

# Federal Corporation 2025 Annual Report

Time: Printed on March 31, 2026

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

<https://federalcorporation.com>

## Notice to readers

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

**I. Spokesperson of the Company:**

Spokesperson: Lu, Hsin-Yi

Title: Vice President

Tel.: (03)4522156#13000

Email: hylu@federaltire.com.tw

Acting Spokesperson: Li, Hsin-Yu

Title: Manager, Finance Department

Tel.: (03)4522156#13100

Email: Kevin@federitire.com.tw

**II. Head office:**

Head office: 2F.-2, No. 398, Huanbei Rd., Zhongli Dist., Taoyuan City

Tel.: (03) 452-2156

**III. Stock transfer agency**

Name: Shareholder Services Department, Yuanta Securities Co., Ltd.

Address: B1., No. 67, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei City

Website: <http://www.yuanta.com.tw>

Tel.: 02-25865859

**IV. CPAs auditing the most recent annual financial report:**

Attesting CPAs: Peng, Li-Chen and Lin, Chi-Ping

Accounting firm: Baker Tilly Clock & CO.

Address: 14F (Top Floor), No. 111, Section 2, Nanjing East Road,  
Taipei City

Website: <http://www.clockcpa.com.tw>

Tel.: 02-25165255

**V. Name of the overseas securities exchange and method for obtaining information on the overseas securities: Not applicable**

**VI. Company website: <http://www.federalcorporation.com>**

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# **One. Business Report to Shareholders**

Dear shareholders,

The international political and economic situation in 2025 is in a state of extremely high volatility, primarily due to the policy shifts brought about by Donald Trump's return to the White House, slow global economic growth, and AI-driven industrial restructuring. With Trump returning to power and the resurgence of unilateralism, U.S. financial and economic policies are shifting toward significantly increasing tariffs, aiming to bring key supply chains and manufacturing back for domestic production. A final agreement has been reached in the Taiwan-U.S. tariff negotiations, reducing the "reciprocal tariffs" originally targeting Taiwan from the initially assessed 32% to a final 15%, with no additional tariffs to be superimposed. Taiwan is now on an equal footing with Japan and South Korea in competing for similar products, which will significantly enhance Taiwan's export competitiveness to the U.S.

In 2026, the supply of the Company's overseas tire OEM business will gradually stabilize. Although the demand for customer orders still cannot be immediately satisfied in the short term, with the gradual release of the OEM plant's production capacity, it is estimated that revenue should be able to increase progressively. In addition, the Guanyin Plant's land, buildings, and related machinery and equipment were also sold in December 2025. Following the injection of a large amount of capital to repay long-term borrowings, apart from reducing the Company's financial burden, it will no longer be necessary for the Company to recognize significant impairment losses for idle plants and machinery and equipment or to pay for maintenance and administrative expenses. It is expected that in 2026, on top of optimizing the financial structure, operating losses can also be significantly reduced.

## **1. 2025 Operating Results**

### **(I) Business overview:**

The Company's consolidated net operating revenue for 2025 was NT\$265,852 thousand, representing a decrease of 0.57% compared to NT\$267,380 thousand for the same period last year; net income after tax for the current period was NT\$2,884,632 thousand.

(II) Overview of production and sales:

Unit: tires

	2025	2024	Increase (decrease)	%
Sales volume	135,310	153,722	(18,412)	(11.98)

(III) Financial Information and Profitability

Unit: NT\$ 1,000

Item/Year	2025	2024	Increase (decrease)
Net operating revenue	265,852	267,380	(1,528)
Gross profit from operations	54,245	17,449	36,796
Operating income (loss)	(225,980)	(226,182)	202
Net income (loss) after tax	2,884,632	(465,154)	3,349,786

Item	2025	2024
Return on assets (%)	23.02	(2.86)
Return on shareholders' equity (%)	35.19	(6.67)
Ratio of income before tax to paid-in capital (%)	61.77	(9.36)
Net profit margin (%)	1,085.05	(173.96)
Earnings per share (NT\$)	6.28	(1.01)

## 2. 2026 Business Plan

In the light of protectionism driven by the Trump administration, the impact of domestic electricity tariffs and carbon fees on corporate operating costs, as well as the internal competition (involution) of China's economy throughout 2026, the overall economic outlook remains subject to uncertainty.

With the gradual and steady release of overseas OEM production capacity following adjustments thereto, the Company's tire shipments will return to normal, thereby contributing to an increase in revenue. In addition to actively reallocating production lines across overseas and domestic OEMs, the Company continues to explore other qualified contract manufacturers to stabilize our supply chain. At the same time, strict cost control measures and expense reductions are being implemented to lower fixed operating costs. Following the production shutdown, the Company has been actively exploring business transformation, re-evaluating the positioning of our supply chain and the

layout of our domestic and international sales strategies. The future operational plans are outlined as follows:

- (I) Overseas OEM and regional expansion: To maintain regular business operations and mitigate high anti-dumping tariffs, the Company has commissioned overseas manufacturers to produce tires. At present, production has been outsourced to factories in Vietnam, Thailand, and Malaysia. The Company is also actively seeking additional OEM partners in Mainland China and other regions to enhance supply stability and diversification.
- (II) Business transformation and revenue increase: Aside from manufacturing and selling tires, the Company intends to diversify our business model.
- (III) Organizational streamlining and cost reduction: The Company is optimizing our organizational structure and workforce to reduce operational costs and expenses. By implementing austerity measures, the Company aims to minimize cash outflows and enhance overall efficiency.
- (IV) Asset activation and income generation: The Company continues to accelerate the revitalization of idle assets (land in urban redevelopment zones and industrial-commercial zones) while increasing working capital and generate revenue, with the aim of improving our financial structure.

Although the Company is currently facing short-term impacts on our operations and profitability, we remain committed to making continued efforts. With careful consideration of future business and financial planning, as well as long-term development, the Company is striving to achieve sustainable operations.

We at Federal Corporation would like to wish all of you

Good health and all the best!

Chairperson: Kuo, Lin-Liang

## Two. Corporate Governance Report

### I. Information Regarding the Board of Directors and Key Managers

#### (I) Information on directors (1)

March 21, 2026

Unit: thousand shares; %

Title	Nationality or Registration	Name	Gender Age	Date elected	Term	Date first elected	Shares held when elected		Shares held at present		Shares held by spouse & minors		Shares held under the names of others		Education and experience	Current position(s) in other companies	Other executives or directors who are spouses or within the second degree of kinship			Note
							Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding			Title	Name	Relationship	
Chairperson	ROC	Nankang Rubber Tire Corp., Ltd.		2024.05.24	3 years	2020.06.19	148,768	31.43	148,768	31.43	0	0	0	0	N/A	N/A	N/A	N/A	N/A	
	ROC	Representative: Kuo, Lin-Liang	Male 61-70 years old	2024.05.24	3 years	2023.11.01	0	0	0	0	0	0	0	0	Experience: Vice President of Manufacturing, Nankang Rubber Tire Corp., Ltd. Education: Bachelor of Chemical Engineering, Feng Chia University	Chairman of Taixin Construction Co., Ltd., Director of Federal International Holding Inc., Director of Amberg Investments Pte. Ltd., Director of Karroy Development Ltd., Chairman of Fucheng Development Co., Ltd., Chairman of Nankang Tire Co., Ltd., Chairman of Nanrong Development & Construction Co., Ltd., Chairman of Nankang (Zhangjiagang Free Trade Zone) Rubber Industry Co., Ltd., and Chairman of Taipei Nanhong Tire Co., Ltd.	N/A	N/A	N/A	
Director	ROC	Nankang Rubber Tire Corp., Ltd.		2024.05.24	3 years	2020.06.19	148,768	31.43	148,768	31.43	0	0	0	0	N/A	N/A	N/A	N/A	N/A	
	ROC	Representative: Chiang, Ching-Hsing	Male 61-70 years old	2024.05.24	3 years	2020.06.19	0	0	0	0	0	0	0	0	Experience: Chairperson of Nankang Rubber Tire Corp., Ltd., and Chairperson of Federal Corporation Education: Ph.D. in Public Order, University of Leicester, U.K.	N/A	N/A	N/A	N/A	
Director	ROC	Nankang Rubber Tire Corp., Ltd.		2024.05.24	3 years	2020.06.19	148,768	31.43	148,768	31.43	0	0	0	0	N/A	N/A	N/A	N/A	N/A	
	ROC	Representative: Chen, Yi-Chen	Female 31-40 years old	2024.05.24	3 years	2022.11.08	0	0	0	0	0	0	0	0	Experience: Assistant Manager of United Renewable Energy Co., Ltd. Education: Bachelor of Law, Soochow University; currently enrolled in the Entrepreneurship and Innovation MBA, National Taiwan University	Manager of United Renewable Energy Co., Ltd.	N/A	N/A	N/A	
Director	ROC	Nankang Rubber Tire Corp., Ltd.		2024.05.24	3 years	2020.06.19	148,768	31.43	148,768	31.43	0	0	0	0	N/A	N/A	N/A	N/A	N/A	
	ROC	Representative: Jiang, Hsiu-Chen	Female 41-50 years old	2024.05.24	3 years	2024.05.24	0	0	0	0	0	0	0	0	Experience: Director of Chiu Pu Cultural and Educational Foundation Education: Bachelor of Food and Nutrition, Ching Kuo Institute of Management and Health	Secretary of Chiu Pu Cultural and Educational Foundation	N/A	N/A	N/A	

Title	Nationality or Registration	Name	Gender Age	Date elected	Term	Date first elected	Shares held when elected		Shares held at present		Shares held by spouse & minors		Shares held under the names of others		Education and experience	Current position(s) in other companies	Other executives or directors who are spouses or within the second degree of kinship			Note
							Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding			Title	Name	Relationship	
Independent Director	ROC	Chen, Chun-Mei	Female 71-80 years old	2024.05.24	3 years	2024.05.24	633	0.13	250	0.05	0	0	0	0	Education: Master's degree in Humanities, Arts and Social Sciences, School for Advanced Studies in the Social Sciences, France	Chairperson of Kai Yue Asset Management Co., Ltd., Chairperson of Weades International Co., Ltd., and Chairperson of Honest Doctor Biotechnology Ltd.	N/A	N/A	N/A	
Independent Director	ROC	Chang, Shih-Nan	Male 51-60 years old	2024.05.24	3 years	2024.05.24	0	0	0	0	0	0	0	0	Experience: CEO of Karma Medical Group  Education: MBA, National Sun Yat-sen University; currently a doctoral student at the Department of Biomedical Engineering, National Cheng Kung University	N/A	N/A	N/A	N/A	
Independent Director	ROC	Chiu, Ching-Jui	Male 71-80 years old	2024.05.24	3 years	2024.05.24	0	0	0	0	0	0	0	0	Experience: Director of Tainet Communication System Corp.  Education: Bachelor of Law, National Taiwan University	Practicing Attorney	N/A	N/A	N/A	
Independent Director	ROC	Wang, Chi-Lung	Male 51-60 years old	2024.05.24	3 years	2024.05.24	0	0	0	0	0	0	0	0	Experience: President of Easywell Biomedicals, Inc.  Education: Master's degree in Industrial Management, National Taiwan University of Science and Technology	Independent Director of Linkcom Manufacturing Co., Ltd., Independent Director of Kingwaytek Technology Corporation Limited, and Audit Supervisor of Amazing Microelectronic Corp.	N/A	N/A	N/A	
Independent Director	ROC	Yao, Wen-Liang	Male 51-60 years old	2024.05.24	3 years	2021.10.15	0	0	0	0	0	0	0	0	Education: Bachelor of Accounting, National Chung Hsing University	Managing CPA of Wei Yuan CPA Firm, Independent Director of New Era Electronics Co., Ltd., and Independent Director of Jioushun Construction Co., Ltd.	N/A	N/A	N/A	

Table 1 Major institutional shareholders

March 21, 2026

Name of corporate shareholder	Major shareholders of institutional shareholder
Nankang Rubber Tire Corp., Ltd.	Nan Kuan Tire Co., Ltd. (16.85%) Yuanrui Development Industry Co., Ltd. (9.34%) Yuanhong Development Industrial Co., Ltd. (5.53%) Quanye Investment Co., Ltd. (4.04%) Zhikai Development Co., Ltd. (3.78%) Lin, Chun-Ying (2.27%) Kuo Chiang Ta Technology Co., Ltd. (revoked) (1.21%) Federal Corporation (0.97%) Farglory Life Insurance Co., Ltd. (0.94%) Standard Chartered Bank (Custody for Advanced Starlight Fund Series - Advanced Total International Stock Index Fund) (0.51%)

Table 2 Major shareholders of institutional shareholders in Table 1 with corporations as their major shareholders

March 21, 2026

Name of institutional shareholder	Major shareholders of corporate entity
Nan Kuan Tire Co., Ltd.	Heng Tai Holding Co., Ltd. (55.56%) Chiu Pu Cultural and Educational Foundation (22.96%) Nankang Rubber Tire Co., Ltd. (20.37%) Lin, Chun-Ming (1.11%)
Yuanrui Development Industry Co., Ltd.	Heng Tai Holding Co., Ltd. (72.268%) Chiu Pu Cultural and Educational Foundation (24.39%) Lin, Chun-Ying (2.049%) Yuanhong Development Industrial Co., Ltd. (0.797%) Quanye Investment Co., Ltd. (0.496%)
Yuanhong Development Industrial Co., Ltd.	Heng Tai Holding Co., Ltd. (99.34%) Zhikai Development Co., Ltd. (0.35%) Chiu Pu Cultural and Educational Foundation (0.21%) Yuanrui Development Industry Co., Ltd. (0.1%)
Quanye Investment Co., Ltd.	Heng Tai Holding Co., Ltd. (99.9%) Yuanrui Development Industry Co., Ltd. (0.1%)
Zhikai Development Co., Ltd.	Heng Tai Holding Co., Ltd. (90.7%) Quanye Investment Co., Ltd. (6.58%) Chiu Pu Cultural and Educational Foundation (2.62%) Yuanhong Development Industry Co., Ltd. (0.1%)
Kuo Chiang Ta Technology Co., Ltd. (revoked)	Nankang Rubber Tire Corp., Ltd. (46.18%)
Federal Corporation	Nankang Rubber Tire Corp., Ltd. (31.43%) Zhikai Development Co., Ltd. (5.69%) Taifu Investment Co., Ltd. (5.41%) Chuan Wei Investment Co., Ltd. (3.4%) Huan-Xiang Investment Co., Ltd. (3.3%) Yen, Chung-Jui (2.75%) Yuanhong Development Industrial Co., Ltd. (2.09%) Jia Cheng Co., Ltd. (2.03%) Hanzhong Global Investment Co., Ltd. (2.03%) Yuanrui Development Industry Co., Ltd. (1.49%)
Farglory Life Insurance Co., Ltd.	Shin Yu Investment Co., Ltd. (19.00%) Fareast Land Development Co., Ltd. (12.48%) Yan Jan Investment Co., Ltd. (8.91%) Chao, Teng Hsiung (8.49%) Harvard International Investment Co., Ltd. (6.71%) Rich International Investment Co., Ltd. (6.43%) Farglory International Investment Co., Ltd. (6.43%) Tong Yuan Construction Co., Ltd. (5.63%)

## (II) Information on directors (2)

### I. Disclosure of information on the professional qualifications of directors and the independence of independent directors:

<p>riteria</p> <p>Name</p>	<p>Professional qualifications and experience</p>	<p>Independence criteria</p>	<p>Number of other public companies in which the individual is concurrently serving as an independent director</p>
<p>Chairperson Kuo, Lin-Liang</p>	<p>Education: Bachelor of Chemical Engineering, Feng Chia University</p> <p>Experience: Vice President of Manufacturing of Nankang Rubber Tire Corp., Ltd.; Current positions: Chairperson of Taixin Construction Co., Ltd., Director of Federal International Holding Inc., Director of Amberg Investments Pte. Ltd., Director of Karroy Development Ltd., Chairperson of Fu Cheng Development Co., Ltd., Chairperson of Nankang Rubber Tire Corp., Ltd., Chairperson of Nanzong Construction Developments, Co., Ltd., Chairperson of Nankang (Zhangjiagang Free Trade Zone) Rubber Industry Co., Ltd., and Chairperson of Taipei Nan Hong Tire Co., Ltd.</p> <p>Expertise: Skilled in operational judgment, leadership decision-making, business management, crisis handling, with industry knowledge and a global market perspective.</p> <p>Not under any conditions defined in Article 30 of the Company Act.</p>	<p>Not applicable</p>	<p>0</p>
<p>Director Chiang, Ching-Hsing</p>	<p>Education: PhD in Public Order, University of Leicester, UK</p> <p>Experience: Chairperson of Nankang Rubber Tire Corp., Ltd., Chairperson of Federal Corporation.</p> <p>Expertise: Skilled in operational judgment, leadership decision-making, business management, crisis handling, with industry knowledge and a global market perspective.</p> <p>Not under any conditions defined in Article 30 of the Company Act.</p>		<p>0</p>

