are committed to establishing stable, long-term partnership with them to create sustainable business and growth.	● Supplier Evaluation ● Supplier interaction ● Questionnaire Completion	● Every six months ● Immediately ● As needed	● Comply with the quality management system and environmental safety system. ● Contract terms, price discussions, and exchange of market information. ● The ratio of local procurement of raw materials is > 90%. ● In 2025, a total of 133 suppliers were evaluated, and the supplier evaluation rate was 39.47%.	Procurement Team Leader, Huang (TEL: 07-6225669 #310)
Shareholders	Shareholders are the Company's investors and play an important role in forming	● Annual General Meeting ● Holding investor conferences	● Once a year ● As needed ● Quarterly/Monthly ● Immediately	● Annual General Meetings are held regularly, with one meeting convened in 2025.	Spokesperson: Vice President Shou-Chieh Cheng

	capital for the Company's sustainable and steady development. The Company also returns profits to shareholders every year, allowing them to share in the results of its operations.	● Publish quarterly and annual financial statements and operating information. ● Simultaneous disclosure of material information on the Market Observation Post System (MOPS). ● An email and contact number are set up on the Company's website to establish a communication channel between investors and the Company. ● Hold face-to-face meetings or telephone conferences with domestic and foreign institutional investors.	● Immediately ● Immediately	● In 2025, the Company held a total of two investor briefings, both of which were online institutional presentations. ● In 2025, the Company issued a total of 38 major announcements, ensuring timely information disclosure and enhancing corporate transparency. ● In addition to shareholders' meetings and institutional investor conferences, the Company communicates with shareholders through regular telephone calls, emails, and other channels to provide them with sufficient and timely information.	(TEL:07-6225669 #402) Acting Spokesperson: Finance Manager Wei-Chien Chang (TEL:07-6225669 #420)
Banks	Banks are the providers of funds for the Company's operations and capital expenditures. Through the appropriate use of financial leverage, the Company can finance its ordinary operating activities and major capital investments, such as expanding production capacity or plant facilities, thereby supporting steady growth.	● Annual General Meeting ● Publish quarterly and annual financial statements and operating information. ● Simultaneous disclosure of material information on the Market Observation Post System (MOPS). ● Publication of annual report	● Once a year ● Annually/quarterly ● Immediately ● Once a year ● Immediately	● Communication with the bank is also based on the principle of information transparency, thereby building mutual trust. The bank is willing to increase the Company's credit facilities, demonstrating effective cooperation and communication between both parties.	Finance Department Vice President Shou-Chieh Cheng (TEL:07-6225669 #402)

		• Immediate update of corporate website information			
Clients/Consumers/Distributors	The Company's operating revenue is primarily derived from this business, and "pursuing customer satisfaction, maintaining high standards of service quality, and protecting customers' rights and interests" are Sheh Kai's highest principles in serving customers/consumers.	• Customer Satisfaction Survey • Advocacy and training of employees facing the media and information disclosure principles.	• Once a year • Immediately/as needed	• 80 points in the customer satisfaction survey. • ESG Report • Advocacy and training of employees facing the media and information disclosure principles. • Comply with customer requirements and audits regarding products, the environment, and responsibilities, and collaborate on formulating preventive measures and strategies for continuous improvement.	Sales and Marketing Department: Senior Manager Tsai (TEL:07-6225669 #213)
Government Agencies	The Company follows the policies and regulations stipulated by the central government and competent authorities, such as the Ministry of Labor, Environmental Protection Department and the Economic Development Bureau, to manage its business, and upholds the concept of sustainable development to fulfill its corporate social responsibility.	• Information announcements on the government's official website, letters, and government documents. • Visit by the competent authority or by phone. • Participation in explanatory meetings or symposiums organized by government agencies. • Publication of quarterly and annual financial statements. • Disclosure of required announcements on the MOPS.	• Regularly • Immediately • Quarterly • As needed • Monthly	• The Company has established a comprehensive mechanism for identifying, registering, and assessing environmental protection laws and regulations. In the event of non-compliance, the Company immediately takes corrective and preventive measures and strictly complies with any regulations and requirements of the competent authorities. When issues arise, the Company reports them to the competent authorities and receives feedback. The competent authorities also remind the Company of the required actions by telephone or email, demonstrating effective communication between the Company and government agencies. • With respect to tax matters, the Finance Department conducts a review of tax policies in the fourth quarter of each year and discloses relevant tax information in the annual financial statements to strengthen communication with stakeholders.	Finance Department Vice President Shou-Chieh Cheng (TEL:07-6225669 #402) Administration Department: Senior Manager Yu-Ling Ma (TEL:07-6225669 #203)

1-2 Identification and Analysis of Material Topics

Process to determine material topics

The Company selects material topics with reference to the GRI Topic Standards and Sustainability Accounting Standards Board (SASB), with identification conducted by the Company's representatives, department heads, and external experts by rating the actual or potential negative and positive impacts of the topic on the economic, environmental, and social (people and human rights) responsibilities of the Company.

Compared with 2024, the Company continued to apply its existing material topic identification mechanism in 2025, following the dual assessment principles of stakeholder concern and operational impact, while regularly reviewing and refining the content of its material topics. Building on the inclusion of "Organizational Learning and Talent Turnover Management" as a material topic in 2024, the Company continued to deepen its management of this topic in 2025 and conducted ongoing reviews of the related strategies and implementation effectiveness.

The evaluation process can be divided into four stages:

I. Understand the organizational context	With reference to the GRI Topic Standards and Sustainability Accounting Standards Board (SASB), a total of **34** sustainability issues were compiled.
II. Identification of actual and potential impacts	The Company's representatives, department heads, and external experts rated the actual or potential negative impacts and positive impacts of each sustainability topic on the economy, environment, and society (people and human rights). The scores for the actual negative impacts, potential negative impacts, actual positive impacts, and potential positive impacts of each topic in terms of the economy, environment, and society (people and human rights) were then summed and ranked. A total of **eight** topics scored more than 30 points.
III. Evaluating the significance of impacts	The Company's representatives, department heads, and stakeholders were invited to discuss the matter before a meeting was held with external experts. Based on past operational experience, the significance and likelihood of the impacts of the topics were discussed, and **five** topics were ultimately adjusted and selected as the Company's material topics.
IV. Prioritize the reports with the most significant impact	Depending on the nature of the topic, representatives of the Company and heads of departments conduct a comprehensive assessment with external experts and disclose their management policies by dividing them into chapters and sections of the report.

In 2025, the Company identified a total of five material topics, namely: Economic Performance, Energy, Organizational Learning and Talent Turnover Management, Occupational Health and Safety, and Customer Service Management, with no changes from the previous year.

Material Topic Identification Result

Material Topic Identification Result				
Material Topics				
1 Economic Performance	2 Energy	3. Organizational Learning and Talent Turnover Management	4 Occupational Safety and Health	5 Customer Service Management
Other Topics				
6 Ethical Corporate Management & Corporate Governance	7 Risk Management	8 Market Position	9 Indirect Economic Impacts	10 Procurement Practices
11 Anti-corruption	12 Anti-Competitive Behavior	13 Taxation	14 Materials	15 Water and Effluents
16 Biodiversity	17 Emissions	18 Waste	19 Supplier Environmental Assessment	20 Labor/Management Relations
21 Training and Education	22 Employee Diversity and Equal Opportunity	23 Non-Discrimination	24 Freedom of Association and Group Consultation	25 Child Labor
26 Forced and Compulsory Labor	27 Security Practices	28 Rights of Indigenous Peoples	29 Local Communities	30 Supplier Social Assessment
31 Public Policy	32 Customer Health and Safety	33 Marketing and Labeling	34 Customer Privacy	

List of material topics

Material Topics	Describe the Organization's Policies or Commitments Related to Material Topics	Actual/Potential Positive/Negative	Main Subjects of Impact	Corresponding Chapter
Economic Performance (GRI 201)	Economic performance is one of the key foundations for sustainable corporate operations. Through economic performance-related indicators, the Company discloses and responds to stakeholders' concerns regarding the creation and distribution of economic value, while presenting the direct economic value generated and distributed through its operations during the reporting period, demonstrating its commitment to sound operations and safeguarding the rights and interests of stakeholders.	● Actual/positive: Stable growth in the Company's operating performance can enhance employee salaries and benefits, strengthen the fulfillment of social responsibility, and generate earnings distributions to shareholders, thereby increasing investor confidence and the Company's market value. ● Potential/negative: If the Company's operating performance declines, shareholders and financial institutions may become more conservative in their view of the Company's future and may either divest their holdings in the Company or stop lending to the Company, thereby affecting the Company's ability to manage its funds and repay its debts.	The Company (causing) Employees/non-employees (directly related) Shareholders (directly related) Suppliers/contractors (contributing) Banks (contributing) Customers (contributing) Government agencies (contributing)	II. Integrity Governance
Energy (GRI 302)	In response to the government's 2050 net-zero emissions target and climate regulations in various countries, the Company places strong emphasis on energy use and carbon emissions management to enhance the competitiveness of its products in the international supply chain. Screw manufacturing is an energy-intensive industry, with energy consumption arising primarily from processes ranging from wire processing and	● Actual/positive: Energy-saving measures such as the introduction of high efficiency heat treatment furnaces and variable-speed air compressors can directly reduce electricity consumption and energy costs, thereby improving economic benefits. ● Potential/positive: Improving energy efficiency and gradually adopting low-carbon production can help the Company align with global green supply chain trends, enhance brand competitiveness and customer trust, and increase opportunities to secure orders. ● Actual/negative: Current production processes remain highly dependent on energy sources such as electricity and natural gas, resulting in continued consumption of non-renewable energy. As an energy-intensive and carbon-intensive	The Company (causing) Shareholders (directly related) Clients/consumers/distributors (directly related) Suppliers/contractors (directly related) Employees (contributing) Government agencies (contributing)	IV. Green Environment

	forming to heat treatment and electroplating. The Company is committed to "low-carbon production and sustainable operations." Through process improvements, the replacement of aging equipment, and green energy planning, the Company seeks to improve energy efficiency and reduce its reliance on fossil fuels. With reference to the ISO 50001 energy management system, the Company has set a target of reducing energy consumption per unit of product by 1% each year and continues to strengthen its energy management performance.	industry, screw manufacturing also places pressure on the environment through greenhouse gas emissions. ● Potential/negative: As regulations such as carbon fees and carbon taxes are gradually implemented, failure to keep pace with the low-carbon transition may result in additional carbon costs and affect export competitiveness and the Company's operating cost structure.		
Organizational Learning and Talent Turnover Management	The Company is committed to establishing harmonious labor–management relations and continuously improving working conditions, compensation, and benefits so that employees can work with peace of mind and grow together with the Company. At the same time, the Company promotes organizational learning through education, training, and internal activities to enhance employees' professional capabilities and strengthen organizational cohesion. To	● Actual/positive: Organizational learning and talent retention mechanisms help build a positive corporate image and enhance external recognition of and trust in the Company. ● Potential/positive: Sound organizational learning and talent turnover management mechanisms help enhance the Company's corporate image and employer brand recognition, thereby strengthening its ability to attract talent and employees' willingness to remain with the Company while reducing employee turnover.	The Company (causing) Employees and company development (directly related) Shareholders (contributing) Government agencies (contributing)	V. Welfare and Care

	strengthen talent retention and long-term development, the Company promotes an Employee Stock Ownership Trust to enhance employees' sense of identification and retirement security, while reducing the risk of talent turnover and supporting the Company's sustainable operations and stable development.			
Occupational Health and Safety	Employees are important assets of the Company. Only by safeguarding their physical and mental health can the Company promote sustainable development. We provide a safe and supportive workplace environment that protects employees' occupational safety as well as their physical and mental health, while strengthening organizational cohesion and enabling employees and the Company to grow and develop together.	● Actual/positive: Providing employees with a safe working environment helps reduce the risk of occupational accidents, maintain the Company's corporate image, and stabilize operating costs. ● Potential/positive: Identifying potential workplace hazards and implementing improvement measures, while further strengthening employees' emergency response capabilities, helps continuously reduce occupational accident risks and enhance overall safety management effectiveness.	The Company (causing) Employees (directly related) Suppliers/contractors (directly related) Government agencies (contributing)	V. Welfare and Care
Customer Service Management (Custom theme)	The Company places great importance on maintaining customer relationships and satisfaction. By establishing effective communication channels and a comprehensive customer complaint handling mechanism, the Company continuously	● Actual/positive: Enhancing customer trust in and satisfaction with the Company helps maintain stable operations and sustain revenue. ● Potential/positive: Customer feedback helps the Company identify areas for improvement and serves as a basis for further enhancing its services and products.	The Company (causing) Clients/consumers/distributors (directly related)	III. Precision Research and Development

	improves service quality and responsiveness, strengthening customer trust and long-term relationships, and providing an important foundation for enhancing market competitiveness and achieving sustainable operations.			

Description of key impacted stakeholders:
1. Causing: The Company's actions and inaction may cause negative impacts.
2. Contributing: The organization's activities result in, promote, or induce the emergence and emphasis on significant topics.
3. Directly related: It may directly cause a direct impact on the relevant stakeholders.

II. Integrity Governance

Management Approach

Material Topic: Economic Performance	
Material Causes of This Topic	Economic performance is one of the key foundations for sustainable corporate operations. Through economic performance-related indicators, the Company discloses and responds to stakeholders' concerns regarding the creation and distribution of economic value, while presenting the direct economic value generated and distributed through its operations during the reporting period, demonstrating its commitment to sound operations and safeguarding the rights and interests of stakeholders.
Influence and Impact	**<Economic Aspect>** ● **Actual Positive/Negative:** Stable operations generate revenue and profit, provide returns to shareholders and salaries and benefits to employees, and stimulate economic activity throughout the supply chain and contribute tax revenues through procurement and investment, thereby having a positive impact on the overall economy. However, operating performance remains subject to global economic cycles, raw material prices, and exchange rate fluctuations, which may cause volatility in revenue and profit and in turn affect financial stability. ● **Potential Positive/Negative:** Continued growth in operations helps strengthen market confidence and access to funding, supporting long-term development and financial stability. However, an economic downturn or changes in the international financial and trade environment may affect financing terms and access to capital, increasing operational uncertainty.
Policy	The Company adopts "Innovation, Efficiency, Professionalism, and Service" as the core of its quality management and has established an institutionalized risk management mechanism to identify and control various operational risks, minimize losses within an acceptable level of risk, and improve the efficiency of resource utilization. At the same time, the Company implements its environmental protection policy by promoting cleaner production and waste reduction through pollution prevention, regulatory compliance, and continuous improvement mechanisms, thereby balancing economic performance with sustainable operations and development.
Strategy	**Proactive Opportunity Management Strategy** The Company enhances product value and quality by strengthening R&D and improving production processes, while diversifying markets and customers to spread risk and expand growth momentum. At the same time, lean production, automation, and procurement optimization are used to improve operating efficiency and profitability, while compensation systems and talent development mechanisms enable employees and the Company to share in the results of operations. **Risk Prevention Management Strategy** The Company has established a comprehensive risk management mechanism, continuously monitors market changes, and flexibly adjusts its operating strategies. It reduces the impact of raw material price fluctuations through diversified sources of supply and inventory management; adopts natural hedging for foreign exchange exposures and, when necessary, uses financial instruments and real-time exchange rate monitoring to manage foreign exchange risk; and maintains appropriate cash flow and credit facility management to ensure funding stability. **Remediation Measures for Negative Impacts** When operations are adversely affected, the Company will maintain operational stability through capacity adjustments, product mix optimization, and cost controls; strengthen funding and cash flow management to ensure financial resilience; and communicate promptly with stakeholders to maintain information transparency. At the same time, the Company will prioritize internal redeployment and training over layoffs and continue to promote product upgrades and digital transformation to restore growth momentum.
Goals and Targets (Short Term)	**Short-Term Goals (1–3 Years):** **1. R&D and Innovation Targets:** A total of four innovative R&D projects are planned for 2025, all proposed by the screw business, to continue strengthening product technology and market competitiveness. **2. Product Quality and Service:** (1) Screw business: A. Accelerate the drawdown of drill bit inventory. B. Screw wear rate≤3%/≥50M−Pcs. C. Wear rate of carbon steel anchors and composite anchors≤5%/≥10M−Pcs.

	D. Customer complaints for screws with responsibility attributable to the Company ≤ 3 cases/year. E. Anchor bolt customer complaint with responsibility attributable to the Company ≤3 cases/year. F. Customer satisfaction statistics show that 80% of customers are satisfied. (2) Drill bit business: Wear rate controlled below 0.85%, with fewer than one major customer complaint.
Goals and Targets (Medium-Term)	**Medium-Term Goals (3–5 Years):** With stable growth and sustainable transformation at the core, the Company will continue to enhance revenue and profitability by expanding domestic and overseas markets, deepening cooperation with key customers, and developing high value-added products. At the same time, it will optimize its product mix, process efficiency, and cost controls to improve the quality of earnings and operational resilience. From a financial perspective, the Company will strengthen its capital structure and cash flow management to maintain stable debt repayment capacity and financial flexibility. In R&D and manufacturing, the Company will continue investing in technological development and promote automation and digital transformation to enhance production efficiency, product quality, and delivery management capabilities. It will also continue implementing carbon reduction measures, gradually reduce greenhouse gas emissions, strengthen product competitiveness, and move toward the goal of carbon neutrality.
Goals and Targets (Long-Term)	**Long-Term Goals (5–10 Years):** With sustainable operations and corporate resilience at the core, the Company will establish a succession system and strengthen talent development to cultivate mid-level and senior personnel capable of meeting future challenges. At the same time, through technological innovation, market diversification, and greater operating efficiency, the Company will build a resilient and sustainable business model, achieve stable long-term profitability, promote higher-value and differentiated products, and reduce its dependence on a single market and low-margin products. In risk management, the Company will strengthen its overall response mechanisms to address uncertainties such as global market fluctuations, raw material prices, and geopolitical developments. While pursuing economic growth, it will also balance environmental protection and social responsibility to enhance corporate competitiveness and industry influence.
Management Evaluation Mechanism	The Company follows the ISO 9001 internal management review procedure and regularly conducts management reviews of its various management systems to ensure the achievement of operating objectives, the effective operation of management systems, and continuous improvement. The Board of Directors is responsible for overseeing the Company's overall economic performance and operational management, while the President's Office and finance and accounting functions are responsible for implementing and tracking annual operating objectives and reporting operating results and financial performance to the Board of Directors on a quarterly basis to ensure stable operations and sustainable development. In addition, the Company holds monthly management meetings to review the operating performance and budget achievement of each department. The Board of Directors also reviews the financial statements and overall operating results each quarter and analyzes market changes, cost fluctuations, and potential risks as a basis for adjusting operating strategies.
Performance and Adjustment	1. In 2025, the turnover of Sheh Kai Precision Co., Ltd. was NTD 970,702 thousand, with an achievement rate of 87%, a decrease of 13% compared to 2024, with a net profit after tax of NTD 82,597 thousand, a decline of 14% compared to 2024, and an EPS of NTD 1.72. Execution results of the R&D and innovation plan proposals in 2025: (1) Development, tooling, and sample production for enhanced versions of the full range of metric M6, M8, M10, M12, and M16 carbon steel anchors and composite anchors, including multiple head types, at three embedment depths (shallow, medium, and deep): The project is in progress. Development of the carbon steel series has been completed and has formally entered the certification testing stage, while sample production and technical verification of the composite anchor series are being carried out concurrently. (2) Development, tooling, and sample production for imperial 1/4", 3/8", and 1/2" composite anchors: The project is currently in the preliminary planning and evaluation testing stage, and formal sample production has not yet begun. (3) Development, tooling, and sample production for stainless steel anchors (repair-welded series): The project is in progress. Some sample production has been completed, and the customer is concurrently conducting relevant performance testing. (4) To enhance testing capabilities for anchor R&D, additional equipment is planned for the CY-7148 microcomputer-controlled threaded anchor pull-out testing machine. (A) Suspension, movement, and positioning system for the pull-out testing machine: hydraulic lifting and fork movement equipment or gantry-type precision servo inching equipment. (B) Precision positioning, braking, and displacement measurement unit.

	(C) Update of fixtures for pull-out testing of various anchor bolt head types: In response to future market trends, the project for this testing equipment was approved not to proceed for the time being. The expenses for R&D projects implemented above did not exceed the budget. 3. Product quality and service in 2025: (1) Screw business: A. Drill bit inventory was reduced by 10.6%. (Data provided by the Sales and Marketing Department) B. From January to December 2025, the screw wear rate ranged from 1.14% to 2.27%, with an overall average of 1.82%. C. From January to December 2025, the wear rate of carbon steel anchors ranged from 0% to 2.86%, with an overall average of 1.59%; the wear rate of composite anchors ranged from 0% to 4.01%, with an overall average of 2.52%. D. From January to December 2025, there were no customer complaints concerning screws or anchors. E. In the 2025 customer satisfaction survey, the first business unit scored 89.9 and the second business unit scored 87.6, with overall customer satisfaction at 88.75. (2) Drill bit business: The drill bit wear rate is 0%–0.73%, in line with the target. There were no large-scale customer complaints, nor were there any instances of entire orders being returned.

2-1 About Sheh Kai

Overview of Corporate Operations

Founded in 1992, Sheh Kai Precision is currently Taiwan's largest exporter and manufacturer of stainless and alloy steel bi-metal screws and composite bolts. As a leading manufacturer of these products, the Company is committed to the research and development, and production of a wide range of high-quality, high-value-added products. Sheh Kai continues to be the best strategic alliance partner for customers. We have exclusive stainless and alloy steel bi-metal screws and composite bolts manufacturing technology. Our management team and R&D team are constantly working hard on R&D and innovation to improve product quality and its added value. The Company's products are indispensable key fasteners for high-quality, corrosion-resistant buildings. Today, our products are more widely used in energy-efficient buildings as essential fastening components for rooftop solar panels and insulated, energy-efficient structures. In addition to researching, developing, producing, and manufacturing high-quality, high-value-added screws and bolts, we are also actively committed to the environment, nature, and society: loving the Earth, cherishing life, protecting our communities, and giving back to society what we receive from it. We will do our best to protect the rights and interests of customers, employees, and investors, and make sustainable operations worthy of our conscience.

Sheh Kai Precision aims to become a world-class professional manufacturer of composite screws and provides customers with high-quality products and excellent services. Through continuous R&D and innovation, Sheh Kai can continue to grow, create corporate value, reward shareholders and employees, and head toward sustainable operations.

<table>
<tr><th colspan="6">Company Overview</th></tr>
<tr><td>Company Name</td><td colspan="2">SHEH KAI PRECISION CO., LTD.</td><td>English Name</td><td colspan="2">SHEH KAI PRECISION CO.,LTD</td></tr>
<tr><td>Date of Establishment</td><td colspan="2">1992-04-28</td><td>By Industry</td><td colspan="2">Iron and steel industry</td></tr>
<tr><td>By Market</td><td colspan="2">TPEx listed</td><td>Stock Code</td><td colspan="2">2063</td></tr>
<tr><td>TPEx Listing Date</td><td colspan="2">2010-09-07</td><td>Main Business Activities</td><td colspan="2">Screws and bolts, wires, cement bits and others</td></tr>
<tr><td>Chairman</td><td colspan="2">Tai-Yuan Tu</td><td>Number of Employees</td><td colspan="2">283 people</td></tr>
<tr><td>Business Locations</td><td colspan="5">No. 1, Bengong 1st Rd., Gangshan Dist., Kaohsiung City</td></tr>
<tr><td>Production Locations</td><td colspan="5"><table>
<tr><th>Country</th><th colspan="2">Region/Plant Site</th><th>Address</th></tr>
<tr><td rowspan="5">Taiwan</td><td rowspan="3">Kaohsiung</td><td>Gangshan Plant</td><td>No. 1, 3, 5, Bengong 1st Rd., Ben Chou Village, Gangshan Dist., Kaohsiung City</td></tr>
<tr><td>Packaging Plant</td><td>No. 1, Bengong W. 1st Rd., Gangshan Dist., Kaohsiung City</td></tr>
<tr><td>Luzhu Plant</td><td>No. 161, Minyou Rd., Luzhu Dist., Kaohsiung City</td></tr>
<tr><td rowspan="2">Miaoli</td><td>Bi-Metal Material Plant</td><td>No. 70-29, Shishan, Neigh. 23, Dacuo Vil., Zhunan Township, Miaoli County</td></tr>
<tr><td>Zhunan Plant</td><td>No. 58, Neigh. 9, Dacuo Vil., Zhunan Township, Miaoli County.
Note: The plant has been relocated to the Composite Plant, and its closure registration was completed in April 2025.</td></tr>
</table></td></tr>
<tr><td>Capital (NT$ thousand)</td><td colspan="2">481,015</td><td>Turnover (NT$ thousand)</td><td colspan="2">970,702</td></tr>
</table>

Company Appearance	

Shareholder Structure

Ownership Structure		
		Closing date: May 28, 2026
Shareholders	**Number of Shares Held**	**Shareholding Ratio**
Financial institutions	21,038	0.04
Other Corporate Entities	19,989,233	41.56
Individuals	27,625,235	57.43
Foreign Institutions and Foreign Natural Persons	463,947	0.97
Treasury stock	2,000	0.00
Note: No government agency or government affiliated institution has invested in or holds shares in the Company (shareholding ratio: 0%).		

Operational Performance

The operational performance of Sheh Kai in 2025 was affected by the global economic downturn, with overall revenue decreasing by 13% compared to 2024 and individual revenue approaching NTD 1 billion. Revenue from the screw business decreased by more than 13%, with exports to the European market showing the most significant decline of 26%. This was primarily due to weak economic conditions in Europe and lower market demand, which reduced both customers' willingness to place orders and shipment volumes. In the wire business, weaker domestic market demand resulted in a 16% decrease in revenue compared to the previous year, while sales volume also declined by approximately 16%, resulting in a slight loss for the business segment. The Company's overall profitability was also affected by declines in the gross margins of the screw and wire drawing businesses. As screw products account for a relatively high proportion of revenue and are the Company's primary source of profit, the decline in their gross margin had a particularly significant impact on overall profitability. The decline in gross margin was mainly attributable to adjustments to pricing strategies to stimulate customer orders and lower production volumes, which resulted in higher unit costs. As a result of the above factors, the Company's net income after tax in 2025 decreased by 14% compared to 2024. Against the backdrop of weak global economic conditions, slower economic growth in Europe and China continued to affect the overall sales performance of Taiwan's steel industry. In addition, intensifying price competition from steel producers in China and Southeast Asia, together with growing concerns over carbon emissions, means that the steel industry will continue to face significant challenges ahead.

Financial Information of Sheh-Kai in the past Three Years			
Item/Year	**2023**	**2024**	**2025**

Operating Revenue (NT$ thousand)	1,428,614	1,119,899	970,702
Operating Cost (NT$ thousand)	974,913	874,615	605,369
Gross Profit (NT$ thousand)	453,701	244,962	162,540
Operating Income (NT$ thousand)	307,459	126,133	41,849
Non-Operating Income and Expenses (NT$ thousand)	(3,601)	(3,161)	49,070
Net Income Before Tax (NT$ thousand)	303,858	122,972	90,919
Net Income After Tax for the Period (NT$ thousand)	245,494	9,5950	82,597
Total Comprehensive Income (NT$ thousand)	249,331	129,988	(64,670)
Earnings per Share (NT$)	4.95	1.93	1.72
Employee Benefits (NT$ thousand)	3,829	2,950	36,773
Dividend (NT$ thousand)	223,201	96,203	72,152
Employee Salary (Including Employee Benefits) (NT$ thousand)	263,534	216,119	202,523
Retained Economic Value (NT$ thousand)	204,645	(65,507)	57,555
Payments to Investors (NT$ thousand)	160,949	240,233	103,741
Payments to the Government (NT$ thousand)	87,142	69,913	1,174
Community Investment (NT$ thousand)	965	645	340

Note: The data for 2025 are based on the parent company only financial statements.
The 2025 "Dividend" consisted of a cash distribution from capital surplus of NTD 24,051 thousand and a capitalization of capital surplus of NTD 48,101 thousand, totaling NTD 72,152 thousand.

Financial Assistance Received from Government

When filing its 2024 profit-seeking enterprise income tax return in 2025, the Company applied for the research and development expenditure investment tax credit under Article 10 of the Statute for Industrial Innovation. The estimated tax credit was NTD 2,230,983. The Company's 2024 tax return was assessed and approved in March 2026, with a final approved investment tax credit of NTD 2,230,983. Since the relevant provisions of the Statute became applicable to the Company, it has applied for R&D investment tax credits each year, with a portion of the claimed amount approved annually.

Overview of Government Subsidies		
Item	**Grant Agency**	**Subsidy Amount (NT$)**
2025 Application of the 2024 R&D Expenditure Investment Tax Credit under Article 10 of the Statute for Industrial Innovation	National Taxation Bureau of Kaohsiung, Ministry of Finance	2,230,983
Total		2,230,983

Note: Sources of government financial assistance include tax relief, subsidy programs, and COVID-related financial assistance.

Tax Policy

207-1

Data provided by: Finance Department

In the course of its operations, the Company is committed to creating a sound business environment. The Finance Department regularly reviews tax policies in the fourth quarter of each year to ensure compliance with applicable laws and regulations. The Company strictly complies with the following tax-related laws and regulations, including the Income Tax Act, Income Basic Tax Act, Regulations Governing Assessment of Profit-Seeking Enterprise Income Tax on Non-Arm's-Length Transfer Pricing, Standards of Withholding Rates for Various Incomes, Business Mergers and Acquisitions Act, Tax Collection Act, Securities Transaction Tax Act, Land Tax Act, Value-Added and Non-Value-Added Business Tax Act, and other applicable tax laws. Responsibilities under other relevant tax laws and regulations are as follows:

Tax-Related Laws and Regulations	Responsible Unit	Authority and Responsibility

Business tax, profit-seeking enterprise income tax	Finance Department	Responsible for reporting expenses and preparing vouchers for debit and payment
Land tax, Land value tax, Fuel tax, License tax	Administration Department	Reporting fees
	Finance Department	Preparation of vouchers for debit and payment

The Company's 2025 annual report and financial report can also be viewed at the following link:

2025 Financial Report:

- https://www.shehkai.com.tw/list/cate-60115.htm

2025 Annual Report:

- https://www.shehkai.com.tw/list/cate-60133.htm

Company History

With "Innovation, Professionalism, Efficiency and Service" as its core business philosophy, Sheh Kai is committed to continuous research to improve existing products and create new products, with a focus on the manufacturing and R&D of stainless steel products, while ensuring timely delivery to meet customer requirements. In addition, the Company designs products to meet different customer needs and provides excellent after-sales service. Upholding a positive approach to business and the principle of quality first, the Company values positive interactions with customers and regards them as a driving force for corporate growth and a foundation for realizing corporate value and dignity. With the courage to innovate for the future, the Company continues to move forward toward sustainable operations.

Year	Company History
2023	The total face value of domestic unsecured convertible bonds is NT$6,000,000 thousand, and the total number of bonds issued is 6,000. The bonds were publicly underwritten through bidding and auction, and the actual amount raised was $643,940 thousand with a 3-year term. We completed the high-performance high-frequency machine development project, and it went into production in the first quarter of 2024, with the goals of significantly increasing the production capacity, saving energy and reducing carbon emissions, reducing the unit cost of the process, and reducing the required floor space to improve the utilization of plant space.
2024	Composite screw products obtained EU ETA certification, enhancing customer recognition of product quality and its added value. The Company implemented the second repurchase of treasury shares to be transferred to employees for subscription, with an estimated repurchase volume of 1,500,000 shares.
2025	The purpose of the second repurchase of treasury shares was changed to protecting the Company's credit and shareholders' equity. A total of 1,500,000 shares were actually repurchased and subsequently canceled through an amendment registration. Following the cancellation, paid-in capital was NTD 481,015 thousand. The Company applied to the Southern Taiwan Science Park Bureau, National Science and Technology Council for admission to Kaohsiung Science Park and leased 0.6 hectares of land. A new plant in Kaohsiung Science Park will be constructed as planned, housing key production processes and an R&D center. The Company completed the development of a new stainless steel bolt product. The new process technology enhances product performance, shortens the required effective length, and supports a wider range of specifications and sizes, while the simplified production process saves production space and manpower.
Note: Corporate History https://www.shehkai.com.tw/list/cate-82128.htm	

As of the end of 2025, the Company had a total of five operating locations, including its headquarters (excluding overseas subsidiaries). Revenue in the parent-company-only financial statements for the year was NTD 970,702 thousand, and paid-in capital was NTD 481,015 thousand. The Company's main products or services and sales details are presented below (all figures are based on the parent-company-only financial statements). Compared with 2024, there were no significant changes in the Company's value chain, products and services, or business relationships.

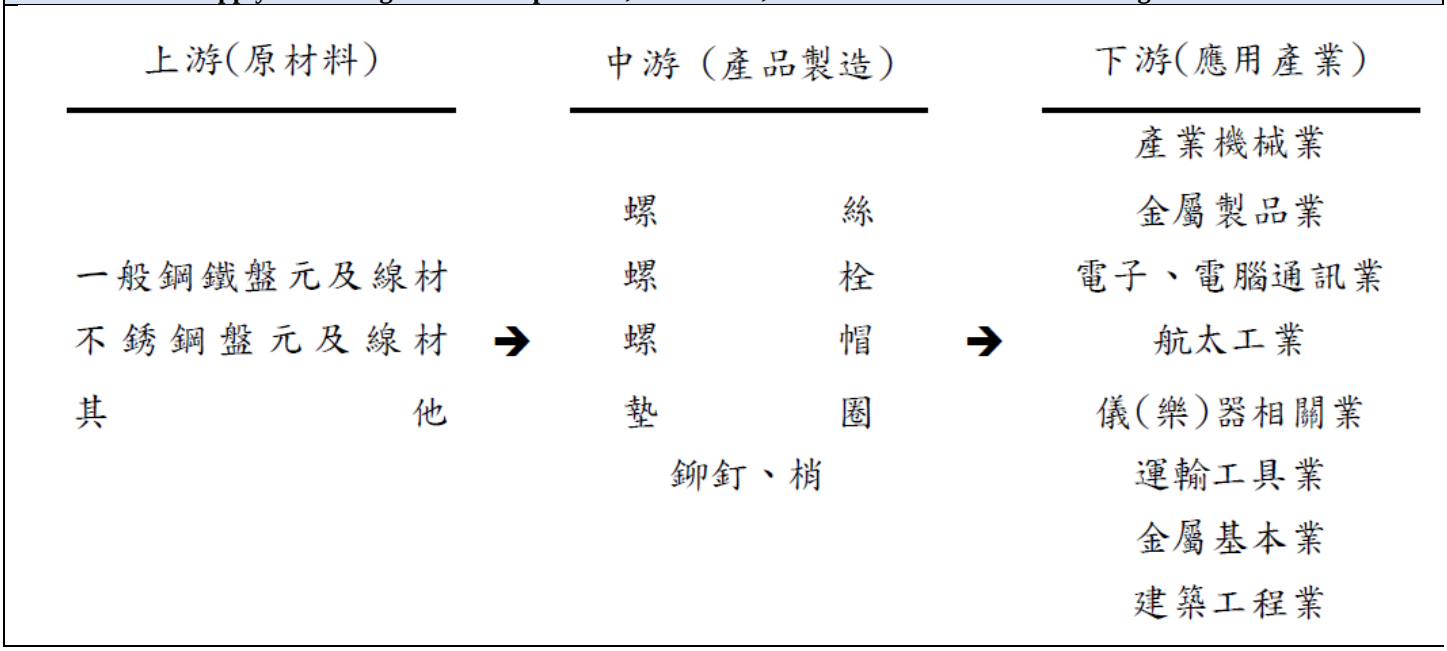
Products/Services				
Products or Services	**Sales Area**	**Customer Type**	**Sales Volume**	**Unit**
Screws and bolts	Domestic and foreign countries on five continents	Trading of Construction Fasteners	147,628	1,000pcs
Wire rod	Domestic	Manufacture of Metal Products	3,061	Metric ton
Cement drill bits and others	Domestic and Europe, America, Asia, and Oceania	Hardware Trading	53,938	NT$ thousand

The list of entities in the Company's consolidated financial statements for 2025 is as follows:

Affiliates in the Company's Consolidated Financial Statements				
				As of December 31, 2025, unit: NT$ thousand
Name of Affiliated Enterprise	**Establishment Date**	**Address**	**Paid-in Capital**	**Main Business or Production Activities**
Bi-Metal Limited	2012/04	LEVEL 2, LOTEMAU CENTRE, VAEA STREET, APIA, SAMOA	USD 670	General investment business
Sheh Kai Trading (Shanghai) Co., Ltd.	2012/05	8F, No. 9, Lane 1555, Jinshajiang West Road, Jiading District, Shanghai	USD 670	Wholesale of fasteners, hardware and construction materials (excluding steel)

The supply chain diagram and list of the Company's upstream, midstream, and downstream operations are as follows:

Supply chain diagram of the upstream, midstream, and downstream of Sheh Kai organization



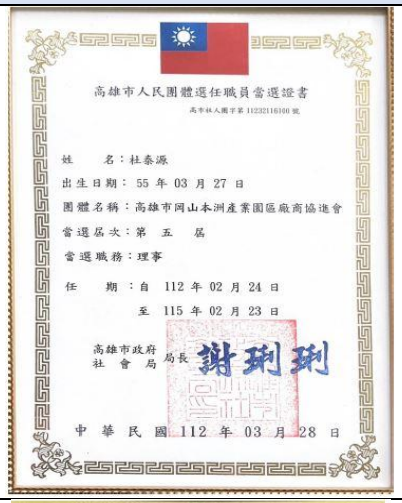
Involvement of External Organizations

In order to continue to strengthen the sustainable competitiveness and bring the company's operations in line with international trends, the Company proactively participates in relevant business associations, guilds, societies, and other organizations to obtain the latest domestic and foreign industry information and share its own experiences. The Company joins hands with all sectors to create a sustainable value chain.