<b>Criteria</b> <b>Name</b>	<b>Professional qualifications and experience</b>	<b>Independence criteria</b>	<b>Number of other public companies in which the individual is concurrently serving as an independent director</b>
Director Chen, Yi-Chen	Education: Bachelor of Law, Soochow University; currently enrolled in the Entrepreneurship and Innovation MBA, National Taiwan University Experience: Assistant Manager of United Renewable Energy Co., Ltd., current Assistant Manager, United Renewable Energy Co., Ltd., Manager, United Renewable Energy Co., Ltd. Expertise: Skilled in operational judgment, leadership decision-making, business management, crisis handling, with industry knowledge and a global market perspective. Not under any conditions defined in Article 30 of the Company Act.		0
Director Jiang, Hsiu-Chen	Education: Bachelor of Food and Nutrition, Ching Kuo Institute of Management and Health. Experience: Director of Chiu Pu Cultural and Educational Foundation and current Secretary, Chiu Pu Cultural and Educational Foundation. Expertise: Skilled in operational judgment, leadership decision-making, business management, crisis handling, with industry knowledge and a global market perspective. Not under any conditions defined in Article 30 of the Company Act.		0

riteria Name	Professional qualifications and experience	Independence criteria	Number of other public companies in which the individual is concurrently serving as an independent director
Independent Director Chen, Chun-Mei	<p>Education: Master's degree in Humanities, Arts and Social Sciences, School for Advanced Studies in the Social Sciences, France.</p> <p>Experience: Current Chairperson of Kai Yue Asset Management Co., Ltd., Chairperson of Weades International Co., Ltd., and Chairperson of Honest Doctor Biotechnology Ltd.</p> <p>Expertise: Skilled in operational judgment, leadership decision-making, business management, crisis handling, with industry knowledge and a global market perspective.</p> <p>Not under any conditions defined in Article 30 of the Company Act.</p>	<p>Except for independent director Chen, Chun-Mei, who holds 250,000 shares of the Company (representing 0.05% of the total shares) as of March 21, 2026, all independent directors meet the following criteria:</p> <ol style="list-style-type: none"> <li>1. Not a director, supervisor, or employee of the Company or its affiliated companies, or a spouse or relative within the second degree of kinship of any of the above.</li> </ol>	0
Independent Director Chang, Shih-Nan	<p>Education: MBA, National Sun Yat-sen University; currently enrolled in the PhD program of the Department of Biomedical Engineering, National Cheng Kung University.</p> <p>Experience: CEO of Karma Medical Group.</p> <p>Expertise: Skilled in operational judgment, leadership decision-making, business management, crisis handling, with industry knowledge and a global market perspective.</p> <p>Not under any conditions defined in Article 30 of the Company Act.</p>	<ol style="list-style-type: none"> <li>2. The person, spouse, second degree relatives or closer (or in the name of others) do not hold any shares of the Company.</li> <li>3. He/She has not served as a director, supervisor, or employee of a company with specific relationships to the Company.</li> </ol>	0
Independent Director Chiu, Ching-Jui	<p>Education: Bachelor of Law, National Taiwan University</p> <p>Education: Director of Tainet Communication System Corp.; currently a practicing attorney.</p> <p>Expertise: Skilled in operational judgment, leadership decision-making, business management, crisis handling, with industry knowledge and a global market perspective.</p> <p>Not under any conditions defined in Article 30 of the Company Act.</p>	<ol style="list-style-type: none"> <li>4. In the past two years, he/she has not received any remuneration for providing business, legal, financial, accounting, or other services to the Company or its</li> </ol>	0

riteria Name	Professional qualifications and experience	Independence criteria	Number of other public companies in which the individual is concurrently serving as an independent director
Independent Director Wang, Chi-Lung	<p>Education: Master’s degree in Industrial Management, National Taiwan University of Science and Technology.</p> <p>General Manager of Easywell Biomedicals Co., Ltd.; Independent Director of LITE-ON Electronics Co., Ltd.; Independent Director of Qinyi International Technology Co., Ltd.; Chief Auditor of Crystalwise Technology Inc.</p> <p>Expertise: Skilled in operational judgment, leadership decision-making, business management, crisis handling, with industry knowledge and a global market perspective.</p> <p>Not under any conditions defined in Article 30 of the Company Act.</p>	affiliated enterprises.	2
Independent Director Yao, Wen-Liang	<p>Education: Bachelor of Accounting, National Chung Hsing University</p> <p>Experience: Currently serving as the Managing CPA of Wei Yuan CPA Firm, Independent Director of New Era Electronics Co., Ltd., and Independent Director of Jioushun Construction Co., Ltd.</p> <p>Expertise: Skilled in operational judgment, leadership decision-making, business management, crisis handling, with industry knowledge and a global market perspective.</p> <p>Not under any conditions defined in Article 30 of the Company Act.</p>		2

## II. Diversity and independence of the Board of Directors:

### (I) Board diversity:

1. The Board of Directors of the Company approved the establishment of the “Corporate Governance Best Practice Principles” on August 12, 2019. Article 20 of the “Corporate Governance Best Practice Principles” specifies that the composition of the Board of Directors shall be based on the principle of diversity. Directors who also serve as the Company’s managers shall not exceed one-third of the total number of directors, and an appropriate diversity policy shall be formulated based on our operation, operation model, and development needs, including but not limited to the two indicators below:

- (1) Basic conditions and values: Gender, age, nationality, and culture.

- (2) Professional knowledge and skills: Professional backgrounds (such as law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience.

The Board members shall generally possess the knowledge, skills, and qualities necessary to perform their duties. To achieve the ideal goals of corporate governance, the Board as a whole should possess the capabilities below:

- (1) Operational judgment.
  - (2) Accounting and financial analysis skills.
  - (3) Business management skills.
  - (4) Crisis management capabilities.
  - (5) Industry knowledge.
  - (6) International market perspective.
  - (7) Leadership
  - (8) Decision-making ability.
2. The current status of the diversity of the Board members of the Company is as follows:

- (1) Basic conditions and values: Gender, age, nationality, and culture.

The Board members of the Company are all of domestic nationality. The composition structure includes 5 independent directors (with no independent director serving more than 3 consecutive terms), and 3 female directors, accounting for 33% of the total Board members. As of the end of 2025, the age distribution of the directors is as follows: 1 director is aged 31 – 40; 1 director is aged 41 – 50; 3 directors are aged 51 – 60; 2 directors are aged 61 – 70; and 2 directors are aged 71 – 80.

- (2) Professional knowledge and skills: Professional backgrounds, professional skills, and industry experience.

The current Board of Directors of the Company consists of 9 members, all of whom are distinguished individuals with extensive professional experience. They possess abilities in leadership decision-making, management, operational judgment, crisis handling, industry knowledge, and global market perspectives. Two directors have expertise in law and business administration, two directors have backgrounds in accounting, finance, and business administration, and five directors have expertise in industry knowledge and business administration.

## (II) Independence of the Board of Directors:

All 5 independent directors of the Company (representing 56% of the total Board members) meet the requirements set forth by the Financial Supervisory Commission (FSC) regarding independent directors. Furthermore, none of the Board members are subject to the circumstances specified in Paragraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act.

(III) President, Vice Presidents, Associate Managers, and Supervisors of All the Company's Divisions and Branches

March 21, 2026

Unit: thousand shares; %

Title	Nationality	Name	Gender	Date elected	Shares held		Shares held by spouse or minors		Shares held under the names of others		Education and experience	Current position(s) in other companies	Managers who are spouses or within the second degree of kinship			Note
					Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding			Title	Name	Relationship	
President	ROC	Chung, Cheng-Yen	Male	2023.11.09	0	0	0	0	0	0	Graduate Institute of Political Science, National Taiwan Normal University	N/A	N/A	N/A	N/A	
Vice President (Chief Financial Officer) (Corporate Governance Officer)	ROC	Lu, Hsin-Yi	Male	2023.11.09	15	0	0	0	0	0	Bachelor of Accounting, Chung Yuan Christian University.	N/A	N/A	N/A	N/A	
Head of Research and Development Department	ROC	Huang, Chien-Hsing	Male	2023.10.20	0	0	0	0	0	0	Bachelor of Chemistry, Chinese Culture University	N/A	N/A	N/A	N/A	
Head of Management Department	ROC	Wang, Li-Hua	Male	2021.10.01	0	0	0	0	0	0	Master's degree in Management, School of Management, Ming Chuan University	N/A	N/A	N/A	N/A	
Head of Operation Department	ROC	Hsu, Ming-De	Male	2023.11.26	0	0	0	0	0	0	Graduate Institute of Business Administration, University of Lincoln	N/A	N/A	N/A	N/A	
Chief of Accounting Officer	ROC	Li, Hsin-Yu	Male	2007.01.22	10,393	0	0.57	0	0	0	Graduate Institute of Accounting, Chung Yuan Christian University	N/A	N/A	N/A	N/A	

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

### (I) Remuneration of General Directors and Independent Directors

Unit: NT\$ 1,000

Title	Name	Remuneration to directors								Ratio of total remuneration (A+B+C+D) to net income (%)		Relevant remuneration received by directors who are also employees								Ratio of total remuneration (A + B + C + D + E + F + G) to net income (%)		Remuneration received from invested businesses other than subsidiaries or from the parent company
		Remuneration (A)		Severance pay and pension (B)		Reward of directors (C)		Business execution expenses (D)				Salary, bonuses, and allowances (E)		Severance Pay (F)		Employee Compensation (G)						
		The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	Cash amount	Share amount	Cash amount	Share amount	The Company	Companies in the consolidated financial statements	
Chairperson	Nankang Rubber Tire Corp., Ltd. Representative: Kuo, Lin-Liang	240	240	-	-	-	-	30	30	270 0.01	270 0.01	1,033	1,033	-	-	-	-	-	-	1,303 0.05	1,303 0.05	N/A
Director	Nankang Rubber Tire Corp., Ltd. Representative: Chiang, Ching-Hsing	240	240	-	-	-	-	25	25	265 0.01	265 0.01	-	-	-	-	-	-	-	-	265 0.01	265 0.01	N/A
Director	Nankang Rubber Tire Corp., Ltd. Representative: Chen, Yi-Chen	240	240	-	-	-	-	30	30	270 0.01	270 0.01	-	-	-	-	-	-	-	-	270 0.01	270 0.01	N/A
Director	Nankang Rubber Tire Corp., Ltd. Representative: Jiang, Hsiu-Chen	240	240	-	-	-	-	30	30	270 0.01	270 0.01	-	-	-	-	-	-	-	-	270 0.01	270 0.01	N/A
Independent Director	Yao, Wen-Liang	600	600	-	-	-	-	35	35	635 0.02	635 0.02	-	-	-	-	-	-	-	-	635 0.02	635 0.02	N/A
Independent Director	Chen, Chun-Mei	600	600	-	-	-	-	35	35	635 0.02	635 0.02	-	-	-	-	-	-	-	-	635 0.02	635 0.02	N/A
Independent Director	Chiu, Ching-Jui	600	600	-	-	-	-	35	35	635 0.02	635 0.02	-	-	-	-	-	-	-	-	635 0.02	635 0.02	N/A
Independent Director	Wang, Chi-Lung	600	600	-	-	-	-	35	35	635 0.02	635 0.02	-	-	-	-	-	-	-	-	635 0.02	635 0.02	N/A
Independent Director	Chang, Shih-Nan	600	600	-	-	-	-	35	35	635 0.02	635 0.02	-	-	-	-	-	-	-	-	635 0.02	635 0.02	N/A

1. Please describe the independent directors' remuneration policy, system, standards, and structure, and explain the factors, including the independent directors' duties, risks, and invested time connecting to the remuneration amount:

- The Board of Directors, in accordance with the regulations of the Company's Articles of Incorporation, shall determine their remuneration based on the degree of their participation in the Company's operations and the value of individuals' contribution, while with reference to the general standards in the industry.
- The Company's Articles of Incorporation also stipulates that no more than 3% of the annual profit shall be set aside as director remuneration.

2. In addition to those disclosed in the above table, the remuneration received by the directors in the most recent year for providing services (such as serving as a non-employee consultant of the parent company/all companies listed in the financial statements/investee(s)): None.

(II) Remuneration to the President and Vice Presidents

Unit: NT\$ 1,000

Title	Name	Salary (A)		Severance pay and pension (B)		Bonuses and allowances (C)		Employee compensation (D)				Ratio of total remuneration (A+B+C+D) to net income (%)		Remuneration received from invested businesses other than subsidiaries or from the parent company
		The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company		Companies in the consolidated financial statements		The Company	Companies in the consolidated financial statements	
								Cash amount	Share amount	Cash amount	Share amount			
President	Chung, Cheng-Yen	1,314	1,314	66	66	401	401	-	-	-	-	1,781 0.06	1,781 0.06	N/A
Vice President	Lu, Hsin-Yi	1,583	1,583	83	83	101	101	-	-	-	-	1,767 0.06	1,767 0.06	N/A

(III) Remuneration of the top five managers with the highest remuneration

Unit: NT\$ 1,000

Title	Name	Salary (A)		Severance pay and pension (B)		Bonuses and allowances (C)		Employee compensation (D)				Ratio of total remuneration (A+B+C+D) to net income (%)		Remuneration received from invested businesses other than subsidiaries or from the parent company
		The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company		Companies in the consolidated financial statements		The Company	Companies in the consolidated financial statements	
								Cash amount	Share amount	Cash amount	Share amount			
President	Chung, Cheng-Yen	1,314	1,314	66	66	401	401	-	-	-	-	1,781 0.06	1,781 0.06	N/A
Vice President	Lu, Hsin-Yi	1,583	1,583	83	83	101	101	-	-	-	-	1,767 0.06	1,767 0.06	N/A
Head of Management Department	Wang, Li-Hua	1,113	1,113	64	64	78	78	-	-	-	-	1,255 0.04	1,255 0.04	N/A

Title	Name	Salary (A)		Severance pay and pension (B)		Bonuses and allowances (C)		Employee compensation (D)				Ratio of total remuneration (A+B+C+D) to net income (%)		Remuneration received from invested businesses other than subsidiaries or from the parent company
		The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company		Companies in the consolidated financial statements		The Company	Companies in the consolidated financial statements	
								Cash amount	Share amount	Cash amount	Share amount			
Head of Research and Development Department	Huang, Chien-Hsing	1,083	1,083	64	64	78	78	-	-	-	-	1,225 0.04	1,225 0.04	N/A
Head of Operation Department	Hsu, Ming-De	1,046	1,046	61	61	78	78	-	-	-	-	1,185 0.04	1,185 0.04	N/A

(IV) Name of the managers who received employee compensation and the distribution:

None.