Associations and Organizations in Which Sheh Kai Is a Member	Membership Qualifications (Position Held)
Gang Du Listed Company Entrepreneurs Association	Member
Ben Chou Industrial Park Manufacturers Association, Gang Shan, Kaohsiung City	Director
Kaohsiung City Enterprise Personnel Representative Association	Director
Importers and Exporters Association of Taipei (IEAT)	Member
Curtainwall Technology Development Association of Taiwan	Member
Taiwan Fastener Trade Association	Member
Greater Kaohsiung Friends of the Police Association, Kaohsiung City	Consultant
National Innovation and Entrepreneurship Association	Member
Taiwan Fastener Industries Association	Member

Membership Certificate







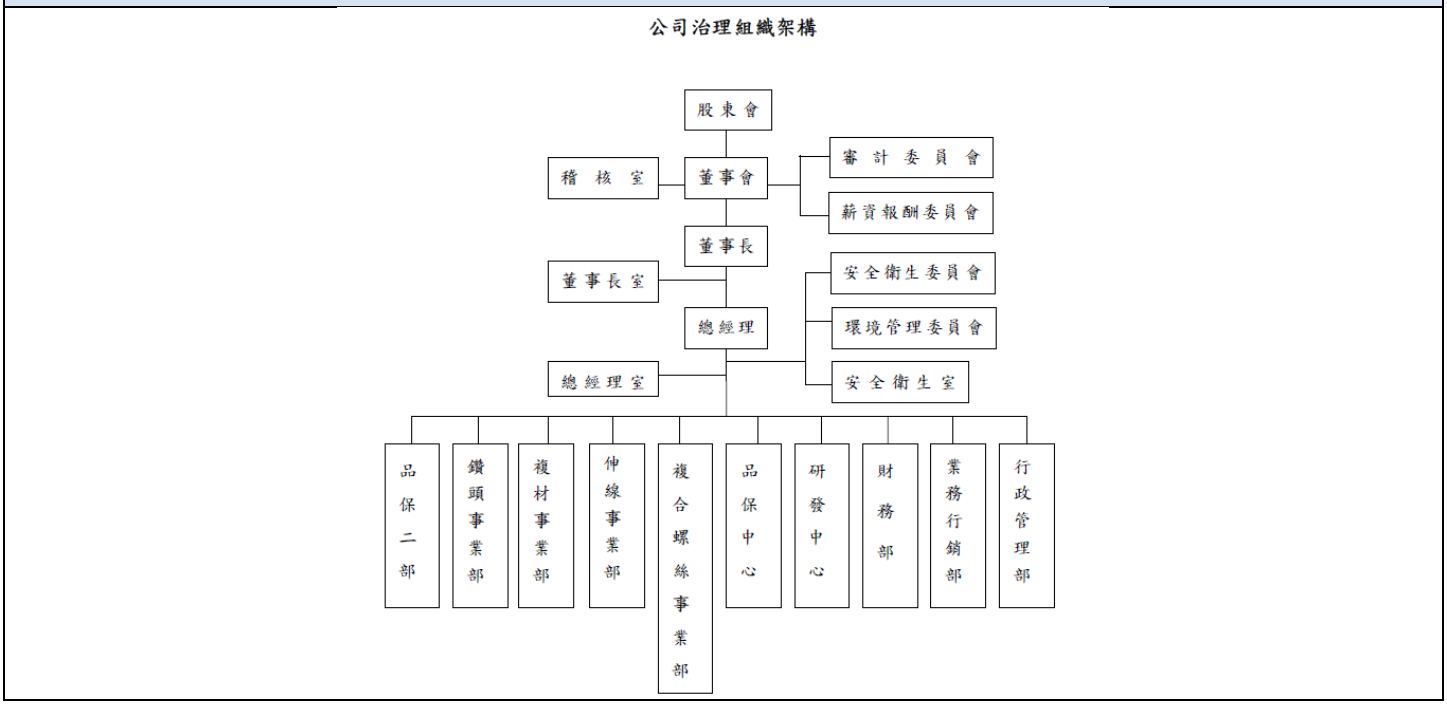


2-2 Governance Strategy

Organizational Chart

The organizational structure and the management of each department of Sheh Kai are as follows:

Organizational Chart of Sheh Kai



Main Department	Duties and Responsibilities
Remuneration Committee	● Regularly review these Procedures and propose amendments. ● Formulate and regularly review the annual and long-term performance goals and remuneration policies, systems, standards and structures for the Company's directors and President (managers). ● Regularly evaluate the achievement of the performance targets of the Company's directors and President, and establish the content and amount of their individual remunerations.
Audit Committee	● Supervising the fair presentation of the Company's financial statements. ● Supervising the appointment (dismissal), independence, and performance of CPAs. ● Supervising the effective implementation of the Company's internal control. ● Supervising the Company's compliance with relevant laws and regulations. ● Supervising the management and control of existing or potential risks of the Company.
Chairman's Office	● Plan the Company's operational strategies and set operational goals.
President's Office	● Assisting the president in the management and execution of various businesses of the Company. ● Participating in the formulation of strategies and operational goals, and being responsible for the promotion and execution. ● Supervising the business and related matters of the department under its purview. ● Proposing and implementing sustainable development policies, systems or related management policies and specific promotion programs. ● Responsible for formulating and supervising the implementation of ethical corporate management policies and prevention plans.
Audit Office	● Auditing and evaluating the operation of the internal control system, and assisting the management in implementing the Company's internal regulations. ● Responsible for auditing the Company's finances, business and operations, analyzing abnormalities, and providing improvement plans.
Safety and Health Office	● Formulating, planning, supervising, and promoting safety and health management issues and directing relevant departments in their implementation.
Environmental Management Committee	● Analyzing the organization's situation and formulating risk and opportunity strategies. ● Promoting management systems to promote coordination.
Safety and Health Committee	● The committee makes recommendations on safety and health policies prepared by the Employer and reviews, coordinates, and recommends safety and health related matters.
Bi-metal Screws Business Department	● Responsible for the scheduling and production of screws and anchors to meet the delivery times required by customers. ● Controlling the manufacturing process and improving product quality. ● Controlling manufacturing costs and reducing wear and tear. ● Continuously improving the production process and technology. ● Maintaining production equipment and operational safety. ● Responsible for the implementation of company-wide procurement matters. ● Responsible for warehousing and logistics management.
Wire Production Business Department	● Responsible for the scheduling and production of stainless steel wire rod products to meet customers' required delivery dates. ● Controlling the manufacturing process and improving product quality. ● Controlling manufacturing costs and reducing wear and tear. ● Continuously improving the production process and technology. ● Maintaining production equipment and operational safety.
Bi-metal Material Business Department	● Responsible for scheduling and production of automated joining and drill-bit products to meet customer delivery deadlines. ● Controlling the manufacturing process and improving product quality. ● Controlling manufacturing costs and reducing wear and tear. ● Responsible for equipment design, assembly, testing, improvement, and maintenance. ● Investigating and proposing improvement measures for supplier operating equipment, and implementing cost-reduction plans. ● Maintaining production equipment and operational safety.
Drill Bit Business Department	● Responsible for the coordination, execution, and integration of cement drill production processes. ● Coordination of personnel scheduling for each section of cement drills. ● Responsible for developing the cement drill production plan and tracking and controlling the production progress of each team. ● Occupational safety and health matters

Main Department	Duties and Responsibilities
R&D Center	● R&D and continuous improvement of operating equipment, molds and other materials, and process enhancement. ● New product development planning, product improvement, and sample production. ● Promoting relevant application technologies, cooperating with customers to shorten the R&D and design time, and reducing costs.
Quality Assurance Center	● Implementing quality management. ● Maintaining the quality assurance policy, rules and system. ● Supervising and ensuring the implementation of the quality assurance system and promoting the implementation of quality certification. ● Establishment of incoming material inspection, process control, and shipment inspection.
Quality Assurance Department II	● Additions and amendments to the ISO quality management system. ● Establishment and supervision of product production quality inspections. ● Custody, management, and calibration of measuring equipment. ● Analyzing causes of quality problems, tracking and supervising quality management.
Sales and Marketing Department	● Establishment and execution of business objectives. ● Planning and execution of marketing strategies. ● Investigation and development of domestic and foreign business markets. ● Achieving business goals and improving the quality of customer service.
Finance Department	● Responsible for budgeting and settlement of costs. ● Responsible for the Company's financial management and fund scheduling and raising. ● Matters related to stock affairs. ● Tax credit application ● Budget preparation, planning and review. ● Analysis of operating statements. ● The department is the unit in charge of the meetings of the Board of Directors and is responsible for the management of the performance evaluations of the Board of Directors and the Audit Committee.
Administration Department	● Human resource planning and execution. ● Payroll management. ● Planning and execution of education and training. ● Amendment and implementation of the management system. ● Planning of employee benefits and management of labor-management relations. ● Management of fixed assets and general affairs. ● Responsible for the planning, construction, improvement, and management of the Company's software and hardware. ● Developing information software, including, but not limited to, process optimization, quality inspection, and production planning and control. ● Planning, building, and managing websites and networks. ● Responsible for managing the performance evaluations of the Remuneration Committee.

Information on Board Members

The Company's highest governance unit is headed by the Chairman, Mr. Tai-Yuan Tu, and President, Mr. Shang-An Lin who are jointly responsible for the Company's operations and management. As the Chairman does not concurrently serve as the President or CEO, there is no conflict of interest.

The Company has established a diversity policy within its Corporate Governance Best Practice Principles. The current Board of Directors includes members with diverse professional backgrounds and areas of expertise. In accordance with the Articles of Association, the number of independent directors shall not be less than three and shall not be less than one-third of the total number of directors, and the term of office shall be three years. The re-election of the 11th Board of Directors was completed on May 29, 2023. The current term is composed of seven directors (including three independent directors) with extensive experience and expertise in the fields of finance, accounting, business operations and management, the steel industry, law, etc. The term of office is from May 29, 2023 to May 28, 2026. In order to demonstrate diversity in the composition of the Board of Directors, there is one female director, and in the future, the ratio of female directors will increase to a minimum of 1/3. The percentage of directors who are employees is 29%, and the percentage of independent directors is 43%. All

independent directors meet the independence requirements, and board meetings are held regularly according to law. The information of the board of directors and supervisors is shown in the table below:

Information on the Members of the Board of Directors of Sheh Kai Precision						
Job Title	**Name**	**Gender**	**Age (Years)**	**Initial (Elected) Date of Inauguration**	**Major Education and Experience**	**Positions in the Company and Other Companies**
Chairman	Tai-Yuan Tu	Male	Over 50 years old	1993.08.24	● EMBA, National Kaohsiung University ● Vice President, Sheh Fung Screws Co., Ltd.	● and President, Sheh Kai Precision Co., Ltd. ● Chairman, Sheh Fung Screws Co., Ltd. ● Chairman, HYE TECHNOLOGY CO., LTD ● Director of SANITAR Co., Ltd. ● Chairman, BYMIT INC. ● Chairman, Guan Yi Investment Co., Ltd. ● Chairman, Longyuan Investment Co., Ltd. ● Director and President, Sheh Kai Trading (Shanghai) Co., Ltd. ● Chairman, BI-METAL Ltd. ● Chairman, Litai Co., Ltd.
Director	Chun-Yen Chen	Male	30–50 years old	2020.06.10	● EMBA, National Sun Yat-Sen University ● President, Sheh Chiang Industry Co., Ltd.	● Director and President, Sheh Fung Screws Co., Ltd. ● Chairman, Sheh Feng Investment Co., Ltd.
Director and President	Shang-An Lin	Male	Over 50 years old	2008.05.12	● Graduated from Department of Aeronautics and Astronautics, National Cheng Kung University ● Institute of Aeronautics and Astronautics, National Chung Shan Institute of Science and Technology (NCSIST) ● Flight Science Team, Aerospace Industrial Development Corporation (AIDC)	● Independent Director, MILDEX OPTICAL INC. ● President, Sheh Kai Precision Co., Ltd.
Director	Tang-Kun Liu	Male	Over 50 years old	2023.05.29	● Graduated from Department of Political Science, Chinese Culture University ● Supervisor, Sheh Kai Precision Co., Ltd.	● Representative of Green World Hotels Co., Ltd. ● Chairperson of Board of Directors, Singo Biotechnology Co., Ltd.
Independent Director	Fu-Bin Lee	Male	Over 50 years old	2023.05.29	● Graduated from Department of Accounting, National Chung Hsing University ● CPAs, First United CPA Office	● CPA, Tai Chiao United CPA Firm
Independent Director	Kai-Li Wang	Male	Over 50 years old	2023.05.29	● Ph.D. in Economics, Utah State University, USA ● Director of EMBA Program, College of Management, Tunghai University ● Chair, Department of Finance and Director, Graduate Institute of Finance, Tunghai University	● Independent Director, Dyaco International Inc. ● Independent Director, Aker Technology Co.,ltd ● Independent Director, Paiho Shih Holdings Corporation ● Full-time Professor, Department of Finance, Tunghai University
Independent Director	Chia-Chia Lin	Female	Over 50 years old	2023.05.29	● EMBA, National Kaohsiung University ● Consultant, Kaohsiung City Urban Renewal Association	● Independent Director, Sun Yad Construction Co., Ltd
Note: There is one Board member aged between 30 and 50, and six members over the age of 50. Female directors account for 14.29% of the Board, while male directors account for 85.71%.						

Information on the Members of the Board of Directors of Sheh Kai Precision										
Job Title	**Name**	**Operational Judgment**	**Accounting and Financial Analysis**	**Business Administration**	**Crisis Management**	**Steel Industry Knowledge**	**Other Industry Knowledge**	**International Market Perspective**	**Leadership Ability**	**Decision-Making Ability**
Chairman	Tai-Yuan Tu	✓		✓	✓	✓		✓	✓	✓
Director	Chun-Yen Chen	✓		✓	✓	✓		✓	✓	✓
Director	Shang-An Lin	✓		✓	✓	✓		✓	✓	✓
Director	Tang-Kun Liu	✓		✓	✓		✓		✓	✓
Independent Director	Fu-Bin Lee		✓	✓					✓	✓
Independent Director	Kai-Li Wang		✓					✓		
Independent Director	Chia-Chia Lin		✓	✓					✓	✓

Nomination and Selection of Board Members

To strengthen corporate governance and ensure the professionalism and independence of the Board of Directors, the election of the Company's directors shall be conducted in accordance with the candidate nomination system and procedures stipulated in the Company Act. As the Company has not yet established a Nomination Committee, all nominated director candidates are carefully reviewed and approved by the Board of Directors before being included as candidates for the current term. Through a rigorous selection process, the Company ensures that every Board member possesses outstanding professional competence and integrity, thereby safeguarding the rights, interests, and trust of the Company and its shareholders while promoting sustainable corporate development and shared prosperity. For the other selection procedures, please refer to the Regulations Governing the Election of Directors as follows, or on the Company's official website: Investor Area → Corporate Governance Area → Board of Directors Information → Regulations Governing Election of Directors.

1. Clearly understand and evaluate the basic requirements, professional knowledge and skills, industry experience, background and diversity required for director candidates, including rich experience and professionalism in accounting, business, operation management, steel industry, other industries and law.
2. Nomination process: The candidate nomination system and procedures stipulated in the Company Act shall be followed.
3. The Board of Directors carefully reviews the candidates and resolves whether to approve or reject them, thereby selecting suitable candidates to join the Board.
4. The election is conducted using a registered cumulative voting method. Votes are counted immediately after voting is completed, and the chair announces the results on the spot, including the list of elected directors and the number of votes received by each elected director. The Board of Directors will issue certificates of election to the newly elected directors who will begin to perform their powers, responsibilities and obligations.

A total of 7 directors' meetings of the Company were held in 2025. The attendance of directors was as follows:

Board Meeting Dates and Directors' Attendance for 2025											
2025	03/04	03/21	05/08	08/07	09/04	11/06	12/18	Expected attendance	Annual total	Annual attendance rate	Cumulative rate (11th term)
Tai-Yuan Tu	1	1	1	1	1	1	1	7	7	100%	100%
Shang-An Lin	1	1	1	1	1	1	1	7	7	100%	89.47%
Tang-Kun Liu	1	1	1	1	1	1	1	7	7	100%	100%
Chun-Yen Chen			1	1	1	1	1	7	5	71.43%	89.47%
Fu-Bin Lee	1	1	1	1	1	1	1	7	7	100%	100%
Kai-Li Wang	1	1	1	1	1	1	1	7	7	100%	100%
Chia-Chia Lin	1	1	1	1	1	1	1	7	7	100%	100%

Operation of the Board of Directors

The Company has established an Audit Committee and a Remuneration Committee in accordance with the law but has not yet established a Sustainable Development Committee. To promote sustainability governance, the Board of Directors has authorized the President to lead the heads of all departments in holding regular meetings to establish ESG sustainability goals and directions for implementation.

The Company, in accordance with the "Sustainable Development Best Practice Principles," has designated the President's Office as the dedicated unit responsible for proposing and implementing sustainable development policies, systems, related management guidelines, and specific action plans, and for regularly reporting

implementation status to the Board of Directors. The preparation of the Sustainability Report is coordinated by the head of the President's Office, who convenes all relevant units to participate in the process. Meetings are also held to stay abreast of the latest reporting standards and requirements, which serve as the basis for identifying material topics and developing corresponding measures. Each unit is assigned responsibilities based on the report preparation items and collects the relevant information for drafting the report. After the initial draft is completed, meetings are held to review whether the written content is appropriate and to verify the accuracy of the data. Once the report is finalized, it is submitted to the President and Chairman for approval and issuance. At the first Board of Directors meeting in 2026, the Company reported on its progress in promoting sustainable development in 2025.

The person in charge of impact management for each responsible unit shall constantly monitor the operations of internal units and report to, as well as track the situation with, the Board of Directors when necessary to ensure that the environmental, economic, and social sustainability criteria are met.

The detailed communication items are shown in the table below:

Nature	Major Events	Number of Cases	Communication Outcomes
Environmental Aspect	Discussion of the Sustainability Report	1 case	The Board of Directors authorizes senior management to handle the matter and, when necessary, report the status of its handling to the Board of Directors. For resolutions of the Board of Directors, the implementation status of resolutions from the previous Board meeting shall be reported at each Board meeting. Matters that have not yet been closed shall be tracked quarterly and reported to the Board of Directors.
Economic Aspect	Economic Performance	23 case	Revisions and enhancements to the internal control system include: ● Revision of the "Payroll Cycle": The scope of the Company's entry level employees shall be submitted to the Board of Directors for resolution and periodically assessed to determine whether adjustments are necessary. ● Revision of the "Authorization Table for Corporate Operating Objectives and Policies": The monetary threshold at which material acquisitions or disposals of TWSE or TPEx listed securities must be submitted to the Board of Directors for discussion. ● Revisions to the "Financing Cycle," "Sales and Collection Cycle," and "Production Cycle": Revised in conjunction with the Company's implementation of the SAP system.
	Risk Management	12 case	
	Ethical Corporate Management, Corporate Governance	4 case	
Social Aspect	Employee compensation distribution, definition of junior staff and amendments to internal control regulations, and year-end bonuses	7 case	

Continuing Education of Board Members

In addition to possessing relevant industry experience, professional capabilities, and knowledge, the Company also regularly plans educational and training programs for its directors. By continuously arranging a diverse range of external training courses, the Company strengthens their professional competencies, enabling them to faithfully perform their duties and exercise the due care of a prudent administrator, while fully carrying out their decision-making, leadership, and supervisory functions.

In 2025, the Company's corporate governance officer completed a total of 6 hours of sustainability-related training, including courses such as "Practical Preparation and Filing of Sustainability Information." Directors completed a total of 6 hours of corporate governance-related training during the year, covering courses such as "Analysis of the International IFRS Sustainability Disclosure Standards and Corporate Response Strategies" and "Legal Risk Analysis: Prevention of Insider Trading and Labor Disputes." Additionally, senior executives and Finance Department employees respectively attended courses such as the "TWSE/TPEx Company Insider Equity Briefing Session" and the "Issuer & Securities Exchange Accounting Managers Continuous Education Program."

Job Title	Name	Date of Continuing Education	Organizer	Course Name	Hours
Chairman	Tai-Yuan Tu	2025.08.07	Taiwan Corporate Governance Association	1. Analysis of International IFRS Sustainability Disclosure Standards and Corporate Response Measures 2. Analysis of Legal Risks: Prevention of Insider Trading and Labor Disputes	6
Director	Chun-Yen Chen				6
Director	Shang-An Lin				6
Director	Tang-Kun Liu				6
Independent Director	Fu-Bin Lee				6
Independent Director	Kai-Li Wang				6
Independent Director	Chia-Chia Lin				6

Performance Evaluation of the Board of Directors

In order to implement corporate governance and enhance the functions of the Board of Directors, the Company has formulated the "Regulations Governing the Evaluation of the Performance of the Board of Directors," which clearly defines performance objectives to enhance the overall operational efficiency of the Board. The Company conducts a performance evaluation of the Board of Directors once a year. The evaluation period is from January 1 to December 31 of each year, and the evaluation methods include an internal evaluation of the Board of Directors and self-evaluations by individual directors. The evaluation scope covers the Board of Directors, individual Board members, the Remuneration Committee, and the Audit Committee. The evaluation results will be completed before the first quarter of the year following the evaluation year, and the results will be reported to the Board of Directors.

The performance evaluation items of the Board of Directors include the following five items:

1. Degree of participation in the Company's operations
2. Improving the quality of the board's decision-making
3. Composition and structure of the Board of Directors
4. Election and continuing education of directors
5. Internal control

During the reporting period, the content review and results of the Company's board performance evaluation in 2025 are as follows:

Assessment Item	Assessment Results

	(Total Score 5)
A. Degree of participation in the Company's operations	
1. The average attendance of directors at Board meetings (excluding proxy attendance) is good (those with an attendance rate of 60% or more are rated 3, average).	4 points
2. The attendance of directors at the shareholders' meetings is good (an attendance rate of 1/2 is rated 3, average).	
3. Directors have read and understood the meeting materials before the Board meeting.	5 points
4. The interaction between the Board of Directors and the management team is good.	
B. Improving the quality of the board's decision-making	
5. The Company appropriately discusses and formulates strategic plans and annual budget processes.	5 points
6. The frequency of board meetings is appropriate (Score of 5 if at least 6 meetings are held each year).	
7. Appropriate discussion time should be allocated for each motion in the agenda arranged by the board of directors so that the directors have sufficient time to discuss.	
8. The board of directors provides good communication channels and can communicate with independent directors properly.	
9. If a proposal raises a conflict of interest for a director, the director will acknowledge their conflict of interest and recuse themselves on their own initiative or when the chair requires the director to do so, and the directors recused and reasons for recusal shall be recorded in the meeting minutes	
C. Composition and structure of the Board of Directors	
10. The board of directors has established a sufficient number of seats for independent directors, and the number of independent directors complies with relevant regulations.	5 points
11. The Company's independent directors have the required professional knowledge and have maintained their independence during their term of office.	
12. All existing functional committees are capable of performing the duties delegated by the Board of Directors.	
13. There is no more than two directors and supervisors who are related to each other within the second degree of kinship, so that the board members can function objectively and independently.	
D. Election and continuing education of directors	
14. The selection procedure for board members takes into account the results of individual director performance evaluations.	5 points
15. The directors have taken a variety of courses beyond the scope of their professional competence and have completed appropriate hours of education each year.	
16. The Company has a record of director training hours and their continuous professional development plans, which enables directors to strengthen their knowledge and skills.	
E. Internal control	
17. The Board of Directors can effectively evaluate and oversee the effectiveness of various internal control systems and risk management.	5 points
18. The internal control system approved by the board of directors includes five major elements/principles, and covers all operational activities and transaction cycle control operations.	
19. The Company's chief audit officer/audit general shall attend the meeting of the board of directors and submit an internal audit report, and shall communicate the audit report (including follow-up report) to each supervisor and independent director as required.	
20. The appointment, dismissal, evaluation, and remuneration of internal auditors shall be reported to the Board of Directors or signed by the Audit Unit for the Chairman's approval.	
Note: At the 2025 Annual Shareholders' Meeting, the board members' attendance rate was 71%. It is recommended that directors participate more actively in shareholders' meetings and increase their engagement with shareholders. The average board attendance in 2025 was 96%, which reflects a strong level of participation. 1. The score is expressed by the average score of the content of the assessment item. 2. The evaluation rating principles are as follows: Score 1: Very poor (strongly disagree); Score 2: Poor (disagree); Score 3: Average (neutral); Score 4: Good (agree); Score 5: Excellent (strongly agree).	

The state of the company's implementation of corporate governance:

To strengthen corporate governance and enhance management transparency, the Company, in accordance with the Corporate Governance Best Practice Principles, holds regular Board meetings to ensure the effectiveness and timeliness of its decisions. In 2025, a total of seven board meetings were held, with 85% of directors achieving

a 100% attendance rate. The meetings covered topics such as the review of the annual business plan, discussion of major investment projects, audit of financial statements, evaluation of the internal control system, and oversight of corporate sustainability-related matters.

The members of the Company's Board of Directors have diverse professional backgrounds in areas such as finance, law, and industry. They actively engage in the Company's strategic planning and risk management decisions, demonstrating a strong sense of duty and commitment to upholding ethical business practices and safeguarding the rights and interests of all stakeholders. All board meetings were meticulously documented, with comprehensive records of discussions and resolutions. Important matters were disclosed in accordance with regulations to ensure transparency and timely information disclosure. To enhance operational efficiency and the effectiveness of decision-making, the Chairman also serves as the President. The Chairman maintains close and ongoing communication with board members regarding the Company's operational status and strategic direction, thereby reinforcing corporate governance. The Company also plans to increase the number of independent directors as a means to strengthen the Board's functionality and oversight capacity.

In 2025, the Company held seven Board meetings. The attendance of directors at these meetings is as follows (revised in accordance with the 2025 Annual Report):

Job Title	Name	Actual Attendance	Number of Proxy Attendances	Actual Attendance Rate
Chairman	Tai-Yuan Tu	7	0	100.00%
Director	Chun-Yen Chen	5	0	71.43%
Director	Shang-An Lin	7	0	100.00%
Director	Tang-Kun Liu	7	0	100.00%
Independent Director	Fu-Bin Lee	7	0	100.00%
Independent Director	Kai-Li Wang	7	0	100.00%
Independent Director	Chia-Chia Lin	7	0	100.00%

Audit Committee

The Company formally established the Audit Committee in June 2020, and its main supervision matters are the fair presentation of the Company's financial statements, the selection (dismissal) of CPAs, the independence and performance, the effective implementation of the Company's internal control, the Company's compliance with relevant laws and regulations, and management of existing or potential risks of the Company. After motions are discussed, they are presented to the Board for final resolution, and the content of the discussions is provided to the Board as a reference for decision-making.

➢ (1) Duties and powers of the Audit Committee:

1. Establishment or amendment of the internal control system in accordance with Article 14-1 of the Securities and Exchange Act.
2. Evaluation of the effectiveness of the internal control system.
3. Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of handling procedures for financial or operational actions of material significance, such as the acquisition or disposal of assets, derivatives trading, monetary loans to others, or endorsements or guarantees for others.

4. Matters involving the interests of directors.
5. Transactions of major assets or derivatives.
6. Lending funds to others, making endorsements, or providing guarantees.
7. Offering, issuance and private placement of equity-type securities.
8. Appointment, dismissal or remuneration of CPAs.
9. Appointment or dismissal of a financial, accounting or internal auditing officer.
10. Quarterly financial reports signed or sealed by the chairperson, managers and accounting officer.
11. Other important matters regulated by the company or the competent authority.

- (2) Evaluation of the Effectiveness of the Internal Control System and Discussion of Internal Control Amendments:
  1. In accordance with the reference items for determining the effectiveness of internal control systems prescribed in the "Regulations Governing Establishment of Internal Control Systems by Public Companies," the Company reviewed whether the design and operation of its internal control system were effective and reviewed the content of the Internal Control System Statement based on the results of the Company's self-assessment.
  2. In 2025, the Company approved revisions to the "Procedures for Acquisition or Disposal of Assets" and the Authorization Table for "Corporate Operating Objectives and Policies" to meet the Company's operational needs. The Company's "Internal Control System: Payroll Cycle" was revised to comply with the competent authority's requirement that the scope of non-executive employees be submitted to the Board of Directors for resolution and periodically assessed to determine whether adjustments are necessary, and that such scope be incorporated into the internal control system. The Company's "Policy for Provisions for Inventory Write Downs and Obsolescence Losses" was revised because, following the replacement of the ERP system, certain finished goods had to be reclassified as semi-finished goods, requiring the addition of an obsolescence loss provision rate for this category of inventory. The Authorization Table for "Corporate Operating Objectives and Policies" was subsequently revised again to strengthen the approval mechanism for material investments and enhance corporate governance. In conjunction with the Company's implementation of the SAP system, the "Financing Cycle," "Sales and Collection Cycle," "Production Cycle," and other related internal control procedures were revised.
  3. To ensure the proper implementation of treasury share repurchases, the Company established the "Operating Procedures for Treasury Share Repurchases."
- (3) Review of Financial Reports and Sustainability Report:
  1. Financial Reports: During the year, the Company reviewed the financial reports for the first through third quarters of 2025. All reports were submitted to the Audit Committee for discussion. Committee members asked detailed questions about figures such as operating performance, accounts receivable, and inventory. Following detailed explanations by Company representatives in attendance, the financial reports for the first through third quarters were approved.
  2. Sustainability Report: The Company's 2024 Sustainability Report was reviewed during the year. The report was prepared with reference to the Universal Standards published by the Global Reporting Initiative (GRI) and the SASB Standards published by the Sustainability Accounting Standards Board (SASB), and in accordance with the "Taipei Exchange Rules Governing the Preparation and Filing of Sustainability Reports by TPEx Listed Companies." The report covers risk assessments relating to environmental, social, and corporate governance matters and establishes relevant performance indicators to manage the material topics identified. The 2024 Sustainability Report obtained a limited assurance report issued by Deloitte & Touche Taiwan on the sustainability disclosure indicators for the steel industry.
  3. Corporate Value Enhancement Plan: The Corporate Value Enhancement Plan for the year was reviewed. To provide investors, business partners, and stakeholders with a transparent and concrete development roadmap, the Company prepared the "Corporate Value Enhancement Plan" in accordance with Article 13-3 of the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies." The Plan aims to enhance the Company's overall value within the industry through systematic planning and

implementation, strengthen its competitive advantage in the market, and ensure stable long-term development of its operations.

- (4) Appointment of certified public accountants and appointment/removal of internal audit supervisor:
  1. There were no changes to the certified public accountants or the internal audit supervisor during the year.
  2. At the Audit Committee meeting on March 4, 2025, the Committee evaluated the independence and competence of the appointed CPAs based on the Audit Quality Indicators (AQI). All attending Committee members agreed that CPA Kai-Ning Hsu and CPA Li-Yuan Kuo of Deloitte Taiwan met the requirements for independence and competence.

Operation of the Audit Committee

The Company's Audit Committee is composed of three independent directors. In the current term, Committee Member Mr. Fu-Bin Lee, who has a background in accounting and finance, serves as the convener. Following the election of directors at the 2023 Annual General Shareholders' Meeting, Fu-Bin Lee, Kai-Li Wang, and Jia-Jia Lin were appointed as members of the Audit Committee. The Audit Committee was formally established after the election of directors in the shareholders' meeting in June 2020.

A total of 7 Audit Committee meetings were held in 2025, and the attendance records are as follows:

Job Title	Name	Actual Attendance	Number of Proxy Attendances	Actual Attendance Rate	Remarks
Independent Director (Member and Convener)	Fu-Bin Lee	**7**	0	100%	
Independent Director (Member)	Kai-Li Wang	7	0	100%	
Independent Director (Member)	Chia-Chia Lin	7	0	100%	

Date of Meeting	Proposal Content	Resolutions of the Audit Committee	The Board of Directors' Response to the Audit Committee's Opinions
First time 2024.03.04 (CPA Kai-Ning Hsu of Deloitte Taiwan attended and participated in the meeting)	1. The Company's 2024 business report, parent company only financial statements and consolidated financial statements. 2. Distribution of earnings for the fourth quarter of 2024 3. Proposal for the amendments to the Company's Articles of Incorporation 4. Proposal for amendments to the Company's "Internal Control, Payroll Cycle" 5. Proposal for the formulation of the statement of internal control based on the results of the self-inspection of the Company's implementation of the internal control system in 2024. 6. Proposal to change the purpose of the second treasury share repurchase 7. Proposal for the evaluation of the independence and competence of the appointed CPAs and audit fees 8. Assessing the independence and suitability of CPAs according to the	1–6. Agreed by all attending members. 4. All attending committee members unanimously approved the proposal. CPA Kai-Ning Hsu and CPA Li-Yuan Kuo of Deloitte Taiwan were deemed to meet the requirements for independence and competence. 8–9. Agreed by all attending members.	Referred to the Board of Directors for discussion

	audit quality indicator (AQI) 9. Proposal for acquisition of ordinary shares of SHEH FUNG SCREWS CO., LTD.		
Second time 2025.03.21	1. Proposal for amendments to the Company's "Procedures for Acquisition or Disposal of Assets" 2. Proposal for amendments to the Company's internal control system 3. Proposal for the acquisition of ordinary shares of SANITAR Co., Ltd. 4. In 2025, the Company engaged Deloitte Taiwan to provide non-assurance services.	1. The proposal was unanimously approved by all attending committee members. The Audit Committee members jointly recommended that the Finance Department keep senior management informed of the Company's current funding position and, without affecting the working capital required for the Company's operations, use surplus funds to invest in marketable securities. 2–4. Agreed by all attending members.	Referred to the Board of Directors for discussion
Third time 2024.05.08	1. Consolidated financial statements for the first quarter of 2025. 2. Earnings distribution proposal for the first quarter of 2025 3. Proposal to set the capital reduction record date for cancellation of the Company's second treasury share repurchase 4. Proposal for increase and renewal of financing facilities with financial institutions 5. Proposal for the application for pre-closing risk limit from financial institutions	After consulting with all attending committee members, the Chairman announced that the proposal was approved as presented.	Referred to the Board of Directors for discussion
4th meeting 2025.08.07 (CPA Kai-Ning Hsu of Deloitte Taiwan attended and participated in the meeting.)	1. 1. Consolidated financial statements for the second quarter of 2025. 2. The Company's earnings distribution proposal for the second quarter of 2025 3. Proposal for amendments to "policy for valuation of inventory decrease and obsolescence loss" 4. Proposal for amendments to the Company's internal control system 5. Proposal to formulate the "Procedures for Treasury Share Repurchase Operations" 6. Proposal for preparation and issuance of the Company's 2024 ESG Sustainability Report 7. Proposal for adjustment of medium-term loan conditions with financial institutions	After consulting with all attending committee members, the Chairman announced that the proposal was approved as presented.	Referred to the Board of Directors for discussion
5th meeting 2025.09.04	1. Proposal for disposal of ordinary shares of Machvision Inc. 2. Proposal for amendments to the Company's "Financing Cycle", "Sales and Collection Cycle" and "Production Cycle" 3. Proposal for appointment of the President of the Company. 4. Proposal for release of non-	1. After discussion with all attending committee members the Chairman approved the proposal. 2. Revised in conjunction with the Company's implementation of the SAP system. After the Chair consulted all attending committee members, the proposal was approved as submitted.	Referred to the Board of Directors for discussion

	competition restrictions for managers.	3. After the Chair consulted all attending committee members, they unanimously approved the appointment of Mr. Shang-An Lin as President of Sheh Kai. 4. After discussion with all attending committee members the Chairman approved the proposal.	
6th meeting 2025.11.06	1. Consolidated financial statements for the third quarter of 2024. 2. The Company's earnings distribution proposal for the third quarter of 2025 3. Setting revenue targets for 2026 4. Proposal to increase the amount of short-term loans borrowed from financial institutions.	After consulting with all attending committee members, the Chairman announced that the proposal was approved as presented.	Referred to the Board of Directors for discussion
7th meeting 2025.12.18	1. Proposal for preparation of the "Value Enhancement Plan" 2. 2026 annual budget proposal 3. Establishment of the Company's 2026 annual audit plan. 4. Proposal to change the conditions of medium-term financing loans with financial institutions 5. Proposal for the application for pre-closing risk limit from financial institutions	After consulting with all attending committee members, the Chairman announced that the proposal was approved as presented.	Referred to the Board of Directors for discussion

Remuneration Committee

For the purpose of improving corporate governance, strengthening the Board of Directors' remuneration management mechanism to protect the rights and interests of investors, the Company has complied with the Securities and Exchange Act and the Letter Order No. Jin-Guan-Zheng-Fa-Zi 1000009747 dated March 18, 2011, on the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange," and the Company has approved the "Remuneration Committee Charter" and the appointment of the "Remuneration Committee."

The function of the Company's Remuneration Committee is to review and assess the salary and compensation policies and systems for directors and executives from a professional and objective perspective. The Remuneration Committee meets 3 to 4 times annually. The number of meetings may be increased depending on operational needs. After the discussions of the proposals, they are submitted to the Board of Directors for final resolution, and the content of the discussions is provided to the Board of Directors for decision-making reference.

➢ Remuneration committee's duties:

The Committee faithfully performs the following duties with the due care of good administrators, and submits its recommendations to the Board of Directors for discussion.

1. Regularly review these Procedures and propose amendments.
2. Formulate and regularly review the annual and long-term performance goals and remuneration policies, systems, standards and structures for the Company's directors and managers.
3. Regularly evaluate the achievement of the performance targets of the Company's directors and managers, and establish the content and amount of their individual remunerations.

➢ The following standards shall be met when performing duties:

1. The performance evaluation and remuneration of directors and managers shall be based on the usual level of payment in the industry, and the reasonableness of the association between individual performance and the Company's operating performance and future risks.

2. Directors and managers shall not be induced to engage in behavior that exceeds the Company's risk appetite in order to seek compensation.
3. The percentage of bonuses for short-term performance of directors and managerial officers and the timing of payment of part of their variable salaries shall be determined in consideration of industry characteristics and the Company's business performance.

Status of the Remuneration Committee

The Company's Remuneration Committee consists of three members, all of whom are independent directors. In May 2023, during the shareholders' meeting, the Company re-elected its board of directors and subsequently reappointed the fifth Remuneration Committee.

The Remuneration Committee held 4 meetings in 2025 (A), and the attendance of the Committee members is as follows:

Job Title	Name	Actual Attendance (B)	Number of Proxy Attendances	Actual Attendance Rate (B/A)	Remarks
Independent Director (Convener)	Fu-Bin Lee	4	0	100%	
Independent Director (Member)	Kai-Li Wang	4	0	100%	
Independent Director (Member)	Chia-Chia Lin	4	0	100%	

Date of Meeting	Proposal Content	Resolution Result	The Company's Handling of the Remuneration Committee's Opinions
First time 2025.03.04	Proposal for the definition of non-executive employees of the Company for 2025	For 2025, the Company defines non-executive employees as employees who are not managerial officers and whose salary level is below a specified amount. The aforementioned specified amount is based on the salary threshold for junior employees announced by the Ministry of Economic Affairs pursuant to the regulations governing the additional deduction of salary expenses for wage increases by small and medium enterprises.	Reported to the Board of Directors, and approved by all attending directors.
	The Company's Remuneration Committee reviewed the distribution of remuneration for directors and employees in 2024.	This proposal pertains to the annual total remuneration for directors. All committee members agreed to approve it, and it was submitted to the Board of Directors for final approval. After approval by the Board of Directors, the results were reported at the 2025 General Shareholders' Meeting. During the vote on this proposal, the interested party, Director and President Chun-Yen Chen, recused himself.	
Second time 2025.05.08	Discussion of the distribution of the Company's remuneration to directors in 2024.	This proposal outlines the remuneration details for individual directors. The committee reached a resolution after taking into account each director's annual contributions, participation rate in board	Reported to the Board of Directors, and approved by all attending directors.

		meetings, and other evaluation criteria, and submitted the matter to the Board of Directors for discussion. During the vote on this proposal, the interested party, Director and President Chun-Yen Chen, recused himself.	
	Discussion of the allocation of managerial officers' remuneration of the Company in 2024.	This proposal details the individual remuneration for each manager. The committee made decisions after considering each manager's annual contributions and other evaluation criteria, and submitted the proposal to the Board for discussion. During the vote on this proposal, the interested party, President Chun-Yen Chen, recused himself.	
Third time 2025.11.06	Proposal to determine the remuneration for the Company's President	This proposal concerns the proposed remuneration for President Shang-An Lin. As an interested party, President Shang-An Lin recused himself from the discussion of this proposal.	Reported to the Board of Directors, and approved by all attending directors.
4th meeting 2025.12.18	The allocation of the year-end bonus to the managers of the Company in 2025.	During the vote on this proposal, the interested party, General Manager Shang-An Lin, recused himself. After reviewing the Company's operating conditions and the performance evaluations of the managers, the individual payment details were unanimously approved by all committee members and submitted to the Board of Directors for resolution.	Reported to the Board of Directors, and approved by all attending directors.

Purpose of the Remuneration Committee

The remuneration for the Company's directors is given in accordance with the "Regulations Governing the Remuneration of Directors," which are reviewed by the Remuneration Committee and submitted to the Board of Directors for resolution. Director remuneration is linked to the Company's operating performance, and decisions on the annual distribution of director remuneration take into account the amount of remuneration, the Company's future risks, and other factors. The Company has established the "Regulations Governing the Performance Appraisal of the Board of Directors" to implement corporate governance and enhance the functions of the Board of Directors, with clearly defined performance objectives to strengthen the overall operational efficiency of the Board.

Salary Structure

The remuneration of the Company's directors and managers is determined in accordance with the "Regulations Governing the Remuneration of Directors" and, after being reviewed by the Remuneration Committee, is submitted to the Board of Directors for resolution. Board compensation is determined by comprehensively considering factors such as the Company's business strategy, operational performance, future development, and industry environment, as well as the individual director's level of participation and contribution to the Company's operations, to provide reasonable remuneration.

The Company's remuneration policy for directors is based on the Company Act and the Company's Articles of Incorporation, allowing director remuneration up to a maximum of 6% of the annual profit. The detailed regulations are as follows:

I. Director remuneration: Independent directors receive fixed monthly remuneration for performing their duties for the Company, regardless of whether the Company records a profit or loss, and do not participate in the

annual distribution of director remuneration. Regular directors also receive fixed monthly remuneration and may participate in the annual distribution of director remuneration.

2. Director remuneration: The remuneration for regular directors is linked to the Company's profit and operational performance and is considered variable pay.

Managerial salaries are determined based on education, experience, professional ability, responsibilities, and are assessed with reference to industry standard salary levels. Bonuses are granted according to performance or the achievement of specific targets.

Review Process

At the end of each year, the performance of directors is evaluated in accordance with the "Regulations Governing the Performance Appraisal of the Board of Directors," and the total amount of pretax earnings available for distribution is calculated in accordance with the Company's Articles of Incorporation. Following review and discussion by the Remuneration Committee, the distribution is submitted to the Board of Directors for approval.

Risk Linkage

According to the Company's "Regulations Governing the Performance Appraisal of the Board of Directors," reasonable remuneration is determined with reference to the Company's business strategy, profitability, future development, industry environment, and other relevant factors, as well as the level of participation in and contribution to the Company's operations by each individual director. In addition, recommendations made by the Remuneration Committee are implemented after approval by the Board of Directors.

Remuneration and Performance

To ensure that the performance of directors is closely linked to the Company's strategy and to establish a competitive overall remuneration system, the Company has established the "Regulations Governing the Performance Appraisal of the Board of Directors" as the basis for the performance evaluation and remuneration of directors. The Regulations include performance evaluations of directors, which are reviewed by the Remuneration Committee and submitted to the Board of Directors for approval.

Sustainability Policy Commitment

The Company's current policy for director remuneration is primarily linked to operating performance. The Company plans to establish a mechanism that links the remuneration of directors and senior executives to ESG performance, encouraging them to actively promote and achieve the Company's ESG development goals in areas including corporate governance, green carbon reduction, employee well-being, and social welfare.

With reference to the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and the "OECD Principles of Corporate Governance," Sheh Kai Precision has established a comprehensive corporate governance framework. The Board of Directors has approved a series of policies covering core areas such as protecting shareholders' rights and interests, strengthening the functions of the Board of Directors, respecting stakeholders' rights and interests, and enhancing information transparency. We are committed to upholding ethical standards in the implementation of corporate governance and strategic objectives and to actively putting the principles of sustainable development into practice, thereby fulfilling our commitments to society and responding to the expectations of stakeholders. The relevant management documents are shown in the table below.

Management Documents	Main Areas Covered	Company Website Link
Corporate Governance Best Practice Principles	Protection of shareholders' rights and interests, strengthening the functions of the Board of Directors, respect for stakeholders' rights and interests, and information transparency	View

Code of Ethical Conduct	Employee conduct, professional ethics, and avoidance of conflicts of interest	View
Sustainable Development Best Practice Principles	Environmental protection, social responsibility, and sustainable operations	View
Ethical Corporate Management Best Practice Principles	Anti-corruption, ethical management, and fraud prevention	View

The Company is dedicated to safeguarding the rights of personnel and eliminating any acts that infringe upon or violate human rights. The Company has established the "Work place Sexual Harassment Prevention Measures" and the "Prevention Plan Against Illegal Infringements During Job Performance," prohibiting all forms of discrimination, forced labor, and the employment of child labor, thereby safeguarding the fundamental rights of employees and contractor personnel. We ensure that all personnel receive fair and dignified treatment. The Company has also published the "Prohibition of Illegal Infringement and Threats Statement" and provides a safe, sanitary, and healthy work environment, actively safeguarding workplace safety and the physical and mental health of personnel. In addition, the Company places great importance on gender equality. A dedicated chapter on sexual harassment prevention is included in the Employee Handbook, and a total of 24 hours of human rights related education and training were conducted in 2025, covering workplace gender equality and sexual harassment prevention, to foster a respectful and harmonious workplace culture.

The Company places great importance on the living conditions of foreign employees. Through regular care and a variety of welfare activities, such as staff meals and birthday celebrations, the Company seeks to enhance employee well-being and cohesion. Dormitories are also equipped with facilities such as kitchens and prayer rooms, and the Company assists foreign employees in obtaining necessary medical care to safeguard their physical and mental health and strengthen their sense of belonging. In addition, in accordance with the Ministry of Labor's human rights requirements under the "Foreign Worker Living Care Service Plan," the Company coordinates with local competent authorities in its management practices and periodically assigns personnel to conduct labor inspections of dormitory facilities and living conditions. All related inspections during the reporting period were in full compliance.

If the Company's operations cause any negative impacts on the economy, environment, or society, including human rights, the Company will follow the "Risk Management Regulations," "Code of Ethical Conduct," "Sustainable Development Best Practice Principles," and "Ethical Corporate Management Best Practice Principles" to make immediate improvements or take related remedial measures. Risk management is also integrated into operational activities and daily management processes to achieve the following objectives:

I. To achieve corporate goals

II. To enhance management efficiency

III. To provide reliable information

IV. To allocate resources effectively

In terms of occupational safety and health, to respond to unexpected emergencies, the Company has established the "Emergency Response Management Regulations of Gangshan Plant" and the "Emergency Response Management Regulations of Zhunan Plant" in accordance with the ISO 14001 environmental management system. These regulations enable employees to quickly provide mutual support as a team and follow the established reporting system when an incident occurs, allowing management to promptly understand the situation and take necessary response measures to minimize losses and impacts. In addition, the Company's Safety and Health Office conducts reviews and assessments, proposes recommendations and countermeasures for improvement, and reports them at the quarterly safety and health management meetings. Committee members may also provide opinions and review other related improvement recommendations and management matters through these meetings. If the effectiveness of improvements falls short of expectations, the Safety and Health Office will present further recommendations at plant affairs meetings and continue to communicate and coordinate with the relevant units to ensure that improvement measures are implemented and optimized. Employees may also contact the Company through the following channels if they have any other suggestions:

- Contact: Safety and Health Office
- Employee Grievance Hotline: (07) 6225669 ext 217
- Employee Complaint Mailbox: cynthia@shehkai.com.tw

2-3 Operational Risks

Risk Management

The Board of Directors is the highest risk management unit of Sheh Kai Precision. It aims to comply with laws and regulations and promote and implement the Company's overall risk management, maintain an understanding of the various risks faced by the Company's operations, ensure the effectiveness of risk management, and assume ultimate responsibility for risk management. The Company's internal control and audit systems cover the operational activities of its various businesses. Management of operational risks is assigned to the relevant units according to the nature of their respective operations to effectively identify, assess, and control various risks and enhance the overall effectiveness of risk management.

Sheh Kai Precision continuously identifies various risk items and tracks the implementation of risk improvement plans by each department to ensure the effective implementation of relevant risk control mechanisms. To ensure that the Company's operations are not interrupted in the event of a major natural or manmade disaster, the Company assists management in responding in a timely and organized manner. Within the shortest tolerable interruption period, the Company seeks to safeguard employee safety, restore time critical business operations as quickly as possible, and maintain its assets. Accordingly, the following risk items and their corresponding response and improvement measures have been established.

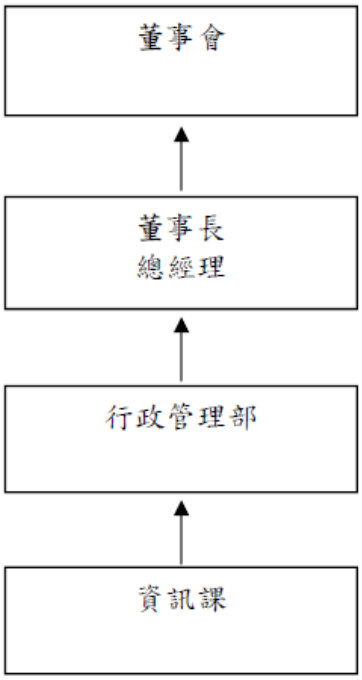
Scope of Risk Control		
Type	**Possible Risks**	**Response Measures**
Interest Rate Risk	The increase in interest rate leads to an increase in interest expenses and a decrease in the Company's net profit before tax.	Open foreign currency accounts and make appropriate adjustments based on capital needs and exchange rate trends. When quoting products, the Sales Department takes into account price adjustments arising from exchange rate fluctuations to maintain reasonable profit margins. At the same time, quotations are made in the same foreign currency as that used for purchases to reduce risks arising from exchange rate fluctuations. Collect information on exchange rate changes on a daily basis to keep abreast of exchange rate trends. When necessary, the Company enters into forward foreign exchange purchase or sale contracts or other derivative financial instruments.
Investment Risk	Possible loss of investment	In 2025, the Company did not engage in high-risk and high-leverage investments, loaning of funds to others, or endorsements/guarantees. The Company's derivative transactions are handled in accordance with the "Procedures for Acquisition and Disposal of Assets". Announcements and reports are made and reported to the Board of Directors in accordance with the laws and regulations.
Product R&D and Process Competitiveness	The Company's future R&D expenses are expected to increase year by year.	Adjust the annual R&D expenses according to the Company's operating conditions. R&D expenditures in 2025 decreased by 5% compared with 2024, mainly because the R&D projects had entered the later pilot production stage, resulting in relatively lower R&D investment. R&D expenditures of NTD 32,262 thousand are expected in 2026, representing an increase of nearly 60%. R&D projects include the development of high efficiency and AI enabled smart production equipment, product certifications, and new product development to diversify the Company's sales.
Technological and Industrial Changes	Impact on the Company's financial operations	The Company continuously monitors technological developments related to its industry and, when appropriate, assigns dedicated personnel or project teams to assess and study their potential impact on the Company's future development, financial performance, business operations, and corresponding response measures. There were no significant technological or industry

		changes in the most recent year that had a material impact on the Company's financial and business operations.
Information Security Risk	Intrusion and damage by hackers and viruses	To implement information security management, the Company has established an information security management policy and an Information Section dedicated to the relevant operations. The audit unit conducts internal audits of the management system and implements specific management plans for information security prevention and crisis response, together with corresponding security control measures. The Company communicates information security risk cases from time to time and continues to enhance its internal anomaly detection and protection methods to reduce corporate information security risks.
Others	Various risks	Establishment of risk management measures

Information Security

For the purpose of strengthening information security management and ensuring data, system, and network security, Sheh Kai Precision has set up the Information Section in the Administration Department. The unit is responsible for coordinating and implementing the company's information security policy, publicizing information security messages, and enhancing employees' information security awareness to reduce corporate information security risks. In addition, to enhance the effectiveness of information security management and implementation, the relevant internal audit unit is responsible for auditing the implementation of internal information security measures once a year.

Information security management framework of Sheh Kai Precision



The information security management standards and policy actions are as follows:

Information Security Management Guidelines	
Policy Action	**Specific Plan**
Network Security Management	(1) Multi-functional protective firewalls are configured to prevent illegal invasion by hackers. (2) Use IPsec VPN connections between the Company's various locations and encrypt data transmissions to prevent unauthorized interception during transmission. (3) A browser behavior management system is configured to control network access and block access to

		harmful or forbidden websites and content, strengthen network security, and prevent improper use of bandwidth.
System Access Mechanism	(1) (2) (3)	Use of each Company application system requires an application process. After approval by the responsible supervisor, the Information Section creates the account and grants access rights according to the functions applied for before the system may be used. The password set for the account number shall meet the specified strength and contain both alphanumeric characters. When employees resign, they must contact the Information Section to delete accounts in each system.
Implementation of Information Security Training	(1) (2)	Information security courses are included in orientation training for new employees. Periodically disseminate the latest information security updates, such as information on ransomware, phishing emails, and fraudulent URLs, to enhance employees' information security awareness.
Virus Protection and Management	(1) (2)	Install endpoint protection software on servers and employees' computer equipment, with virus patterns updated automatically to ensure real-time protection against the latest viruses. The email server is equipped with a spam filter to prevent viruses or spam from entering the user's PC.
Ensure System Availability	(1) (2)	Establish a backup management system to regularly back up data every day, with one copy kept in the server room and the other in an off-site location (such as the Luzhu Plant or an external backup device) for mutual backup. Regularly implement disaster recovery drills and select a recovery reference point to restore the backup files to the system host.
Computer Equipment Security Management	(1) (2) (3)	The Company's mainframes and application servers are installed in dedicated computer rooms. Access to the computer rooms is kept under the real-name system and records are kept for record. The IT room is equipped with independent air conditioning and UPS to ensure that the computer equipment operates at a suitable temperature and that the operation of the computer application system will not be interrupted during a power outage. The Company's operating assets, such as servers, network equipment, and other information equipment, are subject to an annual maintenance and spare parts contract.

- **Investment of Resources in Information Security Management**

To address information security challenges such as Advanced Persistent Threat (APT) attacks, DDoS attacks, ransomware, and the theft of personal data, Sheh Kai Precision continuously monitors trends in the information environment, strengthens employees' information security awareness, and enhances the incident response capabilities of information security personnel. These efforts aim to effectively prevent incidents before they occur or, when an information security crisis arises, to rapidly detect and control risks to prevent the impact from escalating. The Company also prepares a budget for the assessment and improvement of information security management, and the budget items are as follows:

1. Purchase new firewall models to enhance the protection of the Company's network and information systems.
2. Upgrade the ERP system and related operating systems so that the Company's employees can perform operations in the cloud.
3. Add anti-virus software to prevent the Company's network and files from being invaded by hackers, viruses, or ransomware.
4. In response to the "ESG Corporate Sustainability Report" prepared by the Company, we upgraded the entire company's operating system to Win 11 and document systems to Office 365 or later versions. Once the computer is powered on, it will automatically update software and patch loopholes to reduce external threats to the Company's computers.

During the reporting period through the end of the year, Sheh Kai Precision did not incur any losses as a result of major information security incidents.

2-4 Compliance with Laws and Regulations

Sheh Kai Precision attaches great importance to the Company's integrity and ethics, and adopts a zero-tolerance attitude toward corruption and bribery. Therefore, we have formulated the "Code of Ethical Conduct", "Ethical Corporate Management Best-Practice Principles" and "Operational Procedures and Guidelines for Ethical Management", established clear anti-bribery systems, implemented education and training on ethical management and anti-corruption, and regularly promoted ethical behavior guidelines. To ensure that employees uphold proper conduct, exercise prudence in their words and actions, and do not take advantage of their positions to engage in improper or unethical conduct, the Company continues to strengthen its anti-corruption education and training programs to foster sound ethical values among employees. In accordance with relevant regulations, personnel found to have engaged in acts of fraud for personal gain, sexual harassment, theft or embezzlement, acceptance of bribes or commissions, intentional damage to Company property, or other such misconduct will, depending on the circumstances, be dismissed from their positions and have their employment terminated to effectively prevent corruption and misconduct. Sheh Kai adheres to the principles of integrity and pragmatism, complies with government laws and regulations, actively supports environmental protection policies, and places due emphasis on occupational safety, thereby fulfilling its corporate responsibilities to society. In 2025, a total of 152 employees completed ethical management (anti-corruption) education and training, representing a training completion rate of 54%. In 2025, anti-corruption awareness and related policies were also communicated to all directors. Detailed information is provided in the table below:

Ethical Management (Anti-Corruption) Training				
Region	Position	Number of People Who Completed the Training	Annual Number of Employees	Training Completion Rate
Taiwan region	Managers	55	59	93%
	Non-managers	97	224	43%
	Subtotal	152	283	54%

Note 1: Definition of managers: managerial positions with the title of team leader or above.

Note 2: Completion rate: number of employees who completed the course divided by the total number of employees for the year.

During the 2024 and 2025 reporting periods, no incidents of corruption or fraud occurred at the Company. The Company has planned to conduct corruption risk assessments across all operating locations, identify and control high-risk operations, and further strengthen its internal control mechanisms to enhance their early warning and preventive functions. In 2024 and 2025, the Company was not involved in any legal proceedings arising from antitrust or monopolistic conduct, and no major fines related to environmental, economic, or social matters were incurred at any of the Company's operating locations.

In order to improve the Company's integrity indicators, the Company is fully committed to promoting its integrity action program and continues to strengthen the implementation of related systems and management mechanisms. In terms of integrity management for personnel, new employees are required to sign the "Labor Contract" and the "Employee Integrity Commitment" on their first day of employment, with a signing rate of 100%. New directors are also required to sign the "Statement of No Violation of Integrity Principles" upon taking office, likewise achieving a signing rate of 100%, thereby ensuring that both the governance body and all employees adhere to the principles of integrity. In terms of supply chain management, the Company actively extends its commitment to integrity throughout the supply chain by requiring suppliers to sign the "Supplier Commitment on Integrity, Human Rights, and Environmental Sustainability." As of the end of 2025, a total of 137 suppliers had signed the commitment, accounting for more than 90% of the Company's major suppliers. This reflects the Company's continued efforts to deepen its integrity based relationships with supply chain partners and further expand the scope of participation. In addition, the Company has also promulgated and followed the "Reward and Disciplinary Management Regulations," "Employee Code of Conduct," and "Code of Ethical Conduct" as the basis for employee evaluation. Employees demonstrating outstanding performance are

recognized in a timely manner, while violations are subject to prompt disciplinary action in accordance with relevant regulations. Through the effective implementation of these systems, the Company continues to enhance the quality of corporate governance and foster a culture of integrity.

Corporate Governance-related Laws and Regulations	Labor Rights-Related Laws and Regulations	Product-Related Laws and Regulations
✓No violation of the Company Act. ✓No violation of commercial laws. ✓No violations of securities and financial regulations. ✓No corruption incidents involved. ✓No legal proceedings arising from anti-competitive behavior, anti-trust and monopolistic behavior.	✓No violations of the Gender Equality in Employment Act were found. ✓No forced labor. ✓No use of child labor.	✓No prohibited or controversial products. ✓No violations of marketing-related laws and regulations and the voluntary code of conduct. ✓No violation of laws and regulations resulting in huge fines due to the provision and use of products and services. ✓No legal proceedings arising from anti-competitive behavior, anti-trust and monopolistic behavior.

Sheh Kai Precision defines a material violation as follows:

Sheh Kai Precision's Definition of Major Violations
1. The customer requests order cancellation, return of goods, or compensation, and the related losses amount to NTD 1 million or more. 2. The production line cannot produce or ship for more than one month. 3. Stakeholders gather around the plant to protest. 4. An occupational safety accident results in serious injury or death to an employee. 5. Overall average score of less than 59 in customer satisfaction survey. 6. Negative incidents reported by the media that damage the Company's corporate image. 7. Pollution incidents that have a significant impact on the global environment. 8. The permit is revoked by the competent authority. 9. According to the Company's "Guidelines for Handling and Reporting Occasional Material Information," fines or financial losses exceeding NTD 5 million are considered major incidents.

Reporting Channels

The Company has established reporting channels to receive a wide range of suggestions and provide mechanisms for reporting misconduct. Any violations of laws or ethical standards by the Company or its employees may be reported through the relevant channels. The Company is committed to handling all reported cases properly in accordance with the principles of fairness and impartiality. Reports must include the whistleblower's name, specific facts concerning the case, and contact information, and may be submitted by mail, through the reporting hotline, or by email. The responsible units for accepting reports or complaint channels are as follows:

Contact Channel	
Acceptance Unit	President's Office
Mailing Address	No. 1, Bengong 1st Rd., Gangshan Dist., Kaohsiung City
Whistle-Blowing Reporting Hotline	07-6225669
Email Address	care2063@shehkai.com.tw

Whistleblower protection system:

According to Article 21 of the Company's "Operational Procedures and Guidelines for Ethical Management": Personnel handling whistleblowing cases must keep the identity of the whistleblower and the content of the report confidential through a written declaration. The Company also commits to protecting whistleblowers from any improper treatment due to their report.

The Company's dedicated unit shall handle whistleblowing cases according to the following procedures:

1. If the case involves general employees, it should be reported to the department supervisor. If it involves directors or senior executives, it should be reported to the independent directors or the audit committee.

2. The Company's dedicated unit and the supervisors or personnel who receive the report shall immediately investigate the facts. Assistance may be provided by the compliance department if necessary.

3. If the accused party is confirmed to have violated relevant laws or the Company's ethical management policies, they shall be immediately required to stop the reported behavior. If necessary, the case shall be reported to the competent authorities, referred to judicial authorities for investigation, or the Company may seek damages through legal proceedings.

4. Written records of the acceptance, investigation process, and investigation results of the case must be kept and preserved for five years. These records may be stored electronically. Before the retention period expires, relevant data shall continue to be preserved until the conclusion of any litigation.

5. If the case is verified to be true, the relevant Company units shall be responsible for reviewing the internal control systems and operational procedures and proposing corrective measures to prevent recurrence.

6. The Company's dedicated unit shall report the whistleblowing case, handling methods, and review and improvement measures to the Board of Directors.

Additionally, Article 2, Clause 7 of the "Code of Ethical Conduct" stipulates:

(7) Encouraging reporting of any illegal or unethical behavior:

The Company shall strengthen the promotion of ethical concepts and encourage employees to report to appropriate personnel if they suspect or discover any violations of laws, regulations, or the Code of Ethical Conduct. To encourage employees to report illegal acts, the Company shall establish a concrete whistleblowing system that allows anonymous reports and ensures employees are aware that the Company will make every effort to protect whistleblowers' safety and prevent retaliation.

III. Precision Research and Development

Management Approach

The satisfaction survey is conducted once a year and targets existing customers through questionnaires. It covers topics such as pricing, delivery time, research and development, and sales service attitude. The primary purpose is to understand customer satisfaction levels in these key areas and use the feedback as a basis for improvements in the coming year.

Material Topics Customer Service Management	
Materiality	The Company places great importance on maintaining customer relationships and satisfaction. By establishing effective communication channels and a comprehensive customer complaint handling mechanism, the Company continuously improves service quality and responsiveness, strengthening customer trust and long-term relationships, and providing an important foundation for enhancing market competitiveness and achieving sustainable operations.
Influence and Impact	**<Economic Aspect>** ● **Actual/Positive:** Customer service management helps enhance customer satisfaction and trust, thereby strengthening the stability of customer relationships, reducing customer complaints and transaction disputes, maintaining stable orders, and supporting revenue and market competitiveness. ● **Potential/Negative:** Poor service quality or response efficiency may lead to customer dissatisfaction and attrition, thereby affecting future business development and operational stability. **<Environmental Aspect>** ● **Actual/Positive:** The introduction of digital communication and online service mechanisms in customer service helps reduce paper use and business travel, thereby lowering resource consumption. ● **Potential/Negative:** The establishment and operation of digital systems may increase energy use and related resource consumption. **<Social and Human Rights Aspect>** ● **Actual/Positive:** Effective customer service management helps enhance customer trust and satisfaction, promote fair and transparent business relationships, and reduce information asymmetry and communication disputes. ● **Potential/Negative:** Inconsistent service quality may adversely affect the customer experience and reduce trust in interactions and the perceived fairness of transactions.
Policy	In accordance with the principles of the Company's "Quality Policy," the Company continuously applies the PDCA cycle, makes improvements, strengthens inspections, and upgrades process equipment to enhance product and service quality, meet customer needs, and ensure service consistency and reliability as the fundamental approach to customer service management.
Strategy	Material issues or suggestions raised by customers are evaluated and discussed in internal meetings before a formal response is provided. If any individual indicator falls below the required level, it is reviewed at an internal meeting, after which the relevant customers are provided with an explanation and an improvement plan. Follow up on subsequent improvements is conducted as appropriate to ensure that issues are properly addressed and managed. Proactive Opportunity Management By systematically collecting and analyzing customer feedback, the Company gains an in depth understanding of key areas of customer dissatisfaction and implements targeted improvements. By proactively responding to customer feedback, the Company demonstrates that it values the voice of its customers, further strengthening customer engagement and mutual recognition. Risk Prevention Management By regularly reviewing customer satisfaction and changes in key indicators, the Company identifies potential service risks at an early stage and prevents individual issues from undermining overall customer trust and business relationships. This approach reduces the risk of customer attrition and order transfers, thereby maintaining stable, long-term customer relationships.

	Remediation Measures for Negative Impacts For different types of customer complaints and issues, the Company implements corresponding improvement measures based on the nature of each issue, including retraining sales personnel, making reasonable cost adjustments, strengthening quality improvements, and optimizing product development, in order to mitigate negative impacts and enhance customer loyalty.
Goals and Targets (Short Term)	**Short-Term Goals (1–3 Years):** Maintain customer satisfaction at 80 points or above, continuously monitor customer feedback, and promptly improve service quality to ensure a stable basic level of service.
Goals and Targets (Medium-Term)	**Medium-Term Goals (3–5 Years):** Building on stable customer satisfaction, strengthen customer relationship management and engagement mechanisms and improve the efficiency of customer communication and the quality of service responses to deepen customer connections and trust.
Goals and Targets (Long-Term)	**Long-term goals:** Continuously maintain a high level of customer satisfaction, establish long-term, stable, and resilient customer relationships, and strengthen customer loyalty and the depth of cooperation as a foundation for the Company's sustainable competitiveness.
Management Evaluation Mechanism	Through internal management review meetings under the ISO 9001 quality management system, the Company conducts annual customer satisfaction surveys and analyzes the results, while responding to customer feedback and issues and tracking subsequent improvements. Items scoring below the established standard are reviewed, and corresponding improvement measures are provided to ensure that customer feedback is effectively addressed and service quality is continuously enhanced.
Performance and Adjustment	In 2025, the customer satisfaction scores for the first business unit (International) and the second business unit (Domestic) reached 89.90 and 87.6 respectively. Although these scores represent a decrease of 0.18 and 2.07 compared to 2024, both exceeded the Company's target of 80 points.