(V) Compare and explain the Company's and all companies in the consolidated statement in the past two years of the total amount of remuneration of the Company's directors, President, and Vice Presidents as the percentage of the parent company only net income after tax; analyze and describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its correlation with operating performance:

(1) The total remuneration paid by the Company and all companies in the consolidated statement to the directors, President, and Vice Presidents as a percentage of the net income after tax is as follows:

Item	The Company		All companies in the consolidated statement	
	2025	2024	2025	2024
Total amount of directors' remuneration as a percentage of the Company's net income after tax on a standalone basis (%)	0.18	-1.12	0.18	-1.12
Total remuneration to President and Vice Presidents as a percentage of net income after tax on a standalone basis (%)	0.12	-0.76	0.12	-0.76

(2) Policy, standard and combination of the remuneration, remuneration setting procedures, and the relevance of the business performance and the future risks:

1. According to Article 19 of the Company's Articles of Incorporation, the Board of Directors is authorized to

determine the remuneration to the Chairperson and directors based on their participation in the Company's operations and the value of their contributions, and the level of remuneration adopted in the same industry. In addition, performance evaluation is conducted annually in reference to the Company's Board of Directors Performance Evaluation Regulations, where the evaluation items in the Regulations, including mastery of the Company's goals and missions, awareness of responsibilities, internal relationship management and communication, directors' professionalism and continuing education, and internal control, etc.. as a reference for determining individual directors' remuneration to ensure the provision of reasonable compensation. In addition, if the Company records a profit for the year, no more than 3% shall be allocated as remuneration for directors pursuant to Article 22 of the Company's Articles of Incorporation. The actual allocation percentage and amount shall be proposed by the Remuneration Committee after considering business performance and subsequently submitted to the Board of Directors for resolution.

2. The appointment, dismissal, and remuneration of the Company's managers shall be resolved by the Board of Directors in accordance with the provisions of the Articles of Incorporation. Remuneration for manager includes both fixed and variable remuneration. Fixed remuneration is determined based on the officer's position, experience, professional expertise, years of service, and industry standards. Variable remuneration is linked to the Company's performance objectives, including revenue and profit targets, the implementation of KPIs designed according to annual goals, and forward-looking performance metrics. In addition, if the Company generates profit for the fiscal year, 0.1% to 1% shall be appropriated as employee remuneration in accordance with Article 22 of the Articles of Incorporation, where the actual percentage and amount to be distributed shall be proposed by the Remuneration Committee and approved by a resolution of the Board of Directors.
3. The Company's remuneration policy and related payment standards are primarily based on the overall operational performance of the Company. The payment standards are determined in consideration of the level of performance achievement and individual contributions, with the goal of enhancing the overall effectiveness of the Board of Directors and the management team. Industry remuneration standards are also taken into consideration to ensure that the remuneration of the Company's management remains competitive within the industry, thereby retaining outstanding managerial talent.

### III. Corporate Governance Status

#### (I) Operation of the Board of Directors

The Board of Directors held 6 meetings (A) in 2025. The attendance of directors is as follows:

Title	Name	Attendance in person (B)	Number of meetings attended by proxy	Actual attendance (%) [B/A]	Note
Chairperson	Nankang Rubber Tire Corp., Ltd. Representative: Kuo, Lin-Liang	6	0	100	
Director	Nankang Rubber Tire Corp., Ltd. Representative: Chiang, Ching-Hsing	5	1	83.33	
Director	Nankang Rubber Tire Corp., Ltd. Representative: Chen, Yi-Chen	6	0	100	
Director	Nankang Rubber Tire Corp., Ltd. Representative: Jiang, Hsiu-Chen	6	0	100	
Independent Director	Yao, Wen-Liang	6	0	100	
Independent Director	Chen, Chun-Mei	6	0	100	
Independent Director	Chang, Shih-Nan	6	0	100	
Independent Director	Chiu, Ching-Jui	6	0	100	
Independent Director	Wang, Chi-Lung	6	0	100	

Other matters that are required to be disclosed:

- I. If any of below listed-circumstances of operations of Board meetings occur, it is necessary to be disclosed, including dates of Board meetings, sessions, the contents of motions, all independent opinions from Independent Directors and the Company's response to such Independent Directors' opinions:
  - (I) Matters specified in Article 14-3 of the Securities and Exchange Act: Please refer to pages 53-56 for details of the resolutions
  - (II) In addition to above matters, the resolutions adopted by the Board of Directors to which independent directors have objections or reservations on record or in a written statement: Please refer to pages 53-56.
- II. Disclosure regarding recusal for interest-conflicting proposals, including the names of directors concerned, the content of proposals, reason for recusal, and the voting process:

Board of Directors	Name of director	Content of proposal	Reason for recusal due to conflict of interest and status of participation in voting
2026/03/16 13th meeting of the 25th term	Chairperson Kuo, Lin-Liang, Director Chiang, Ching-Hsing, Director Chen, Yi-Chen, and Director Jiang, Hsiu-Chen	Proposal for the investment in and acquisition of common shares issued by Nankang Rubber Tire Corp., Ltd.	Except for the directors with a conflict of interest (all being the corporate representatives of representative of Nankang Rubber Tire Corp., Ltd.), all other directors present unanimously agreed to approve the proposal as presented.

- III. A publicly listed company shall disclose the cycle and period, scope, method, and content of the self-evaluation (or peer evaluation) of the performance of the Board of Directors and disclose the implementation status of Board evaluation: Please refer to Table 1.
- IV. Evaluation of the objective of strengthening the functions of the Board of Directors and the implementation in the current year and the last year:
 

To enable the Board members to effectively fulfill their functions, the Company encourages our directors to pursue continuing education in order to stay updated with the latest knowledge and enhance their responsiveness to emerging challenges. In 2025, directors participated in training programs based on their individual needs, with

a total of 26.5 hours of director training completed (Details are disclosed on Market Observation Post System\Corporate Governance\Information on Directors and Supervisors\Summary Table of Attendance of Directors and Supervisors at Board Meetings and Training Status).

Table 1 Implementation status of Board evaluation

<b>Evaluation cycle</b>	<b>Evaluation period</b>	<b>Scope</b>	<b>Method</b>	<b>Evaluation content and overall evaluation results</b>
Once a year	From 2025/1/1 to 2025/12/31	Board of Directors	Internal self-evaluation	<p>Evaluation content:</p> <p>A. Degree of participation in the Company's operations            B. Improvement to the decision-making quality of the Board            C. Board composition and structure            D. Directors' election of and continuing education            E. Internal control</p> <p>Evaluation results:            The results demonstrate that the Board of Directors has fulfilled its responsibilities to guide and supervise the Company's strategies, material business operations, and risk management, and has been able to establish an appropriate internal control system, with a high degree of participation in sustainability (ESG) matters; the overall operation is sound and in compliance with corporate governance requirements.</p>
Once a year	From 2025/1/1 to 2025/12/31	Individual Board members	Directors' self-evaluation	<p>Evaluation content:</p> <p>A. Understanding of the Company's goals and tasks            B. Awareness of directors' responsibilities            C. Degree of participation in the Company's operations            D. Internal relations management and communication            E. Directors' professionalism and continuing education            F. Internal control</p> <p>Evaluation results:            The results show that the directors have given positive evaluations regarding the efficiency and effectiveness of the operation across all indicators.</p>
Once a year	From 2025/1/1 to 2025/12/31	All functional committees	Internal self-evaluation of functional committees	<p>Evaluation content:</p> <p>A. Degree of participation in the Company's operations            B. Understanding of functional committees' responsibilities            C. Improvement to the decision-making quality of functional committees            D. Composition of functional committees and appointment of members            E. Internal control</p> <p>Evaluation results:</p>

Evaluation cycle	Evaluation period	Scope	Method	Evaluation content and overall evaluation results
				The results demonstrate that the overall operation of the functional committees is sound and complies with corporate governance requirements, thereby effectively enhancing the functions of the Board of Directors.

On August 12, 2020, the Company's Board of Directors approved the Board of Directors Performance Evaluation Regulations, which stipulate that an external evaluation shall be conducted at least once every three years. Performance evaluations are carried out using self-assessment questionnaires. The results of the 2025 performance evaluations of the Board members, the Board of Directors, the Remuneration Committee, and the Audit Committee were reported to the Board of Directors on March 3, 2026. The results of the Board performance evaluations are used as a reference in the selection or nomination of directors. Furthermore, the results of individual directors' performance evaluations serve as a basis for determining their respective remuneration. The evaluation outcomes are disclosed on the Company's official website: ([https://federalcorporation.com.tw/tc/Corporate\\_Governance.php](https://federalcorporation.com.tw/tc/Corporate_Governance.php)).

## (II) Operation of the audit committee

In 2025, the Audit Committee held 7 meetings (A). The attendance of independent directors is as follows:

Title	Name	Attendance in person (B)	Number of meetings attended by proxy	Actual attendance (%) (B/A)	Note
Independent Director	Yao, Wen-Liang	7	0	100	
Independent Director	Chen, Chun-Mei	7	0	100	
Independent Director	Chang, Shih-Nan	7	0	100	
Independent Director	Chiu, Ching-Jui	7	0	100	
Convener	Wang, Chi-Lung	7	0	100	

Annual focus areas of the audit committee

- Reviewed financial reports

The Board of Directors has prepared the Company's 2025 Business Report, financial statements, and the proposal for earnings distribution, among which the financial statements have been audited by Baker Tilly Clock & CO., where an audit report has been issued. The above business report, financial statements, and statement of earnings distribution have been reviewed by the Audit Committee without any inconsistency identified.

- Assessed the effectiveness of the internal control system

The Audit Committee evaluated the effectiveness of the Company's internal control system policies and procedures (including financial, operational, risk management, information security, outsourcing, compliance, and other control measures) and reviewed the Company's Auditing Office and CPAs, while reporting to the management regularly, including risk management and compliance. With reference to Internal Control - Integrated Framework issued by The Committee of Sponsoring Organizations of the Treadway Commission (COSO) in 2013, the Audit Committee believed that the Company's risk management and internal control systems were effective and that the Company has adopted necessary control measures to monitor and rectify violations.

- Appointed CPAs

The Audit Committee was entrusted to oversee the independence of the CPAs to ensure the impartiality of the financial statements. Generally speaking, except for tax-related services or items approved, the CPA firm

shall not provide other services to the Company. All services provided by CPAs shall be approved by the Audit Committee.

To ensure the independence and suitability of the CPAs at Baker Tilly Clock & CO., the Board of Directors, on March 3, 2026, reviewed Peng, Li-Chen and Lin, Chi-Ping, i.e., CPAs at Baker Tilly Clock & CO., as per the Company's Regulations on the Assessment of CPAs' Independence and Suitability and approved that both of them met the independence criteria and were qualified to serve as the CPAs for the Company's financial statements and taxes.

Other matters that are required to be disclosed:

- I. If the operations of the Audit Committee fall under any of the circumstances below, please specify the date of the meeting, the term of the Audit Committee, the content of the proposal, independent directors' dissenting opinion or qualified opinion or major suggestions, the results of the Audit Committee's resolutions, and the Company's response to the Audit Committee's opinions.
  - (I) Items listed under Article 14-5 of the Securities and Exchange Act: Please refer to Note 1.
  - (II) In addition to above mentioned matters, any resolution made by over two-third of the Board of Directors but not approved by Audit Committee: None.
- II. Disclosure regarding recusal from interest-conflicting proposals, including the names of independent directors concerned, the content of proposals, reason for recusal, and the voting process: None.
- III. Communications between the independent directors and the Company's chief internal auditor/CPAs (shall include the material issues, methods, and results of audits of corporate finance or operations):
  - (I) The Chief Internal Auditor attends the Audit Committee meeting on a quarterly basis to report on audit business and communicates with independent directors at the Audit Committee meetings.
  - (II) The Company's CPAs reported on the results of audits on the financial statements of the year and other matters that need to be communicated as required by relevant laws and regulations at the annual Audit Committee meeting. The communication between the members of the Audit Committee and the CPAs is smooth.
  - (III) The chief auditor and the CPA may communicate directly with the independent directors as needed, and communication has been smooth.
  - (IV) For 2025 and up to the publication date of this annual report, the summaries of previous communications are detailed in Note 2 and Note 3.

Note 1: Important resolutions by the Audit Committee in the most recent year and up to the publication date of this annual report:

<b>Audit Committee</b>	<b>Content of proposal</b>	<b>Independent directors' objections, reservations, or major suggestions</b>	<b>Resolution results</b>	<b>The Company's response to the Audit Committee's opinions:</b>
2025/03/03 4th meeting of the 4th term	<ol style="list-style-type: none"> <li>1. Self-prepared financial information and business report for 2024.</li> <li>2. Statement of deficit compensation for 2024.</li> <li>3. Distribution of cash dividends for the second half of 2024.</li> <li>4. Issuance of the Statement on Internal Control System for 2024.</li> <li>5. Appointment and remuneration of the attesting CPAs.</li> <li>6. Waiver of all debt claims against U.S. subsidiary, Federal Tire North</li> </ol>	None.	Approved as submitted with the unanimous consent of all attending committee members.	Submitted to and approved by the Board of Directors.

	America LLC.			
2025/05/13 5th meeting of the 4th term	<ol style="list-style-type: none"> <li>2025 Q1 financial report.</li> <li>Permanent decommissioning of the Guanyin Plant and the revitalization and disposal of related assets.</li> <li>Lending of funds to Taixin Construction Co., Ltd., a wholly-owned subsidiary of the Company.</li> </ol>	None.	Approved as submitted with the unanimous consent of all attending committee members.	Submitted to and approved by the Board of Directors.
2025/06/02 6th meeting of the 4th term	<ol style="list-style-type: none"> <li>Proposal to engage an independent expert to issue an expert opinion on the reasonableness of the price regarding the fair value of the land and plant of the Guanyin Plant.</li> </ol>	None.	Approved as submitted with the unanimous consent of all attending committee members.	Executed in accordance with the resolution.
2025/06/05 7th meeting of the 4th term	<ol style="list-style-type: none"> <li>Revitalization and disposal of related assets at the Guanyin Plant.</li> </ol>	None.	Approved as submitted with the unanimous consent of all attending committee members.	Submitted to and approved by the Board of Directors.
2025/07/01 8th meeting of the 4th term	<ol style="list-style-type: none"> <li>Resolutions on the disposal of real estate at the Guanyin Plant.</li> </ol>	None.	Approved as submitted with the unanimous consent of all attending committee members.	Submitted to and approved by the Board of Directors.
2025/08/12 9th meeting of the 4th term	<ol style="list-style-type: none"> <li>2025 Q2 financial report.</li> <li>Distribution of cash dividends for the first half of 2025.</li> <li>Definition of “non-managerial employees.”</li> <li>Application for the renewal of financing facilities from Hua Nan Bank.</li> </ol>	None.	Approved as submitted with the unanimous consent of all attending committee members.	Submitted to and approved by the Board of Directors.
2025/11/12 10th meeting of the 4th term	<ol style="list-style-type: none"> <li>Change of attesting CPAs.</li> <li>Q3 2025 financial report.</li> <li>Submission of the 2026 annual audit plan.</li> </ol>	<ol style="list-style-type: none"> <li>None.</li> <li>None.</li> <li>None.</li> </ol>	<ol style="list-style-type: none"> <li>Approved as submitted with the unanimous consent of all attending committee members.</li> <li>Approved as submitted with the unanimous consent of all attending committee members.</li> <li>Approved as submitted with the unanimous consent of all attending</li> </ol>	<ol style="list-style-type: none"> <li>Submitted to and approved by the Board of Directors.</li> <li>Submitted to and approved by the Board of Directors.</li> <li>Submitted to and approved by the Board of Directors.</li> </ol>

	<p>4. Addition of the Company’s Internal Control System and Internal Audit Implementation Rules for “Payroll Cycle - Entry-level Employees.”</p> <p>5. Election of the Company’s representative in accordance with the Audit Committee Charter.</p>	<p>4. None.</p> <p>5. None.</p>	<p>committee members.</p> <p>4. Approved as submitted with the unanimous consent of all attending committee members.</p> <p>5. Committee member Chen, Chun-Mei proposed that Chairman Wang, Chi-Lung be appointed as the Company Representative, where the motion was seconded by all attending members and was duly passed.</p>	<p>4. Submitted to and approved by the Board of Directors.</p> <p>5. Executed in accordance with the resolution.</p>
2026/01/26 11th meeting of the 4th term	1. Amendments to the Company’s Internal Control System and Internal Audit Implementation Rules for “Payroll Cycle - Entry-level Employees.”	None.	Approved as submitted with the unanimous consent of all attending committee members.	Submitted to and approved by the Board of Directors.
2026/03/03 12th meeting of the 4th term	<p>1. Self-prepared financial information and business report for 2025.</p> <p>2. Statement of deficit compensation for 2025.</p> <p>3. Use of capital surplus to offset a portion of accumulated deficits.</p> <p>4. Issuance of the Statement on Internal Control System for 2025.</p> <p>5. Review of the appointment and remuneration of the attesting CPAs.</p>	None.	Approved as submitted with the unanimous consent of all attending committee members.	Submitted to and approved by the Board of Directors.