3-1 Supply Evaluation and Management and Control

Procurement Ratio of Operating Locations

Sheh Kai Precision recognizes that supply chain partners are an indispensable driving force behind the continued growth of its operations and are also important partners in advancing sustainable development. We are committed to maintaining fair, transparent, and lawful relationships with suppliers and will continue to invest resources in sharing knowledge, promoting learning, and growing together with our supply chain partners to build mutually beneficial partnerships. In terms of supplier management, the Company places great importance on building a foundation of mutual trust for long-term cooperation. In addition to monitoring suppliers' delivery performance, the Company also gains an in depth understanding of their operations, development, and manufacturing environments. Potential risks of supply disruption or operational instability are proactively assessed and addressed in a timely manner to maintain stable production and smooth cooperation, thereby creating new opportunities for sustainable development.

In terms of procurement strategy, the Company primarily sources from suppliers in Taiwan. In addition to providing greater supply flexibility and enabling rapid responses to changing needs, local procurement supports Taiwan's local industries and economy while reducing transportation costs and carbon emissions, thereby fulfilling the Company's environmental responsibilities. There were a total of 130 suppliers in 2025, and the local procurement ratio exceeded 90%, demonstrating the Company's continued efforts and achievements in strengthening its local supply chain.

The following table shows the proportion of the Company's procurement expenditure from suppliers in the past three years.

Supplier Category and Procurement Proportion in the Recent Three Years

Type of Contract	Procurement Area	2023		2024		2025	
		Number of Suppliers	Percentage of the purchase amount for this item to the total purchase amount (%)	Number of Suppliers	Percentage of the purchase amount for this item to the total purchase amount (%)	Number of Suppliers	Percentage of the purchase amount for this item to the total purchase amount (%)
Labor services (Contracting and services)	Domestic	3	0.63	3	0.83	6	1.76
		0	0	0	0	0	0
Property (Raw materials)	Domestic	28	65.8	29	75.32	18	73.56
	Overseas	4	0.07	3	0.09	4	0.25
Construction project (Architecture and equipment)	Domestic	22	3.5	26	4.98	21	3.68
	Overseas	0	0	0	0	0	0
Processing	Domestic	38	25.75	42	15.17	36	15.91
	Overseas	0	0	0	0	0	0
Materials	Domestic	16	4.12	16	3.46	44	4.77
	Overseas	1	0.13	1	0.15	1	0.08
Total		112	100%	120	100%	130	100%

Remarks:
1. Domestic refers to Taiwan; overseas refers to regions outside Taiwan, (e.g. Vietnam, Japan, China, and other countries).
2. The type of contract will be filled in based on the Company's internal classification. The default items (labor service, property, construction) can be ignored if none.

Sheh Kai Precision has established rigorous selection and evaluation procedures for all new suppliers. New suppliers must undergo a comprehensive review and evaluation by production management, procurement, and other relevant units before they can be included on the Company's qualified supplier list. Qualified suppliers are regularly re-evaluated in accordance with the "Regulations for Data Analysis and Operation," with evaluations conducted once every six months. Suppliers are evaluated based on factors including transaction quality, delivery accuracy, and environmental performance, as assessed using the Supplier Environmental Assessment Form. In 2025, a total of 133 suppliers were evaluated, and the supplier evaluation rate was 39.47%.

Procedures for Screening New Suppliers (updated on 2025/04/15)

(1) The preferred selection criteria are:
- A. A. Those certified with the ISO 9001 Quality Assurance System
- B. B. The products supplied have obtained CNS, UL, JIS or relevant internationally recognized certification
- C. C. Recommended by a supervisor at manager level or above

(2) New supplier audit method:

A. A. The production management unit or the procurement unit fills in the basic information of the suppliers, signs the Supplier Commitment to Integrity, Human Rights, and Environmental Sustainability, and conducts an initial evaluation (40%) to confirm that the suppliers meet the following:
1. The supplier has delivery accuracy management.
2. There are complete procedures and written records for process control.
3. The supplier has obtained ISO 9001 or domestic and foreign quality certifications, or their company has quality inspection personnel.
4. The supplier has obtained ISO 14001, GHG and other environmental certifications, or has environmental protection control organizations in place.
5. The supplier has an independent financial and accounting department.
6. The supplier complies with laws and regulations and does not employ illegal labor or child labor.
7. Their plants are equipped with safety and health equipment such as firefighting and alarm systems.
8. No industrial safety incidents have occurred.

B. Conduct three "trial orders" and give scores depending on the quality and delivery time (10% for each item each time, total 60%) If the product of the test order fails to meet our requirements in two or more instances, they will not be included in the qualified supplier list. The retest order may take more than six months. If there are any special circumstances, it should be signed and submitted to the president of the company for approval before inclusion.

C. Under any of the following circumstances, a supplier shall be treated as a new supplier and shall undergo the supplier review process again:
1. A supplier with which the Company has had no transactions for two years resumes business with the Company.
2. An existing qualified supplier offers a new product in a category different from the products previously supplied, and the Company intends to purchase the new product.

(3) Total evaluation score and corrective action:
- A. Above 80 points: Included in the Company's qualified suppliers.
- B. 60 - 79 points: Suppliers need to submit improvement reports before collaborating with the Company.
- C. A score less than 59, or a total score of 0 in the preliminary review or test order item: Do not consider cooperating with the supplier.

Qualified Supplier Re-Evaluation

(1) Regular re-evaluation every six months (January and July).

(2) For suppliers that had transactions with the Company in the previous year and whose products may affect the Company's production and quality, two-thirds of the total number of such suppliers shall be selected for re-evaluation. Suppliers are categorized by the types of products they provide and ranked in descending order based on the transaction amount from the previous year. Key suppliers are then sampled until the required number for supplier re-evaluation is reached.

A. If the total number of suppliers that had transactions with the Company in the previous year is 50 or fewer, all such suppliers shall be included in the current year's re-evaluation.

B. If the number of suppliers in a particular category is insufficient for sampling, all suppliers in that category shall be re-evaluated. Any shortfall in the required sample size shall not be made up by sampling suppliers from other categories.

C. Outsourced processors are not subject to sampling and shall all undergo re-evaluation.

(3) The re-evaluation items are divided into quality status (60%), delivery accuracy (30%), and environmental performance (10%).

(4) Scoring will be based on the incoming inspection results, the accuracy of delivery, and the extent of the supplier's green environment.

(5) Measures for handling the items that fall below the evaluation standard:

A.Total score of less than 59 points (inclusive): Termination of cooperative relationship with the supplier.

B. A total score of 60 - 70 points (inclusive): The person in charge of procurement or production management shall provide counseling and submit an improvement report. If necessary, the relevant units may be requested for assistance.
C. Two consecutive times with a total score of 60 - 70 points (inclusive): Excluded from current procurement operations
D. Three consecutive times with a total score between 71 and 80 points (inclusive): The purchase volume shall be reduced

2025 Supplier Evaluation Results	
Total Number of Suppliers	337 suppliers (Gangshan + Zhunan = 285 + Luzhu 52, totaling 337 suppliers)
Number of Supplier Appraisals Conducted	133 enterprises
Number of Disqualified Suppliers	0
Evaluation Rate	39.47%
Pass Ratio	100%

Remarks:
1. In 2025, 25 new qualified suppliers were added in accordance with the Company's data analysis procedures. (21 suppliers for the Gangshan Plant, 2 suppliers for the Zhunan Plant, and 2 suppliers for the Luchu Plant).
2. There were 50 suppliers and 26 processors for the Gangshan Plant, 23 suppliers and 8 processors for the Zhunan Plant, and a combined total of 26 suppliers and processors for the Luchu Plant, for a total of 133 suppliers and processors.

Supplier Social Assessment

Sheh Kai attaches great importance to human rights. In both its internal operations and external supplier management, the Company continues to provide education and training and conduct regular audits, while also establishing relevant human rights requirements to ensure that the legitimate rights and interests of workers are fully protected. To address potential human rights risks and concerns involving suppliers, we require suppliers to comply with the following human rights commitments and work together to respect and protect workers' rights and interests.

1. The Company has formulated the "Supplier Commitment on Integrity, Human Rights and Environmental Sustainability" and requires suppliers to sign it, thereby committing to protect employees' legitimate rights and interests and respect internationally recognized fundamental labor and human rights principles, including but not limited to prohibiting the employment of children under the age of 16, prohibiting young workers from engaging in hazardous work, caring for disadvantaged groups, eliminating all forms of forced and compulsory labor, eliminating discrimination in employment and occupation, and prohibiting infringement of the rights of Indigenous Peoples. Suppliers shall not engage in any conduct that jeopardizes the fundamental rights of workers.
2. If the supplier violates any applicable laws or the agreement of this Letter of Commitment, Sheh Kai shall immediately stop, terminate, or cancel the cooperative relationship with the supplier. For all disputes arising out of this Letter of Commitment, the signing party agrees that the laws of the Republic of China shall be the governing law and that Taiwan Qiaotou District Court shall be the court of jurisdiction for the first instance.

In 2025, there were 25 new suppliers and manufacturers, of which 18 signed the "Supplier Commitment to Integrity, Human Rights, and Environmental Sustainability." The percentage of new suppliers signing the sustainability commitment was 72%.

3-2 Product Quality and Management

The main product categories of Sheh Kai Precision are screws and bolts, wires, cement bits, and others. In response to social and economic development and customer demand, the Company applies innovative thinking and strives for excellence in developing products that meet market needs, while providing differentiated products to strengthen its overall competitive advantage. In terms of production management, the Company is committed to optimizing production conditions to improve quality and properly controlling production costs, thereby providing corporate customers with consistently high-quality products. In addition, the Company actively develops differentiated products and increases their share of production to improve product profit margins and further strengthen market competitiveness.

In addition to complying with relevant laws and regulations, Sheh Kai Precision plans its products from the customer's perspective and provides comprehensive product purchasing information and instructions for use. At the same time, the Company strictly controls product related requirements and has obtained ISO 9001, ISO 14001, ETA, PGM, ICC, and other external certifications, ensuring that its product quality and management systems meet international standards.

International Certification Systems and Safety Items Obtained by Products or Services		
Name of Product or Service	**Safety Standards Certification / Quality System Certification**	**Percentage of Evaluated Products or Services Offered to Customers (%)**
Design and manufacturing of steel screws and anchors Design and manufacture of cement drill bits	ISO 9001:2015(CNS 12681:2016)	100
Design and manufacturing of steel screws and anchors Design and manufacture of cement drill bits	ISO 14001:2015(CNS 14001:2016)	100
Sheh Kai Concrete Screw ,SK 6-12(carbon steel, A4)	European Technical Assessment (ETA 15/0815, ETA 16/ 0067)	31.09
Topp Bolt Concrete Screw Anchors in Cracked And Uncracked Concrete ,1/4",3/8",1/2",5/8",3/4"	ICC-ES (ESR-4376)	38.21
Sheh Kai Bimetal Screw SK ,Fastening Screws for Sandwich Panels ,Fastening Screws for Metal Members and Sheeting	European Technical Assessment (ETA-21/0537, ETA-21/0545)	1.75
Four-Edge Cement Drill SDS-PLUS (Ø6, 7, 8, 10, 12, 13, 14, 16)	德國 Prüfgemeinschaft Mauerbohrer e. V. (PGM Masonry Drill Bit Certification Board)	4.4
Note: Percentage = (Total amount of assessed products or services provided to customers/Total amount of products or services provided to customers) x100.		

List of International System Certifications Obtained by Sheh Kai Precision		
Certification Category	**Certification/Certificate Name**	**Corporate Link**
Quality Management System Certification	**ISO 9001:2015 Chinese Certificates / Certificates Issued Overseas**	
Environmental Management System Certification	**ISO 14001:2015 Certificate issued overseas**	

European Technical Assessment	**• ETA-15/0815 of 3 September 2024** **• ETA-16/0067 of 29 March 2018** **• ETA-21/0537 of 26 August 2024** **• ETA-21/0545 of 15 July 2024**	
International Code Council Evaluation Service, the U.S.A.	**ESR-4376**	

Quality Activities

Zhunan Plant's Drill Bit Business Department holds weekly plant quality meetings to review routine production inspection results and audit related matters for the week. The meetings are attended by the department heads and Vice Presidents of the Zhunan Plant, who jointly participate in the discussions. In addition, ISO 9001 internal audits are conducted in the third quarter of each year, and management review meetings are held concurrently with the Kaohsiung Main Plant in the fourth quarter of each year.

Product Guarantee

Zhunan Plant's Drill Bit Business Department specializes in the production of cement drill bits. Appropriate quality control points have been established from raw material intake to packaging and shipping inspections to prevent defective products from reaching customers. At the same time, in accordance with the ISO 9001 PDCA cycle framework, the Department continues to maintain and improve the suitability, effectiveness, and adequacy of its quality system.

With a belief in continuous improvement, Sheh Kai Precision has developed its own quality policy of innovation, professionalism, efficiency, and service based on meeting the various quality requirements of its customers. During the manufacturing process, in addition to relying on the skilled techniques of its operators, the Company also uses computerized quality inspection equipment to ensure comprehensive control over product quality. As a result, we are able to ensure consistent quality in the products we deliver and are confident that our product quality exceeds customer expectations. The quality management evaluation is as follows:

(1) The Company has obtained ISO 9001 quality management certification and performs appearance, dimensional, and penetration tests in accordance with the specifications of each order.
(2) Hexavalent chromium is not used in post-processing procedures.
(3) The Company's products undergo acid rain and salt spray tests in accordance with customer requirements to ensure good rust resistance and are subject to professional SGS verification and rigorous audits.

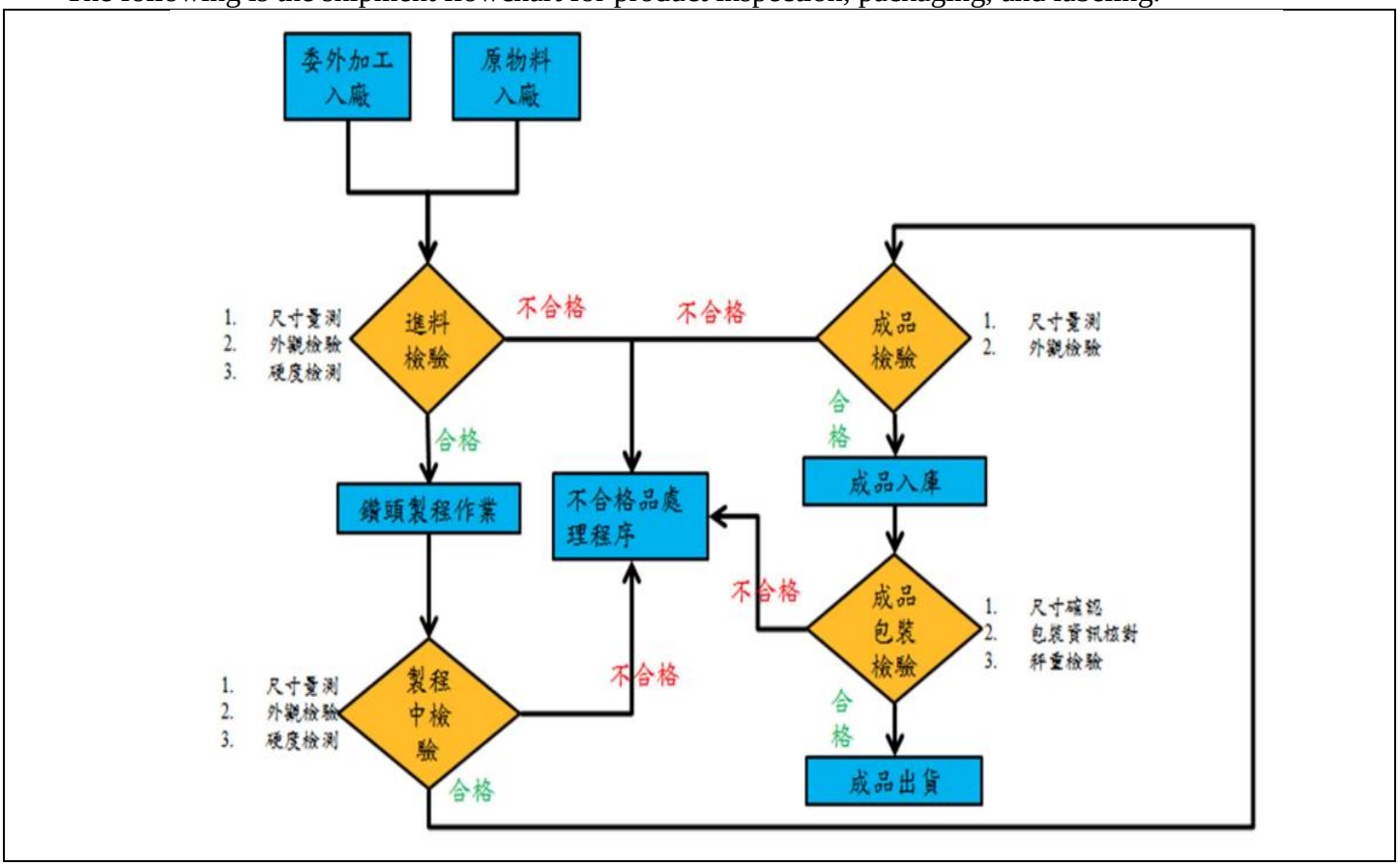
During the reporting period, there were no incidents of fines due to violation of laws and regulations in the quality of screws and bolts measured by the Quality Inspection Section.

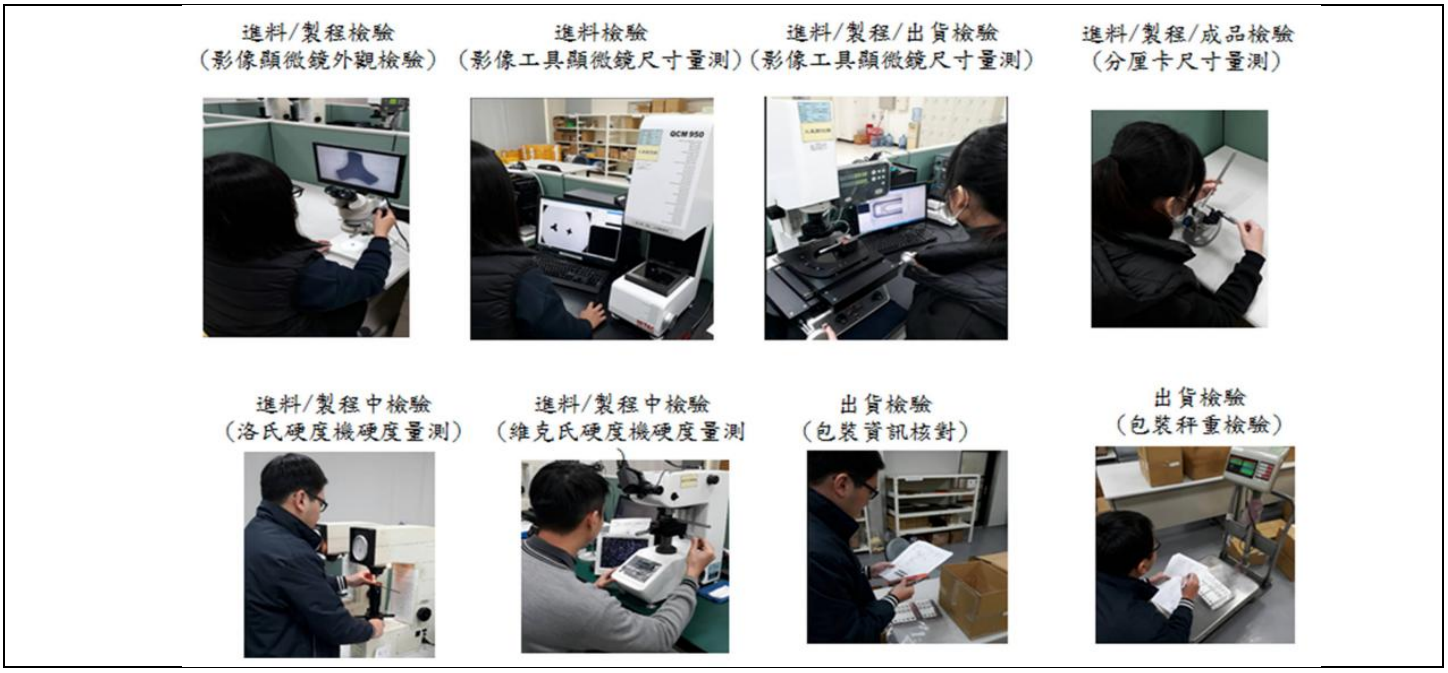
Product Information Provision and Labeling

A quality inspection report for the corresponding batch is included with each product shipment, confirming that the shipping specifications comply with the tolerance requirements specified in the drawings. Customized labels are also provided and affixed to the outer packaging according to different customer requirements to facilitate product traceability.

In terms of product and service information and labeling requirements, during the reporting period of 2025, the Company did not have any incidents of non-compliance with regulations related to product and service information and labeling, or non-compliance with marketing communication regulations.

The following is the shipment flowchart for product inspection, packaging, and labeling.





For detailed information on the Company's major product categories, product specifications, and application technologies, please refer to the relevant pages of the Company's website for supplementary product information. The relevant content can be accessed via the QR Code below:

QR Code	Additional Information Items	Description
	Product Introduction	**Product information on bi-metal screws, concrete screw anchors, stainless steel screws, power tool accessories, and other products**
	Cement Drill Bit Product Information	**Product specifications and information relating to cement drill bits**
	Product Applications and Technical Information	**Product application scenarios, technical descriptions, and related application information**

3-3 Customer Service Communication

418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data

Customer Satisfaction

Upholding the business philosophies of innovation, professionalism, efficiency, and service, Sheh Kai has always valued harmonious relationships with its customers. In addition to maintaining its traditional product oriented approach of providing high-quality products, the Company also emphasizes a customer oriented approach and is committed to meeting customer needs and enhancing overall customer satisfaction. The Company has received strong customer recognition in areas including delivery, unit price, service, and quality. To actively understand and improve customer satisfaction with the products and services provided by the Company, market surveys are conducted annually through questionnaires, and valid responses are compiled as an important basis for evaluating and continuously improving customer satisfaction.

The 2025 customer satisfaction survey showed a score of 89.90 for international customers and 87.6 for domestic customers, both meeting and exceeding the Company's target of 80 points. The overall rating was "Very Satisfied," and no customer complaints were received during the period, demonstrating strong customer recognition of the Company's product and service performance. The results of the customer satisfaction survey are as follows:

Investigation Unit	Survey Item	Total Score	Overall Average Score
First Business Unit	Delivery, unit price, service, quality	89.90	88.75
Second Business Unit	Delivery, unit price, service, quality	87.60	

Remarks:
1. Customer satisfaction survey report – first business unit: From September 01, 2024 to August 31, 2025, a total of 42 questionnaires were distributed, with 27 returned. Among these, 26 were valid responses, 1 were incomplete, and none were deemed invalid.
2. Customer Satisfaction Survey Report – Second Business Unit: From July 25, 2025 to August 31, 2025, a total of 33 questionnaires were distributed, with 31 returned. Among these, 30 were valid responses, 1 was incomplete, and none were deemed invalid.
3. The total score is explained below: "Highly satisfied", 81-100 points; "Satisfied", 61-80 points; "Fair", 41-60 points; "Dissatisfied", 21-40 points; "Highly dissatisfied": 0-20 points.

Customer Privacy

418-1

Data provided by: Administration Department, Sales and Marketing Department

The Company values customer privacy and the protection of customer data. When collecting, processing, or using the personal data of employees and customers, the Company strictly complies with the Personal Data Protection Act and employs rigorous management mechanisms to ensure the security of their data. To strengthen customer data management and information security, Sheh Kai has established the "Personal Information Protection Statement and Consent for the Collection, Processing, and Use of Personal Information" and the "Non-Disclosure Convention." The Auditing Office conducts inspections from time to time to ensure that the relevant procedures are properly implemented. In addition, the Company controls access to its computer systems and maintains records of user accounts and document access to effectively safeguard customer data. In terms of customer complaint management, the Drill Bit Business Department of the Zhunan Plant and the Kaohsiung Main Plant follow the same procedures. The entire process – from receiving customer feedback and the Sales Department's receipt of information to data verification, compensation, and product replacement – is handled in accordance with established procedures and is incorporated into routine weekly quality meetings and management review meetings for continuous evaluation and improvement. In 2025, the Company did not experience any privacy violations, information leakage, theft or loss of customer data.

IV. Green Environment
Management Approach

Material Topics Energy	
Materiality	As screw manufacturing is an energy-intensive industry, energy use directly affects production costs and operational efficiency. With the growing adoption of carbon management policies such as carbon fees and the Carbon Border Adjustment Mechanism (CBAM), energy use also has an increasing impact on the export competitiveness and market performance of the Company's products. Energy management is therefore a key factor in maintaining the Company's cost advantage and sustainable competitiveness.
Influence and Impact	**<Economic Aspect>** ● **Actual Positive/Negative:** Introducing high efficiency equipment, such as variable-speed air compressors and energy-efficient process equipment, can reduce energy consumption and electricity costs while improving cost efficiency and operating profitability. However, the Company's operations remain highly dependent on energy sources such as electricity and natural gas, and fluctuations in energy prices may directly increase production costs and place greater pressure on operations. ● **Potential Positive/Negative:** Improving energy efficiency and introducing low-carbon processes can help the Company meet international green supply chain requirements, strengthen market competitiveness, and increase opportunities to secure orders. However, if the Company's low-carbon transition fails to meet carbon fee or carbon tax requirements, additional carbon costs may arise, affecting the cost structure and export competitiveness of its products. **<Environmental Aspect>** ● **Actual Positive/Negative:** Energy conservation measures and process optimization can reduce energy consumption and indirect carbon emissions, thereby lowering greenhouse gas emissions. However, production processes remain highly dependent on electricity and fossil fuels and continue to generate carbon emissions, placing pressure on the climate and environment. ● **Potential/Positive:** Increasing the share of renewable energy and improving energy management efficiency can further reduce carbon emissions and environmental impacts while enhancing sustainability performance. **<Social and Human Rights Aspect>** ● **Actual/Positive:** Energy conservation and emission reduction measures help reduce process heat loads and pollutant emissions, improve the quality of the working environment, and enhance employee health and workplace safety. ● **Potential Positive/Negative:** Improving energy efficiency and upgrading equipment can reduce the impact of fluctuations in energy supply on operations, indirectly enhancing employment stability and workplace safety. However, the energy transition, equipment adjustments, or fluctuations in energy prices and supply may affect operational stability and result in production line adjustments or work stoppages, potentially affecting the employment stability and livelihood security of some employees.
Policy	The Company's energy management policy focuses on energy conservation, carbon reduction, and improved energy efficiency. By prioritizing the procurement of energy-efficient equipment, increasing the share of renewable energy, and strengthening energy monitoring and management mechanisms, the Company seeks to reduce energy consumption and environmental impacts from its operations while complying with relevant regulatory requirements. At the same time, the Company promotes green office practices and environmental awareness among employees, integrating the concepts of energy conservation and carbon reduction into daily operations to achieve its sustainable development goals.
Strategy	**Proactive Opportunity Management** The Company views climate change and the energy transition as opportunities. Building on its ISO 14064 greenhouse gas inventory, the Company develops low-carbon products and pursues business opportunities in international green supply chains. The inventory also helps identify energy-intensive hotspots, enabling the Company to introduce high efficiency equipment to improve process energy efficiency and reduce costs, while using renewable energy certificates to reduce carbon emissions. In

	addition, the Company continues to disclose its carbon reduction results to strengthen its brand and ESG performance and enhance its appeal to the market and investors. **Risk Prevention Management** The Company monitors regulatory developments to ensure compliance with carbon fee and energy conservation requirements and reduce compliance risks. It also introduces a smart Energy Management System (EMS) to monitor energy consumption in real time and provide early warnings of abnormalities, while developing renewable energy, energy storage, and backup power systems to diversify energy sources and reduce the operational impacts of price fluctuations and supply disruptions. **Remediation Measures for Negative Impacts** When deviations from energy or carbon reduction targets occur, the Company promptly conducts a review and implements process and equipment improvements. Where necessary, renewable energy certificates or domestic carbon credits are purchased to maintain the Company's carbon reduction commitments. The Company also activates cost adjustment mechanisms and contingency budgets and, in the event of a power outage, deploys backup systems to ensure the stable operation of critical production lines.
Goals and Targets (Short Term)	**Short-Term Goals (1–3 Years):** Focus on energy intensity management by setting a target of reducing energy consumption per unit by 1% each year compared with the previous year and, in accordance with relevant energy conservation requirements, achieving an annual electricity savings rate of more than 1% at the Gangshan Plant. Through the continued implementation of energy management and conservation measures, the Company aims to steadily improve energy efficiency and comply with national policy requirements.
Goals and Targets (Medium-Term)	**Medium-Term Goals (3–5 Years):** Continue advancing the energy and digital transitions by planning investments in renewable energy such as solar power to reduce reliance on conventional electricity and introducing a smart Energy Management System for real-time monitoring and optimization, thereby comprehensively improving energy efficiency.
Goals and Targets (Long-Term)	**Long-Term Goals (5–10 Years):** With the goal of achieving carbon neutrality by 2050, the Company will continue to integrate carbon reduction strategies into its processes and operations, promote the development of the circular economy, and become a benchmark company for the circular economy in the screw manufacturing industry, thereby realizing its vision of environmental sustainability.
Management Evaluation Mechanism	The Company has established a systematic evaluation mechanism to ensure improvements in energy efficiency and the achievement of carbon reduction targets. Quantitative data are used to evaluate the actual effectiveness of energy conservation measures while meeting the requirements of ISO 14064-1 and the expectations of ESG stakeholders. Evaluation process: 1. Data Collection and Cross Verification: Each responsible unit regularly compiles energy consumption data from all plants and cross checks supporting documentation to ensure the accuracy and reliability of the data sources. 2. Performance Indicator Analysis: Calculate indicators such as energy consumption per unit and carbon emission intensity and assess changes compared with the baseline year of 2024. 3. Third Party Assurance: Conduct annual greenhouse gas inventories, internal verification, and third party external verification and assurance to enhance the transparency and credibility of the information. 4. Continuous Improvement and Management Review: Hold regular energy management meetings to review energy management performance and adjust subsequent energy conservation and optimization measures as needed.
Performance and Adjustment	1. The Company's greenhouse gas emission intensity remained stable compared with the previous year. Going forward, the Company will continue to pursue process decarbonization and the energy transition and actively identify more effective opportunities for emissions reduction to improve its overall environmental performance. 2. From 2015 to 2025, the Company's average annual electricity savings rate consistently exceeded the Energy Bureau's required reduction standard of 1%, demonstrating the long-term effectiveness of its energy management and process optimization efforts.

4-1 Climate Change Risks

In the face of global warming and the impacts of extreme weather, together with growing awareness of environmental protection and energy conservation, safety and health, and ecological conservation, Sheh Kai Precision recognizes that actively fulfilling its corporate social responsibility is essential to maintaining a solid position in the industry. To this end, the Company has formulated the "Sustainable Development Best Practice Principles" and continues to promote policies related to environmental sustainability in response to the challenges posed by climate change. At the same time, the Company conducts climate change risk and opportunity assessments and, based on the results, formulates management strategies and carbon reduction plans. Through these efforts, the Company is committed to reducing energy consumption and carbon emissions, advancing toward a low-carbon economy and sustainable development, and achieving its goals of long-term business development and coexistence with the environment.

The major impacts the Company may face in the future and the countermeasures are shown in the following table:

<table>
<tr><th colspan="5">Climate Change Risk</th></tr>
<tr><td>Governance Unit</td><td colspan="4">The Company's Board of Directors, as the highest governance unit for sustainable development, regularly reviews risks and opportunities related to climate change. The Company has also established a Risk Management Team, with risk management meetings chaired by the President or Vice President. The Team formulates risk management policies for various risks to effectively identify, measure, and control such risks and regularly tracks progress toward the Company's sustainability goals. In addition, the President has designated the R&D Center as the unit concurrently responsible for managing climate-related issues. The R&D Center prepares the annual greenhouse gas inventory report, oversees and manages climate change related issues, and convenes relevant departments to formulate and implement related strategies. Key information for the current period and implementation progress are reported to the Board of Directors on a quarterly basis.</td></tr>
<tr><td>Strategy (Risk Category)</td><td colspan="4">The Company's risk management policy systematically defines various types of risks in accordance with its operating guidelines and adopts preventive measures within its risk tolerance to reduce potential losses, enhance shareholder value, and optimize resource allocation. At the same time, the Company continues to strengthen risk management to reduce the impact of risks on Sheh Kai's operations and enhance management effectiveness. The Company's 2025 risk assessment identified both transition and physical risks. Transition risks include changes in domestic and international climate-related regulations that may increase operating costs and require substantial capital investment. The Company will continue to monitor regulatory developments, formulate response strategies at an early stage, and raise sufficient funds through the capital markets to meet related funding needs. Physical risks include revenue declines or cost increases resulting from shipping delays, work stoppages, or property damage caused by climate-related disasters. The Company will use insurance to diversify these risks. For raw material price fluctuations, increases in operating costs, or supply chain disruptions caused by climate-related disasters, the Company will increase safety stock within controllable cost levels and actively develop alternative raw materials and diversified procurement sources to enhance overall supply chain resilience. The detailed countermeasures are as follows:
<table>
<tr><th>Risk Aspect</th><th>Risk Type</th><th>Potential Impact</th><th>Countermeasures</th></tr>
<tr><td>Environmental Aspect</td><td>Transition Risk Climate Change Risk</td><td>1.As Taiwan's carbon fee system continues to advance, ongoing regulatory revisions and the gradual implementation of carbon reduction policies are expected to result in increasingly stringent regulatory requirements.
2.The EU Carbon Border Adjustment Mechanism (CBAM) is currently in the transitional emissions reporting period. Once it enters the implementation stage, imported products will</td><td>1.The Company plans to complete internal verification of its 2025 greenhouse gas inventory in February 2026 and complete the external verification process in the latter part of the second quarter.
2.The domestic carbon fee and the EU CBAM tariff are not expected to have a significant impact before 2026, but continuous monitoring is necessary. The Company will continue to collect and calculate carbon emissions and CBAM related data and develop and implement carbon reduction measures.
3.The U.S. CCA remains at the proposal stage and has not yet been formally enacted. If enacted in the future, the CCA</td></tr>
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</table>

			be required to bear the corresponding carbon costs. As the mechanism is gradually implemented and transitional exemptions are reduced, the relevant regulatory requirements are expected to become increasingly stringent. 3.The U.S. CCA may impose a carbon tax in the future and is currently under legislative consideration.	would take effect immediately without a grace period or free allowances and would establish more clearly defined carbon emissions calculation standards. The Company must therefore continue to monitor its development closely. 4.Carbon reduction and energy conservation have become global trends. Carbon pricing policies adopted by various countries may affect the Company's future operations. Relevant departments should therefore begin developing response strategies at an early stage and assess their feasibility and effectiveness before formulating and implementing appropriate action plans.
		Transition Risk Environmental Risks	Failure of wastewater, waste, or air pollutant emissions to meet applicable standards may result in environmental pollution and regulatory penalties.	1. Regularly monitor and test emissions data. 2. Continuously improve existing equipment to maintain the stable operation of wastewater treatment facilities. 3. Regularly review and update compliance with environmental laws and regulations. 4. Participate in seminars organized by government agencies and service centers to keep abreast of regulatory trends.
	Social Aspect	Physical Risks Long-term Labor Shortage	Long-term labor shortages may reduce production capacity and delay order deliveries.	1. Utilize diversified sources of labor 2. Arrange overtime flexibly based on operational needs. 3. Improve the salary structure to enhance recruitment attractiveness. 4. Introduce automated equipment to reduce reliance on labor and increase production capacity.
		Physical Risks Human Resource Management	Difficulties in recruiting talent and high employee turnover may affect production capacity and quality and increase labor costs.	1.Enhance industry-academia collaboration and government subsidy programs. 2.Organize diverse employee activities to strengthen organizational cohesion. 3.Establish comprehensive compensation and benefits systems. 4.Strengthen education, training, and competency development.
		Physical Risks Operational Hazard Management	1.Major occupational accidents. 2.Safe working environments and operating procedures. 3.Employee crisis response capability during emergency situations.	1. Strengthen occupational safety education and training to enhance employees' occupational safety knowledge. 2. Conduct regular safety inspections and implement effective audits to ensure improvements and corrective actions are in place. 3. Implement improvement and corrective measures to support continuous improvement. 4. Regularly conduct emergency response drills.
		Physical Risks Talent	Talent turnover may affect the stability of production	1. Conduct regular employee training and team-building activities to foster

		turnover	capacity, delivery schedules, and product quality.	stronger interpersonal connections and a sense of belonging. 2. Establish a well-structured employee benefits and promotion system to improve job satisfaction and retention.
	Economic Aspect	Physical Risks Operational Risk	International developments may increase volatility in shipping costs.	CIF freight costs have increased by an additional 20%. The Company will continue to evaluate adjustments to its transportation strategies.
		Physical Risks Operational Risk	The economic downturn in Europe may weaken order demand.	1. Flexibly adjust order acceptance and pricing strategies to maintain the basic operating needs of the manufacturing departments. 2. Actively develop other markets.
		Physical Risks Operational Risk	Intensifying market competition may result in orders being diverted to competitors.	Enhance product quality and service standards to strengthen customer loyalty.
		Physical Risks Procurement risk	Fluctuations in raw material prices or delays or disruptions in supply may affect production.	1. Monitor raw material market information. 2. Maintain good relationships and constant communication with raw material suppliers to anticipate and respond to potential market changes early. 3. Regularly review raw material procurement and inventory status, and adjust procurement plans promptly in accordance with company operational policies.
		Physical Risks Financial Risk	The exchange rate fluctuates due to the overall economic environment. When the exchange rate depreciates, it will cause a decrease in gross profit, or a loss due to evaluation after the income is paid in a foreign currency. All of the above are detrimental to business performance.	1. Use forward foreign exchange contracts to hedge foreign currency orders that reach a specified amount. 2. When the exchange rate for foreign currency receipts is more favorable than the rate used in the original quotation, the foreign currency is converted into NTD to supplement working capital. 3. Control foreign exchange losses within NTD 10 million or 0.5% of operating revenue.
		Physical Risks Financial Risk	Interest rates fluctuate due to macroeconomic factors. When the interest rate increases, it will cause the Company's borrowing costs to rise.	1. Raise funds from the capital market instead of bank loans. 2. Provide collateral to reduce the borrowing interest rate. 3. Deepen the relationship with the correspondent banks, properly implement corporate governance and carbon emission management, and facilitate the negotiation of interest rate terms. 4. Goal: The annual increase in interest expenses should not exceed the increase in purchase amounts, excluding interest expenses incurred from borrowing medium- to long-term loans for capital expenditures. If the interest expense increase exceeds the target, the reasons should be reviewed.

	Governance Aspect	Physical Risks Information risk	Cyberattacks or ransomware may compromise system security.	1. Strengthen account access control. 2. Promote cybersecurity education and training. 3. Establish email protection servers and firewall systems.
		Physical Risks Information risk	The use of unauthorized software may create cybersecurity and compliance risks.	1. Conduct regular cybersecurity awareness campaigns to educate employees on correct practices. 2. It is strictly prohibited for employees to install illegal software.
		Physical Risks Legal Compliance Risk	1. High awareness of human rights. The Company needs to update laws and regulations at all times to avoid physical and mental harm to employees due to violations. 2. With increasing cybersecurity concerns, the company should establish measures to comply with relevant cybersecurity regulations.	1. Regularly monitor changes in government laws and regulations. 2. Provide on-the-job training for employees. 3. Continuously review and revise the internal control system as necessary.
		Physical Risks Legal Compliance Risk	Due to the updated laws and regulations or the lack of familiarity with the laws and regulations, the internal control measures have not been amended and submitted to the Board of Directors for discussion, or the filing process with the competent authorities has not been completed successfully, and thus additional manpower and time are required.	1. Pay attention to official correspondence and the competent authority's e-mails at all times, and read the contents thoroughly to avoid omissions. 2. Before reporting or applying for documents, please search for the latest laws and regulations online or consult professional authorities such as competent authorities or certifying accounting firms. 3. Target: To avoid the rejection of application document or request for supplements due to incomplete documents or unfamiliarity with laws and regulations, or the competent authority to issue a notice to make corrections within a given time limit, the annual goal is set at zero for the latter.
		Physical Risks Operational Risk	The roles and responsibilities within the finance department are clearly defined; however, employees are not fully familiar with each other's tasks. When staff take extended leave, this can lead to disruptions in business continuity and delays in task execution, requiring time to return to smooth operations.	1. A deputy system will be implemented, requiring each deputy to fully understand the responsibilities they are covering and how to execute and complete the delegated tasks. 2. Goal: Begin implementing the deputy system with public information reporting, ensuring that each reporting deputy clearly understands how to carry out and complete each type of reporting task.
		Physical Risks Legal Compliance Risk	Software infringement	1. Strengthen employee cybersecurity awareness campaigns and improve cybersecurity consciousness. 2. Control and prevent employees from installing unauthorized software.

	Political Aspect	Physical Risks Operational Risk	Geopolitical Risk	Evaluate the establishment of overseas factories to diversify and mitigate geopolitical risks.

Strategy (Type of Opportunity)	**Aspects**	**Type of Opportunity**	**Potential Impact**	**Countermeasures**
	Environmental Aspect	Energy conservation and carbon reduction	1. Development of carbon rights. 2. Energy conservation and carbon reduction are global trends.	Keep abreast of the latest international trends, promote the development of carbon rights, reduce corporate carbon risks and costs, formulate comprehensive carbon reduction plans, and transform into a low-carbon and sustainable industry.
		New process technology development	Improve energy and resource efficiency and reduce energy consumption in the production process.	Through innovative R&D technologies and process optimization, we improve resource and energy efficiency to reduce energy consumption in the production process.
	Social Aspect	Long-term Labor Shortage	Improving production efficiency and increasing production capacity.	Introduce automated equipment and smart manufacturing processes to reduce reliance on labor, improve production efficiency, and increase production capacity through process optimization.
		Talent Cultivation	Enhance the professional knowledge and skills of employees through training programs to enable them to cope with the work environment and challenges.	Establish a comprehensive talent development system and provide career development paths to enhance employees' identification with the corporate culture, reduce talent turnover, improve productivity and competitiveness, and thereby contribute to the sustainable development of the Company.
	Governance Aspect	Collaborative Low Carbon Transformation	Cooperate with the upstream and downstream supply chains to carry out low-carbon transformation and reduce product lifecycle footprint.	Work with the supply chain to promote low-carbon transformation plans to reduce carbon emissions in the production process, and strengthen product carbon management capabilities.
		Climate Change Response	Growing demand for infrastructure and disaster prevention is driving demand for fasteners and stainless steel products, thereby increasing orders and profits.	In response to climate change, we will continue to expand stainless steel products, actively develop new technologies, and develop corresponding production conditions to comply with market trends and increase revenue.
		Upstream and Downstream Supply Chain Cooperation	Reducing product carbon footprint.	Work with the supply chain to respond to low-carbon transformation, establish product carbon emission baselines, reduce carbon footprints, and enhance the Company's environmental image and competitiveness.

Risk Management	The Company holds risk management meetings annually to identify the various risks it may face throughout the year and to assess their severity and priority. Appropriate response measures are then formulated and implemented by the responsible business units. Risk review meetings are also held based on implementation progress, with the conclusions compiled into a report and presented at the first Board of Directors meeting of each year to report on the operation of the Company's risk management system. The Company's corporate risk management includes risk detection, assessment, reporting, and handling procedures. There are three levels (mechanisms) for risk control: (1) The organizer is the "first mechanism" for the initial risk discovery, assessment, and control. (2) The second mechanism is the review or evaluation committee chaired by the president (or vice president), which is responsible for not only the feasibility assessment but also various risk assessments. (3) The third mechanism is the audit by the Audit Office, and the review by the Audit Committee and the Board of Directors. The relevant management policies are as follows:

	1. Negotiate with customers or adopt Free on Board (FOB).	2. Disaster grouping to reduce climate disaster damage.
	3. Take inventory of raw materials and maintain a certain level of stock.	4. Commitment in GHG inventory of the factory in order to properly understand the GHG emission status.
Indicators and Goals	Data provided by: "Sales and Marketing Department," "Finance Department," and "R&D Center" The Company has established climate-related management goals to reduce carbon emissions and adapt to climate change. In 2024, the Company completed its greenhouse gas inventory and reset 2024 as the baseline year because subsidiaries were included in the inventory for the first time. While continuing to conduct greenhouse gas inventories, the Company also performs risk assessments and strategic planning based on the activities covered, emission scopes, and timelines, and sets climate-related carbon reduction targets accordingly. In addition, the Company collaborates with key suppliers and processors to jointly develop short, medium, and long-term carbon reduction targets to reduce product carbon footprints and strengthen supply chain management. The Company will conduct greenhouse gas inventories in accordance with ISO 14064-1:2018 and government policies, using 2024 as the baseline year: ● Short-term goal (1–3 years): Reduce unit energy consumption by 1% compared to the previous year. ● Medium- and long-term goal (3–5 years): To gradually replace old equipment with new ones and increase the proportion of renewable energy use.	
	To establish carbon reduction targets and progressively realize its vision of net-zero emissions, the Company has designated 2024 as the baseline year for Scope 1 (direct emissions) and Scope 2 (energy indirect emissions) and has established phased short, medium, and long-term reduction targets. The targets for each stage are as follows: Short term (1 to 3 years): Reduce carbon intensity by 3% compared with the baseline year. Medium term (3 to 5 years): Reduce carbon intensity by 5% compared with the baseline year. Long term (5 to 10 years): Reduce carbon intensity by 10% compared with the baseline year. At the same time, the Company will continue to expand its existing renewable energy generation capacity, particularly solar power; encourage all employees to comply with environmental regulations and actively participate in energy conservation and carbon reduction initiatives; and assist and require its business partners to conduct greenhouse gas inventories, provide relevant data, and comply with applicable regulatory and management requirements.	
Resilience and Major Financial Impacts Assessed Through Climate Scenario Analysis	The Company conducted a preliminary scenario analysis with reference to the Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report (AR6), using two climate scenarios: SSP1-2.6 (successful transition, warming limited to 1.5°C) and SSP5-8.5 (high emissions, warming exceeding 3°C), to assess the potential risks and financial impacts of climate change on its operations through 2030. Under the high emissions scenario, the increased frequency of extreme heat and heavy rainfall events may have the following impacts on the Company's operations: • An increase of 1°C in ambient temperature can reduce cooling system efficiency by 2–5%. • A decrease in cooling efficiency can lead to a 0.5–1.5% reduction in process efficiency. • Under high-load conditions, compressors and pumps may experience an annual increase in electricity consumption of 3–8%. • Concentrated rainfall may cause logistics disruptions and delays in raw material deliveries, impacting the stability of delivery schedules. • If future export markets (such as the EU) implement the Carbon Border Adjustment Mechanism (CBAM), additional taxes will be imposed on carbon-intensive products. It is estimated that this will increase the Company's cost by NT$70-80 per 1,000 products. To enhance climate resilience and reduce potential impacts, the Company has planned and is progressively implementing the following response strategies: • Replacing high-energy-consuming equipment with high-efficiency heat treatment equipment and variable frequency control systems to reduce energy loss; • gradually adopting green electricity and solar power systems to increase the proportion of renewable energy; • and reviewing carbon emissions data in the supply chain to strengthen carbon footprint management for export markets. The Company has begun identifying the risks and opportunities that may arise from climate change and continues to strengthen its risk management awareness and mechanisms. In line with regulatory trends, industry developments, and operational needs, the Company is also progressively planning to introduce climate risk early warning and scenario analysis tools to enhance climate resilience and risk management capabilities, providing an important reference for business decision-making and sustainable development.	

	In the future, the Company will continue to enhance its climate risk early warning mechanisms and plans to introduce climate-related financial simulation tools over the medium term to further strengthen operational resilience, overall risk management capabilities, and its ability to adapt to and respond to climate change.
Carbon Pricing Basis	The Company currently has no specific carbon pricing plan. In the future, it will continue to monitor developments and related issues concerning carbon pricing systems, including carbon taxes, carbon fees, carbon emissions management, and carbon trading mechanisms. At this stage, the Company is primarily monitoring policy developments relating to the U.S. Clean Competition Act (CCA carbon tariff) and the EU Carbon Border Adjustment Mechanism (CBAM), as well as their potential impacts on the industry.
Greenhouse Gas Inventory Plan	Goal and scope: According to the Financial Supervisory Commission's "Sustainability Roadmap for TWSE/TPEx Listed Companies," the Company is required to complete the disclosure of greenhouse gas inventory and verification information according to the prescribed schedule. The scope of disclosure covers Scope 1 greenhouse gas emissions (direct emissions) and Scope 2 emissions (energy indirect emissions). Implementation schedule: In 2024, the parent company completed third party assurance of its 2023 greenhouse gas inventory, with a reasonable assurance level. As for progress in 2025, the greenhouse gas inventory and internal verification for 2024 covering the parent company and subsidiaries included in the consolidated financial statements were completed in Q1, with third party assurance expected to be completed in Q2.
External Assurance	In 2026, the Company commissioned AFNOR Asia to perform external verification of its 2025 greenhouse gas inventory in accordance with ISO 14064-3:2019. The scope of assurance covers Category 1 direct emissions and Category 2 indirect emissions from imported energy of the parent company, including the Gangshan Plant, Luchu Plant, Packaging Plant, and Bi Metal Material Plant. Based on the verification results, the level of assurance for both Category 1 and Category 2 emissions was determined to be reasonable assurance. In addition, the 2025 greenhouse gas inventory and internal verification for the parent company and the subsidiary included in the consolidated financial statements, Sheh Kai Trading (Shanghai) Co., Ltd., were completed in Q1 2026, with third party assurance expected to be completed in Q2.

4-2 Materials and Waste

Material Management

Sheh Kai Precision does not use recyclable or renewable materials, nor does it recycle products or packaging materials. During the reporting period, the raw material statistics of Sheh Kai Precision in recent years are as follows:

Raw Material Types by Plant Area	
Plant Site	**Raw Materials**
Gangshan Plant	Water quenching oil, screw forming oil, rust preventive oil, stain remover, diesel fuel, motor oil, stainless steel oil, hydrochloric acid, and steel
Luzhu Plant	Stainless steel wire rod, PC coating powder (8%), oxalate film (14%), acid remover, lubricant powder, ammonia (gaseous)
Zhunan Plant	Chromium-molybdenum alloy steel, tungsten steel

Statistics of Raw Materials Consumption of Sheh Kai Precision				
				Unit: Tonnes
Raw Material Name	**Whether It Is Recyclable**	**2023**	**2024**	**2025**
Water quenching oil	Non-renewable	4.07	3.22	1.81
Screw molding oil	Non-renewable	0.96	0.75	0.45
Anti-rust oil	Non-renewable	1.02	0.80	0.55
Stain removal oil	Non-renewable	2.7	2.15	1.42
Diesel	Non-renewable	27.92	21.50	17.3
Motor oil	Non-renewable	3.42	2.69	1.7
White iron oil	Non-renewable	3.06	2.42	1.57
Hydrochloric Acid	Non-renewable	13.53	10.75	9.01
Iron and steel	Non-renewable	1,606.56	1383.21	1,185.36
Chromium-molybdenum alloy steel	Non-renewable	25.7	40.65	54.65
Tungsten steel	Non-renewable	0.43	0.54	0.87
Stainless steel wire rod	Non-renewable	2,787.73	3215.59	2,782.46
PC coating powder (8%)	Non-renewable	1.55	1.73	1.18
Oxalate film (14%)	Non-renewable	18.4	15.75	19.2
Acid remover	Non-renewable	11.5	10.01	6.87
Lubricant powder	Non-renewable	5.38	4.93	3.34
Ammonia (gaseous)	Non-renewable	49.74	51.37	49.77

Waste Management

Sheh Kai Precision has established designated storage areas for all types of waste in accordance with applicable laws and manages them in a centralized manner. Waste is classified in accordance with relevant regulations into categories such as recyclable waste, reusable waste, and industrial waste. Off-site recycling, clearance, and disposal are entrusted to legally authorized and professional contractors. The industrial waste reporting and management system is equipped with a GPS tracking system to monitor waste flows and ensure the legality and safety of final disposal. In accordance with the ISO 14001 management system, the Company also properly collects and monitors relevant waste data.

The main wastes of Sheh Kai Precision include defective products, moldings, thread rolling, raw materials from the car repairing process, scrap iron from inventory, waste sludge from the acid cleaning process, and waste oil mixture. In 2025, the total amount of waste generated was 205.361 tonnes. No serious leakage incident occurred during the reporting period.

Sheh Kai Precision's Waste Disposal over the Past Two Years (Unit: Tons)					
Category	**Treatment Location**	**Waste Type (Tons)**	**2024**	**2025**	**Final Treatment Method**
Hazardous Waste	Off-site	Ashes or sludge from the emission control of the iron-chromium alloy process in Luzhu Plant (A-7301)	40.080	57.580	Other disposal operations
	Subtotal	Hazardous waste subtotal (tons)	40.080	57.580	—
Non-Hazardous Waste	On-site	General chemical waste mixture (D-2399) in Gangshan Plant	0.120	0.200	Other recycling operations
	Off-site	Gangshan Plant, Luzhu Plant, Packaging Plant–waste plastic mixture (D-0299)	0.672	0.579	Incineration (excluding energy recovery)
		Gangshan Plant & Packaging Plant–waste paper mixture (D-0699)	0.448	0.391	
		Gangshan Plant& Packaging Plant–waste wood mixture (D-0799)	2.279	0.439	
		Gangshan Plant & Luzhu Plant & Packaging Plant Waste fiber or mixture of other cotton and cloth (D-0899)	0.580	0.592	
		Gangshan Plant & Luzhu Plant & Packaging Plant – domestic waste (D-1801)	2.305	2.260	
		Waste activated carbon (D-2403)	5.060	—	Incineration (including energy recovery)
		Gangshan Plant& Luzhu Plant–inorganic sludge (D-0902)	21.360	25.100	Other disposal operations
		Waste oil mixture in Gangshan Plant (D-1799)	13.350	10.270	Incineration (including energy recovery)
		Waste wood in Gangshan Plant (R-0701)	5.190	7.430	Recycling and utilization
		*Gangshan Plant & Luchu Plant & Packaging Plant & Zhunan Plant & Bi-Metal Material Plant Scrap iron (R-1301)	102.576	100.520	Recycling and utilization
	Subtotal	General industrial waste subtotal (tons)	153.940	147.781	—
Total			194.020	205.361	
Remarks:					

1. The data in the table only includes the data of the Luzhu and Gangshan Plants (including the Packaging Plant). Since the Zhunan Plant only has general household waste, the statistics are not available.
2. The general chemical waste mixture (D-2399) generated by the Company's Gangshan Plant was cleaned on-site in the Company and turned into iron scrap (R-1301) from the Gangshan Plant.
3. *Note: The 2024 data for waste iron (R-1301) only includes the Gangshan Plant.

2025 Waste Statistics by Disposal Operation Unit: (tons)				
Category	Disposal Method	On-site	Off-site	Total
Hazardous Waste	Other disposal operations	-	57.580	57.580
Non-Hazardous Waste	Incineration (including energy recovery)	-	10.270	10.270
	Incineration (excluding energy recovery)	-	4.261	4.261
	Landfill Disposal	-	-	-
	Other disposal operations	-	25.100	25.100
	Subtotal	-	39.631	39.631
	Recycling and utilization	-	107.950	107.950
	Other recycling operations	0.200	-	0.200
	Subtotal	0.200	107.950	108.150
Total Weight of Waste		0.200	205.161	205.361

4-3 Energy and Water Resources

Energy consumption

The energy consumption of Sheh Kai in the past two years is shown in the table below:

Quantitative Indicators	Unit	2024	2025
		Parent company	Parent and subsidiaries
Electricity Consumption	kWh	8,645,652	8,064,950
	GJ	31,124.35	29,033.82
Gasoline Consumption	L	13,457	14,346
	GJ	428.70	479.63
Diesel Consumption	L	15,903	16,262
	GJ	575.41	618.95
Natural Gas (LNG) Consumption	m^3	88,803	82,861
	GJ	2,974.40	3,418.59
Organization-Specific Metrics	Revenue of NT$ thousand	1,119,899	975,498
Total Energy Consumption	GJ	35,102.86	33,550.99
Energy Intensity	GJ/NT$ thousand revenue	0.03	0.03

Remarks:

1. The scope of the 2024 energy statistics covered only the parent company, while the 2025 statistics cover the parent company and its subsidiaries.
2. The calorific value conversion factors are based on the calorific values announced annually by the Ministry of Environment, the unit calorific value table for energy products published by the Energy Administration, Ministry of Economic Affairs, and calorific value data provided by suppliers. 1 kcal = 4.1868 KJ.
3. The Company used lower heating values (LHV) for the 2024 calculations and, in accordance with SASB requirements, higher heating values (HHV) for the 2025 calculations.
4. The organization specific metric data for 2024 are based on revenue reported in the parent company's separate financial statements, while the 2025 data are based on revenue reported in the consolidated financial statements.

Green and energy-saving performance

To respond to the global trend of energy conservation and carbon reduction and fulfill its corporate social responsibility and sustainable green production goals, the Company actively promotes various energy conservation and carbon reduction measures and is committed to reducing energy consumption and carbon emissions to achieve environmental sustainability. The following are our company's concrete energy-saving and carbon reduction actions:

1. Product Design and Production: We are committed to developing products that enhance the durability and ease of maintenance of building structures, helping customers effectively reduce subsequent maintenance and repair costs while extending the service life of building structures and thereby reducing the waste of resources associated with reconstruction. Taking screw products as an example, by optimizing production processes, we not only reduce energy consumption during screw production but also improve product durability, thereby helping end customers reduce energy use and achieve the dual goals of economic benefit and environmental sustainability.
2. Energy-Saving Optimization of Lighting Equipment: At the Gangshan Plant office, the Company replaced all 60 existing 250 W metal halide lamps with high efficiency 150 W LED lamps. Through this equipment upgrade, the electrical load of each lamp was reduced by 100 W. While maintaining the existing lighting quality, the upgrade effectively reduces basic electricity consumption and improves energy efficiency at the plant.
3. Efficient Construction and Energy-Saving Installation: The screw and drill bit products developed by the Company feature optimized geometric cutting designs that significantly reduce friction during installation, thereby extending the battery life of power tools and reducing electricity consumption. Taking self-drilling screws as an example, their thread design significantly shortens the time required to fasten each screw, helping customers effectively reduce total energy consumption during the construction stage while achieving both construction efficiency and economic benefits.
4. Building Structures and Low-Carbon Maintenance: The anchors and fastening systems developed by the Company use high strength materials and provide excellent anchoring performance, ensuring the stability and safety of building components and reducing the need for additional construction work caused by loosened or failed components. Combined with excellent corrosion resistance, these products can significantly extend the service life of fasteners in various harsh environments, thereby reducing the frequency of maintenance and replacement. From a building lifecycle perspective, this effectively helps customers reduce resource consumption and energy use associated with maintenance, while enhancing overall utilization benefits and sustainability value.
5. Equipment Replacement: The Company implemented a replacement program for sixty-four 1 HP industrial fans at the plant, comprising thirty 24-inch fans and thirty-four 36-inch fans. By introducing high efficiency energy-saving motors and optimizing blade design, the Company improved equipment performance and made ventilation operations more energy efficient, thereby reducing energy consumption from prolonged operation. Based on the unit calorific value table for energy products published by the Energy Administration, Ministry of Economic Affairs, energy consumption was reduced by 90.67 GJ (1 kcal = 4.1868 kJ).

   Performance analysis:

   (1) Calculation of the Difference in Lighting Equipment Power Consumption: After all 60 lamps were replaced, the total electrical load was reduced by 6,000 W, equivalent to a saving of 6 kWh for each hour of operation. Based on 8 hours of operation per day, 30 days per month, and 12 months per year, the program can reduce annual electricity consumption by a total of 17,280 kWh.

   (2) Benefits of Equipment Replacement: Compared with the old equipment, the new equipment improves energy efficiency by approximately 25%. Based on a total equipment power rating of 47.7 kW and the actual number of operating days, the replacement project is estimated to reduce annual electricity consumption by approximately 25,186 kWh.

Year	Air Compressor Area Electricity Usage (kWh)	Output Value (NT$ thousand)	Unit Energy Consumption (kWh/NT$ thousand)
2023	1,285,880	601,064	2.139
2024	991,560	516,296	1.921
2025	930,200	442,665	2.101

- Comparison of energy consumption per unit product:

In 2025, the actual unit energy consumption of the air compressors at the Company's Gangshan Plant was 2.101 kWh/NT$ thousand. Compared with the 2023 baseline year before the improvements, when unit energy consumption was 2.139 kWh/NT$ thousand, unit energy consumption decreased by approximately 1.8%, demonstrating that the energy saving project continues to deliver tangible electricity savings.

Although adjustments to the production schedule for certain products and increased periods of low load production line operation in 2025 caused unit energy consumption to rise from the 2024 level of 1.921 kWh/NT$ thousand, overall energy efficiency did not revert to its pre-improvement level, and the measure continues to deliver energy saving benefits.

- Estimated Annual Electricity Savings:

To objectively assess the actual energy saving benefits of the improvement, a standardized estimate was calculated using the baseline year output value adjustment method. Based on the 2023 baseline year output value of NTD 601,064 thousand:

(1) Baseline year (2023) actual electricity consumption: 1,285,880 kWh
(2) 2025 standardized estimated electricity consumption: 601,064 × 2.101 = 1,262,835 kWh
(3) 2025 actual annual electricity savings: After standardization, annual electricity savings in 2025 amounted to 23,045 kWh compared with the 2023 baseline year, representing an electricity savings rate of approximately 1.8%. Based on the unit calorific value table for energy products published by the Energy Administration, Ministry of Economic Affairs, energy consumption was reduced by 82.96 GJ (1 kcal = 4.1868 kJ).

- Estimated Greenhouse Gas Reduction Benefits:

Based on the latest 2025 electricity carbon emission factor of 0.466 $kgCO_2e/kWh$ published by the Energy Administration, Ministry of Economic Affairs,

2025 annual carbon reduction = 23,045 kWh × 0.466 $kgCO_2/kWh$ = 10,739 $kgCO_2$ (approximately 11 metric tons CO_2e).

The Company will continue to monitor innovations and developments in green energy-saving technologies and actively promote comprehensive carbon reduction measures while further enhancing energy management efficiency, with the dual goals of sustainable operations and environmental protection and contributing to environmental sustainability.

Water Resource Management

Given Taiwan's distinctive geographical and climatic conditions, rainfall is abundant but water resources are difficult to retain. At the same time, demand for water resources continues to grow for both daily life and business operations, making water resource allocation and management an important issue for sustainable operations. Sheh Kai Precision's main production sites are located in Taiwan, where tap water is the primary source of water. In fulfilling its responsibility for environmental protection, the Company's water withdrawal has no significant impact on local water resources. The Company's operating locations are situated in Miaoli County and Kaohsiung City, with their primary water sources being Yongheshan Reservoir and Zengwen Reservoir, respectively. To effectively manage water resources, we use the World Resources Institute's "WATER RISK ATLAS" to assess water related risks at the Company's operating locations. The assessment results show that the water resource risk at each location is low to medium.

Plant Site	Address	Intake reservoir	Risk Assessment

Kaohsiung	Gangshan Plant	No. 1, 3, 5, Bengong 1st Rd., Gangshan Dist., Kaohsiung City	Zengwen Reservoir	Low-to-medium risk
	Packaging Plant	No. 1, Bengong W. 1st Rd., Gangshan Dist., Kaohsiung City		
	Luzhu Plant	No. 161, Minyou Rd., Luzhu Dist., Kaohsiung City		
Miaoli	Zhunan Plant	No. 58, Neigh. 9, Dacuo Vil., Zhunan Township, Miaoli County (relocated to the Bi-Metal Material Plant in April)	Yonghe Mountain Reservoir	
	Bi-Metal Material Plant	No. 70-29, Shishan, Neigh. 23, Dacuo Vil., Zhunan Township, Miaoli County		

Water Resource Utilization

In 2025, Sheh Kai Precision's water consumption was 21.14 million liters, representing an increase of 1.32 million liters compared to 2024. The volumes of water withdrawal, consumption, and discharge all increased. (Detailed figures are shown in the notes of the table below)

While implementing energy-saving activities at each plant, we also pay attention to the use of water and reduce unnecessary waste. We also promote the concept of water conservation to employees from time to time to achieve water conservation.

Water consumption statistics of Sheh Kai in the past three years			
Year	**2023**	**2024**	**2025**
Water Withdrawal (million liters)	20.94	19.82	21.14
Water Discharge (million liters)	10.41	9.59	10.25
Water Consumption (million liters)	10.53	10.23	10.89
Recycled water consumption in the plant (million liters)	1,704.65	1642.79	1670.29
Water Recycling Rate (%)	98.79	98.81	98.75
Organization-specific measurement (thousand revenue)	1,428,614	1,119,900	970,702
Water Use Intensity	0.0000147	0.0000177	0.000022

Remarks:

1. Water consumption = water intake - water discharge.
2. The circulating water volume in the plant is the water circulating in the cooling towers. Based on the hourly circulation rate of each cooling water tower (calculated as 16 hours per day), the circulation volume is about 429.6 T/hr x 16 hours of operation per day x number of working days per month=monthly circulation volume.
3. Water recovery and reuse rate = volume of recycled water in the plant / (volume of water withdrawn + volume of recycled water in the plant) * 100%.
4. The calculation of water intensity is: Water withdrawal (million liters) / organization-specific measured value.
5. In 2025, Sheh Kai Precision's water consumption was 21.14 million liters, representing an increase of 1.32 million liters compared to 2024. The volumes of water withdrawal, consumption, and discharge all increased due to a water pipe leak at the Packaging Plant in 2025, which was repaired in December 2025.

Effluent Discharge Status

In 2025, Sheh Kai Precision's total wastewater discharge was approximately 10.25 million liters. For process wastewater generated from cleaning operations and domestic wastewater, the Company has invested in comprehensive wastewater treatment equipment and spared no expense in optimizing the treatment process to ensure that the effluent quality exceeds regulatory discharge standards, thereby effectively reducing environmental pollution. In addition, the Company has obtained a water pollution prevention permit issued by the competent authority, and all discharged water meets applicable local testing standards.

Wastewater Testing Overview of Sheh Kai Precision's Gangshan Plant in the Past Three Years						
Water Pollution Testing Items	**2023**		**2024**		**2025**	
	Emission Standards (ppm)	**Annual Average Monitoring Value**	**Emission Standards (ppm)**	**Annual Average Monitoring Value**	**Emission Standards (ppm)**	**Annual Average Monitoring Value**

		(ppm)		(ppm)		(ppm)
PH value	7.25	7.41	7.25	7.82	7.25	7.99 (Gangshan)
Suspended solids (SS)	330	9.35	330	7.27	330	11.71 (Gangshan)
Chemical oxygen demand (COD)	710	44.06	710	38.75	710	46.25 (Gangshan)
Ammonia nitrogen (NH3-N)	125	27.06	125	29.47	125	26.98 (Gangshan)
Zinc (Zn)	5	0.09	5	0.16	5	0.2 (Gangshan)
Dissolved iron (D-Fe)	10	0.1	10	0.12	10	0.19 (Gangshan)

Remarks:
1. The PH value discharge standard is in the range of 5-9.5, and the average is 7.25.
2. As the Gangshan Plant is connected to the industrial park's wastewater management system, fixed testing items apply, and the figures are reported based on the average test results provided by the industrial park.
3. As the Packaging Plant, Zhunan Plant, and Bi-Metal Material Plant are not included in the wastewater management system, no testing data are available.

Wastewater Testing Overview of Sheh Kai Precision's Luchu Plant in the Past Three Years

Water Pollution Testing Items	2023		2024		2025	
	Emission Standards (ppm)	Annual Average Monitoring Value (ppm)	Emission Standards (ppm)	Annual Average Monitoring Value (ppm)	Emission Standards (ppm)	Annual Average Monitoring Value (ppm)
PH value	7.50	7.5	7.50	8	7.50	7.65
Chemical oxygen demand (COD)	100	22.8	100	46	100	22.55
Suspended solids (SS)	30	2	30	9.75	30	4.9
Total chromium	2	0.36	2	0.145	2	0.164
Nickel	1	0.32	1	0.13	1	0.128
Zinc (Zn)	5	0.34	5	1.67	5	0.043
Hexavalent chromium	0.5	0	0.5	0	0.5	0.000
Cadmium	0.03	0	0.03	0.01	0.03	0.011
Copper	3	0.05	3	0.065	3	0.029
Total mercury	0.005	0	0.005	0.002	0.005	0.003
Lead	1	0.33	1	0.255	1	0.145
Arsenic	0.5	0	0.5	0.001	0.5	0.005
Ammonia nitrogen (NH3-N)	150	5.675	150	5.82	150	0.935
Cyanide	1	0.002	1	0	1	0.000
Nitrate nitrogen	50	27.95	50	33.5	50	14.700
Fluoride	15	9.89	15	5	15	3.875
Fats and oils	10	1.25	10	0.85	10	3.200
Boron	12	1.415	12	0.715	12	0.940
Molybdenum	0.6	0	0.6	0.220	0.6	0.233

Remarks:
1. The PH value discharge standard is in the range of 5-9.5, and the average is 7.25.
2. The Luchu Plant undergoes regular testing once every six months, and the reported values are based on the average of the two test results.

During the reporting period, the wastewater discharge situation of Sheh Kai's headquarters and various operating locations is as follows:

Wastewater Discharge (m^3) by Each Operation Location

Unit: Million liters

Business Locations		2023	2024	2025
Kaohsiung	Gangshan Plant	6.78	5.35	5.49

	Luzhu Plant	0.61	0.62	0.65
	Packaging Plant	1.17	2.07	3.05
Miaoli	Zhunan Plant	1.05	0.86	0.19
	Bi-Metal Material Plant	0.81	0.69	0.87

Remarks:

1. The water discharge volumes of the Packaging Plant, Zhunan Plant, and Bi-Metal Material Plant are calculated by deducting 20% for losses from tap water consumption.
2. 5.49 million liters for the Gangshan Plant, 0.65 million liters for the Luzhu Plant, 3.05 million liters for the Packaging Plant, 0.19 million liters for the Zhunan Plant, and 0.87 million liters for the Bi-Metal Material Plant, for a total of 10.25 million liters.
3. The Zhunan Plant ceased operations in April 2025 and relocated to the Bi-Metal Material Plant in the same month, with the two plants subsequently operating on a consolidated basis.