Note 2: Communication between independent directors and the Internal Audit Officer

Date	Communication meeting	Matters communicated	Communication results
2025/03/03	Audit Committee	Report on the execution of audit work for Q4 2024. Report on the 2024 Statement of Internal Control System.	No opinions were expressed at this meeting.
2025/05/13	Audit Committee	Report on the execution of audit work for Q1 2025.	No opinions were expressed at this meeting.
2025/08/12	Audit	Report on the execution of audit work for Q2 2025.	No opinions were

Date	Communication meeting	Matters communicated	Communication results
	Committee		expressed at this meeting.
2025/11/12	Audit Committee	Report on the execution of audit work for Q3 2025.	No opinions were expressed at this meeting.
2026/03/03	Audit Committee	Report on the execution of audit work for Q4 2025. Report on the 2025 Statement of Internal Control System.	No opinions were expressed at this meeting.

Note 3: Communication between independent directors and CPAs

Date	Communication meeting	Matters communicated	Communication results
2025/03/03	Audit Committee	1. Arrange for the CPAs to provide a briefing and explanation to the Audit Committee regarding the Company's 2024 consolidated and individual financial statements. 2. CPAs discussed and communicated the issues raised by the Audit Committee members and attendees.	No opinions were expressed at this meeting.
2026/03/03	Audit Committee	1. Arrange for the CPAs to provide briefings and explanations to the Audit Committee regarding the Company's 2025 consolidated and standalone financial statements. 2. CPAs discussed and communicated the issues raised by the Audit Committee members and attendees.	No opinions were expressed at this meeting.

(III) Status of corporate governance, deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons for such deviations:

Evaluation item	Operational status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons for such deviations
	Yes	No	Summary	
I. Does the Company establish and disclose the Corporate Governance Best-Practice Principles based on the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies?	V		The Board of Directors, on August 12, 2019, approved to formulate the Corporate Governance Best Practice Principles as per the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and disclosed it on the Market Observation Post System ( <a href="https://federalcorporation.com.tw/tc/Corporate_Governance.php">https://federalcorporation.com.tw/tc/Corporate_Governance.php</a> ) and the Company's website.	N/A

Evaluation item	Operational status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons for such deviations
	Yes	No	Summary	
<p>II. Shareholding structure and shareholders' rights</p> <p>(I) Did the Company establish an internal operating procedure to deal with shareholders' suggestions, doubts, disputes and litigations, and implement based on the procedure?</p> <p>(II) Does the Company possess the list of its major shareholders as well as the ultimate owners of those shares?</p> <p>(III) Does the Company establish and execute the risk management and firewall system within its conglomerate structure?</p> <p>(IV) Did the Company establish internal rules against insiders trading with undisclosed information?</p>	V		<p>(I) Article 13 of the Company's Corporate Governance Best Practice Principles mandates the finance department to properly handle shareholder suggestions, concerns, and disputes, and implement the procedures accordingly.</p> <p>(II) The Company identifies major shareholders and their ultimate controllers based on the shareholder register provided by the stock affairs agent (Shareholder Services Department, Yuanta Securities Co., Ltd.), and reports changes in insider shareholdings regularly on a monthly basis.</p> <p>(III) The Company has established relevant controls within our internal control system and affiliated enterprise management guidelines.</p> <p>(IV) The Company has established the Procedures for Handling Material Internal Information and Preventing Insider Trading, which prohibit company insiders from trading securities using undisclosed market information.</p>	N/A
<p>III. Composition and Responsibilities of the Board of Directors</p> <p>(I) Has the Board formulated a diversity policy and specific management objectives and duly implemented them?</p> <p>(II) Does the Company</p>	V	V	<p>(I) Please refer to the diversity and independence of the Board of Directors on pages 10-11 of this annual report.</p> <p>(II) The Company has not yet</p>	N/A

Evaluation item	Operational status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons for such deviations
	Yes	No	Summary	
<p>voluntarily establish other functional committees in addition to the Compensation Committee and the Audit Committee?</p> <p>(III) Has the Company established methodology for evaluating the performance of the Board of Directors, on an annual basis? Are the results of the evaluation reported at the Board Meetings and used as reference for remuneration and the nomination for re-election?</p>	V		<p>established other functional committees other than the Remuneration Committee and the Audit Committee.</p> <p>(III) On August 12, 2020, the Company's Board of Directors approved the Rules for Performance Evaluation of the Board of Directors, which stipulates that an external evaluation shall be conducted at least once every three years. Performance evaluations are carried out using self-assessment questionnaires. The results of the 2025 performance evaluations of the Board members, the Board of Directors, the Remuneration Committee, and the Audit Committee were reported to the Board of Directors on March 3, 2026. The results of the Board performance evaluations will be used as a reference in the selection or nomination of directors. Furthermore, the results of individual directors' performance evaluations serve as a basis for determining their respective remuneration. The evaluation outcomes are disclosed on the Company's official website:  <a href="https://federalcorporation.com.tw/tc/Corporate_Governance.php">https://federalcorporation.com.tw/tc/Corporate_Governance.php</a></p>	
<p>(IV) Does the Company regularly evaluate the independence of</p>	V		<p>(IV) The Audit Committee of the Company conducts an annual</p>	

Evaluation item	Operational status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons for such deviations
	Yes	No	Summary	
CPAs?			assessment of the independence and competency of our attesting CPAs. In addition to requiring the CPAs to provide a Declaration of Independence, the evaluation is carried out in accordance with the criteria specified in Note 1. The assessment results for the most recent year were submitted to the Board of Directors and the evaluation of the CPAs' independence and competency was approved at the Board meeting held on March 3, 2026.	
IV. Does the Company set up a full/part-time corporate governance unit or personnel to be in charge of corporate governance affairs including, but not limited to, providing directors and supervisors with required information for business execution, handling relevant matters with board meetings and shareholders' meetings according to the laws, processing corporate registration and amendment registration, and preparing minutes of board meetings and shareholders' meetings?	V		<p>The Board of Directors approved the appointment of Vice President Lu, Hsin-Yi as the corporate governance officer on November 12, 2021, to protect the rights and interests of shareholders and strengthen the functions of the Board of Directors. Vice President Lu, Hsin-Yi has more than three years of experience serving as a financial officer at a public company.</p> <p>The key responsibilities of the Company's Corporate Governance Officer are as follows:</p> <p>Key business activities:</p> <ol style="list-style-type: none"> <li>1. Handling matters related to Board of Directors and shareholders' meetings in accordance with the law.</li> <li>2. Preparing minutes for Board of Directors and shareholders' meetings.</li> <li>3. Assisting directors with onboarding and continuing</li> </ol>	N/A

Evaluation item	Operational status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons for such deviations
	Yes	No	Summary	
			<p>education.</p> <p>4. Providing directors with the necessary information to perform their duties.</p> <p>5. Assisting directors in complying with applicable laws and regulations.</p> <p>6. Handling other matters as stipulated in the Company's Articles of Incorporation or contractual agreements.</p>	
V. Does the Company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?	V		<p>The Company maintains smooth communication with employees, suppliers, investors, consumers, and distributors through a labor union and the procurement, finance, and other units and has set up a section dedicated to stakeholders on the Company's website to appropriately respond to important corporate social responsibility issues about which stakeholders are concerned (see Note 2).</p> <p>Stakeholder section of the Company's website:  <a href="https://federalcorporation.com.tw/tc/stakeholder.php">https://federalcorporation.com.tw/tc/stakeholder.php</a></p>	N/A
VI. Has the Company appointed a professional shareholder service agency to deal with shareholder affairs?	V		<p>The Company has appointed the Registrar and Transfer Agency Department, Yuanta Securities Co., Ltd., to handle the affairs of the shareholders' meeting.</p>	N/A
VII. Information Disclosure (I) Does the Company have a corporate website to disclose both financial standings and the status of corporate governance?	V		<p>(I) The Company has established a corporate website (<a href="https://federalcorporation.com.tw/tc/Fundamentals.php">https://federalcorporation.com.tw/tc/Fundamentals.php</a>), through which it discloses information on financial performance, business operations, and corporate governance under the section titled "Investor Relations."</p>	N/A
(II) Does the Company have	V		<p>(II) Information disclosure</p>	N/A

Evaluation item	Operational status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons for such deviations
	Yes	No	Summary	
<p>other information disclosure channels (e.g., building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?</p> <p>(III) Does the Company announce and report the annual financial report within two months after the end of the fiscal year and announce and report the first, second and third quarter financial reports and operating performance of each month before the prescribed deadline?</p>		V	<p>channels:</p> <ol style="list-style-type: none"> <li>1. An English-language website has been set up at <a href="https://www.federaltire.com/en/">https://www.federaltire.com/en/</a>.</li> <li>2. The Company has designated personnel, as per the nature of their jobs, to collect and disclose company information.</li> <li>3. The Company has established a spokesperson system with one spokesperson and one acting spokesperson.</li> <li>4. The Company has disclosed the information on investor conference on the Company's website.</li> </ol> <p>(III) The Company has announced and reported the financial reports and monthly financial performance prior to a deadline.</p>	
<p>VIII. Is there any other important information to facilitate a better understanding of the Company's corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer</p>	V		<p>(I) Employee rights and interests: Effective July 1, 2005, the Company has established a defined contribution retirement plan in accordance with the Labor Pension Act, which is applicable to employees of R.O.C. nationality. For the pension plan under the Labor Pension Act chosen by the employees, the Company makes monthly contributions to employees' individual</p>	N/A

Evaluation item	Operational status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons for such deviations
	Yes	No	Summary	
relations policies, and purchasing insurance for directors)?			<p>pension accounts at 6% of monthly salaries and wages. Based on the employee's individual pension accounts and the amount of accumulated income from the annual investment and utilization plan, the payment of employee pension is made on a monthly basis or in a lump sum.</p> <p>(II) Employee care: The Company contributes to the welfare fund according to law and have set up an employee welfare committees to implement various benefit policies. The Company provides additional allowances for employees' marriage and birthday, as well as various insurance policies, condolence money and other benefit measures.</p> <p>(III) Investor relations: The Company continues to maintain positive interaction with investors, including financial information disclosure, regular communication with investors through various events (such as investor conference), and provides investors' feedback to the Company's senior management and relevant units as a reference for improvement and adjustments. In the future, the Company will continue to strengthen investor relations and maintain positive communication and exchanges with them.</p>	

Evaluation item	Operational status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons for such deviations
	Yes	No	Summary	
			<p>(IV) Stakeholder rights: The Company provides diverse communication channels and discloses information, maintains positive communication with stakeholders, and collects their issues of concern (see Note 2).</p> <p>(V) Status of continuing education for directors (including independent directors): Market Observation Post System\Corporate Governance\Information on Directors and Supervisors\Summary Table of Attendance of Directors and Supervisors at Board Meetings and Status of Continuing Education.</p> <p>(VI) Implementation of risk management policies and risk measurement standards: The Company's major operational policies, investment projects, endorsement/guarantees, loans to others, banks' financing, and other major proposals have been evaluated and analyzed by responsible departments and implemented in accordance with the resolutions adopted by the Board of Directors. The Auditing Office also formulates an annual audit plan according to the risk assessment results and implements it accordingly; thereby duly implementing the Company's supervision mechanism and managing</p>	

Evaluation item	Operational status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons for such deviations
	Yes	No	Summary	
			<p>various risks.</p> <p>(VII)The Company provides directors with the information to which they pay attention at any time and report on our business at Board meetings from time to time.</p> <p>(VIII) The Company’s purchase of liability insurance for directors: The Articles of Incorporation clearly stipulate that liability insurance for directors shall be purchased from 2018.</p>	
<p>IX. Please indicate the improvement that has been done for the results of the corporate governance evaluation issued by the Center for Corporate Governance of TWSE in the most recent year and provide priority measures for those items that have not yet been improved: The Company has disclosed our Scope 1 and Scope 2 greenhouse gas (GHG) emissions for the past two years in the 2024 Sustainability Report.</p>				

Note 1: The criteria for the assessment of the independence of the CPAs

ITEM
1. As of the last audit, there is no such a situation where the CPA has not been replaced for seven years.
2. The CPA is not involved in financial interests with the client.
3. Any inappropriate relations with the client are avoided.
4. The CPA ensures the honesty, impartiality, and independence of their assistants.
5. The CPA avoids auditing the financial statements of the organization(s) where they served in the last two years.
6. The CPA avoids their name being used by others.
7. The CPA does not hold the shares of the Company and its affiliates.
8. The CPA is not involved in loans with the Company and its affiliates.
9. The CPA is not involved in joint investment or sharing interests with the Company and its affiliates.
10. Does not concurrently serve as a regular employee of the Company or its affiliates receiving a fixed salary. The CPA does not hold a full-time job with a fixed regular payment at the Company and its affiliates.
11. The CPA is not involved in management functions that involve decision-making at the Company and its affiliates.
12. The CPA is not concurrently running other businesses that may cause them to lose the independence.
13. The CPA is not a spouse, lineal relative, direct relative by marriage, or relative within second degree of kinship of any management personnel person at the Company.
14. The CPA does not charge any business-related commissions.
15. As of today, the CPA has not been punished nor their independence has been undermined.

Note 2: Stakeholders and Issues of Concern

Stakeb	Material topic	Communication channel and response method	Frequency
Employees	Operating Performance	Website announcement	Quarterly
	Talent Development	Sustainability report disclosure Planning and implementation of education and training	Annually Annually
	Labor-Management	Website announcement	Unscheduled

<b>Stakeb</b>	<b>Material topic</b>	<b>Communication channel and response method</b>	<b>Frequency</b>
	relations Occupational Safety and Health  Labor-Management Communication  Equal Opportunity and Non-discrimination for Employees	Sustainability report disclosure Health examination 7S Activities Occupational safety and health filings with competent authorities Occupational safety and health training Labor-management meetings Employee suggestion box Employee satisfaction survey Education and training Employee suggestion box	Annually Annually Daily Monthly  Unscheduled  Quarterly Unscheduled Annually Annually Unscheduled
Customer	Brand Image Information Security  Customer Health and Safety  Legal Compliance  Product and Service Labeling Protection of Trade Secrets and Transaction Security Fair Competition	Customer satisfaction survey Website announcement Sustainability report disclosure Packaging and labeling Inspection reports  Customer on-site environmental, health and safety (EHS) Audit Product labeling  Confidentiality clauses in contracts  Contractual agreements	Annually Unscheduled Annually Each batch of products Each batch of products  Unscheduled  Each batch of products  Upon execution of the contract  Upon execution of the contract
Shareholders/ Investors	Operating Performance  Regulatory Compliance  Brand Image	Annual report Shareholders' meetings Website Annual report Website Website announcements Sustainability report disclosure	Annually Annually Quarterly Annually Unscheduled Unscheduled Annually
Suppliers/ Contractors	Regulatory Compliance  Operating Performance  Supplier Management	Website announcements Sustainability report disclosure Annual report Shareholders' meetings Supplier assessment/evaluation  Supplier audit form  Supplier's execution of letter of undertaking Supplier assessment	Unscheduled Annually Annually Annually New Supplier/Quarterly New Vendor/Upon Change  New suppliers New and existing suppliers
Government agencies	Occupational Safety and Health Regulatory Compliance  Carbon Emissions Energy Water Resources Management Raw Material Management Participation in Public Welfare Activities	Website filing  Public hearings and consultative meetings on regulations of the competent authority Sustainability report disclosure Sustainability report disclosure Sustainability report disclosure  Sustainability report disclosure Sustainability report disclosure	Monthly  Unscheduled  Annually Annually Annually  Annually Annually

Stakeb	Material topic	Communication channel and response method	Frequency
	Maintenance of Community Relations Anti-Corruption Wastewater and Waste	Sustainability report disclosure  Sustainability report disclosure Website filing	Annually  Annually Unscheduled

**(IV) Composition, duties, and operation of the Remuneration Committee shall be disclosed:**

The Company established the Remuneration Committee on December 27, 2011 following the adoption of the Remuneration Committee Charter. Currently, Ms. Chen, Chun-Mei, Mr. Chang, Shih-Nan, Mr. Chiu, Ching-Jui, Mr. Wang, Chi-Lung, and Mr. Yao, Wen-Liang are appointed as members of the Remuneration Committee, whose responsibilities are to establish and periodically review the policies for performance evaluation and remuneration of the Company's directors and managers, and to evaluate their remuneration.