4-4 Greenhouse Gas Emissions

Under Sheh Kai's greenhouse gas reduction policy, the Company has set a target of reducing carbon emissions by more than 1% each year and, on this basis, estimates a cumulative carbon reduction target of more than 5% by 2030. The Company will continue to implement energy conservation and carbon reduction measures. In the steel fastener industry, electricity is the primary source of energy consumption and associated carbon emissions, accounting for approximately 90%. Accordingly, the Company's principal carbon reduction strategies focus on process optimization, equipment replacement, and improved energy efficiency.

The Company optimizes production processes to improve energy efficiency and replaces equipment progressively each year in accordance with its plans. Air compressors are upgraded to variable frequency models, while maintenance and inspection of compressed air pipelines are strengthened. Air conditioning units and cooling towers are upgraded to high efficiency variable frequency systems, and high power lighting fixtures on plant production lines are replaced with smart, high efficiency LED modules. Following each upgrade to high efficiency variable frequency equipment, electricity savings are estimated at approximately 30% to 35% of the total electricity consumption of the respective equipment.

The Company is evaluating opportunities to apply for government incentive programs and is assessing the installation of a solar water heating system capable of supplying 8 to 10 metric tons of insulated hot water per day at temperatures above 60°C for the hot water required to degrease and clean screw surfaces. Any temperature shortfall required for the cleaning process would be supplemented by the existing electric heating system. The system is estimated to reduce carbon emissions by approximately 60 to 90 metric tons CO_2e per year.

When the lease for the rooftop solar power generation system expires in 2030, the Company plans to evaluate taking back the system and installing an upgraded solar power generation system for its own use. Annual renewable electricity generation is estimated at approximately 380,000 to 420,000 kWh.

The Company places great importance on environmental protection and continually reduces energy consumption through specific energy conservation and carbon reduction action plans, thereby lowering greenhouse gas emissions and improving environmental performance. Sheh Kai's organizational boundary covers the parent company (Gangshan Plant, Luchu Plant, Packaging Plant, Bi-Metal Material Plant, and Zhunan Plant) and its subsidiary (Sheh Kai Trading (Shanghai) Co., Ltd.). The inventory scope includes Scope 1 (direct greenhouse gas emissions) and Scope 2 (indirect emissions from purchased energy).

Based on the 2025 inventory results, Scope 1 greenhouse gas emissions amounted to 287.4900 metric tons CO_2e, Scope 2 emissions amounted to 3,824.1495 metric tons CO_2e, and total greenhouse gas emissions amounted to 4,111.6395 metric tons CO_2e.

In addition, the Company's average annual electricity savings rate continues to exceed the Energy Bureau's 1% standard, demonstrating steady improvement in energy management performance. Improvements in energy efficiency are also reflected in a measurable decline in greenhouse gas emission intensity, further underscoring the Company's commitment to low-carbon operations.

Greenhouse Gas Emissions Statistics Table for the Past Two Years

Quantitative Indicators	Unit	2024	2025
Scope 1: Direct Greenhouse Gas Emissions	Tons CO_2e	277.3978	287.4900
Scope 2: Indirect Greenhouse Gas Emissions	Tons CO_2e	4,106.3767	3,824.1495
Total emissions = Scope 1 + Scope 2	Tons CO_2e	4,383.7745	4,111.6395
GHG emissions intensity	tCO_2e/NT$ thousand of revenue	0.004	0.004

Remarks:
1. Scope 1 refers to emission sources owned or controlled by the Company, including stationary combustion sources, process emissions, mobile combustion sources such as transportation, and fugitive emission sources.

2. Scope 2 refers to indirect emissions, such as externally purchased electricity.
3. Types of greenhouse gas emissions: carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), and hydrofluorocarbons (HFCs).
4. Emission factors are calculated based on the latest "Greenhouse Gas Emission Factors" announced by the Ministry of Environment and the electricity carbon emission factor announced by the Energy Administration, Ministry of Economic Affairs. Global warming potential (GWP) values are based on the assessment reports published by the Intergovernmental Panel on Climate Change (IPCC).
5. The calorific value conversion factors are based on the calorific values announced annually by the Ministry of Environment, the unit calorific value table for energy products published by the Energy Administration, Ministry of Economic Affairs, and calorific value data provided by suppliers.
6. GHG emission intensity = total GHG emissions / the Company's total revenue
7. 2025 operating revenue based on the consolidated financial statements: NTD 975,498 thousand
8. 2024 operating revenue based on the consolidated financial statements: NTD 1,122,574 thousand
9. The Company has established a greenhouse gas inventory mechanism in accordance with the ISO 14064-1 greenhouse gas inventory standard issued by the International Organization for Standardization (ISO) and consolidates greenhouse gas emissions from the operating locations of the parent company and its subsidiaries using the operational control approach.

2025 Greenhouse Gas Emissions Statistics by Sheh Kai Precision Location			
Item	**Sheh Kai's Taiwan Locations**	**Subsidiary**	**Total**
Scope 1: Direct greenhouse gas emissions (tCO_2e)	282.3252	5.1648	287.4900
Scope 2: Indirect greenhouse gas emissions (tCO_2e)	3,816.5545	7.5950	3,824.1495
Total greenhouse gas emissions	4,098.8797	12.7598	4,111.6395
GHG emission intensity (tCO_2e/Thousand dollars in revenue)	0.004	0.000	0.004

Remarks:
1. Scope 1 refers to emission sources owned or controlled by the Company, including stationary combustion sources, process emissions, mobile combustion sources such as transportation, and fugitive emission sources.
2. Scope 2 refers to indirect emissions, such as externally purchased electricity.
3. Types of greenhouse gas emissions: carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), and hydrofluorocarbons (HFCs).
4. Emission factors are calculated based on the latest "Greenhouse Gas Emission Factors" announced by the Ministry of Environment and the electricity carbon emission factor announced by the Energy Administration, Ministry of Economic Affairs. Global warming potential (GWP) values are based on the assessment reports published by the Intergovernmental Panel on Climate Change (IPCC).
5. The calorific value conversion factors are based on the calorific values announced annually by the Ministry of Environment, the unit calorific value table for energy products published by the Energy Administration, Ministry of Economic Affairs, and calorific value data provided by suppliers.
6. GHG emission intensity = total GHG emissions / the Company's total revenue
7. 2025 operating revenue based on the consolidated financial statements: NTD 975,498 thousand
8. 2024 operating revenue based on the consolidated financial statements: NTD 1,122,574 thousand
9. The Company has established a greenhouse gas inventory mechanism in accordance with the ISO 14064-1 greenhouse gas inventory standard issued by the International Organization for Standardization (ISO) and consolidates greenhouse gas emissions from the operating locations of the parent company and its subsidiaries using the operational control approach.

The following table shows the Company's testing items for major gases such as volatile organic compounds (VOCs), particulate pollutants (TSP), sulfur oxides (SOx), and nitrogen oxides (NOx) in the previous three years: During the reporting period, Sheh Kai Precision also produced no emissions of substances that deplete the ozone layer.

Test Item	**2023**			**2024**			**2025**		
	Emissions (kg)	**Emission Standards (ppm)**	**Annual Average Monitoring Value (ppm)**	**Emissions (kg)**	**Emission Standards (ppm)**	**Annual Average Monitoring Value (ppm)**	**Emissions (kg)**	**Emission Standards (ppm)**	**Annual Average Monitoring Value (ppm)**
Volatile organic compounds (VOCs)	0	0	0	0	0	0	0	0	0

Particulate matter pollutants (TSP)	2.48	30	0	2.34	30	0	2.66	30	0
Sulfur oxides SOx	0	0	0	0	0	0	0	0	0
Nitrogen oxides NOx	82.68	100	0	77.96	100	0	88.28	100	0

Remarks:
1. The unit of TSP of particulate pollutants is mg/Nm^3.
2. There is no air pollution monitoring system, and the information filled in the form is the detection value when the operation permit is changed.
3. With respect to air pollution control, the Luchu Plant is currently the only plant subject to regulatory control and has obtained a stationary pollution source operating permit.

V. Welfare and Care
Management Approach

Material Topic: Organizational Learning and Talent Turnover Management	
Material Causes of This Topic	The Company is committed to establishing harmonious labor–management relations and continuously improving working conditions, compensation, and benefits so that employees can work with peace of mind and grow together with the Company. At the same time, the Company promotes organizational learning through education, training, and internal activities to enhance employees' professional capabilities and strengthen organizational cohesion. To strengthen talent retention and long-term development, the Company promotes an Employee Stock Ownership Trust to enhance employees' sense of identification and retirement security, while reducing the risk of talent turnover and supporting the Company's sustainable operations and stable development.
Influence and Impact	**<Economic Aspect>** ● **Actual/Positive:** Employee competency training, career development, and the development of high potential talent can improve employee productivity and organizational effectiveness, thereby strengthening corporate competitiveness and profitability while helping reduce employee turnover and maintain organizational stability. ● **Potential Positive/Negative:** Continued investment in education and training can enhance talent retention and the Company's long-term competitiveness. However, uneven allocation of training resources, ineffective training, or talent loss may reduce the return on investment, while excessive training may also increase operating costs. **<Environmental Aspect>** ● **Actual Negative Impact:** Education and training and related activities, such as in person courses and meetings, may increase energy consumption and greenhouse gas emissions. ● **Potential Positive/Negative:** Training that promotes process optimization and the efficient use of resources can help reduce energy waste. However, failure to make effective use of digital learning or shared resources may still result in unnecessary carbon emissions. **<Social and Human Rights Aspect>** ● **Actual/Positive:** Providing diverse learning opportunities, job rotation, and systematic training helps place employees in suitable positions and supports their career development, while enhancing job satisfaction and skill levels and building a positive corporate image and employer brand. ● **Potential Positive/Negative:** A comprehensive learning system and talent development mechanism can help the Company respond to workforce turnover, such as retirement or resignation, and maintain organizational knowledge transfer, while supporting employees' long-term development and enhancing the Company's reputation. However, an unfair training system, insufficient development resources, or misalignment of values may lead to employee frustration and interpersonal conflict, which may in turn reduce employees' willingness to remain with the Company or even result in resignation.
Policy	Guided by the principle that employees and the Company grow together, the Company has established systematic organizational learning and talent development policies. It provides appropriate education, training, and learning resources for employees and supervisors across different functions and levels, continuously strengthening their professional competencies and management capabilities to support employee career development and enhance the organization's overall competitiveness. At the same time, the Company promotes knowledge transfer and continuous capability development through diverse training mechanisms and development channels, while integrating performance management and talent development systems to strengthen talent retention mechanisms and reduce the risk of losing key talent.
Strategy	**Proactive Opportunity Management** Through annual performance appraisals, guidance from external instructors, and the development of internal instructors, the Company provides ongoing education and training resources to strengthen employees' professional skills and core competencies, improve organizational efficiency and the quality of talent development, and help increase employee retention and enhance the Company's corporate image.

	Risk Prevention Management To address the risk of employee turnover arising from misalignment between talent and organizational values or inappropriate workforce allocation, the Company has established comprehensive education, training, and performance management mechanisms to ensure that employees are placed in suitable positions and to strengthen their alignment with organizational goals, thereby reducing conflict and talent loss while maintaining team stability and operating performance. **Remediation Measures for Negative Impacts** The Company has established grievance and communication channels and regularly convenes labor–management meetings to provide employees with channels for expressing their views and enable timely handling of labor–management issues. The Company also strengthens management communication and career support to mitigate the impact of disputes and maintain sound labor–management relations.
Goals and Targets (Short Term)	**Short-Term Goals (1–3 Years):** Introduce information systems to advance organizational digitalization and enhance employees' information technology application capabilities and professional skills, thereby strengthening operational flexibility and the ability to respond to market changes. At the same time, revise relevant regulations, establish a systematic education and training system, and promote manager led learning to improve organizational learning effectiveness. In terms of talent turnover management, establish an exit interview system, analyze the reasons for employee departures, and conduct regular employee satisfaction surveys as a basis for human resource improvements.
Goals and Targets (Medium-Term)	**Medium-Term Goals (3–5 Years):** Conduct a comprehensive assessment of employee competencies and strengthen professional skills and managerial capabilities to improve technical standards and overall management performance. At the same time, promote long-term retention plans for key talent and continuously optimize the compensation and reward system to strengthen talent retention and organizational stability.
Goals and Targets (Long-Term)	**Long-Term Goals (5–10 Years):** Develop succession plans and implement appropriate job rotation to place the right people in the right positions, while continuously fostering innovative thinking and strengthening the organization's capacity for sustainable development. In terms of talent turnover management, establish a mechanism for rehiring former employees, continuously analyze the reasons for employee departures, and implement improvement plans to reduce turnover and enhance the effectiveness of talent return and retention.
Management Evaluation Mechanism	With reference to the Talent Quality-management System (TTQS) framework, the Company has established an education, training, and talent development evaluation mechanism tailored to its organizational needs. Through systematic indicators and regular evaluations, the Company continuously reviews learning outcomes and training quality as a basis for optimizing its organizational learning and talent development strategies.
Performance and Adjustment	1. In 2025, 43 training classes were planned and 33 classes were actually conducted, representing an achievement rate of 77%, while employee training hours increased. 2. The employee satisfaction survey is scheduled to be conducted in 2026, with the survey results to be disclosed in the following year. 3. The analysis of reasons for employee departures showed that 11.3% cited insufficient pay and 8% cited inadequate benefits, while personal career planning, family considerations, and other factors accounted for the majority of departures. The Company has used these results as a reference for determining the direction of human resource improvements and will disclose the results of these improvements in the following year.

Material topic: occupational safety and health	
Material Causes of This Topic	Employees are important assets of the Company. Only by safeguarding their physical and mental health can the Company promote sustainable development. We provide a safe and supportive workplace environment that protects employees' occupational safety as well as their physical and mental health, while strengthening organizational cohesion and enabling employees and the Company to grow and develop together.
Influence and Impact	**<Economic Aspect>** ● **Actual Positive/Negative:** Implementing occupational safety and health management, such as complying with regulations, conducting risk assessments, and implementing safety and health improvement measures, can reduce the incidence of occupational accidents, lower workers' compensation costs, losses from work stoppages, and related operating costs, while improving employee productivity and work efficiency. However, the introduction of safety equipment, education and training, and compliance management mechanisms may also increase operating costs. ● **Potential Positive/Negative:** Continuously strengthening occupational safety management and regulatory compliance can help reduce long-term operational risks and enhance the Company's corporate image, thereby attracting talent and business partners. However, if management measures are improperly implemented or are not effectively accepted by employees, they may affect short term production efficiency and may even give rise to labor–management disputes or legal risks. **<Environmental Aspect>** ● **Potential/Positive:** An occupational safety and health management system can promote standardized operating procedures and regulatory compliance, indirectly enhancing the sustainability of overall operations and environmental management performance. **<Social and Human Rights Aspect>** ● **Actual/Positive:** Providing a safe working environment and implementing risk assessments and occupational accident prevention measures can effectively protect employees' safety and physical and mental health, improve employee morale, job satisfaction, and retention, and strengthen the Company's social image. ● **Potential Positive/Negative:** Continuously identifying workplace hazards and strengthening education, training, and emergency response capabilities can help prevent the recurrence of occupational accidents and enhance organizational resilience. However, failure to properly implement safety management or the occurrence of a major occupational accident may adversely affect employee health, labor rights, and the Company's reputation and may result in legal liability and labor–management issues.
Policy	The Company has adopted "zero occupational accidents and zero occupational diseases" as the core policy of its occupational safety and health management and is committed to complying with the Occupational Safety and Health Act and related regulations. The Company continuously establishes and maintains a safety and health management system that exceeds regulatory standards to safeguard the occupational safety and health of all employees.
Strategy	**Proactive Opportunity Management** The Company complies with the Occupational Safety and Health Act and related regulations and actively promotes various occupational safety and health management measures. Through systematic management and continuous improvement, the Company seeks to reduce the likelihood of lost working hours and increased operating costs and is committed to creating a safe, healthy, and supportive workplace to enhance overall operational efficiency and sustainable competitiveness. **Risk Prevention Management** The Company continues to strengthen safety and health management and education and training to reduce the likelihood of occupational accidents. An occupational accident may directly result in lost production hours and increased operating costs and may also undermine employees' confidence in workplace safety and their sense of identification with the Company. The Company therefore adopts systematic risk control mechanisms for preventive management to mitigate potential impacts. **Remediation Measures for Negative Impacts**

	In the event of an occupational accident, the Company handles subsequent matters in accordance with the Labor Standards Act and related regulations and assists employees in applying for insurance benefits and related subsidies. The Company also arranges for contracted physicians and nursing personnel to provide care and follow up support, assesses whether job adjustments are necessary, and conducts a fitness for work assessment after the employee has recovered to ensure a safe return to work.
Goals and Targets (Short Term)	**Short-Term Goals (1–3 Years):** Continue to reduce the risk of occupational accidents, with a target of keeping the number of occupational accident cases below five.
Goals and Targets (Medium-Term)	**Medium-Term Goals (3–5 Years):** Continue to strengthen occupational safety and health management mechanisms, reduce the risk of occupational accidents, and keep the number of occupational accident cases below three.
Goals and Targets (Long-Term)	**Long-Term Goals (5–10 Years):** Uphold the Company's core principle of "zero occupational accidents and zero occupational diseases," continuously enhance occupational safety and health management, and strive to achieve the goals of zero occupational accidents and zero occupational diseases.
Management Evaluation Mechanism	Through the regular operation of the Safety and Health Committee, the Company reviews and discusses onsite safety and health assessment reports and related improvement recommendations to continuously enhance the effectiveness of occupational safety and health management.
Performance and Adjustment	1. Compared with 2024, the number of employees involved in occupational accidents decreased to one in 2025, with the incident caused by an accidental injury at work. 2. As of 2025, there has been no occurrence of occupational diseases.
Preventive or Remedial Measures	The Safety and Health Office regularly reviews and evaluates relevant safety and health reports and formulates improvement measures accordingly. Implementation progress and improvement results are reported to the committee at quarterly safety and health management meetings, where committee members may also provide comments and review related management matters. If the implementation results of improvement measures do not meet expectations, the matter will be submitted to the plant affairs meeting, where the Safety and Health Office will propose further improvement recommendations and continue to communicate and coordinate with the relevant units to ensure the implementation of improvement measures and risk controls. The Company has a dedicated mailbox and channel. If employees and partners have other relevant suggestions, they can also get in touch with the following methods: ✓ Contact: Safety and Health Office ✓ Employee Grievance Hotline: (07) 6225669 ext 217 ✓ Employee Complaint Mailbox: cynthia@shehkai.com.tw

5-1 Employee Relations and Overview

Employee Profile

Sheh Kai Precision has always regarded its employees as the Company's most important assets and the cornerstone of its sustainable development. Accordingly, the Company has established comprehensive rules and regulations to protect employee rights and interests and continues to promote employee care and physical and mental well-being. At the same time, through fair and impartial appointment and promotion systems, the Company recruits talent from diverse backgrounds and different areas of expertise, continuously strengthening talent development and competency building, and striving to create a "win-win" working environment for both employees and the Company.

As of the end of 2025, all employees at Sheh Kai's headquarters and plants were regular full-time employees. The total number of employees, including 71 international migrant workers, was 283 (187 male and 96 female employees). In 2025, there were 179 male employees, accounting for 63.3% of the total workforce, and 104 female employees, accounting for 36.7%. During the reporting period, there were also 36 non-employee workers at the plants, including 6 outsourced security guards, 1 outsourced cleaning worker, and 29 contractors. Compared with the previous year, there were no significant fluctuations in the number of employees or non-employee workers.

The detailed employment and gender distribution of employees over the past three years is shown in the table below:

Employee Headcount Overview for the Past Three Years

Year	2023				2024				2025			
Age/Gender	Number of Male Employees	Percentage of Male Employees (%)	Number of Female Employees	Percentage of Female Employees (%)	Number of Male Employees	Percentage of Male Employees (%)	Number of Female Employees	Percentage of Female Employees (%)	Number of Male Employees	Percentage of Male Employees (%)	Number of Female Employees	Percentage of Female Employees (%)
Under 30 Years Old	46	15.92%	12	4.15%	48	16.67%	10	3.47%	44	15.55%	9	3.18%
30–50 Years Old	120	41.52%	78	26.99%	118	40.97%	78	27.08%	120	42.40%	72	25.44%
Over 50 Years Old	21	7.27%	12	4.15%	21	7.29%	13	4.51%	15	5.30%	23	8.13%
Total	**187**	**64.71%**	**102**	**35.29%**	**187**	**64.93%**	**101**	**35.07%**	**179**	**63.25%**	**104**	**36.75%**
Total	**289**		**100.0%**		**288**		**100.0%**		**283**		**100.0%**	

Information on the Company's non-employee workers in 2025

Worker Type	Contractual Relationship with the Company	Total Number of Workers (Headcount)
Outsourced security personnel	Contracting	6
Outsourced cleaning personnel	Contracting	1
Contractors	Contracting	29

Note: Values are as of the report end date

1. Number of security guards in 2025: 2 in Gangshan Factory; 3 in Luzhu Factory; and 1 in Packaging Factory.
2. Contracted cleaning personnel in 2025: 1 from Zhunan Plant.
3. Number of contractors in 2025: 29.

In order to strengthen harmonious relations with local communities and maintain employment stability, the Company primarily recruits talent from Taiwan when hiring additional personnel. In addition, all senior executives at the assistant vice president level or above are hired from the local community. The position distribution of employees in the past three years is as follows:

Distribution of Employees in the Past Three Years								
Year			2023		2024		2025	
Item/Gender		Age	Number of People	Percentage of Total Employees	Number of People	Percentage of Total Employees	Number of People	Percentage of Total Employees
Senior Executives	Male	Under 30 Years Old	0	0.00%	0	0.00%	0	0.00%
		30-50 Years Old	34	11.76%	3	1.04%	1	0.35%
		Over 50 Years Old	7	2.42%	3	1.04%	5	1.77%
	Female	Under 30 Years Old	0	0.00%	0	0.00%	0	0.00%
		30-50 Years Old	7	2.42%	1	0.35%	1	0.35%
		Over 50 Years Old	5	1.73%	0	0.00%	0	0.00%
Total Senior Executives			53	18.34%	7	2.43%	7	2.47%
Other Executives	Male	Under 30 Years Old	–	–	–	–	1	0.35%
		30-50 Years Old	–	–	–	–	30	10.60%
		Over 50 Years Old	–	–	–	–	6	2.12%
	Female	Under 30 Years Old	–	–	–	–	0	0.00%
		30-50 Years Old	–	–	–	–	7	2.47%
		Over 50 Years Old	–	–	–	–	6	2.12%
Total Other Executives			–	–	–	–	50	17.67%
Non-Senior Executives	Male	Under 30 Years Old	46	15.92%	48	16.67%	43	15.19%
		30-50 Years Old	86	29.76%	115	39.93%	89	31.45%
		Over 50 Years Old	14	4.84%	18	6.25%	12	4.24%
	Female	Under 30 Years Old	12	4.15%	10	3.47%	9	3.18%
		30-50 Years Old	71	24.57%	77	26.74%	64	22.61%
		Over 50 Years Old	7	2.42%	13	4.51%	9	3.18%
Total non-senior executives			236	81.66%	281	97.57%	226	79.86%
Total permanent employees			289	**100.0%**	288	**100.0%**	283	**100.0%**

Note:
1. CEO, President, Vice President, Senior Managers and above are defined as senior executives.
2. Statistical data for other managerial personnel were newly added in 2025. As no retrospective statistics were compiled for 2023–2024, the data are not disclosed.

Hiring employees of diverse ethnic groups

405-1&2-2

Data provided by: Administration Department

In 2025, Sheh Kai Precision employed a total of 71 international migrant workers and actively implemented its diversity and equal employment policies. In 2025, employees with disabilities accounted for 1.41% of the Company's total workforce, meeting the employment quota requirements prescribed in Article 38 of the "People with Disabilities Rights Protection Act," thereby ensuring equal employment opportunities for disadvantaged and

related groups and fostering a friendly and inclusive workplace. The age-gender ratio of the diverse workforce of the Company in the past three years is shown below:

Age and gender distribution of employee diversity					
Year			2023	2024	2025
Item/Gender		Age	Number of People	Number of People	Number of People
Minority or Disadvantaged Group	Male	Under 30 Years Old	0	0	0
		30-50 Years Old	3	0	0
		Over 50 Years Old	1	0	0
	Female	Under 30 Years Old	0	0	0
		30-50 Years Old	0	0	0
		Over 50 Years Old	0	0	0
International Migrant Workers	Male	Under 30 Years Old	35	35	35
		30-50 Years Old	28	31	32
		Over 50 Years Old	0	0	0
	Female	Under 30 Years Old	2	2	3
		30-50 Years Old	2	2	1
		Over 50 Years Old	0	0	0
Physically and Mentally Challenged Persons	Male	Under 30 Years Old	0	0	0
		30-50 Years Old	0	3	3
		Over 50 Years Old	0	0	0
	Female	Under 30 Years Old	0	0	0
		30-50 Years Old	0	0	1
		Over 50 Years Old	0	0	0

Overview of new hires and turnover

Sheh Kai Precision strives to create a friendly and supportive working environment, emphasizes work life balance, and provides comprehensive training and development opportunities, encouraging employees to continuously improve themselves and advance their personal career development. Through the implementation of these measures, Sheh Kai Precision has effectively strengthened employees' willingness to remain with the Company and maintained a stable overall employee turnover rate. In 2025, the Company recruited a total of 30 new employees (21 males and 9 females), with a new hire rate of 10.60%. During the same year, 36 employees left the Company (21 males and 15 females), resulting in a total turnover rate of 12.72%, an increase of 3.34 percentage points from 9.38% in 2024. The increase in the turnover rate was mainly attributable to factors such as personal career planning and family considerations. The Company will continue to monitor employee turnover and enhance employee retention and workplace stability through employee communication, workplace care, education and training, and improvements to employee benefits.

The following is an overview of both new and outgoing employees of Sheh Kai Precision in the past three years:

Employee recruitment rate in the past three years

Year	2023				2024				2025			
Gender	Male		Female		Male		Female		Male		Female	
Age\Item	Number of People	New Recruit Rate (%)	Number of People	New Recruit Rate (%)	Number of People	New Recruit Rate (%)	Number of People	New Recruit Rate (%)	Number of People	New Recruit Rate (%)	Number of People	New Recruit Rate (%)
Under 30 Years Old	11	3.81	6	2.08	9	3.13	7	2.43	13	4.59	7	2.47
30-50 Years Old	6	2.08	7	2.42	7	2.43	2	0.69	7	2.47	2	0.71
Over 50 Years Old	0	0.00	0	0.00	1	0.35	0	0.00	1	0.35	0	0
Total Number of New Employees	30				26				30			
Total Number of Employees	289				288				283			
Total New Recruit Rate (%)	10.38				9.03				10.60			

Remarks:
1. The number of new employees does not deduct the number of those who resign midway.
2. New recruit rate of male (female) employees of that age group = Number of new male and female employees of that age group/total number of employees at the operating locations at the end of the year.
3. Total new employee hiring rate = Number of new employees in the year/total number of employees at the operating locations at the end of the year.

Turnover rate in the past three years

Year	2023				2024				2025			
Gender	Male		Female		Male		Female		Male		Female	
Age\Item	Number of People	Turnover Rate (%)	Number of People	Turnover Rate (%)	Number of People	Turnover Rate (%)	Number of People	Turnover Rate (%)	Number of People	Turnover Rate (%)	Number of People	Turnover Rate (%)
Under 30 Years Old	11	3.81	5	1.73	4	1.390	7	2.430	8	2.83	7	2.47
30-50 Years Old	16	5.54	8	2.77	10	3.470	3	1.040	11	3.89	8	2.83
Over 50 Years Old	0	0.00	0	0.00	3	1.040	0	0.000	2	0.71	0	0
Total Number of Employees Resigned	40				27				36			
Total Number of Employees	289				288				283			
Total severance rate (%)	13.84				9.380				12.72			

Remarks:
1. Define the categories of employees leaving the Company: (e.g. resignation, dismissal, retirement, or death on the job).
2. Turnover rate of male (female) employees of that age group = number of male and female employees of that age group that left for the year/total number of male and (female) employees of that age group at the end of the year.
3. Hiring rate of total resigned employees = Number of employees resigned in the year / total number of employees at the operating locations at the end of the year.

Employee remuneration system

The remuneration system of Sheh Kai references salary benchmarks of the same industry, the market supply and demand of manpower, and the Company's financial condition. The salary standard for new recruits is higher than the statutory minimum wage. The main remuneration items of the Company's full-time employees include fixed salary, various allowances, bonuses, year-end bonuses, and employee remuneration. Remuneration for employees with the same seniority, in the same group, and performing the same functions does not differ based on gender. However, differences in remuneration ratios among positions reflect factors such as seniority, job grade, and job attributes, resulting in varying bonus ratios.

As of the end of the reporting period, the ratio of the standard salary of male and female junior staff to the local minimum salary is shown in the table below:

Country/Region	Ratio of Standard Male Entry-Level Salary to Local Minimum Salary	Ratio of Standard Female Entry-Level Salary to Local Minimum Salary
Taiwan Plants	1.15	1.05

Remarks:
1. Entry-level personnel refers to employees who are not responsible for managing other employees.
2. The monthly recurring salary includes basic salary and fixed monthly allowance.
3. The basic salary in 2025 was NTD 28,590.

The Company's starting salaries for all employees, regardless of gender, comply with the minimum wage stipulated in the Labor Standards Act. However, salary differences exist due to variations in job categories and job attributes, as well as considerations such as seniority and job performance, resulting in differences in remuneration ratios across job categories.

The annual salary ratios during the reporting period are shown in the table below.

Remuneration Ratio by Job Category	Number of People		Total Annual Salary (NTD)		Remuneration Ratio	
	Female	Male	Female	Male	Female	Male
Management Positions	15	43	12,572,071	44,071,823	1	1.22
Non-Management Positions	81	144	40,994,864	66,901,698	1	0.92
Direct Personnel	31	135	14,056,700	64,811,367	1	1.06

Indirect Personnel	65	52	39,510,235	46,162,154	1	1.46

Remarks:
1. Entry-level personnel refers to employees who are not responsible for managing other employees.
2. The monthly recurring salary includes basic salary and fixed monthly allowance.
3. The basic salary in 2025 was NTD 28,590.

Remuneration Ratio by Job Category	Basic Salary (NTD)		Remuneration Ratio	
	Female	Male	Female	Male
Management Positions	34,000	36,000	1	1.06
Non-Management Positions	29,000	30,000	1	1.03
Direct Personnel	29,000	30,000	1	1.03
Indirect Personnel	31,000	31,000	1	1

Remarks:
1.The difference in basic salary ratios between females and males is due to variations in job positions and work characteristics.
2.Management salaries are based on the minimum salary level for managerial positions in 2025.

The annual total remuneration ratio of the Company in 2025 is shown in the table below:

Country/Region	Ratio of the Annual Total Remuneration of the Highest-Paid Individual in the Company to the Median Annual Total Remuneration of Employees (Excluding the Highest-Paid Individual)	Ratio of the Increase in the Annual Total Remuneration of the Highest-Paid Individual in the Company to the Increase in the Annual Total Remuneration of Employees (Excluding the Highest-Paid Individual)
Taiwan	7.86	-2.87

Remarks:
1. The Chairman is not regarded as the highest paid individual unless he is also the President/CEO.
2. The formula for calculating the median ratio of annual remuneration: The salary of the individual with the highest annual salary in the year/the salary of the individual with the median annual salary in the year.
3. Formula for calculating annual salary increase ratio: The percentage of the annual salary increase for the individual with the highest annual salary for the year/the percentage of the annual salary increase for the individual with the median annual salary for the year.

Salary Levels of Full-Time Employees Not Holding Managerial Positions

Unit: New Taiwan Dollars (in thousands)

Item	2023	2024	2025	Difference from Previous Year (%)
Number of full-time employees not holding managerial positions	289	284	280	-1.41%
Total salary of full-time employees not holding managerial positions	194,818	153,610	151,414	-1.43%
Average salary of full-time employees not holding managerial positions	675	555	559	0.72%
Median salary of full-time employees not holding managerial positions	607	514	522	1.56%

Note 1: Difference from previous year (percentage).
Note 2: Percentage formula: 2024 to 2025 = (2025–2024) / 2024
Note 3: Company managers are defined as personnel at the assistant vice president level or above.
Note 4: The disclosure scope covers Sheh Kai's operations on the main island of Taiwan.

Minimum Announcement Period for Operational Changes

402-1

Data provided by: Administration Department

The Company strives to establish a friendly working environment, emphasizes work life balance, provides comprehensive employee training and development opportunities, and encourages employees to continuously improve themselves. To safeguard employees' employment rights, the Company strictly complies with the Labor Standards Act and related laws and regulations. If significant operational changes occur in the future, or if the Company needs to terminate an employment relationship with an employee where the labor contract is terminated

pursuant to Article 11 or the proviso to Article 13 as provided in Article 16 of the Labor Standards Act, advance notice of termination shall be given in accordance with the following provisions:

1. If the employee has worked for more than three months but less than one year, a notice period of 10 days shall be given.
2. A notice period of 20 days shall be given to those who have worked for more than one year but less than three years.
3. For those who have worked more than three years, the notice period is 30 days.
4. After receiving the notice in the preceding paragraph, the worker may ask for leave during working hours in order to find another job. The number of leave hours per week shall not exceed two working days, and the wages during the leave period shall be paid.
5. If the employer terminates the contract without giving notice within the period specified in Paragraph 1, wages shall be paid for the duration of the notice period.

Harmonious Employment Relations

The Company has established the "Occupational Safety and Health Committee" and elected labor and management representatives for the "Labor–Management Meeting" to promote workplace safety management, improve the working environment, and safeguard employees' physical and mental health. Employees enjoy the freedom and right of assembly and association. The Company is also committed to maintaining effective labor–management communication channels, including regular labor–management meetings, company meetings, and routine meetings, as well as monthly employee health interviews to strengthen two way communication. During the reporting period, six labor–management meetings were held, with 7 labor representatives and 7 management representatives, together accounting for approximately 4% of all employees. All activities and major issues are fully discussed at labor–management meetings before being implemented.

The Company has established the Employee Welfare Committee, with members elected by employees to independently manage the employee welfare fund. The Committee establishes various subsidy standards based on employee needs and organizes a diverse range of employee activities. During the reporting period, in addition to various employee subsidies, the annual employee welfare fund was primarily used to support activities such as employee trips, the annual spring banquet, and lucky draws. In addition, the Company has established employee clubs such as a cycling club and a yoga club to encourage employees to engage in healthy recreational activities and promote physical and mental well-being. The Company has not yet established a labor union and has not entered into any collective bargaining agreements.

Respect and Protection of Human Rights

Under its "Sustainable Development Best Practice Principles," Sheh Kai requires compliance with relevant labor laws and regulations, protection of employees' legitimate rights and interests, and adherence to internationally recognized labor and human rights. The Company strictly prohibits child labor and ensures that no person below the statutory minimum employment age is employed. The Company also safeguards the physical and mental health and safety of minor employees and prohibits assigning them to hazardous work. In addition, the Principles specify that the Company's human resource policies shall not discriminate on the basis of gender, race, socioeconomic status, age, marital status, family status, or other such factors. The Company ensures equality and fairness in employment, terms of employment, remuneration, benefits, training, performance evaluation, and promotion opportunities, thereby putting human rights protection and gender equality into practice.

The Company is committed to providing employees with an equal and safe working environment and equal opportunities and strictly prohibits all forms of forced or compulsory labor. The Company has also established sexual harassment prevention measures, grievance and disciplinary procedures, as well as management procedures, measures, and written declarations prohibiting workplace violence. In 2025, neither the Company nor its suppliers had any incidents involving forced labor, discrimination, child labor violations, sexual harassment, or infringement of Indigenous peoples' rights, nor were there any related grievances.

1. The Company has established the “Supplier Commitment to Integrity, Human Rights, and Environmental Sustainability” and requires suppliers to sign it, thereby committing to protect employees’ legitimate rights and interests and respect internationally recognized fundamental labor and human rights principles, including but not limited to prohibiting the employment of children under the age of 16, prohibiting young workers from engaging in hazardous work, caring for disadvantaged groups, eliminating all forms of forced and compulsory labor, eliminating discrimination in employment and occupation, and prohibiting infringement of Indigenous peoples’ rights. No conduct that jeopardizes the fundamental rights of workers is permitted.

2. If the supplier violates any applicable laws or the agreement of this Commitment, Sheh Kai shall immediately cease transactions and the cooperative relationship with the supplier. For all disputes arising out of this Letter of Commitment, the signing party agrees that the laws of the Republic of China shall be the governing law and that Taiwan Qiaotou District Court shall be the court of jurisdiction for the first instance.

- Contact person: Senior Manager Ma
- Tel: (07)6225669 ext 203
- Contact Email: pony@shehkai.com.tw

5-2 Talent Cultivation and Training

Education, Training and Cultivation

Guided by the belief that "talent is the leading indicator as well as the key indicator," Sheh Kai Precision is committed to promoting employee career development and continuous growth and encourages employees to actively pursue learning, self-development, and continuing education. To support the Company's development strategies and employees' competency development needs, the Company continuously plans and implements diverse education and training programs in accordance with its operating policies, incorporating training needs identified by unit supervisors based on analyses of employee competencies. The courses include new employee training, professional training, and managerial competency training, with the aim of enhancing employees' professional skills.

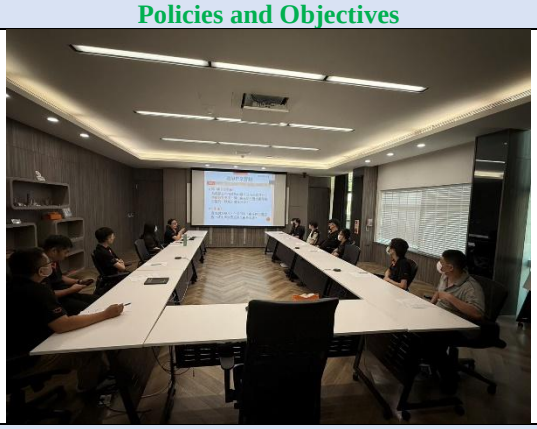
In addition, international migrant workers account for approximately 25% of the Company's total workforce. Their current workplace training is conducted with the assistance of recruitment agencies through practical guidance during work. Going forward, these training hours will also be included in the Company's education and training records to further improve the overall training management mechanism. Given factors such as production line shift schedules, production requirements arising from customer orders, and different competency training plans, some employees were unable to complete the relevant courses during the year. The Company will continue to arrange education and training in the following year while also providing online learning resources, progressively extending training to all employees to ensure that they possess the necessary professional knowledge and core competencies.

The following is an overview of education and training in recent years:

Education and Training Statistics of Sheh Kai									
Item/Category		Management Positions		Non-Management Positions		Direct Personnel		Indirect Personnel	
Unit/gender		Male	Female	Male	Female	Male	Female	Male	Female
Total Number of People	Number of People	41	14	44	53	44	23	41	44
Total Training Hours	Hours	410.5	79	338.5	262	371	117	378	224
Average Hours of Training	Hours/Person-Time	10.01	5.64	7.69	4.94	8.43	5.09	9.22	5.09
Training Expenses	NTD	36,397	9,665	26,426	5,424	11,747	2,830	51,076	12,259

Remarks:

1. Sheh Kai's education and training statistics in 2025 were based on the actual total number of people trained. A total of 152 employees participated in training.
2. (Total management positions + Total Non-management positions) = Total number of employees at operational sites.
3. (Direct personnel total + Indirect personnel total) = Total number of employees at operational sites.
4. The average training hours for female employees are lower than those of male employees, mainly because there are more males than females in the Company. Additionally, training hours vary depending on the type of training courses.

Photos of Sheh Kai's 2025 Education and Training Activities	
Analysis of Screw Specifications	New Employee Orientation – ISO Management System Policies and Objectives
	
New Employee Orientation: Work Rules	New Employee Orientation – Occupational Safety and Health Regulations
	
Emergency Response Drill – Pre-performance Briefing	Emergency Response Drill – Pre-performance Briefing
	
Emergency Response Drill: Emergency Evacuation Drill	Emergency Response Drill – Fire Extinguisher Drill

	
Emergency Response Drill – Fire Hydrant Drill	**Emergency Response Drill: Earthquake Protection Drill**
	

Sheh Kai Precision conducts annual performance evaluations and has established a comprehensive performance evaluation system to motivate employees to continuously improve and to serve as an important reference for future job assignments, promotions, salary adjustments, training, and development.

Percentage of employees receiving evaluation:

Item	Management Positions	Non-Management Positions	Direct Personnel	Indirect Personnel
Percentage of male employees accepting evaluation	100	100	100	100
Percentage of female employees accepting evaluation	100	100	100	100

Security Personnel Training

The Company attaches great importance to the protection of security personnel's human rights and their on-the-job training, and 100% of security personnel have received training in human rights policies or procedures. Some security services are outsourced to professional security service providers, and in-service security personnel are required to receive 3 to 6 hours of on-the-job training each year. The training covers safety and health management, an overview of relevant laws and regulations, and fire safety and first aid drills to enhance security personnel's professional competencies and emergency response capabilities.

5-3 Care and Welfare

Employee Welfare

With the belief that employees are an important asset of Sheh Kai Precision, the Company provides a sound personnel system as well as diverse and comprehensive employee benefits, while promoting interaction and camaraderie among employees through various activities to create a happy and harmonious work environment. Overview of current welfare measures and photos of employee welfare activities:

List of Full-Time Employee Benefits		
Category	**Current Measures**	**2025 Implementation Status/Quantitative Results**
Bonuses, Monetary Gifts, and Subsidies	Year-end bonuses, employee remuneration, bonuses for the three major festivals, birthday bonuses, wedding monetary gifts, maternity allowances, hospitalization consolation payments, funeral allowances, and employee training subsidies.	Total expenditure on employee welfare subsidies in 2025: NTD 22,697,223.
Children's Education and Family Care Support	Children's education scholarships and education subsidies (full tuition subsidies for elementary and junior high school education for an employee's third child or the children of single parent employees); breastfeeding and breast milk collection rooms; and agreements with nearby childcare service providers to provide childcare and early childhood education services for employees' children.	Total expenditure on family care support in 2025: NTD 155,692.
Leave and Family Friendly Marriage and Childbearing Policies	Employees are entitled to annual leave upon joining the Company, as well as maternity leave, paternity leave, family care leave, menstrual leave, parental leave, breastfeeding or breast milk collection time, paid natural disaster leave, and other types of leave in accordance with the latest laws and regulations.	Unpaid parental leave reinstatement rate for 2025: 50% For details on the number of employees applying for unpaid parental leave and the number of employees reinstated after such leave, please refer to the "Overview of Unpaid Parental Leave" section.
Insurance and Retirement System	Labor insurance, National Health Insurance, and employee group insurance; labor pension contributions are made in accordance with applicable laws and regulations.	1. Total expenditure on employee group insurance and contributions to the old labor pension system in 2025: NTD 2,348,775. 2. Employer contribution rate under the new labor pension system: 6%, in compliance with the statutory contribution requirement.
Healthcare and Workplace Care	Regular health examinations are scheduled, and onsite nursing services are provided six times a month, with an onsite physician providing services once every two months. Services include consultation on abnormal health examination results, maternal healthcare, infectious disease prevention, and other health education services.	1. Total expenditure on healthcare in 2025: NTD 264,060. 2. For the number of beneficiaries of health examinations or health services, please refer to Section 3, Occupational Safety and Health Management. A total of 233 employees received health examinations, at a cost of NTD 387,100.
Work Facilities and Safety Support	Employee uniforms, protective equipment, education and training, employee parking areas, and an employee suggestion reward system.	Sheh Kai provides safety protection for all employees. New employees receive employee uniforms and protective equipment upon joining the Company. New employee training; covered employee motorcycle and electric scooter parking areas; and automobile parking areas within the plants.
Employee Activities and Recreational Benefits	Domestic travel, overseas travel, occasional dinner gatherings, spring banquets, and year-end banquets.	1. Number of employee activities held in 2025: 5. 2. The average participation rate for each activity was 60% to 70%. 3. Total expenditure on related activities: NTD 3,454,495.

Photos of Employee Welfare Activities	
2025 Spring Banquet and Employee Trip Celebration	
	
	
	
	
Company Trip for Employees	

Sheh Kai Precision Cycling Team

K120 K 2025 Finish	
國立高雄科技大學	
	
	
	

Overview of Unpaid Parental Leave

Sheh Kai Precision is committed to providing employees with a work environment that supports both physical and mental well-being and a healthy, balanced lifestyle. To support employees in starting families with peace of mind while meeting their family care needs, the Company implements an unpaid parental leave system in compliance with the "Labor Standards Act" and the "Act of Gender Equality in Employment" and assists eligible employees in applying for unpaid parental leave. Upon expiration of the unpaid parental leave period, employees may be reinstated to their original departments and positions. The Company also actively assists employees in making a smooth transition back to work and reintegrating into the workplace. The information on parental leave during the reporting period is shown in the table below:

Summary of Employee Parental Leave Without Pay in the Past Three Years									
Year	2023			2024			2025		
Gender/total	Male	Female	Total	Male	Female	Total	Male	Female	Total
Number of people eligible for unpaid parental leave A	4	0	4	1	3	4	2	1	3
Actual number of people applying for unpaid parental leave in the current year B	1	1	2	1	3	4	1	1	2
Number of employees expected to return to work after unpaid parental leave in the current year: C	1	0	1	1	4	5	1	1	2
The actual number of people returning to work from unpaid parental leave in the current year D	0	0	0	1	3	4	0	1	1
Number of employees actually returning from unpaid parental leave in the previous year E	0	2	2	0	0	0	1	0	1
Number of employees having worked continuously for one year after reinstatement from unpaid parental leave in the previous year F	0	2	2	0	0	0	0	0	0
Unpaid parental leave reinstatement rate for the current year (D/C)	0.000	N/A	0.000	100.000	75.000	80.000	0.000	100.000	50.000
Unpaid parental leave retention rate for the current year (F/E)	N/A	100.000	100.000	N/A	N/A	N/A	0.000	N/A	0.000

Note:
1. Number of employees expected to be reinstated = Total number of employees on unpaid parental leave who are expected to

be reinstated in the current year.

2. Number of employees retained in 2025 = Number of employees who were actually reinstated in 2024 and still in service on December 31, 2025.
3. Unpaid parental leave reinstatement rate (%) for the current year = Actual number of employees reinstated from unpaid parental leave in the current year / Number of employees expected to return to work after unpaid parental leave (D/C).
4. Unpaid parental leave retention rate for the current year % = Number of employees having worked continuously for one year after reinstatement from unpaid parental leave in the previous year / Number of employees actually returning from unpaid parental leave in the previous year (F/E).

Retirement System

Sheh Kai Precision attaches great importance to labor–management relations. In addition to providing comprehensive benefits during employees' service, the Company also makes appropriate arrangements for their retirement pensions. The Company has formulated the "Employee Retirement Regulations" in accordance with the Labor Standards Act and the Labor Pension Act and commissions a professional consulting firm each year to perform actuarial valuations and issue a pension actuarial report in compliance with IAS 19. Based on the report, the Company estimates at the beginning of each year the amount required to be appropriated under the old pension system and makes full monthly contributions to Sheh Kai Precision Co., Ltd.'s old pension system reserve account at the Bank of Taiwan. Employees who joined the Company on or before June 30, 2005 are entitled to years of service under the old pension system. Employees who elect coverage under the new pension system accrue years of service under the new system from the date of election, and the Company contributes 6% of their monthly salary to their individual pension accounts to help ensure financial security after retirement. The retirement benefit system established in accordance with the Labor Standards Act and the Labor Pension Act is as follows:

1. The Company has established the Labor Retirement Reserve Supervisory Committee. The Company has formulated the "Regulations Governing Retirement Operations" to define the retirement requirements and related regulations of employees.
2. The years of service of employees transferred between affiliated companies under the same responsible person shall be counted toward their total years of service. Employees may apply for voluntary retirement if they meet any of the following circumstances:
   A. Those who have worked for 15 years or more and are at least 55 years.
   B. Those who have worked for 25 years or more.
   C. Those who have worked for ten years or more and are at least 60 years.
3. The Company reviews and adjusts the insurance coverage level of employees every year, and allocates 6% of the pension under the new system to the Labor Insurance Bureau every month.
4. The Company's employees who have retired and are transferred to consultant positions can continue to enjoy the Company's various benefits.
5. As of the end of 2025, there are 4 employees at Sheh Kai who have reached the mandatory retirement age but continue to serve in the Company. The company values employee feelings and allows them to decide whether to continue working. This approach meets employee needs.
6. For rehired retirees, supervisors assess their importance to the organization, and the Company doctor evaluates their physical fitness.

Implementation of Sheh Kai Pension System
✓ Those eligible for the old scheme pension: The pension fund will be contributed on a monthly basis to Sheh Kai Precision Co., Ltd.'s old scheme pension reserve account at the Bank of Taiwan.
✓ For those eligible for the pension under the new scheme: No less than 6% of the monthly salary will be appropriated to the employee's personal pension account on a monthly basis.

5-4 Occupational Health and Safety Management

Occupational Health and Safety Management

With the belief that employees are the Company's most important asset, Sheh Kai actively works to create a safe and healthy working environment and continuously promotes environmental, safety, and health awareness among employees. In addition to its existing safety and health management procedures, the Company regularly engages professionals to conduct workplace hazard identification, assessment, and monitoring. Based on the results, the Company continuously improves the working environment to protect the safety and health of all personnel, including employees, contractors, and visitors; prevent occupational accidents and environmental pollution; and strengthen the Company's safety culture by fostering safe work practices among employees.

Although Sheh Kai Precision has not yet established a comprehensive occupational safety and health management system, it has established a "Safety and Health Committee" and a dedicated labor safety and health unit and has appointed a fire prevention manager in accordance with applicable fire safety regulations. The relevant units are responsible for planning, promoting, and implementing safety, health, and fire safety management in accordance with their respective responsibilities and for guiding each department in implementing the relevant measures. The Safety and Health Committee meets once every three months to review and make recommendations on safety and health policies and to coordinate and communicate on related issues, thereby strengthening disaster prevention and management mechanisms. In addition, the occupational safety and health unit periodically promotes disaster prevention awareness among employees and contractors and works with the human resources unit to organize occupational safety education and training, on-the-job training, fire drills, emergency response training, and other activities to strengthen employees' disaster awareness and emergency response capabilities.

The following table shows the scope of safety and health management of Sheh Kai Precision:

Covered Personnel	Number of People	Percentage (%)
Total number of employees	283	100
Total number of non-employees	36	100
Note: Including contractors who enter areas managed by the Company to engage in operational activities (including security personnel, cleaning personnel, outsourced personnel, etc.).		

Organizational Structure of the Safety and Health Committee



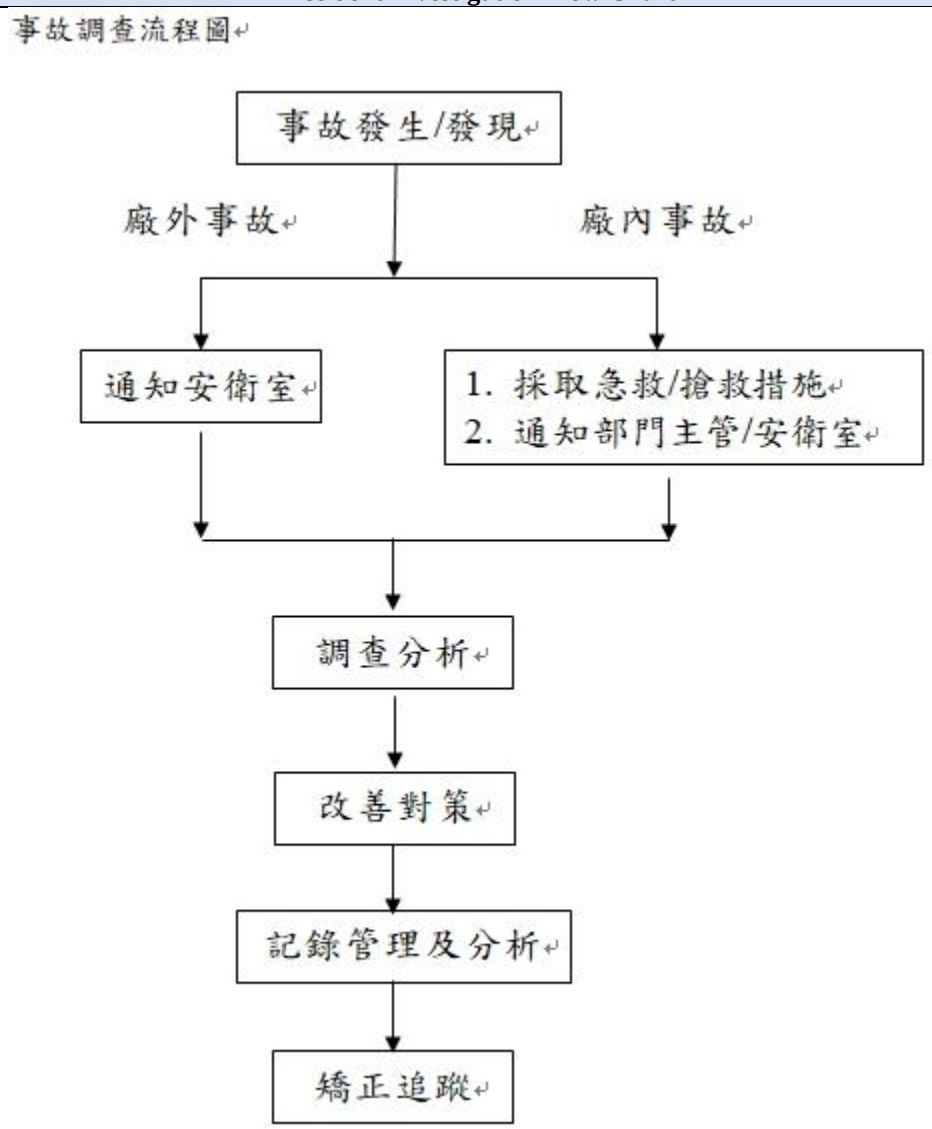
Sheh Kai Precision has established relevant systems and procedures, including the "Gangshan Plant Emergency Response Management Regulations" and the "Investigation, Handling, and Statistical Analysis of Occupational Accidents, Near-Miss Incidents, and Events Affecting Physical and Mental Health," in accordance with the technical guidelines for risk assessment issued by the Occupational Safety and Health Administration, and implements the identification, assessment, and control of workplace and operational hazards. Within the scope of the Company's control, the Company continuously identifies risks associated with potential workplace and surrounding hazards arising from operational activities and revises its safety and health assessments accordingly to strengthen its overall risk management mechanism. The Safety and Health Office has set a goal of "zero accidents" and places great importance on the safety and health of every employee. Through risk assessment, hazard identification, and safety and health education and awareness programs, the Company enhances employees' risk awareness and safety knowledge. To achieve its zero accident goal, the Company has formulated the "Safety and Health Work Rules" in accordance with applicable laws and submitted them to the competent occupational safety and health authority for approval, ensuring that all operations comply with regulatory requirements.

In addition, the Company commissions a consulting firm each quarter to conduct onsite inspections and safety and health assessments. Potential workplace hazards and onsite safety and health facilities are assessed, and recommendations for improvement are proposed to continuously optimize the working environment and operational processes. Based on the results of the onsite safety and health assessment and recommendations, unacceptable medium and high risks are incorporated into management improvement plans to reduce risk levels, implement effective risk controls, and ensure the effectiveness of the management system.

According to the audit results at the end of 2025, the Company still has matters requiring improvement and will continue to identify risks and implement improvements to strengthen safety protection within its plants. The Company also conducts fire drills and chemical emergency drills in the third quarter of each year to strengthen employees' emergency response capabilities.

The Safety and Health Office also conducts monthly statistical analysis based on FR and SR and presents the results at the quarterly Occupational Safety and Health Committee meetings. In 2025, there was a total of one employee injury incident, primarily caused by an accidental injury during machine operation. The FSI was 0.21. In 2026, the Company will continue to enhance its safety management practices and work together with all employees toward the goal of zero accidents.

Accident Investigation Flow Chart



In addition, under the Company's regulations, employees who encounter an imminent danger while performing their duties may immediately stop work or evacuate the site to ensure their personal safety without fear of any adverse action. If any abnormal condition or potential risk is identified during operations, employees shall promptly report it to their supervisor or the Safety and Health Office. Contractors may also report hazards, identify matters requiring improvement, and raise other safety and health management issues. To encourage whistleblowers to report unlawful conduct and contractors to proactively provide suggestions for improvement, the following table sets out the Company's relevant protection mechanisms and contact channels.

Contact channels for contractors to provide suggestions and for the whistleblower protection mechanism	✓ Regarding confidentiality of the whistleblowers' identity and information, we shall not disclose identifiable information. ✓ Dismissal, demotion, salary reduction, damage to legal, contractual, or customary rights, or any other unfavorable disciplinary actions shall not be imposed on the whistleblower because of their reporting. ✓ "Suggestion and complaint channel" ● Contact: Safety and Health Office ● Complaint hotline: (07)6225669 ext 217 ● Complaint mailbox: cynthia@shehkai.com.tw

Since most accidents are caused by insufficient safety awareness among workers, cultivating safe work practices among employees and enhancing workers' ability to identify potential hazards in the working

environment are key priorities of safety and health education and training. Sheh Kai organizes education and training each year based on actual needs. In addition to essential safety and health courses, the Company also provides job specific professional training and emergency response training. Through communication and consensus building during education and training, the Company helps employees establish proper work practices and reduce the likelihood of human error, thereby enhancing workers' hazard identification capabilities and effectively reducing potential occupational accident risks.

Statistics of Occupational Health and Safety Training Items		
Name of Training Item	**Number of Trainees**	**Training Fee (NTD)**
Special occupational safety and health on-the-job education and training for personnel engaged in metal welding, cutting, or heating operations using acetylene welding equipment or gas manifold systems	1	500.000
Special safety and health on-the-job education and training on using crane tools for hanging operations	6	3,000.000
On-the-job education and training for stationary crane operators	16	3,000.000
On-the-job health and safety education and training for first responders	3	1,700.000
Safety and health education and training for supervisors of specific chemical substance operations	1	3,520.000
Safety and health on-the-job education and training for supervisors of dust operations	1	1,500.000
On-the-job education and training for forklift operators	5	0.000
On-the-job education and training for radiation protection personnel	2	2,400.000
On-the-job education and training for occupational safety and health class A supervisors	1	1,500.000

Note:
1. Including employees and non-employees whose work and/or workplace is controlled by the organization.
2. Workers who are not employees but whose work and/or workplace is controlled by the organization, such as security personnel, cleaning personnel, construction workers, and other contractors and outsourced service providers.
3. The occupational safety and health related education and training herein includes general training or training for specific occupational hazards and dangerous situations.

Health Promotion and Service

To safeguard employee safety and health, Sheh Kai Precision continuously improves the working environment based on the characteristics of its workplaces and provides safe and comfortable working conditions. The Company conducts annual employee health examinations at the frequency and for the items prescribed by applicable laws and regulations. Health examinations and health management are provided for employees engaged in general operations, while special health examinations are conducted for employees engaged in special operations, such as those involving noise and n-hexane, to monitor and manage their health conditions.

Pursuant to the Occupational Safety and Health Act, the Labor Health Protection Regulations, and related medical laws and regulations, Sheh Kai Precision arranges onsite nursing services six times a month and onsite physician services once every two months to provide consultations on abnormal health examination results, maternal healthcare, infectious disease prevention, and other health education services. Regular annual plant inspections are also conducted to safeguard employee health and safety. There were no occurrences of occupational disease in the Company in 2025.

Total Number of Employee Health Checkups and Expenses	
General Health Checkup	
Inspection Item	1. Investigation of work experience, past medical history, lifestyle habits, and subjective symptoms. 2. Height, weight, waist circumference, vision, color vision, hearing, blood pressure, and physical examination of each system or body part. 3. Chest X-ray examination. 4. Examination of urine protein and urine occult blood. 5. Examination of hemoglobin and white blood cell count.

	6. Testing of blood sugar, ALT or SGPT, creatinine, cholesterol, triglycerides, high-density lipoprotein cholesterol, and low-density lipoprotein cholesterol.
Number of Persons Examined (Persons)	233
Inspection Fee (NT$ thousand)	387.1
Special health checkup	
Inspection Item	Noise, n-Hexane, ionizing radiation
Number of Persons Examined (Persons)	97
Inspection Fee (NT$ thousand)	0

Employee health checkup	
	
	

Occupational injury and disease statistics

Over the past three years, the occupational injuries at Sheh Kai Precision were as follows: in 2023, three employees were injured due to accidental incidents while working. In 2024, recorded occupational injuries included 2 cases of finger injuries and 1 case of foot injury due to careless actions during work. In 2025, there was 1 occupational injury, which involved a finger cut caused by carelessness during work. Over the past three years, in addition to reinforcing the principle that personal safety comes first, the Company has required employees to immediately report any potentially unsafe conditions or behaviors to their supervisors, so that risks can be promptly identified and the likelihood of occupational accidents can be reduced. The Company has further strengthened employee education and training, with supervisors of each unit responsible for promoting safety

awareness and requiring employees to remain focused during operations, stay alert to the working environment and their own safety, and strictly follow SOPs to ensure operational safety and quality.

As shown in the employee occupational accident statistics table below, over the past three years, Sheh Kai Precision has had no major occupational accidents, work related fatalities, or occupational diseases among employees. No occupational injuries or occupational diseases have occurred among non-employee workers either, demonstrating the effectiveness of the Company's efforts in occupational safety and health management.

Statistics Table of Employee Occupational Injuries in the Past Three Years				
Category	**Item**	**2023**	**2024**	**2025**
Total Working Hours	**Total Working Hours of Women**	154,368	194,752	188,064
	Total Working Hours of Men	297,856	345,472	346,744
	Total Working Hours	452,224	540,224	534,808
Number of Fatalities Due to Occupational Injuries	**Female Fatalities**	0	0	0
	Male Fatalities	0	0	0
	Total Number of Deaths	0	0	0
Total Number of Serious Occupational Injuries (Excluding Deaths)	**Total Number of Serious Occupational Injuries Among Females**	0	0	0
	Total Number of Serious Occupational Injuries Among Men	0	0	0
	Total Number of Serious Occupational Injuries	0	0	0
Documented Number of Occupational Injuries (Including Fatalities and Serious Work-Related Injuries)	**Total Number of Female Occupational Injuries**	1	0	0
	Total Number of Work-Related Injuries Among Men	2	3	1
	Total Number of Work-Related Injuries	3	3	1
Death Rate Due to Occupational Injuries		0	0	0
Serious Occupational Injury Rate		0	0	0
Documented Occupational Injury Rate		1.32	1.11	0.37

Remarks:

1. Fatality rate due to occupational injuries = (Number of fatalities due to occupational injuries/work hours) * 1,000,000.
2. Serious occupational injury rate = (Number of serious occupational injuries (excluding fatalities)/Working hours) x 1,000,000.
3. Recordable occupational injury rate = [Number of recordable occupational injuries (including the number of fatalities and serious occupational injuries) / hours worked] × 1,000,000.
4. Serious occupational injury refers to the occupational injury that cannot be restored to a healthy state within 6 months.
5. Recordable occupational injuries do not include occupational injuries caused by commuting to and from work.
6. Employees' total hours worked are calculated based on the number of employees at the end of each month × 8 hours × the number of working days (please adjust based on actual circumstances).

Statistics table of occupational injuries for non-employee workers in the past three years				
Category	**Item**	**2023**	**2024**	**2025**
Total Working Hours	**Total Working Hours of Women**	35,712	48,672	30,208
	Total Working Hours of Men	17,856	20,592	20,064
	Total Working Hours	53,568	69,264	50,272
Number of Fatalities Due to Occupational Injuries	**Female Fatalities**	0	0	0
	Male Fatalities	0	0	0
	Total Number of Deaths	0	0	0
Total Number of Serious Occupational Injuries (Excluding Deaths)	**Total Number of Serious Occupational Injuries Among Females**	0	0	0
	Total Number of Serious Occupational Injuries Among Men	0	0	0
	Total Number of Serious Occupational Injuries	0	0	0

Documented Number of Occupational Injuries (Including Fatalities and Serious Work-Related Injuries)	**Total Number of Female Occupational Injuries**	0	0	0
	Total Number of Work-Related Injuries Among Men	0	0	0
	Total Number of Work-Related Injuries	0	0	0
Death Rate Due to Occupational Injuries		0.000	0.000	0.000
Serious Occupational Injury Rate		0.000	0.000	0.000
Documented Occupational Injury Rate		0.000	0.000	0.000

Remarks:

1. Fatality rate due to occupational injuries = (Number of fatalities due to occupational injuries/work hours) * 1,000,000.
2. Serious occupational injury rate = (Number of serious occupational injuries (excluding fatalities)/Working hours) x 1,000,000.
3. Recordable occupational injury rate = [Number of recordable occupational injuries (including the number of fatalities and serious occupational injuries) / hours worked] × 1,000,000.
4. Serious occupational injury refers to the occupational injury that cannot be restored to a healthy state within 6 months.
5. Recordable occupational injuries do not include occupational injuries caused by commuting to and from work.
6. In 2025, one outsourced cleaning worker provided services from January to August, and the corresponding working hours were included in the calculation.
7. For non-employee workers, the calculation is based on the number of workers as of the report end date × 8 hours × the number of working days in the year (please adjust based on actual circumstances).

5-5 Participation in Social Practices

203-1	Infrastructure investments and services supported
203-2	Significant indirect economic impacts

Social Welfare

Apart from developing and manufacturing high quality, high value screws and bolts, Sheh Kai Precision also makes a strong commitment to environmental protection, the natural environment, and social responsibility, guided by the core values of loving the earth, cherishing life, and caring for local communities. We adhere to the philosophy of "giving back to society when you take from the society." We also understand that corporate sustainability is not only about making profits continuously, but also fulfilling social responsibilities. Over the years, we have participated in a wide range of public welfare activities, including charitable donations, sponsorship of youth golf programs, and employee participation in beach cleanups. Through these concrete actions, we give back to society and demonstrate the Company's commitment to sustainable development.

Social Welfare Participation of Sheh Kai Precision in 2025		
Name of Public Welfare Activity	**Amount ($)**	**Description**
Protect the Ocean, Join IN: 100 Person Beach Cleanup for the Earth	10,000	On April 19, 2025, the Company participated in the 2025 "Protect the Ocean, Join IN: 100 Person Beach Cleanup for the Earth" event organized by the Nalanda Charity Association. Beach cleanups are one of the most direct ways we can protect the ocean. Through action, we can help safeguard our oceans and restore the beauty of our coastlines. The event was held on the south bank of the Agongdian River estuary and attracted a total of 233 enthusiastic volunteers. A total of 80 participants from Sheh Kai, including employees and their family members, took part in the cleanup. By the end of the event, a total of 126 bags of man-made waste, weighing 389.1 kilograms, had been collected. Through this activity, participating employees gained a deeper appreciation of the importance of incorporating environmental action into everyday life.
ESG Charity Children's Theater: The Magical Adventure of Little Star	147,000	On May 8, 2025, the Company, together with its group affiliates SHEH FUNG SCREWS CO., LTD. and HYE TECHNOLOGY CO., LTD., was led by Sheh Kai Independent Director Chia-Chia Lin, together with senior executives and representatives of other enterprises, to jointly promote the "ESG Charity Children's Theater – Little Star's Fantastic Adventure". This initiative not only cared for disadvantaged groups and conveyed the concepts of health and sustainability, but also raised funds for the "Hualien New Hospital and Chiayi Hospital Expansion" projects to establish a comprehensive long-term care network. Sheh Kai participated in the initiative with 5 people, including an Independent Director and employees from several departments.
Donation to Taiwan His Hands Christian Home: Services for Children without Parental Care	100,000	In December 2025, the Company donated to the Cih-En Home – Service Program for Children Without Parental Care. Cih-En Home is a child and youth welfare institution that accommodates infants and children aged 0 to 6 who are without parental care. In recent years, to protect the rights of migrant women to work and give birth in Taiwan, it has also added consultation and placement services for pregnant migrant women in Taiwan. A total of three people from the Company participated in this project, including the Chairman and employees of the Chairman's Office.
Total		NT$257,000

Protect the Ocean, Join IN: 100 Person Beach Cleanup for the Earth









ESG Charity Children's Theater: The Magical Adventure of Little Star









Building a Sustainable Environment Together

Sheh Kai Precision is headquartered in the Ben Chou Industrial Park, Gangshan District, Kaohsiung City, and primarily produces screws and bolts. It also operates the Luzhu Plant (Luzhu District, Kaohsiung City), which produces stainless steel wire rod, as well as the Zhunan Plant and Composite Materials Plant (both located in Zhunan Township, Miaoli County), which produce automatic screw joining products and concrete drill bits. Sheh Kai Precision recognizes that environmental protection is an important issue requiring collective global efforts. In managing waste, scraps, wastewater, and other materials generated during its manufacturing processes, the Company continues to implement environmental management measures based on the principles of cleaner production, resource conservation, resource recycling, and pollution prevention. In addition, through engineering improvements, education and training, awareness materials, meeting communications, onsite guidance, and other approaches, the Company strengthens employees' awareness and implementation of environmental protection practices, with the aim of continuously improving environmental performance and advancing toward sustainable operations. Through the introduction of the environmental management system, the Company is committed to the following:

1. Efforts to prevent pollution: Identify the pollutants generated during the manufacturing process, reduce or prevent environmental pollution through the improvement of the production schedule, engineering technology, and production processes.
2. Fully comply with the requirements of laws and regulations: The government's orders, regulations and the environmental protection requirements of other stakeholders with which the Company has agreed to comply are indeed followed. For each process operation, the standard operating procedures are followed, and process waste reduction and pollution prevention are properly carried out.
3. Committed to achieving continuous improvement: further improve process equipment, strengthen audits, and continuously improve through the use of the PDCA cycle to achieve the goal of sustainable operation.

We reviewed whether the Company's environmental protection commitments were fulfilled in 2025. During the reporting period, the Company did not receive any notices from local governments regarding fines or orders to make improvements within a specified time frame. This demonstrates the Company's efforts to avoid causing negative impacts on local communities and the environment during its operations, and to uphold the principles of sustainable operations and environmental stewardship.

Community Development

The Company values active participation and interaction with the community. Over the past three years, the total amount of our social involvement and contributions, along with the proportion of our annual donations, are as follows:

2023 community engagement: Sponsorship for the Benjhou Industrial Park Manufacturers Association's official duties NT$20,000; Friends of the Police NT$25,000; Kaohsiung TWSE/TPEx Listed Companies Entrepreneurs Association NT$40,000; Kaohsiung University EMBA Alumni Association NT$20,000.