(1) Information on the members of the Remuneration Committee

March 21, 2026

Criteria Name	Professional qualifications and experience	Independence criteria	Number of other public companies where the individual concurrently serves as a remuneration committee member
Independent Director Chen, Chun-Mei	<p>Education: Master's degree in Humanities, Arts and Social Sciences, School for Advanced Studies in the Social Sciences, France.</p> <p>Experience: Current Chairperson of Kai Yue Asset Management Co., Ltd., Chairperson of Weades International Co., Ltd., and Chairperson of Honest Doctor Biotechnology Ltd.</p> <p>Expertise: Skilled in operational judgment, leadership decision-making, business management, crisis handling, with industry knowledge and a global market perspective.</p> <p>Not under any conditions defined in Article 30 of the Company Act.</p>	<p>Except for independent director Chen, Chun-Mei, who holds 250,000 shares of the Company (representing 0.05% of the total shares) as of March 21, 2026, all independent directors meet the following criteria:</p> <ol style="list-style-type: none"> <li>1. Not a director, supervisor, or employee of the Company or its affiliated companies, or a spouse or relative within the second degree of kinship of any of the above.</li> <li>2. The person, spouse, second degree relatives or closer (or in the name of others) do not hold any shares of the Company.</li> <li>3. He/She has not served as a director, supervisor, or employee of a company with specific relationships to the Company.</li> </ol>	0
Independent Director Chang, Shih-Nan	<p>Education: MBA, National Sun Yat-sen University; currently enrolled in the PhD program of the Department of Biomedical Engineering, National Cheng Kung University.</p> <p>Experience: CEO of Karma Medical Group.</p> <p>Expertise: Skilled in operational judgment, leadership decision-making, business management, crisis handling, with industry knowledge and a global market perspective.</p> <p>Not under any conditions defined in Article 30 of the Company Act.</p>	<ol style="list-style-type: none"> <li>4. In the past two years, he/she has not received any remuneration for providing business, legal, financial, accounting, or other services to the Company or its affiliated enterprises.</li> </ol>	0

Criteria Name	Professional qualifications and experience	Independence criteria	Number of other public companies where the individual concurrently serves as a remuneration committee member
Independent Director Chiu, Ching-Jui	<p>Education: Bachelor of Law, National Taiwan University</p> <p>Education: Director of Tainet Communication System Corp.; currently a practicing attorney.</p> <p>Expertise: Skilled in operational judgment, leadership decision-making, business management, crisis handling, with industry knowledge and a global market perspective.</p> <p>Not under any conditions defined in Article 30 of the Company Act.</p>		0
Independent Director Wang, Chi-Lung (Convenor)	<p>Education: Master's degree in Industrial Management, National Taiwan University of Science and Technology.</p> <p>General Manager of Easywell Biomedicals Co., Ltd.; Independent Director of LITE-ON Electronics Co., Ltd.; Independent Director of Qinyi International Technology Co., Ltd.; Chief Auditor of Crystalwise Technology Inc</p> <p>Expertise: Skilled in operational judgment, leadership decision-making, business management, crisis handling, with industry knowledge and a global market perspective.</p> <p>Not under any conditions defined in Article 30 of the Company Act.</p>		2
Independent Director Yao, Wen-Liang	<p>Education: Bachelor of Accounting, National Chung Hsing University</p> <p>Experience: Currently serving as the Managing CPA of Wei Yuan CPA Firm, Independent Director of New Era Electronics Co., Ltd., and Independent Director of Jioushun Construction Co., Ltd.</p> <p>Expertise: Skilled in operational judgment, leadership decision-making, business management, crisis</p>		2

<b>Criteria</b>	<b>Professional qualifications and experience</b>	<b>Independence criteria</b>	<b>Number of other public companies where the individual concurrently serves as a remuneration committee member</b>
<b>Name</b>	handling, with industry knowledge and a global market perspective. Not under any conditions defined in Article 30 of the Company Act.		

(2) Information on the operation of the Remuneration Committee

- I. The Company's Remuneration Committee consists of five members. The term of office of the current committee members:
- II. Term of office of the current committee members: May 24, 2024 to May 23, 2027. In 2025, the Remuneration Committee held a total of 2 meetings (A). The qualifications and attendance of the members are as follows:

<b>Title</b>	<b>Name</b>	<b>Attendance in person (B)</b>	<b>Number of meetings attended by proxy</b>	<b>Actual attendance (%) (B/A)</b>	<b>Note</b>
Member	Yao, Wen-Liang	2	0	100	
Member	Chen, Chun-Mei	2	0	100	
Member	Chang, Shih-Nan	2	0	100	
Member	Chiu, Ching-Jui	2	0	100	
Convener	Wang, Chi-Lung	2	0	100	

Annual focus areas of the Remuneration Committee

1. Reviewed the allocation of employee and director remuneration, the annual remuneration of directors and managers, and the criteria for awarding annual bonuses to managers.
2. Conducted the performance evaluation of the Remuneration Committee.

Other matters that are required to be disclosed:

- I. If the Board of Directors declines to adopt or modifies a recommendation of the Remuneration Committee, it should specify the date of the meeting, session, content of the motion, resolution by the Board of Directors, and the Company's response to the Remuneration Committee's opinion (e.g., the remuneration passed by the Board of Directors exceeds the recommendation of the Remuneration Committee, the circumstances and cause for the difference shall be specified): None.
- II. Resolutions of the Remuneration Committee objected to by members or expressed reservations and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified: See Note 1

Note 1: The following is the summary of meetings, reviews, and evaluations conducted by the Company's Remuneration Committee over the past year regarding the Company's remuneration information:

<b>Remuneration Committee:</b>	<b>Content of proposal</b>	<b>Resolution results</b>	<b>The Company's response to the Remuneration Committee's opinions:</b>
2025/03/03 (3rd meeting of the 6th term)	1. Distribution of employee and director remuneration for 2024.	Approved as submitted with the unanimous consent of all attending committee members.	Submitted to and approved by the Board of Directors.

<b>Remuneration Committee:</b>	<b>Content of proposal</b>	<b>Resolution results</b>	<b>The Company's response to the Remuneration Committee's opinions:</b>
2025/11/12 (4th meeting of the 6th term)	1. 2025 year-end bonus distribution standards for managers of the Company.	Approved as submitted with the unanimous consent of all attending committee members.	Submitted to and approved by the Board of Directors.
2026/01/26 (5th meeting of the 6th term)	1. Salary adjustment for the Chairman.	Approved as submitted with the unanimous consent of all attending committee members.	Submitted to and approved by the Board of Directors.
2026/03/03 (6th meeting of the 6th term)	1. Distribution of employee and director remuneration for 2025.	Approved as submitted with the unanimous consent of all attending committee members.	Submitted to and approved by the Board of Directors.

(3) Information on Nomination Committee Members and Operations:  
The Company has not yet established a Nomination Committee.

(V) Discrepancies between the promotion of sustainable development and the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons:

Promotion item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons therefor
	Yes	No	Summary	
I. Has the Company established a governance structure to promote sustainable development, set up a dedicated (concurrent) unit to promote sustainable development, and authorized the senior management by the Board of Directors to handle and supervise the situation on behalf of the Board of Directors?	V		The Company's Administrative Division is tasked with assisting in promoting matters related to sustainable development.	N/A
II. Does the Company conduct risk assessments of environmental, social and corporate governance issues related to the Company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies?	V		The Company collects issues of concern to stakeholders by means of questionnaire survey, and establishes relevant risk management policies or strategies.	N/A
III. Environmental issues (I) Has the Company established an appropriate environmental management system based on its industrial characteristics?  (II) Is the Company committed to improving energy efficiency and using recycled materials with less negative effects on the environment?  (III) Does the Company assess the potential risks and possibilities of climate change	V  V  V		(I) The Company complies with domestic environmental, safety, and health-related laws and regulations.  (II) The Company is committed to improving the sources of resources and improving the use efficiency of various resources to reduce the amount of raw materials and waste, thereby reducing the impact on the environment.  (III) The Company has not yet assessed our potential risks and possibilities of climate change for now and in the future	N/A

Promotion item	Implementation status		Summary	Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons therefor									
	Yes	No											
<p>to the Company now and in the future and take relevant countermeasures?</p> <p>(IV) Does the Company record the greenhouse gas emissions, water consumption and total weight of waste produced in the past two years and formulate policies on greenhouse gas reduction, water consumption or other waste management?</p>	V		<p>and taken measures to respond to climate-related issues. The Company will make improvement gradually in the future.</p> <p>(IV) The Company’s greenhouse gas inventory results, assurance status, and reduction targets are disclosed on page 46 of this annual report under the section titled “Greenhouse Gas Inventory and Assurance Status, Reduction Targets, Strategies, and Concrete Action Plans.”</p> <p>Water consumption and total waste generated at the Guanyin Plant over the past two years are as follows:</p> <table border="1" data-bbox="805 1191 1286 1404"> <thead> <tr> <th>Year</th> <th>Water consumption (tons)</th> <th>Total weight of waste (tons)</th> </tr> </thead> <tbody> <tr> <td>2024</td> <td>16,691</td> <td>26.22</td> </tr> <tr> <td>2025</td> <td>17,049</td> <td>52.88</td> </tr> </tbody> </table> <p>In response to government policies and the corporate trend of energy saving and carbon reduction, the Company encourages various energy-saving and carbon-reduction proposals, promotes water conservation, performs waste sorting and recycling in accordance with the Waste Management Measures. In addition, the Company conducts resource reuse awareness campaigns on a regular basis to bolster the concept of resource recycling among employees.</p>	Year	Water consumption (tons)	Total weight of waste (tons)	2024	16,691	26.22	2025	17,049	52.88	
Year	Water consumption (tons)	Total weight of waste (tons)											
2024	16,691	26.22											
2025	17,049	52.88											
<p>IV. Social issues</p> <p>(I) Does the Company formulate relevant management policies</p>	V		<p>(I) The Company supports and follows internationally recognized human rights</p>	N/A									

Promotion item	Implementation status		Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons therefor
	Yes	No	
<p>and procedures in accordance with relevant regulations and international human rights conventions?</p> <p>(II) Does the Company formulate and implement reasonable employee benefits measures (including remuneration, vacation and other benefits, etc.), and appropriately reflect</p>	V		<p>conventions and principles, including the United Nations Universal Declaration of Human Rights, the United Nations Global Compact, the International Covenants on Human Rights and the International Labor Organization Declaration on Fundamental Principles and Rights at Work, and complies with the labor laws and regulations where the Company is located, while preventing any human rights violations.</p> <p>Implementation of the human rights policy and specific projects:</p> <ol style="list-style-type: none"> <li>1. The Company complies with all applicable labor and environmental regulations in the regions where it operates, and provides a safe, hygienic, and healthy working environment for our employees.</li> <li>2. Child labor is strictly prohibited.</li> <li>3. An inclusive and equal workplace is promoted, with zero tolerance for discrimination or unfair treatment based on gender, sexual orientation, age, race, religion, or political affiliation.</li> <li>4. The Company values open and effective labor-management communication and respects employees' rights to privacy, freedom of association, and the right to organize.</li> </ol> <p>(II) Reasonable employee welfare measures have been established and implemented. Business performance and operational results are appropriately reflected in employee remuneration. Employee Remuneration Policy:</p>

Promotion item	Implementation status		Summary	Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons therefor
	Yes	No		
the results of operating performance or results in employee compensation?			<ol style="list-style-type: none"> <li>1. Remuneration is determined based on individual ability, contribution, performance, the market value of the position held, and the Company's operational risks. It is positively correlated with business performance. In years when the Company is profitable, 0.1% to 1% of the annual earnings is allocated to employee remuneration in accordance with the Company's Articles of Incorporation.</li> <li>2. Leave Policy: The Company strictly abides by labor laws and provides employees with a comprehensive and lawful leave system. Employee welfare measures:</li> <li>3. Various welfare measures: Group insurance, marriage/funeral subsidies, travel accident insurance for overseas business trips, bonuses for the three major festivals, year-end bonuses, birthday bonuses (cash gifts), etc.</li> <li>4. Retirement system: Effective July 1, 2005, the Company has established a defined contribution retirement plan in accordance with the Labor Pension Act, which is applicable to employees of R.O.C. nationality. For the pension plan under the Labor Pension Act chosen by the employees, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages. Based on the employee's individual pension accounts and the amount of</li> </ol>	

Promotion item	Implementation status		Summary	Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons therefor														
	Yes	No																
(III) Does the Company provide a safe and healthy work environment for employees and regularly implement safety and health education for employees?	V		<p>accumulated income from the annual investment and utilization plan, the payment of employee pension is made on a monthly basis or in a lump sum.</p> <p>(III) The Company has a full-time safety and health unit to execute and promote environmental protection, education, safety and health-related business. In addition, through health seminars, events, and online promotion of health education information, employees can better grasp their own health status, and have the knowledge and methods of self-health management. Regarding workplace safety, the Company continuously provides training and awareness programs to cultivate employees' emergency response capabilities and safety awareness, enhancing their cognitive abilities to reduce the occurrence of accidents caused by unsafe behaviors.</p> <p>Implementation status:</p> <table border="1"> <thead> <tr> <th colspan="2">Industrial safety inspection</th> </tr> </thead> <tbody> <tr> <td>Fire extinguisher inspection</td> <td>Once a month</td> </tr> <tr> <td>Public hazardous substance security inspection</td> <td>Once a month</td> </tr> <tr> <td>Fire safety inspection</td> <td>Once a year</td> </tr> <tr> <td>Building structural inspection</td> <td>Once a year</td> </tr> <tr> <td>Elevator maintenance</td> <td>Once a month</td> </tr> <tr> <td>Elevator safety inspection</td> <td>Once a year</td> </tr> </tbody> </table>	Industrial safety inspection		Fire extinguisher inspection	Once a month	Public hazardous substance security inspection	Once a month	Fire safety inspection	Once a year	Building structural inspection	Once a year	Elevator maintenance	Once a month	Elevator safety inspection	Once a year	
Industrial safety inspection																		
Fire extinguisher inspection	Once a month																	
Public hazardous substance security inspection	Once a month																	
Fire safety inspection	Once a year																	
Building structural inspection	Once a year																	
Elevator maintenance	Once a month																	
Elevator safety inspection	Once a year																	
(IV) Does the Company establish effective career development training programs for its	V		(IV) To be aligned with the Company's overall goals, the Company strives to enhance employees' knowledge and															

Promotion item	Implementation status		Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons therefor
	Yes	No	
employees?			
(V) Does the Company comply with the relevant laws and regulations and international standards for customer health and safety, customer privacy, marketing and labeling of products and services and develop relevant policies and complaint procedures to protect consumers' or clients rights and interests?	V		skills to improve performance and quality. The Company has included the Education and Training Implementation Regulations in the Company's personnel regulations. The Company's employees need to undergo a series of complete training programs from the first day at work, and they will be given professional training and guidance related to their work regularly and from time to time.  (V) As the Company's products are sold worldwide, all types of products sold by the Company comply with the laws and regulations regarding product information labeling in the regions where they are sold. Furthermore, the Company has established a dedicated stakeholder section, a customer service hotline, and a nationwide network of distributors, all of which provide consumers with relevant consultations and grievance channels.
(VI) Does the Company formulate a supplier management policy that requires suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health or labor rights and their implementation?	V		(VI) The Company has implemented a supplier management policy to oversee quality, delivery schedules, service, and environmental, health, and safety standards. By collaborating with top- tier suppliers and contractors, the Company aims to foster mutual growth, enhance our corporate image, and achieve sustainable operations. <u>Supplier assessment</u> Process- related raw- material suppliers holding ISO 9001 Quality Management System and ISO 14001 Environmental Management System certifications, among other relevant qualifications, are given priority in the