2024 community engagement: Friends of the Police NTD 30,000; Kaohsiung TWSE/TPEx Listed Companies Entrepreneurs Association NTD 40,000; Checheng Fuan Temple NTD 16,800; customer DT year-end fundraising dinner NTD 27,900; and an incense offering to Lord Guan NTD 30,000.
2025 community engagement: Friends of the Police NTD 30,000; Beigang Wude Temple NTD 3,000; National University of Kaohsiung NTD 10,000; and Kaohsiung TWSE/TPEx Listed Companies Entrepreneurs Association NTD 40,000.

Item/year	2023		2024		2025	
	Amount (thousand $)	Percentage	Amount (thousand $)	Percentage	Amount (thousand $)	Percentage
Social Welfare	860	89%	200	31%	257	76%
Sports Promotion	-	-	300	47%	0	0
Community Engagement	105	11%	145	22%	83	24%
Total	965	100%	645	100%	340	100%

Appendix

Appendix 1: GRI Sustainability Reporting Standards (GRI Standards) Comparison Table

Statement of Use	Sheh Kai Precision Co., Ltd. has reported the information as quoted in the GRI Content Index for the period from 2025/01/01 to 2025/12/31 with reference to the GRI Standards.
GRI 1 Use	GRI 1: Foundation 2021
Applicability of GRI Industry Standards	N/A

GRI Standards Category/Topic	No.	Disclosures under the GRI Standards	Corresponding Chapter	Page Number	Omitted/Remark
1. Organization and reporting practices					
GRI 2: General Disclosures 2021	2-1	Organizational details	2-1 About Sheh Kai		
	2-2	Entities included in the organization's sustainability reporting	About the Report		
	2-3	Reporting period, frequency and contact point	About the Report		
	2-4	Restatements of information	About the Report		
	2-5	External assurance	About the Report		
2. Activities and workers					
GRI 2: General Disclosures 2021	2-6	Activities, value chain and other business relationships	2-1 About Sheh Kai		
	2-7	Employees	5-1 Employee Relations and Overview		
	2-8	Workers who are not employees	5-1 Employee Relations and Overview		
3. Governance					
GRI 2: General Disclosures 2021	2-9	Governance structure and composition	2-2 Governance Strategy		
	2-10	Nomination and selection of the highest governance body	2-2 Governance Strategy		
	2-11	Chair of the highest governance body	2-2 Governance Strategy		
	2-12	Role of the highest governance body in overseeing the management of impacts	1-1 Stakeholder Engagement 2-2 Governance Strategy		
	2-13	Delegation of responsibility for managing impacts	2-2 Governance Strategy		
	2-14	Role of the highest governance body in sustainability reporting	2-2 Governance Strategy		
	2-15	Conflicts of interest	2-2 Governance Strategy		
	2-16	Communication of critical concerns	2-2 Governance Strategy		
	2-17	Collective knowledge of the highest governance body	2-2 Governance Strategy		
	2-18	Evaluation of the performance of the highest governance body	2-2 Governance Strategy		
	2-19	Remuneration policies	2-2 Governance Strategy 5-3 Care and Welfare		
	2-20	Process to determine remuneration	2-2 Governance Strategy		
	2-21	Annual total compensation ratio	5-1 Employee Relations and Overview		
4. Strategy, policy and practice					
GRI 2: General Disclosures 2021	2-22	Statement on sustainable development strategy	Core Philosophy and Prospects of Sheh Kai		
	2-23	Policy commitments	2-2 Governance Strategy		
	2-24	Embedding policy commitments	2-2 Governance Strategy 2-4 Compliance with Laws and Regulations		
	2-25	Processes to remediate negative impacts	1-1 Stakeholder Engagement 2-2 Governance Strategy		
	2-26	Mechanisms for seeking advice and raising concerns	2-4 Compliance with Laws and Regulations		
	2-27	Compliance with laws and regulations	2-4 Compliance with Laws and Regulations		
	2-28	Membership associations	2-1 About Sheh Kai		
5. Stakeholder engagement					
GRI 2: General Disclosures 2021	2-29	Approach to stakeholder engagement	1-1 Stakeholder Engagement		
	2-30	Collective bargaining agreements	5-1 Employee Relations and Overview		

Material Topic Disclosure

GRI Number	Issues	Industry Code Number	No.	Disclosures under the GRI Standards	Corresponding Chapter	Page Number	Omitted/Remark
GRI 3: Material Topics 2021	Management Approach	-	3-1	Process to determine material topics	1-2 Identification and Analysis of Material Topics		
GRI 3: Material Topics 2021	Management Approach	-	3-2	List of material topics	1-2 Identification and Analysis of Material Topics		
Material Topic: Economic Performance (GRI 201)							
GRI 3: Material Topics 2021	Management Approach	-	3-3	Management of material topics	II. Integrity Governance		
GRI 201	Economic Performance Topic disclosure 2016	-	201-1	Direct economic value generated and distributed	2-1 About Sheh Kai		
		-	201-2	Financial implications and other risks and opportunities due to climate change	4-1 Climate Change Risks		
		-	201-3	Defined benefit plan obligations and other retirement plans	5-3 Care and Welfare		
		-	201-4	Financial assistance received from government agencies	2-1 About Sheh Kai		
Material topic: energy (GRI 302)							
GRI 3: Material Topics 2021	Management Approach	-	3-3	Management of material topics	IV. Green Environment		
GRI 302	Energy Topic disclosure 2016	-	302-1	Energy consumption within the organization	4-3 Energy and Water Resources		
			302-2	Energy consumption outside of the organization	-		Scope 3 emissions have not yet been audited this year; therefore, the data is unavailable.
		-	302-3	Energy intensity	4-3 Energy and Water Resources		
		-	302-4	Reduction of energy consumption	4-3 Energy and Water Resources		
		-	302-5	Reductions in energy requirements of products and services	4-3 Energy and Water Resources		
Material topic: labor relations (GRI 401)							
GRI 3: Material Topics 2021	Management Approach	-	3-3	Management of material topics	V. Welfare and Care		
GRI 401	Employment Topic disclosure 2016	-	401-1	New employee hires and employee turnover	5-1 Employee Relations and Overview		
		-	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	5-3 Care and Welfare		
		-	401-3	Parental leave	5-3 Care and Welfare		
Material topic: occupational health and safety (GRI 403)							
GRI 3: Material Topics 2021	Management Approach	-	3-3	Management of material topics	V. Welfare and Care		
GRI 403	Occupational Health and Safety Topic Management Disclosure 2018	-	403-1	Occupational health and safety management system	5-4 Occupational Health and Safety Management		
		-	403-2	Hazard identification, risk assessment, and incident investigation	5-4 Occupational Health and Safety Management		
		-	403-3	Occupational health services	5-4 Occupational Health and Safety Management		
		-	403-4	Worker participation, consultation, and communication on occupational health and safety	5-4 Occupational Health and Safety Management		
		-	403-5	Worker training on occupational health and safety	5-4 Occupational Health and Safety Management		
		-	403-6	Promotion of worker health	5-4 Occupational Health and Safety Management		
		-	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	5-4 Occupational Health and Safety Management		
		-	403-8	Workers covered by an occupational health and safety management system	5-4 Occupational Health and Safety Management		

		-	403-9	Work-related injuries	5-4 Occupational Health and Safety Management		
		-	403-10	Work-related ill health	5-4 Occupational Health and Safety Management		
(custom theme)	**No.**		**Disclosures under the GRI Standards**		**Corresponding Chapter**	**Page Number**	**Omitted/Remark**
Customer Service Management							
GRI 3 Customer Service Management Approach	3-3		Management of material topics		III. Precision Research and Development		

Other Topic Disclosure

GRI Standards Category/Topic	No.	Disclosures under the GRI Standards	Corresponding Chapter	Page Number	Omitted/Remark
Topic-specific guidelines: 200 series (economic topics)					
Market Position					
GRI 202 Market position topic disclosure 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	5-1 Employee Relations and Overview		
	202-2	Proportion of senior management hired from the local community	5-1 Employee Relations and Overview		
Indirect Economic Impacts					
GRI 203 Indirect economic impact topic disclosure 2016	203-1	Infrastructure investments and services supported	5-5 Participation in Social Practices		
	203-2	Significant indirect economic impacts	5-5 Participation in Social Practices		
Procurement Practices					
GRI 204 Procurement practices topic disclosure 2016	204-1	Proportion of spending on local suppliers	3-1 Supply Evaluation and Management and Control		
Anti-Corruption					
GRI 205 Anti-corruption topic disclosure 2016	205-1	Operations assessed for risks related to corruption	2-4 Compliance with Laws and Regulations		
	205-2	Communication and training about anti-corruption policies and procedures	2-4 Compliance with Laws and Regulations		
	205-3	Confirmed incidents of corruption and actions taken	2-4 Compliance with Laws and Regulations		
Anti-Competitive Behavior					
GRI 206 Anti-competitive behavior disclosure 2016	206-1	Legal actions for anti-competitive behavior, antitrust, and monopoly practices	2-4 Compliance with Laws and Regulations		
Taxation					
GRI 207 Taxation management disclosure 2019	207-1	Approach to tax	2-1 About Sheh Kai		
Topic-specific guidelines: 300 series (environmental topics)					
Materials					
GRI 301 Materials topic disclosures 2016	301-1	Materials used by weight or volume	4-2 Materials and Waste		
	301-2	Recycled input materials used	-	-	The Company does not use scraps from the manufacturing process
	301-3	Reclaimed products and their packaging materials	4-2 Materials and Waste		
Water and Effluents					
GRI 303 Water and effluents management disclosure 2018	303-1	Interactions with water as a shared resource	4-3 Energy and Water Resources		
	303-2	Management of water discharge-related impacts	4-3 Energy and Water Resources		
GRI 303 Water and effluents disclosure 2018	303-3	Water withdrawal	4-3 Energy and Water Resources		
	303-4	Water discharge	4-3 Energy and Water Resources		
	303-5	Water consumption	4-3 Energy and Water Resources		
Emissions					
GRI 305 Emissions topic disclosures 2016	305-1	Direct (Scope 1) GHG emissions	4-1 Climate Change Risks 4-4 Greenhouse Gas		

GRI Standards Category/Topic	No.	Disclosures under the GRI Standards	Corresponding Chapter	Page Number	Omitted/Remark
			Emissions		
	305-2	Energy indirect (Scope 2) GHG emissions	4-1 Climate Change Risks 4-4 Greenhouse Gas Emissions		
	305-3	Other indirect (Scope 3) GHG emissions	-	-	Scope 3 emissions have not yet been audited this year; therefore, the data is unavailable.
	305-4	GHG emissions intensity	4-4 Greenhouse Gas Emissions		
	305-5	Reduction of GHG emissions	4-3 Energy and Water Resources 4-4 Greenhouse Gas Emissions		
	305-6	Emissions of ozone-depleting substances (ODS)	-	-	The Company produced no emissions of substances that deplete the ozone layer
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	4-4 Greenhouse Gas Emissions		
Waste					
GRI 306 Waste management disclosure 2020	306-1	Waste generation and significant waste-related impacts	4-2 Materials and Waste		
	306-2	Management of significant waste-related impacts	4-2 Materials and Waste		
GRI 306 Waste disclosure 2020	306-3	Waste generated	4-2 Materials and Waste		
	306-4	Waste diverted from disposal	4-2 Materials and Waste		
	306-5	Waste directed to disposal	4-2 Materials and Waste		
GRI 306 Waste management disclosure 2016	306-3	Major spills	4-2 Materials and Waste		
Supplier Environmental Assessment					
GRI 308 Supplier environmental assessment topic disclosures 2016	308-1	New suppliers that were screened using environmental criteria	3-1 Supply Evaluation and Management and Control		
	308-2	Negative environmental impacts in the supply chain and actions taken	-		
Topic-specific standards: 400 series (social topics)					
Labor/Management Relations					
GRI 402 Labor/management relations disclosure 2016	402-1	Minimum notice periods regarding operational change	5-1 Employee Relations and Overview		
Training and Education					
GRI 404 Training and education disclosure 2016	404-1	Average hours of training per year per employee	5-2 Talent Cultivation and Training		
	404-2	Programs for upgrading employee skills and transition assistance programs	5-3 Care and Welfare		
	404-3	Percentage of employees receiving regular performance and career development reviews	5-2 Talent Cultivation and Training		
Employee Diversity and Equal Opportunity					
GRI 405 Diversity and equal opportunity disclosure 2016	405-1	Diversity of governance bodies and employees	2-2 Governance Strategy 5-1 Employee Relations and Overview		
	405-2	Ratio of basic salary and remuneration of women to men	5-1 Employee Relations and Overview		
Non-Discrimination					
GRI 406 Non-discrimination disclosure 2016	406-1	Incidents of discrimination and corrective actions	5-1 Employee Relations and Overview		
Freedom of Association and Collective Bargaining					
GRI 407 Freedom of association and collective bargaining disclosure 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	5-1 Employee Relations and Overview		
Child Labor					

GRI Standards Category/Topic	No.	Disclosures under the GRI Standards	Corresponding Chapter	Page Number	Omitted/Remark
GRI 408 Child labor topic disclosures 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	5-1 Employee Relations and Overview		
Forced or Compulsory Labor					
GRI 409 Forced or compulsory labor topic disclosure 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	5-1 Employee Relations and Overview		
Security Practices					
GRI 410 Security practices topic disclosures 2016	410-1	Security personnel trained in human rights policies or procedures	5-2 Talent Cultivation and Training		
Rights of Indigenous Peoples					
GRI 411 Rights of indigenous peoples disclosure 2016	411-1	Incidents of violations involving rights of indigenous peoples	5-1 Employee Relations and Overview		
Supplier Social Assessment					
GRI 414 Supplier social assessment topic disclosures 2016	414-1	New suppliers that were screened using social criteria	3-1 Supply Evaluation and Management and Control		
	414-2	Negative social impacts in the supply chain and actions taken	-		
Customer Health and Safety					
GRI 416 Customer health and safety disclosure 2016	416-1	Assessment of the health and safety impacts of product and service categories	3-2 Product Quality and Management		
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	3-2 Product Quality and Management		
Marketing and Labeling					
GRI 417 Marketing and labeling disclosure 2016	417-1	Requirements for product and service information and labeling	3-2 Product Quality and Management		
	417-2	Incidents of non-compliance concerning product and service information and labeling	3-2 Product Quality and Management		
	417-3	Incidents of non-compliance concerning marketing communications	3-2 Product Quality and Management		
Customer Privacy					
GRI 418 Customer privacy disclosure 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	3-3 Customer Service Communication		

Appendix 2: Sustainability Accounting Standards Board (SASB) Reference Table

By Industry: Resource Transformation _Industrial Machinery & Goods						
Disclosure Topics	**Indicator Number**	**Unit**	**Disclosure Indicator**	**Disclosure in 2025**	**Corresponding Chapter**	**Page Number**
Energy management	RT-IG-130a.1	Gigajoules (GJ), percentage (%)	(1) Total energy consumed, (2) percentage grid electricity and (3) percentage renewable	(1) 33,550.99 GJ (2) 86.54 % (3) 0 %	4-3 Energy and Water Resources	
Workforce health & safety	RT-IG-320a.1	Rate	(1) Total recordable incident rate (TRIR), (2) Fatality rate, and (3) Near miss frequency rate (NMFR) for (a) direct employees and (b) contract employees	Direct employees: (1) 0.37 (2) 0 (3) 0 Contract employees: (1) 0 (2) 0 (3) 0	5-4 Occupational Health and Safety Management	
Fuel economy & emissions in use-phase	RT-IG-410a.1	Liters per 100 tonne-kilometers	Sales-weighted fleet fuel efficiency for medium- and heavy-duty vehicles	Not applicable	-	-
	RT-IG-410a.2	Liters per hour	Sales-weighted fuel efficiency for non-road equipment			
	RT-IG-410a.3	Kilojoules per liter	Sales-weighted fuel efficiency for stationary generators			
	RT-IG-410a.4	Grammes per kilojoule	Sales-weighted emission of (1) nitrogen oxides (NOx) and (2) particulate matter (PM) for: (a) marine diesel engines, (b) locomotive diesel engines, (c) on-road medium- and heavy-duty engines, and (d) other non-road diesel engines			
Materials sourcing	RT-IG-440a.1	Not applicable	Description of the management of risks associated with the use of critical materials	In 2025, the Company did not use conflict minerals	-	-
Remanufacturing design & services	RT-IG-440b.1	Presentation currency	Revenue from remanufactured products and remanufacturing services	The Company currently does not sell such products; therefore, this indicator is not applicable.	-	-

Activity Indicator	**Indicator Number**	**Unit**	**Disclosure in 2025**
Number of units produced by product category	RT-IG-000.A	Number	**Product Category** / **Production Volume** / **Unit** Screws and bolts / 132,038.797 / 1,000 pcs Wire rod / 4,527.599 / Metric tons Cement drill bits / 275.076 / 1,000 pcs
Number of employees	RT-IG-000.B	Number	Direct employees: 283 Contract employees: 36

Worker Type	Gangshan Plant	Luzhu Plant	Packaging Plant	Zhunan Plant	Bi-Metal Material Plant	Total (headcount)
Outsourced security personnel	2	3	1	-	-	6
Outsourced cleaning personnel	-	-	-	1	-	1
Contractors	29	-	-	-	-	29

Note: Headcounts are as of the report end date.

Appendix 3: Sustainability Disclosure Indicators: Steel Industry

<table>
<tr><th>No.</th><th>Metrics</th><th>Unit</th><th>2025 disclosure</th><th>Corresponding Chapter</th><th>Page Number</th></tr>
<tr><td>I</td><td>Total energy consumption, percentage of purchased electricity, utilization rate (renewable energy/total energy), and total self-generated and self-use energy (Note 1)</td><td>Gigajoules (GJ), percentage (%)</td><td>Total energy consumption 33,550.99 GJ
Percentage of purchased electricity 86.54 %
Utilization rate 0 %
Total self-generated and self-use energy 0 GJ</td><td>4-3 Energy and Water Resources</td><td></td></tr>
<tr><td>II</td><td>Total fuel consumption, percentage of coal, percentage of natural gas, and percentage of renewable fuels</td><td>Gigajoules (GJ), percentage (%)</td><td>Total fuel consumption 4,491.23 GJ
Percentage of coal 0 %
Percentage of natural gas 76.12 %
Percentage of renewable fuels 0 %</td><td>4-3 Energy and Water Resources</td><td></td></tr>
<tr><td>III</td><td>Total water withdrawn and total water consumption</td><td>Thousand cubic meters (m^3)</td><td>Total water withdrawn: 21.14 thousand cubic meters
Total water consumption: 10.89 thousand cubic meters</td><td>4-3 Energy and Water Resources</td><td></td></tr>
<tr><td>IV</td><td>Total waste generated, percentage of hazardous waste and percentage recycled</td><td>Metric tons (t), percentage (%)</td><td>Total waste generated: 205.361 metric tons
Percentage of hazardous waste: 28.04 %
Percentage recycled: 52.57%</td><td>4-2 Materials and Waste</td><td></td></tr>
<tr><td>V</td><td>Number of employees in and rate of occupational accidents</td><td>Percentage (%), quantity</td><td>Number of employees in occupational accidents: 1 person
Total recordable incident rate (TRIR)：0.37
Disabling injury frequency rate (FR): 1.86
Disabling injury severity rate (SR): 26</td><td>5-4 Occupational Health and Safety Management</td><td></td></tr>
<tr><td>VI</td><td>Production by product category</td><td>Varies by product category</td><td><table><tr><th>Product Category</th><th>Production Volume</th><th>Unit</th></tr><tr><td>Screws and bolts</td><td>132,038.797</td><td>1,000 pcs</td></tr><tr><td>Wire rod</td><td>4,527.599</td><td>Metric tons</td></tr><tr><td>Cement drill bits</td><td>275.076</td><td>1,000 pcs</td></tr></table></td><td>-</td><td>-</td></tr>
</table>

Note 1: The total self-generated and self-use energy are as defined by the “Renewable Energy Development Act”, “Implementation Regulations Governing Renewable Energy Certificates”, or related laws.

Appendix 4 | Climate-Related Information Implementation of Tpex Listed Companies

Item	Corresponding Chapter
1. Describe the board's and management's supervision and governance over climate-related risks and opportunities.	4-1 Climate Change Risks
2. Describe how the identified climate risks and opportunities affect the business, strategy and finance of the Company (short-, medium-, and long-term).	4-1 Climate Change Risks
3. Describe the financial impacts of extreme climate events and transformational actions.	4-1 Climate Change Risks
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	4-1 Climate Change Risks
5. If scenario analysis is used to assess resilience in the face of climate change risks, specify the scenarios, parameters, assumptions, analysis factors, and major financial impacts.	-
6. If there is a transformation plan in response to the management of climate-related risks, describe the content of the plan, and the indicators and goals used to identify and manage physical risks and transformation risks.	-
7. If internal carbon pricing is used as a planning tool, the basis for setting the price shall be explained.	-
8. If climate-related goals are set, information on the activities covered, the scope of greenhouse gas emissions, the planning period, and annual progress toward achieving the goals should be disclosed. If carbon offsets or renewable energy certificates (RECs) are used to achieve the relevant goals, the source and amount of carbon reduction credits offset, or the number of RECs, should also be disclosed.	-
9. Greenhouse gas inventory and assurance, as well as reduction targets, strategies, and specific action plans (indicated separately in 1-1 and 1-2).	1-1. Greenhouse Gas Inventory and Assurance in the Last Two Years 1-2 GHG Reduction Targets, Strategies and Specific Action Plans

1-1. Greenhouse Gas Inventory and Assurance in the Last Two Years

1-1-1 Greenhouse gas inventory information

Describe the amount of greenhouse gas emissions (tCO2e), intensity (tCO2e/NTD 1 million), and data coverage for the most recent two years.

At a minimum, the following information shall be disclosed in accordance with the "Sustainable Development Roadmap":
1. The parent company shall begin conducting greenhouse gas inventories in 2025 and disclose the inventory information in 2026.
2. Subsidiaries included in the consolidated financial statements shall begin conducting greenhouse gas inventories in 2026 and disclose the inventory information in 2027.

Sheh Kai Precision has established a greenhouse gas inventory mechanism in accordance with the ISO 14064-1 greenhouse gas inventory standard published by the International Organization for Standardization (ISO). Under the operational control approach, the Company aggregates greenhouse gas emissions from the operating locations of both the parent company and its subsidiaries to comprehensively monitor greenhouse gas use and emissions. The data coverage includes Sheh Kai Precision's operations in Taiwan and its subsidiaries (the 2024 and 2025 data in the table below both include the parent company and subsidiaries). Greenhouse gas emissions identified through the inventories conducted over the past two years are presented below:

Greenhouse Gas Emissions Statistics Table for the Past Two Years

Quantitative Indicators	Unit	2024		2025	
		Parent company	All subsidiaries included in the consolidated financial statements	Parent company	All subsidiaries included in the consolidated financial statements
Scope 1: Direct Greenhouse Gas Emissions	Tons CO_2e	272.2550	5.1428	282.3252	5.1648
Scope 2: Indirect Greenhouse Gas Emissions	Tons CO_2e	4098.0390	8.3377	3816.5545	7.5950
Total emissions = Scope 1 + Scope 2	Tons CO_2e	4370.2940	13.4805	4098.8797	12.7598
Total	Tons CO_2e	4383.7745		4111.6395	
Revenue per consolidated financial statements	NTD million	1,122.574		975.498	
GHG emissions intensity	tCO_2e/NTD million in revenue	3.91		4.21	

Note 1: Direct emissions (Scope 1, i.e., emissions directly from sources owned or controlled by the Company) and energy indirect emissions (Scope 2, i.e., indirect GHG emissions from inputs of electricity, heat, or steam).

Note 2: The scope of information on direct emissions and indirect emissions from energy sources shall be handled in accordance with the timetable set forth in the second paragraph of Article 4-1 of the "Procedures for the Preparation and Reporting of Sustainability Reports by TPEx Listed Companies" (hereinafter referred to as "the Procedures") of the Taipei Exchange, and information on other indirect emissions may be disclosed on a voluntary basis.

Note 3: Greenhouse gas inventory standard: ISO 14064-1 published by the International Organization for Standardization (ISO).

Note 4: The intensity of greenhouse gas emissions is calculated based on revenue (NT$ million) reported in the consolidated financial statements.

Note 5: Update to the 2024 historical data: As the third party verification of the 2024 greenhouse gas inventory was completed after the Sustainability Report was issued, the historical data have been updated in the 2025 Sustainability Report.

1-1-2 Greenhouse Gas Assurance Information

Explain the assurance status for the most recent two years as of the annual report printing date, including the scope of assurance, assurance institution, assurance standards, and assurance opinions.
In 2026, the Company commissioned AFNOR Asia to perform external verification of its 2025 greenhouse gas inventory in accordance with ISO 14064-3:2019. The scope of assurance covers Category 1 direct emissions and Category 2 indirect emissions from imported energy of the parent company, including the Gangshan Plant, Luchu Plant, Packaging Plant, and Bi Metal Material Plant. Based on the verification results, the level of assurance for both Category 1 and Category 2 emissions was determined to be reasonable assurance.

In addition, the 2025 greenhouse gas inventory and internal verification for the parent company and the subsidiary included in the consolidated financial statements, Sheh Kai Trading (Shanghai) Co., Ltd., were completed in Q1 2026, with third party assurance expected to be completed in Q2.

1-2 GHG Reduction Targets, Strategies and Specific Action Plans

Describe the GHG reduction base year and data, reduction targets, strategies, and specific action plans, as well as the status of achievement of the reduction targets.

Greenhouse Gas Reduction Strategy

Structure items	Content summary
Governance	Senior management is responsible for climate strategy decision-making and oversight. The sustainability department takes charge of execution and cross-departmental coordination. Carbon reduction results are regularly reported to the Board of Directors and included in the sustainability report.
Strategy	Transition planning and risk assessment based on TCFD scenario analysis (1.5°C / 2°C) • Scenario settings: 1.5°C Scenario Mandatory carbon pricing, with projected carbon fees rising above USD 100 per ton. High electrification and compulsory adoption of renewable energy. Standardization of carbon disclosure across global supply chains. 2. 2°C Scenario Gradual increase in carbon pricing (e.g., USD 50–70 per ton). Government gradually promotes decarbonization regulations and subsidies. Increased customer demand for carbon emissions data and environmental certifications. • Transition strategies:
Risk Management	Implement intelligent energy management and data analysis to identify high carbon emission hotspots. Establish a carbon inventory system for the supply chain and prioritize the procurement of eco-certified raw materials and products to ensure joint decarbonization across the entire supply chain.
Metrics & Targets	

Item	Specific Actions	Expected Benefits
Energy transition	Install solar energy and energy storage systems; gradually phase out outdated equipment (e.g., industrial fans, cooling towers)	Reduce electricity costs; increase use of renewable energy
Process optimization	Introduce high-efficiency heat treatment equipment; improve production efficiency; implement smart monitoring systems to analyze energy usage data	Optimize energy efficiency; reduce energy use and carbon intensity
Carbon inventory & reduction roadmap	Establish a carbon audit system and cultivate a carbon-reduction culture through employee training and engagement	Enhance credibility; meet customer audit requirements
Supply chain management	Evaluate carbon emissions of raw material suppliers and integrate into procurement criteria	Lower Scope 3 risks
Product design & material innovation	Develop low-carbon steel applications	Increase product added value

Metrics	Targets
Total Emissions (scope 1 + 2) Baseline Year: 2024	• Short-term target (1–3 years): Reduce carbon intensity by 3% compared to the baseline year. • Mid-term target (3–5 years): Reduce carbon intensity by 5% compared to the baseline year. • Long-term target (5–10 years): Reduce carbon intensity by 10% compared to the baseline year.

Achieve at least a 1% annual reduction in total carbon emissions, moving toward net zero.

Greenhouse Gas Reduction Targets
Scopes 1 and 2 are based on the 2024 baseline year. ● Short-term target (1–3 years): Reduce carbon intensity by 3% compared to the baseline year. ● Mid-term target (3–5 years): Reduce carbon intensity by 5% compared to the baseline year. ● Long-term target (5–10 years): Reduce carbon intensity by 10% compared to the baseline year.

Note 1: It shall be handled in accordance with the schedule specified in Paragraph 4, Article 4-1 of these Procedures.

Note 2: The base year shall be the year in which the inventory is completed within the boundaries of the consolidated financial statements. For example, in accordance with the second paragraph of Article 4-1 of the Regulations, companies with a capital of NT$10 billion or more should complete an inventory of their consolidated financial statements for the year 2024 in 2025. Therefore, the base year is 2024. If the Company has completed the inventory of the consolidated financial statements in advance, it may use the earlier year as the base year, and the data of the base year may be calculated as a single year or the average of several years.

Deloitte.

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INDEPENDENT AUDITORS' LIMITED ASSURANCE REPORT

SHEH KAI PRECISION CO., LTD.,

We have undertaken a limited assurance engagement on the selected performance indicators in the Sustainability Report ("the Report") of SHEH KAI PRECISION CO., LTD., ("the Company") for the year ended December 31, 2025.

Subject Matter Information and Applicable Criteria

See Appendix 1 for the Company's selected performance indicators ("the Subject Matter Information") and applicable criteria.

Responsibilities of Management

The management of the Company is responsible for the preparation of the Subject Matter Information in accordance with Taipei Exchange Rules Governing the Preparation and Filing of Sustainability Reports by TPEx Listed Companies, Universal Standards, Sector Standards and Topic Standards published by the Global Reporting Initiative (GRI), SASB Standards published by the Sustainability Accounting Standards Board (SASB), and for such internal control as management determines is necessary to enable the preparation of the Subject Matter Information that are free from material misstatement resulted from fraud or error.

Auditors' Responsibilities

Our responsibility is to plan and conduct our limited assurance engagement in accordance with Standard on Assurance Engagement 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" issued by the Accounting Research and Development Foundation of the Republic of China to issue a limited assurance report on whether the Subject Matter Information (see Appendix 1) is free from material misstatement. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and, therefore, a lower assurance level is obtained than a reasonable assurance.

We based on our professional judgment in the planning and conducting of our work to obtain evidence supporting the limited assurance. Because of the inherent limitations of any internal control, there is an unavoidable risk that even some material misstatements may remain undetected. The procedures we performed include, but not limited to:

- Inquiring of management and the personnel responsible for the Subject Matter Information to obtain an understanding of the policies, procedures, internal control, and information system relevant to the Subject Matter Information to identify areas where a material misstatement of the subject matter information is likely to arise.

- Selecting sample items from the Subject Matter Information and performing procedures such as inspection, re-calculation, and observation to obtain evidence supporting limited assurance.

Inherent Limitations

The Subject Matter Information involved non-financial information, which was subject to more inherent limitations than financial information. The information may involve significant judgment, assumptions and interpretations by the management, and the different stakeholders may have different interpretations of such information.

Independence and Quality Control

We have complied with the independence and other ethical requirements of the Norm of Professional Ethics for Certified Public Accountant in the Republic of China, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Standard on Quality Management 1 "Quality Management for Public Accounting Firms" issued by the Accounting Research and Development Foundation of the Republic of China, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Subject Matter Information is not prepared, in all material respects, in accordance with the applicable criteria.

Other Matters

We shall not be responsible for conducting any further assurance work for any change of the Subject Matter Information or the applicable criteria after the issuance date of this report.

The engagement partner on the limited assurance report is Kai-Ning Hsu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

August 6, 2026

Notice to Readers

For the convenience of readers, the independent auditors' limited assurance report and the accompanying summary of subject matter information have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' limited assurance report and summary of subject matter information shall prevail.

APPENDIX 1

SUMMARY OF SUBJECT MATTER INFORMATION

<table>
<tr><th>#</th><th>Subject Matter Information</th><th>Corresponding Chapter</th><th>Applicable Criteria</th><th>Industry-specific disclosures of the sustainability metrics describe in the Rules Governing the Preparation and Filing of Sustainability Reports</th></tr>
<tr><td>1.</td><td>(1) Total energy consumed 33,550.99 GJ
(2) Percentage grid electricity 86.54%
(3) Percentage renewable 0%</td><td>Appendix 2: Sustainability Accounting Standards Board (SASB) Reference Table</td><td>SASB RT-IG-130a.1 (1) Total energy consumed, (2) percentage grid electricity and (3) percentage renewable</td><td>-</td></tr>
<tr><td>2.</td><td><table><tr><th>Employee Type</th><th>Total recordable incident rate (TRIR)</th><th>Fatality rate</th><th>Near miss frequency rate (NMFR)</th></tr><tr><td>Direct employees</td><td>0.37</td><td>0</td><td>0</td></tr><tr><td>Contract employees</td><td>0</td><td>0</td><td>0</td></tr></table></td><td>Appendix 2: Sustainability Accounting Standards Board (SASB) Reference Table</td><td>SASB RT-IG-320a.1 (1) Total recordable incident rate (TRIR), (2) fatality rate, and (3) near miss frequency rate (NMFR) for (a) direct employees and (b) contract employees</td><td>-</td></tr>
<tr><td>3.</td><td><table><tr><th>Product Category</th><th>Production Volume</th><th>Unit</th></tr><tr><td>Screws and bolts</td><td>132,038.797</td><td>1,000 pcs</td></tr><tr><td>Wire rod</td><td>4,527.599</td><td>Metric tons</td></tr><tr><td>Cement drill bits</td><td>275.076</td><td>1,000 pcs</td></tr></table></td><td>Appendix 2: Sustainability Accounting Standards Board (SASB) Reference Table</td><td>SASB RT-IG-000.A Number of units produced by product category</td><td>-</td></tr>
<tr><td>4.</td><td>Direct employees：283
Contract employees：36<table><tr><th>Worker Type</th><th>Gangshan Plant</th><th>Luzhu Plant</th><th>Packaging Plant</th><th>Zhunan Plant</th><th>Bi-Metal Material Plant</th><th>Total (Headcount)</th></tr><tr><td>Outsourced security personnel</td><td>2</td><td>3</td><td>1</td><td>-</td><td>-</td><td>6</td></tr><tr><td>Outsourced cleaning personnel</td><td>-</td><td>-</td><td>-</td><td>1</td><td>-</td><td>1</td></tr><tr><td>Contractors</td><td>29</td><td>-</td><td>-</td><td>-</td><td>-</td><td>29</td></tr><tr><td colspan="7">Note: Headcounts are as of the report end date.</td></tr></table></td><td>Appendix 2: Sustainability Accounting Standards Board (SASB) Reference Table</td><td>SASB RT-IG-000.B Number of employees</td><td>-</td></tr>
</table>

#	Subject Matter Information	Corresponding Chapter	Applicable Criteria	Industry-specific disclosures of the sustainability metrics describe in the Rules Governing the Preparation and Filing of Sustainability Reports
5.	Total water withdrawn: 21.14 thousand cubic meters Total water consumption: 10.89 thousand cubic meters	Appendix 3: Sustainability Disclosure Indicators: Steel Industry	Total water withdrawn and total water consumption	Appendix 1-6, No. 3
6	Total waste generated: 205.361 metric tons Percentage of hazardous waste: 28.04 % Percentage recycled: 52.57%	Appendix 3: Sustainability Disclosure Indicators: Steel Industry	Total waste generated, percentage of hazardous waste and percentage recycled	Appendix 1-6, No. 4