Promotion item	Implementation status		Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons therefor
	Yes	No	
			<p>Company’s qualification and selection process.</p> <p><u>Supplier performance evaluation</u> Regular performance management is conducted for incoming material quality, delivery schedules, and customer complaints. Any deficiencies identified with suppliers are addressed through the issuance of a Quality Contact Letter for tracking and improvement.</p> <p>To ensure the quality of raw materials and effective supplier management, evaluations are conducted periodically and occasionally in accordance with the Supplier Evaluation Procedures.</p> <p><u>Supplier training</u> The Company regularly implements occupational safety and health management measures for contractors, such as providing safety training, executing construction safety agreements, and conducting toolbox meetings prior to the commencement of work. In addition, contractors are required to sign a Work Safety Undertaking and commit to complying with all relevant occupational safety and health laws and regulations.</p>
V. Does the Company prepare its non-financial reports, such as the sustainability report, in accordance with the internationally accepted reporting standards or guidelines? Have such reports been assured, verified or certified by a third party?	V		<p>The Company first issued our CSR Report in 2021. The report is prepared based on internationally recognized reporting standards and guidelines, and it discloses not only the Company’s financial information but also our non-financial information.</p> <p>The Company has not yet obtained assurance or assurance opinion from a third-party verification agency about the CSR report.</p>
VI. If the Company has established corporate social responsibility principles based on Sustainable			N/A

Promotion item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons therefor
	Yes	No	Summary	
Development Best Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancy between the principles and their implementation: No significant discrepancy.				
<p>VII. Other important information to facilitate better understanding of the Company's promotion of sustainable development:</p> <p>Based on the corporate philosophy of "giving back to society from where we benefit," the Company has been actively participating in various social charity activities for a long time. For example, the Company co-organized folk activities with the local government, donated land to build parks and community centers, employed people with disabilities in a number that is more than required, while sparing no effort to improve environmental protection and investing in new equipment or renovations to create a green factory.</p>				

(V-I) Climate-related information of TWSE/TPEX listed companies:

Climate-related Information of TWSE/TPEX Listed Companies

1. Implementation of climate-related information

Item	Implementation status
1. Describe the supervision and governance of the Board of Directors and management on climate-related risks and opportunities.	1. The Company's Administrative Department promotes and executes information related to greenhouse gas inventories.
2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the organization (short, medium, and long term).	2. As of the publication date of this annual report, the Company is still in the process of identifying climate-related risks and opportunities.
3. Describe the financial impact of extreme climate events and transformational actions.	3. As of the publication date of this annual report, the Company is still assessing the financial impacts of extreme climate events and transition actions.
4. Describe how the identification, assessment and management procedures of climate risk can be integrated into the overall risk management system.	4. As of the publication date of this annual report, the Company is still evaluating how the identification, assessment, and management of climate-related risks can be integrated into the overall risk management system.
5. If scenario analysis is used to assess resilience in the face of climate change risks, the scenarios, parameters, assumptions, analytical factors, and major financial impacts involved should be disclosed.	5. As of the publication date of this annual report, the Company is still assessing whether to conduct scenario analysis to evaluate our resilience to climate change risks.
6. If there are transition plans in place to manage climate-related risks, the content of such plans should be explained, along with the metrics and targets used to identify and manage both physical and transition risks.	6. As of the publication date of this annual report, the Company is still assessing whether to develop a transition plan to manage climate-related risks.
7. If internal carbon pricing is used as a planning tool, the basis for determining the price should be disclosed.	7. As of the publication date of this annual report, the Company is still evaluating whether to use internal carbon pricing as a planning tool.
8. If climate-related targets have been set, the Company should disclose information such as the activities covered, the scopes of greenhouse gas emissions included, the planning timeframe,	8. As of the publication date of this annual report, the Company is still evaluating whether to set climate-related targets.

Item	Implementation status
and the annual progress achieved. If carbon offsets or renewable energy certificates (RECs) are used to achieve such targets, the sources and amounts of the carbon reductions or the number of RECs used should also be specified.	
9. Greenhouse gas inventory and assurance status, as well as emission reduction targets, strategies, and specific action plans.	9. See 1-1 and 1-2.

1-1 Greenhouse gas inventory and assurance of the Company in the most recent two years: Disclosure of the 2025 parent company's individual inventory information is required in accordance with the Sustainable Development Roadmap for TWSE/TPEX Listed Companies.

		Emissions in 2025 (tons CO <sub>2</sub> e)	Intensity in 2025 (tons CO <sub>2</sub> e per million NT\$ in revenue)
The Company	Scope 1	1,709.2553	/
	Scope 2	1,025.6889	
	Subtotal	2,734.9442	

Note: The scope of data inventory includes the Guanyin Plant and the Zhongli Office.

1-2. Greenhouse gas emission reduction targets, strategies, and specific action plans: Not disclosed at this time.

(VI) The Company's implementation of ethical management and the measures taken:

In accordance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, the Company Act, the Securities and Exchange Act, the Business Entity Accounting Act, the relevant regulations on TWSE/TPEX listed companies, and other laws and regulations related to business conduct, the Company regards integrity, transparency, and responsibility as the highest guiding principle in business. At present, the Company has incorporated the relevant ethical management regulations into the internal control system and require managerial officers to set an example and comply with the principle of good faith, to establish a sound corporate governance and risk control mechanism and create a sustainable business environment.

#### Implementation of Ethical Corporate Management and Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof

Evaluation item	Operational status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary	
I. Establishment of Corporate Conduct and Ethics Policy and Implementation Measures				N/A
(I) Are the Company's guidelines on corporate conduct and ethics provided in internal policies and disclosed	V		(I) The Board of Directors, on August 12, 2019, passed the Ethical Corporate Management Best Practice Principles, and the	

Evaluation item	Operational status		Summary	Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No		
publicly? Have the Board of Directors and the management team demonstrated their commitments to implement the policies?			relevant internal regulations, including the Ethical Corporate Management Best Practice Principles, have clearly specified the Company's policy and practice of ethical management and a commitment that the Board of Directors and the management shall actively implement the ethical management policy. In addition, the Company discloses the Ethical Corporate Management Best Practice Principles and relevant standards and guidelines on the MOPS and the Company's website.	
(II) Has the Company established an evaluation mechanism for the risk of dishonesty behaviors? Does the Company regularly analyze and evaluate business activities with a higher risk of dishonesty in the business scope and formulate a plan to prevent dishonesty behaviors, which at least covers Paragraph 2 of Article 7 in Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?	V		(II) The Company analyzes and assesses on a regular basis business activities within our business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly, which covers the prevention measures for each type of unethical conduct listed in the items of Paragraph 2 of Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.	
(III) Has the Company established relevant policies for preventing any unethical conduct? Are the implementation and reviews	V		(III) The Company's prevention plan for unethical conduct clearly defines the operating procedures, guidelines for behavior, and punishment and grievance	

Evaluation item	Operational status		Summary	Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No		
of the relevant procedures, guidelines and training mechanism provided in the policies?			system for violations, and the Company has duly implemented it. The HR Department is responsible for formulating and supervising the implementation of the ethical management policy and prevention plan, while regularly reporting to the Board of Directors.	
<b>II. Corporate Conduct and Ethics Compliance Practice</b> (I) Has the Company conducted investigation regarding unethical records with whomever the Company doing business with, and included business conduct and ethics-related clauses in the business contracts? (II) Has the Company set up a dedicated unit in charge of promotion and execution of the Company's corporate conduct and ethics and report to the Board about any operating policies and plans and supervision on honesty and integrity and prevention of dishonesty on a regular basis (at least once a year)?	V	V	(I) The Company performs contract obligations in a fair and ethical manner while strictly abiding by the relevant laws, regulations, and contract terms, and the Company evaluates the counterparty of a contract based on the same principle.  (II) Article 17 of the Company's Ethical Corporate Management Best Practice Principles stipulates that in order to ensure sound management of ethical corporate management, the Management Department is responsible for the formulation and supervision of the implementation of ethical corporate management policies and prevention programs. The implementation status of the aforesaid policies and prevention programs was reported to the Board of Directors on March 3, 2026. Details of the operation and implementation status are available on the Company's website under the section titled "Operating Status of Ethical Corporate Management" ( <a href="https://federalcorporation.com.t">https://federalcorporation.com.t</a>	N/A

Evaluation item	Operational status		Summary	Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No		
(III) Has the Company established policies to prevent conflicts of interest and provided appropriate communication and complaint channels?	V		(III) The Company has conflict of interest clauses in the Ethical Corporate Management Best Practice Principles to require directors, managers and all employees to prevent conflicts of interest and avoid improper benefits. In addition, the Company has also established public whistle-blowing channels and the system for reporting of the case to further reduce the probability and impact of conflicts of interest.	
(IV) Has the Company established effective accounting and internal control systems for the implementation of policies, prepared audit plans according to the evaluation result of dishonesty risks, and audit such execution and compliance or hired external auditors to audit such execution and compliance?	V		(IV) The Company has established accounting systems and internal control systems related to ethical management. The internal audit unit formulates audit plans based on the assessment results of the risks associated with unethical behavior. The audit plans include the audit targets, scope, items, and frequency, and the audit results are compiled into audit reports which are submitted to the Audit Committee and the Board of Directors.	
(V) Does the Company provide training regarding ethic compliance practice regularly?	V		(V) To implement the ethical corporate management policy, the Company arranges relevant courses such as compliance with ethical corporate management regulations, safety and health management and inspection, accounting systems, and internal controls during orientation training for new employees. For the implementation status of the aforesaid courses, please refer to	

Evaluation item	Operational status		Summary	Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No		
			the section titled “Operating Status of Ethical Corporate Management” on the Company’s website ( <a href="https://federalcorporation.com.tw/tc/Corporate_Governance.php">https://federalcorporation.com.tw/tc/Corporate_Governance.php</a> )	
<p>III. Operation of the Company’s Whistleblowing System</p> <p>(I) Has the Company established a specific whistleblowing and incentive system, established convenient whistleblowing channels, and assigned appropriate dedicated personnel to handle reports based on the subjects being reported?</p> <p>(II) Has the Company established standard operating procedures for investigations on reports, follow-up measures to be taken after the investigation is completed and related confidentiality mechanisms?</p> <p>(III) Has the Company adopted measures to protect whistleblowers from being subject to inappropriate treatment due to whistleblowing?</p>	V	V	<p>(I) The Company has formulated the Regulations on Reporting on Illegal and Unethical Conduct and the unit responsible for accepting reports is the Auditing Office.</p> <p>(II) The Company has formulated the Regulations on Reporting on Illegal and Unethical Conduct to regulate investigation standard operating procedures and relevant confidentiality mechanisms for handling reported matters.</p> <p>(III) The Company implements confidentiality and protective measures for whistleblowers to prevent any improper treatment.</p>	N/A
<p>IV. Information Disclosure</p> <p>Has the Company disclosed the content of its ethical corporate management best practice principles and the effectiveness of its implementation on its website and Market Observation Post System?</p>	V		The Company has disclosed the contents of the Ethical Corporate Management Best Practice Principles on the Company website and the Market Observation Post System, and has also published the implementation status and effectiveness of ethical corporate management on the Company website.	N/A
V. If the Company has established ethical management best practice principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, please				

Evaluation item	Operational status		Summary	Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No		
describe any discrepancy between the principles and their implementation:				
VI. Other important information that facilitates the understanding of the Company's ethical management operation: The Company's website discloses the Ethical Corporate Management Best Practice Principles, the Rules of Procedure for Board of Directors Meetings and the "Stakeholder" section to implement ethical management in the concept of sustainable operation.				

(VII) Other significant information that will provide a better understanding of the state of the Company's implementation of corporate governance: Please refer to pages 28-31 of this annual report.

(VIII) Implementation of internal control system  
(1) Statement of Internal Control System:

**Federal Corporation**  
**Statement of Internal Control System**

Date: March 3, 2026

Based on the findings of a self-assessment, the Company states the following with regard to the internal control system in 2025:

- I. The Company acknowledges that it is the responsibility of the Company's Board of Directors and managers to establish, implement, and maintain an internal control system, and the Company has established such a system. Its purpose is to provide reasonable assurance regarding the achievement of objectives such as the effectiveness and efficiency of operations (including profitability, performance, and safeguarding of assets), the reliability, timeliness, and transparency of reporting, and compliance with relevant norms and applicable laws and regulations.
- II. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives. Moreover, an internal control system's effectiveness may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms and CH Biotech takes immediate remedial actions in response to any identified deficiencies.
- III. The Company evaluates our internal control systems' design and operating effectiveness based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (hereinafter referred to as the "Regulations"). The criteria adopted by the Regulations identify five key components of internal managerial control: 1. control environment, 2. risk assessment, 3. control activities, 4. information and communication, and 5. monitoring activities. Each key components consist of several items. For the aforementioned items, please refer to the Regulations.
- IV. The Company has adopted the aforementioned assessment items for internal control systems to evaluate the effectiveness of the design and implementation of our internal control system.
- V. Based on the results of the aforementioned assessment, the Company believes that as of December 31, 2025, our internal control system—including the supervision and management of subsidiaries—was effectively designed and implemented. This system covers the achievement of operational goals related to effectiveness and efficiency, the reliability, timeliness, and transparency of reporting, as well as compliance with applicable regulations and laws. The system is deemed effective in reasonably ensuring the attainment of the above objectives.
- VI. This Statement is an integral part of the Company's annual report and prospectus and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20,

32, 171, and 174 of the Securities and Exchange Act.

VII. This Statement was approved by the Board of Directors of the Company on March 3, 2026. Of the 9 directors present, none held any opposing opinions, and all agreed to the contents of this Statement; this is hereby declared.

Federal Corporation

Chairperson: Kuo, Lin-Liang (Signature/Seal)

President: Chung, Cheng-Yen (Signature/Seal)

(2) Where an accountant has been engaged to conduct a special review of the internal control system, the accountant's review report shall be disclosed: None.

(IX) Major resolutions of shareholders' meetings and Board of Directors meetings during the most recent fiscal year and up to the date of publication of the annual report, and the status of their implementation:

Resolutions by the shareholders' meetings and the implementation thereof:

Item	Major resolution	Implementation status
1	Approved the financial statements and business report for 2024.	The announcement was made on the MOPS and the Company's website on March 25, 2025.
2	Approved the statement of deficit compensation for 2024.	The Company's net loss after tax for 2024 was NT\$465,154,372. After adding the beginning accumulated deficit of NT\$4,908,069,244, the ending accumulated deficit was NT\$5,373,223,616.
3	Approved the partial amendments to the Articles of Incorporation.	The registration was approved by the Ministry of Economic Affairs on June 5, 2025 and announced on the Company's website.

Resolutions by the extraordinary shareholders' meetings and the implementation thereof:

Item	Major resolution	Implementation status
1	Approved the permanent decommissioning of the Guanyin Plant and the revitalization and disposal of related assets.	Executed in accordance with the resolution.

Important resolutions by the Board of Directors:

Date	Major resolution	Opinions of independent directors	The Company's handling of the opinions of the independent directors
2025/03/03 (5th meeting of the 25th term)	<ol style="list-style-type: none"> <li>1. Approved the Company's self-prepared financial information and business report for 2024.</li> <li>2. Approved the statement of deficit compensation for 2024.</li> <li>3. Approved the distribution of cash dividends for the second half of 2024.</li> <li>4. Approved the distribution of employee and director remuneration for 2024.</li> <li>5. Approved the issuance of the 2024 Statement of Internal Control System.</li> </ol>	N/A	N/A

Date	Major resolution	Opinions of independent directors	The Company's handling of the opinions of the independent directors
	<ol style="list-style-type: none"> <li>6. Approved amendments to the Articles of Incorporation after the amendment.</li> <li>7. Approved the date, place, reason for convening the 2025 general meeting of shareholders, the period for accepting written proposals from shareholders holding more than 1% of the shares and nomination, and the place for accepting such proposals.</li> <li>8. Approved the plant lease of Federal Tire (Jiangxi) Co., Ltd.</li> <li>9. Approved the liquidation and dissolution of the subsidiary in the U.S. Federal Tire North America LLC.</li> <li>10. Approved the proposal to waive all rights of the subsidiary, Federal Tire North America LLC.</li> <li>11. Approved the proposal for reviewing the assessment of the independence and suitability of the attesting CPA.</li> <li>12. Approved the proposal for reviewing the appointment and remuneration of the attesting CPAs.</li> <li>13. Passed the application to various financial institutions for renewal of contracts or increase of financing facilities.</li> </ol>		
2025/05/13 (6th meeting of the 25th term)	<ol style="list-style-type: none"> <li>1. Approved the 2025 Q1 financial report.</li> <li>2. Approved the permanent decommissioning of the Guanyin Plant and the revitalization and disposal of related assets.</li> <li>3. Approved the date, venue, and reasons for convening the first extraordinary general meeting of shareholders in 2025.</li> <li>4. Approved the lending of funds to Taixin Construction Co., Ltd., a wholly-owned subsidiary of the Company.</li> <li>5. Approved amendments to the Rules of Procedure for Board of Directors Meetings.</li> <li>6. Approved amendments to the Audit Committee Charter.</li> </ol>	N/A	N/A
2025/06/05 (7th meeting of the 25th term)	<ol style="list-style-type: none"> <li>1. Approved the revitalization and disposal of assets at the Guanyin Plant.</li> </ol>	N/A	N/A
2025/07/01 (8th meeting of the 25th term)	<ol style="list-style-type: none"> <li>1. Approved the resolution on the disposal of real estate at the Guanyin Plant.</li> </ol>	N/A	N/A
2025/08/12 (9th meeting of the 25th term)	<ol style="list-style-type: none"> <li>1. Approved the 2025 Q2 financial report.</li> <li>2. Approved the distribution of cash dividends for the first half of 2025.</li> <li>3. Approved the definition of “non-managerial employees.”</li> <li>4. Approved the application for renewal of financing facilities from Hua Nan Bank.</li> </ol>	N/A	N/A
2025/11/12 (10th meeting of the 25th term)	<ol style="list-style-type: none"> <li>1. Approved the change of attesting CPAs.</li> <li>2. Approved the 2025 Q3 financial report.</li> </ol>	N/A	N/A

Date	Major resolution	Opinions of independent directors	The Company's handling of the opinions of the independent directors
	<ol style="list-style-type: none"> <li>3. Approved the submission of the 2026 annual audit plan.</li> <li>4. Approved the addition of the Company's Internal Control System and Internal Audit Implementation Rules for "Payroll Cycle - Entry-level Employees.</li> <li>5. Approved the 2025 year-end bonus distribution standards for managers of the Company.</li> </ol>		
2026/01/26 (11th meeting of the 25th term)	<ol style="list-style-type: none"> <li>1. Approved salary adjustment for the Chairman.</li> <li>2. Approved amendments to the Company's Internal Control System and Internal Audit Implementation Rules for "Payroll Cycle - Entry-level Employees.</li> <li>3. Approved the application for registration of change of the Company's registered address.</li> </ol>	N/A	N/A
2026/03/03 (12th meeting of the 25th term)	<ol style="list-style-type: none"> <li>1. Approved the Company's self-assessed financial information and business report for 2025.</li> <li>2. Approved the statement of deficit compensation for 2025.</li> <li>3. Approved the use of Capital surplus to offset a portion of accumulated deficits.</li> <li>4. Approval of the distribution of employee and director remuneration for 2025.</li> <li>5. Approved the issuance of the 2025 Statement of Internal Control System.</li> <li>6. Approved the date, place, reason for convening the 2026 general meeting of shareholders, the period for accepting written proposals from shareholders holding more than 1% of the shares and nomination, and the place for accepting such proposals.</li> <li>7. Approved amendments to the Articles of Incorporation.</li> <li>8. Approved amendments to the Regulations for the Election of Directors.</li> <li>9. Approved the proposal to review the independence and suitability of the attesting CPAs.</li> <li>10. Approved the proposal to review the appointment and remuneration of the attesting CPAs.</li> <li>11. Approved the application to various financial institutions for renewal of contracts or increase of financing facilities.</li> </ol>	N/A	N/A
2026/03/16 (13th meeting of the 25th term)	<ol style="list-style-type: none"> <li>1. With the exception of directors who recused themselves due to conflict of interest, all other directors present unanimously approved the proposal for the investment in and acquisition of common shares issued by Nankang Rubber Tire Corp., Ltd.</li> <li>2. Approved the proposal for the formulation of the Sustainable Development Best-Practice</li> </ol>	N/A	N/A

Date	Major resolution	Opinions of independent directors	The Company's handling of the opinions of the independent directors
	Principles.		

(X) Where, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, a director has expressed a dissenting opinion with respect to a material resolution passed by the Board of Directors, and said dissenting opinion has been recorded or prepared as a written declaration, disclose the principal content thereof: None.

#### IV. Information on Audit Fees

Unit: NT\$ 1,000

Name of CPA firm	Name of CPA	CPA's audit period	Audit fees	Non-audit fees (Note)	Total	Remark
Baker Tilly Clock & CO.	Peng, Li-Chen	2025/01/01–2025/12/31	2,529	791	3,320	
	Chou, Yin-Lai	2025/01/01–2025/09/07				
	Lin, Chi-Ping	2025/09/08–2025/12/31				

Note: Content of non-audit services:

1. NT\$30 thousand for review of full-time non-managerial employees salary information checklist.
2. Matters related to the audit and attestation of profit-seeking enterprise income tax: NT\$532.5 thousand.
3. Declaration of disclosure information on members of the multinational enterprise group: NT\$8,500.
4. Review and consideration of other information: NT\$170,000.
5. Pro forma financial statements: NT\$50 thousand.

- (I) When the securities firm changes its accounting firm and audit fees paid for the financial year in which the change took place are lower than those paid for the financial year immediately preceding the change, the amount of audit fees before and after the change and the reason shall be disclosed: None.
- (II) If the audit fees have decreased by more than 10% compared to the previous year, the amount, percentage, and reasons for the decrease shall be disclosed: None.

#### V. Replacement of CPAs

##### (I) Information on Predecessor CPAs

Date of replacement	September 8, 2025 (from Q3 2025 onward)		
Reason for replacement and explanation	Internal work reassignment within the accounting firm		
State whether the Company terminated the engagement or the CPAs terminated or no longer accepted the engagement	Party involved		
	Circumstance	CPAs	The Company
	Terminated the engagement		
	No longer accepted the engagement		
If the CPAs issued an audit report expressing any opinion other than an unqualified opinion during the two most recent years, specify the opinion and the reasons	None.		
Disagreements with the Company	Yes		Accounting principles or practices
			Disclosure of financial reports
			Audit scope or steps
			Others
	No	V	
	Details		
Other disclosures	None.		

##### (II) Information on Successor CPAs

Name of accounting firm	Baker Tilly Clock & CO.
Name of CPAs	Peng, Li-Chen and Lin, Chi-Ping
Date of appointment	September 8, 2025 (from Q3 2025 onward)
Subjects discussed and results of any consultation with the CPAs prior to the engagement,	None

regarding the accounting treatment of or application of accounting principles to any specified transaction, or the type of audit opinion that might be issued on the Company's financial report	
Successor CPAs' written opinion regarding the matters of disagreement between the Company and the former CPAs	None.

(III) Reply letter from predecessor CPAs: Not applicable.

**VI. The Company's Chairperson, Directors, Chief Executive Officer, Chief Financial Officer and Managers in Charge of Its Finance and Accounting Operations Did Not Hold Any Positions within the Company's Independent Audit Firm or Its Affiliates in the Most Recent Year**

None.

**VII. Any transfer of equity interests and/or pledge of or change in equity interests by a director, managerial officer or shareholder with a stake of more than 10% during the most recent fiscal year up to the date of publication of the annual report**

(I) Changes in shareholdings of directors, managerial officers, or major shareholders:

Unit: thousand shares

Title	Name	2025		Current year up to March 31, 2026	
		Increase (Decrease) in the number of shares held	Increase (Decrease) in the number of shares pledged	Increase (Decrease) in the number of shares held	Increase (Decrease) in the number of shares pledged
Chairperson	Nankang Rubber Tire Corp., Ltd. Representative: Kuo, Lin-Liang	-	-	-	-
Director	Nankang Rubber Tire Corp., Ltd. Representative: Chiang, Ching-Hsing	-	-	-	-
Director	Nankang Rubber Tire Corp., Ltd. Representative: Chen, Yi-Chen	-	-	-	-
Director	Nankang Rubber Tire Corp., Ltd. Representative: Jiang, Hsiu-Chen	-	-	-	-
Independent Director	Yao, Wen-Liang	-	-	-	-
Independent Director	Chen, Chun-Mei	-	-	-	-
Independent Director	Chang, Shih-Nan	-	-	-	-
Independent Director	Chiu, Ching-Jui	-	-	-	-
Independent Director	Wang, Chi-Lung	-	-	-	-
President	Chung, Cheng-Yen	-	-	-	-
Vice President (Chief Financial Officer) (Corporate Governance Officer)	Lu, Hsin-Yi	-	-	-	-
Head of Operation Department	Hsu, Ming-De	-	-	-	-
Head of Research and Development Department	Huang, Chien-Hsing	-	-	-	-
Head of Management Department	Wang, Li-Hua	-	-	-	-
Chief of Accounting Officer	Li, Hsin-Yu	-	-	-	-
Major shareholder	Nankang Rubber Tire Corp., Ltd.	-	-	-	-

(II) Transfer of equity: None.

(III) Shares pledged: None.

**VIII. Information on the relationships among the top 10 shareholders, including related parties, spouses, or relatives within the second degree of kinship**

Information on the relationships among the top 10 shareholders by shareholding percentage

March 21, 2026

Unit: shares; %

Name	Shares held by the individual		Shares held by spouse or minors		Total shares held by others		Name and relationship between the Company's top 10 shareholders, or spouses or relatives within two degrees of kinship		Note
	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding	Name	Relationship	
Nankang Rubber Tire Corp., Ltd.	148,768,000	31.43	-	-	-	-	Zhikai Development Co., Ltd.	Zhikai Development Co., Ltd. is one of the major shareholders of Nankang Rubber Tire Corp., Ltd.	
							Yuanhong Development Industrial Co., Ltd.	Yuanhong Development Industrial Co., Ltd. is one of the top 10 shareholders of Nankang Rubber Tire Corp., Ltd.	
							Yuanrui Development Industry Co., Ltd.	Yuanrui Development Industry Co., Ltd. is one of the top 10 shareholders of Nankang Rubber Tire Corp., Ltd.	
Nankang Rubber Tire Corp., Ltd. Representative: Kuo, Lin-Liang	-	-	-	-	-	-	N/A	N/A	
Zhikai Development Co., Ltd.	26,928,000	5.69	-	-	-	-	Nankang Rubber Tire Corp., Ltd.	Zhikai Development Co., Ltd. is one of the major shareholders of Nankang Rubber Tire Corp., Ltd.	
Zhikai Development Co., Ltd. Representative: Wang, Chung-Cheng	-	-	-	-	-	-	Yuanrui Development Industry Co., Ltd.	Chairperson Wang, Chung-Cheng is the Chairperson of Yuanrui Development Industry Co., Ltd.	

Name	Shares held by the individual		Shares held by spouse or minors		Total shares held by others		Name and relationship between the Company's top 10 shareholders, or spouses or relatives within two degrees of kinship		Note
	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding	Name	Relationship	
Taifu Investment Co., Ltd.	25,590,991	5.41	-	-	-	-	Ma, Shao-Chin	Ma, Shao-Chin is a director of Taifu Investment Co., Ltd.	
Taifu Investment Co., Ltd. Representative: Ma, Wu-Lu	-	-	-	-	-	-	Ma, Shao-Chin	Couple	
Chuan Wei Investment Co., Ltd.	16,074,000	3.40	-	-	-	-	N/A	N/A	
Chuan Wei Investment Co., Ltd. Representative: Yen, Chih-Kuang	-	-	-	-	-	-	N/A	N/A	
Huan-Xiang Investment Co., Ltd.	15,605,882	3.30	-	-	-	-	N/A	N/A	
Huan-Xiang Investment Co., Ltd. Representative: Ma, Shao-Chin	-	-	-	-	-	-	Ma, Wu-Lu Taifu Investment Co., Ltd.	Couple Ma, Shao-Chin is a director of Taifu Investment Co., Ltd.	
Yen, Chung-Jui	12,996,000	2.75	-	-	-	-	N/A	N/A	
Yuanhong Development Industrial Co., Ltd.	9,885,000	2.09	-	-	-	-	Nankang Rubber Tire Corp., Ltd.	Yuanhong Development Industrial Co., Ltd. is one of the top 10 shareholders of Nankang Rubber Tire Corp., Ltd.	
Yuanhong Development Industrial Co., Ltd. Representative: Cheng, Chin-Mu	-	-	-	-	-	-	N/A	N/A	
Jia Cheng Co., Ltd.	9,600,000	2.03	-	-	-	-	N/A	N/A	
Jia Cheng Co., Ltd. Representative: Chang, Yu-Mei	-	-	-	-	-	-	N/A	N/A	
Hanzhong Global Investment Co., Ltd.	9,591,000	2.03	-	-	-	-	N/A	N/A	

Name	Shares held by the individual		Shares held by spouse or minors		Total shares held by others		Name and relationship between the Company's top 10 shareholders, or spouses or relatives within two degrees of kinship		Note
	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding	Name	Relationship	
Hanzhong Global Investment Co., Ltd. Representative: Tu, Pei-Hsun	-	-	-	-	-	-	N/A	N/A	
Yuanrui Development Industry Co., Ltd.	7,067,000	1.49	-	-	-	-	Nankang Rubber Tire Corp., Ltd.	Yuanrui Development Industry Co., Ltd. is one of the top 10 shareholders of Nankang Rubber Tire Corp., Ltd.	
Yuanrui Development Industry Co., Ltd. Representative: Wang, Chung-Cheng	-	-	-	-	-	-	Zhikai Development Co., Ltd.	Chairperson Wang, Chung-Cheng is the Chairperson of Zhikai Development Co., Ltd.	

**IX. Shareholdings of the Company and the Company's Directors, Managers, and the enterprises directly or indirectly controlled by the Company in the same invested company and the consolidated shareholding percentage**

Percentage of total shares held

Unit: shares; %

Invested companies	Investment by the Company		Investments by directors, managerial officers, and directly or indirectly controlled businesses		Consolidated investment	
	Number of shares	Percentage of shares held	Number of shares	Percentage of shares held	Number of shares	Percentage of shares held
Taixin Construction Co., Ltd.	33,000,000	100	0	0	33,000,000	100
Federal International Holding Inc.	49,900,000	100	0	0	49,900,000	100
Rongcheng Development Co., Ltd.	1,000,000	100	0	0	1,000,000	100
Fu Cheng Development Co., Ltd.	800,000	100	0	0	800,000	100

## Three. Financing Status

### I. Capital and Shares

#### (I) Source of Capital

##### Source of Capital

As of the publication date of this annual report

Unit: NT\$ per share

Year / Month	Issue price	Authorized capital		Paid-in capital		Note	
		Number of shares	Amount	Number of shares	Amount	Source of capital	License number
1955	100	30,000	3,000,000	30,000	3,000,000	Founding capital of NT\$3,000,000	Jing-She No. 3530
1960.03	100	60,000	6,000,000	60,000	6,000,000	Capital increase in cash by NT\$3,000,000	Jing-Shang-Xin No. 065
1964.11	100	300,000	30,000,000	300,000	30,000,000	Capital increase in cash by NT\$24,000,000	Jing-Shang-Xin No. 3846
1965.11	100	600,000	60,000,000	600,000	60,000,000	Capitalization of earnings of NT\$1,473,000 Capital increase in cash by NT\$28,527,000	Jing-Xin No. 0414
1967.06	100	800,000	80,000,000	800,000	80,000,000	Capital increase in cash by NT\$20,000,000	Jing-Xin No. 2018
1969.04	100	960,000	96,000,000	960,000	96,000,000	Capitalization of earnings of NT\$718,400 and capital increase in cash by NT\$15,281,600	Jian-Shang-Xin No. 10108
1970.09	100	1,200,000	120,000,000	1,200,000	120,000,000	Capital increase in cash by NT\$24,000,000	Jian-Shang-Xin No. 12874
1976.01	100	1,500,000	150,000,000	1,500,000	150,000,000	Capitalization of earnings of NT\$30,000,000	Jing-Xin No. 11108
1978.04	10	30,000,000	300,000,000	30,000,000	300,000,000	Capitalization of earnings of NT\$15,000,000 Capitalization of capital surplus of NT\$135,000,000	Jing-Xin No. 13449
1979.04	10	35,000,000	350,000,000	35,000,000	350,000,000	Capital increase in cash by NT\$50,000,000	Jing-Xin No. 14764
1980.10	10	43,500,000	435,000,000	43,500,000	435,000,000	Capitalization of earnings of NT\$35,000,000 Capital increase in cash by NT\$50,000,000	Jing-Xin No. 17801
1982.01	10	60,000,000	600,000,000	47,850,000	478,500,000	Capitalization of earnings of NT\$43,500,000	Jing-Xin No. 10258

No assets other than cash were used to contribute to the capital

Year / Month	Issue price	Authorized capital		Paid-in capital		Note	
		Number of shares	Amount	Number of shares	Amount	Source of capital	License number
1982.09	10	60,000,000	600,000,000	53,592,000	535,920,000	Capitalization of capital surplus of NT\$57,420,000	Jing-Xin No. 21975
1984.04	10	61,592,000	615,920,000	61,592,000	615,920,000	Capital increase in cash by NT\$80,000,000	Jing-Xin No. 1005
1987.12	10	67,751,200	677,512,000	67,751,200	677,512,000	Capital increase in cash by NT\$61,592,000	Jing-Tou-Shen-(1988)-Gong-Shang No. 0353
1990.06	10	84,689,440	846,894,400	84,689,440	846,894,400	Capital increase in cash by NT\$169,382,400	Tai-Cai-Zheng-(I) No. 00621
1991.07	10	97,392,856	973,928,560	97,392,856	973,928,560	Capitalization of capital surplus of NT\$84,689,440 Capitalization of earnings of NT\$42,344,720	Tai-Cai-Zheng-(I) No. 01452
1992.07	10	107,132,140	1,071,321,400	107,132,140	1,071,321,400	Capitalization of capital surplus of NT\$48,696,420 Capitalization of earnings of NT\$48,696,420	Jing-Tou-Shen-(1988)-Gong-Shang No. 7053
1993.07	10	117,845,354	1,178,453,540	117,845,354	1,178,453,540	Capitalization of capital surplus of NT\$53,566,070 Capitalization of earnings of NT\$53,566,070	Jing-Tou-Shen-(1988)-Gong-Shang No. 06338
1994.06	10	129,629,889	1,296,298,890	129,629,889	1,296,298,890	Capitalization of capital surplus of NT\$58,922,675 Capitalization of earnings of NT\$58,922,675	Tai-Cai-Zheng-(I) No. 27769
1995	10	142,592,877	1,425,928,770	142,592,877	1,425,928,770	Capitalization of capital surplus of NT\$64,814,940 Capitalization of earnings of NT\$64,814,940	Tai-Cai-Zheng-(I) No. 38908
1996	10	199,000,000	1,990,000,000	156,852,163	1,568,521,630	Capitalization of capital surplus of NT\$71,296,430 Capitalization of earnings of NT\$71,296,430	Tai-Cai-Zheng-(I) No. 53682
1997.06	10	345,000,000	3,450,000,000	203,907,812	2,039,078,120	Capitalization of capital surplus of NT\$141,166,950 Capitalization of earnings of NT\$329,389,540	Tai-Cai-Zheng-(I) No. 49420

Year / Month	Issue price	Authorized capital		Paid-in capital		Note	
		Number of shares	Amount	Number of shares	Amount	Source of capital	License number
1998	10	345,000,000	3,450,000,000	224,298,593	2,242,985,930	Capitalization of earnings of NT\$203,907,810	Tai-Cai-Zheng-(I) No. 53725
1999	10	345,000,000	3,450,000,000	269,158,311	2,691,583,110	Capitalization of capital surplus of NT\$448,597,180	Tai-Cai-Zheng-(I) No. 61054
2003.11.19	10	345,000,000	3,450,000,000	273,158,311	2,731,583,110	Capital increase in cash by NT\$40,000,000	Tai-Cai-Zheng-(I) No. 0920138728
2004.07.06	10	385,000,000	3,850,000,000	286,816,211	2,868,162,110	Capitalization of earnings of NT\$136,579,000	Zheng-Qi-I No. 0930129617
2005.07.01	10	409,600,000	4,096,000,000	301,157,011	3,011,570,110	Capitalization of earnings of \$143,408,000	Jin-Guan-Zheng-I No. 0940126559
2006.08.23	10	409,600,000	4,096,000,000	313,203,291	3,132,032,910	Capitalization of earnings of NT\$120,462,800	Jin-Guan-Zheng-I No. 09501187030
2007.07.12	10	409,600,000	4,096,000,000	324,165,406	3,241,654,060	Capitalization of earnings of NT\$109,621,150	Jin-Guan-Zheng-I No. 0960035930
2008.07.01	10	520,000,000	5,200,000,000	335,511,195	3,355,111,950	Capitalization of earnings of NT\$113,457,890	Jin-Guan-Zheng-I No. 0970032779
2009.04.09	10	520,000,000	5,200,000,000	335,424,195	3,354,241,950	Cancellation of treasury shares for capital reduction by NT\$870,000	Jin-Guan-Zheng-III No. 0970064763 Jing-Shou-Shan g No. 09801068360
2010.7.22	10	520,000,000	5,200,000,000	362,258,130	3,622,581,300	Capitalization of earnings of NT\$268,339,350	Jin-Guan-Zheng-Fa No. 0990038168
2011.8.8	10	520,000,000	5,200,000,000	378,559,745	3,785,597,450	Capitalization of earnings of NT\$163,016,150	Jin-Guan-Zheng-Fa No. 1000036420
2012.7.11	10	520,000,000	5,200,000,000	403,166,128	4,031,661,280	Capitalization of earnings of NT\$246,063,830	Jin-Guan-Zheng-Fa No. 1010030740
2013.6.6	10	520,000,000	5,200,000,000	423,324,434	4,233,244,340	Capitalization of earnings of NT\$201,583,060	Jin-Guan-Zheng-Fa No. 1020024674
2014.7.3	10	520,000,000	5,200,000,000	457,190,388	4,571,903,880	Capitalization of earnings of NT\$338,659,540	Jin-Guan-Zheng-Fa No. 1030025250
2015.7.9	10	520,000,000	5,200,000,000	464,048,243	4,640,482,430	Capitalization of earnings of NT\$68,578,550	Jin-Guan-Zheng-Fa No. 1040025770
2016.7.1	10	520,000,000	5,200,000,000	473,329,207	4,733,292,070	Capitalization of earnings of NT\$92,809,640	Not applicable
2020.8.12	10	1,000,000,000	10,000,000,000	473,329,207	4,733,292,070	Not applicable	Jing-Shou-Shan g No. 10901125210

Unit: NT\$; share

Type of shares	Authorized capital			Note
	Shares outstanding	Unissued shares	Total	
Common shares	473,329,207 shares NT\$4,733,292,070	526,670,793 shares NT\$5,266,707,930	1,000,000,000 shares NT\$10,000,000,000	The Company's shares are listed on TWSE

Information related to the shelf registration system: None.

(II) List of major shareholders

March 21, 2026

Unit: shares

List of major shareholders	Shares	Shares held	Percentage of ownership
Nankang Rubber Tire Corp., Ltd.		148,768,000	31.43%
Zhikai Development Co., Ltd.		26,928,000	5.69%
Taifu Investment Co., Ltd.		25,590,991	5.41%
Chuan Wei Investment Co., Ltd.		16,074,000	3.40%
Huan-Xiang Investment Co., Ltd.		15,605,882	3.30%
Yen, Chung-Jui		12,996,000	2.75%
Yuanhong Development Industrial Co., Ltd.		9,885,000	2.09%
Jia Cheng Co., Ltd.		9,600,000	2.03%
Hanzhong Global Investment Co., Ltd.		9,591,000	2.03%
Yuanrui Development Industry Co., Ltd.		7,067,000	1.49%

(III) Dividend policy and implementation of the Company

(1) Dividend Policy:

According to the Company's Articles of Incorporation, the Company's earnings distribution or deficit compensation may be made after the end of each semi-annual fiscal year. Where the Company makes a profit in a semi-annual and annual fiscal year, the profit shall be first used for paying taxes, offsetting the cumulative deficit, setting aside 10% Legal reserve and special reserve in accordance with regulations, and then any remaining profit may be used to distribute dividends on preference shares for the year first; any remaining balance, together with any undistributed retained earnings at the beginning of the period (including adjusted undistributed retained earnings), shall be adopted by the Board of Directors as the basis for making an earnings appropriation proposal. In the case of cash dividends paid, the resolution shall be adopted at a meeting of the Board of Directors attended by at least two-thirds of the directors and approved by a majority of the directors present, and shall be reported to the shareholders' meeting; if it is conducted by issuing new shares, the resolution shall be submitted to the shareholders' meeting for resolution before distribution.

The Company's industry is currently in a developed stage. Considering future capital needs, a financial plan, and shareholders'

interests, the Board of Directors, depending on the business performance, drafts a profit distribution proposal in a percentage from 5% to 100% and submit it to the general shareholders' meeting. The Company shall give priority to cash dividends for earnings distribution and may distribute stock dividends not higher than 80% of the total dividends to be distributed in principle. However, if there are significant investment plans, future development, and other factors, the earnings may be retained.

(2) Status of implementation:

The Company's Board of Directors approved by resolution to not distribute cash dividends for 2025.

(IV) Impact of the issuance of stock dividends proposed at the shareholders' meeting on the Company's operating performance and earnings per share:

Not applicable.

(V) Employee and director remuneration:

(1) Remuneration of directors and employee stipulated in the Company's articles of incorporation:

According to the Company's Articles of Incorporation, if the Company makes a profit in the year (referring to the income before tax before the remuneration to employees and directors is subtracted), the Company shall allocate 0.1%–1% of the balance as employee remuneration and no more than 3% as directors' remuneration. However, profits must first be reserved to offset against the cumulative deficit (including adjusted undistributed earnings), if applicable.

(2) Basis for remuneration to employees and directors, basis for calculating the number of shares for employee remuneration paid in stock, and accounting treatment when actual distribution differs from estimate:

(3) If the actual amount approved by a resolution of the Board of Directors differs significantly from the estimated amount, such difference shall be recognized in the profit or loss of the following year. Distribution of remuneration approved by the Board of Directors:

a. Amount of remuneration to employees and directors distributed in cash or in stock:

The Company's Board of Directors approved by resolution that no employee and director remuneration will be distributed for 2025 in accordance with the Articles of Incorporation.

b. Amount of employee remuneration distributed in the form of shares and its ratio to the combined total of after-tax net income and total employee remuneration in the current period's standalone financial statements: None.

(4) Actual distribution of employee and director remuneration in the previous year (including number of shares distributed, amount, and share price), as well as any differences from the amounts recognized as employee and director remuneration — such differences, if any, should be explained in terms of their amounts, reasons, and how they were addressed:

Since employee and director remuneration for 2024 was not distributed as per the Articles of Incorporation, there is no difference between the amount

of employee and director remuneration and the amount recognized as employee and director remuneration.

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

**II. Status of Corporate Bonds**

None.

**III. Status of Preferred Shares**

None.

**IV. Status of Issuance of Overseas Depositary Receipts**

None.

**V. Status of Employee Stock Option Certificates**

None.

**VI. Issuance of New Restricted Employee Shares**

None.

**VII. Issuance of New Shares in Connection with Mergers and Acquisitions or the Acquisition of Shares of Other Companies**

None.

**VIII. Implementation of the Company's Capital Utilization Plan**

(I) Details: The Company has no uncompleted public offering or private placement of securities.

(II) Implementation: Not applicable.

## Four. Operation Overview

### I. Business Content

#### (I) Scope of Business

##### (1) Principal business

Main product	As a percentage of the Group's consolidated revenue %
Tires	91
Others	9

##### (2) At present, the Company's products (services) and new products (services) planned to develop:

- a. Energy-saving and eco-friendly tires.
- b. Winter tires for commercial vehicles.
- c. Asymmetric tires.
- d. New patterns for high-performance sports car tires.

#### (II) Industry overview

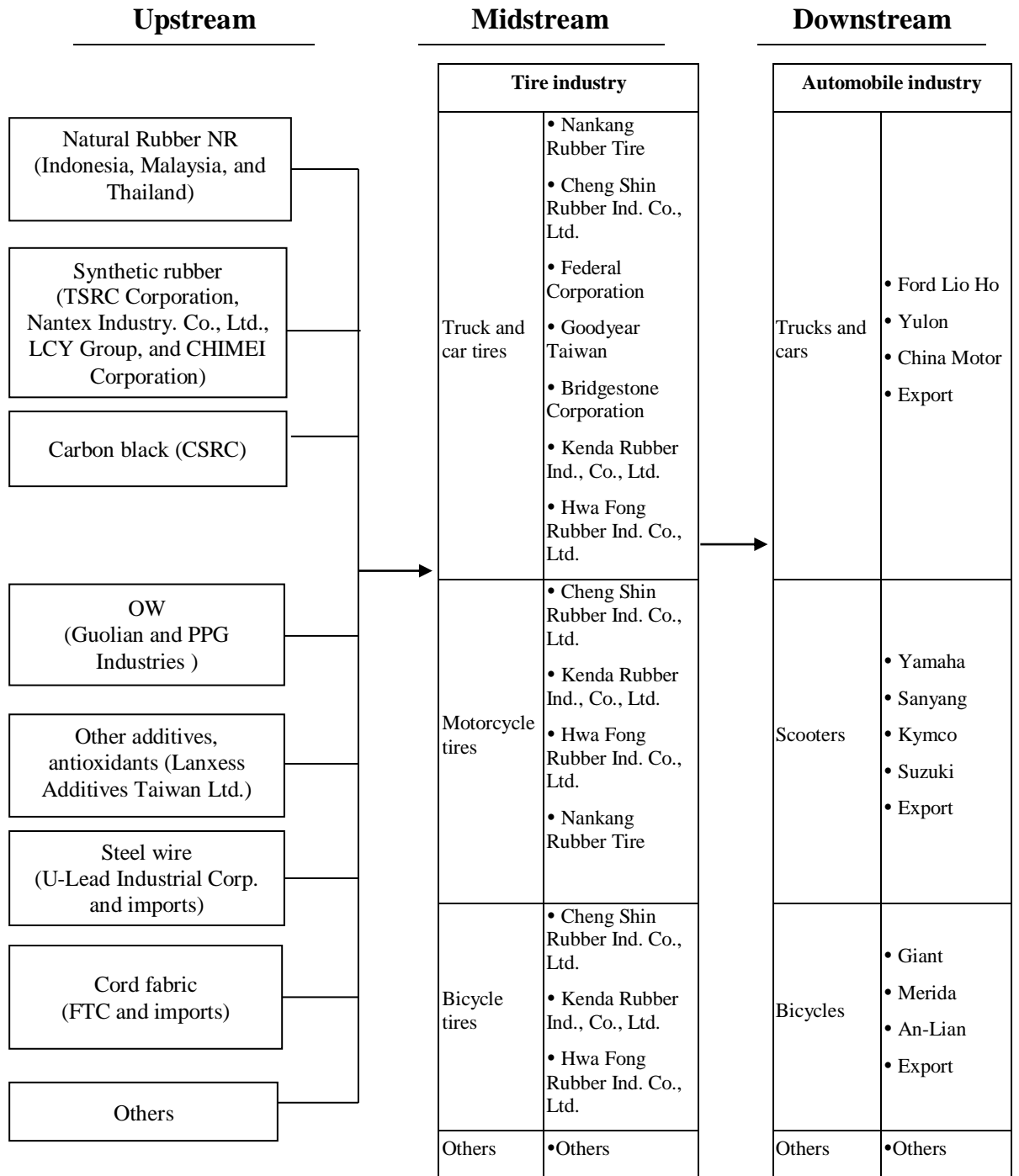
##### (1) The current status and development of the industry:

The international political and economic landscape in 2025 has been characterized by extreme volatility, owing primarily to policy shifts resulting from Donald Trump's return to the White House, sluggish global economic growth, and AI-driven industrial restructuring. With Trump returning to power and the resurgence of unilateralism, U.S. financial and economic policies are shifting toward significantly increasing tariffs, aiming to bring key supply chains and manufacturing back for domestic production. A final agreement has been reached in the Taiwan-U.S. tariff negotiations, featuring a reduction of the "reciprocal tariffs" originally targeting Taiwan from the initially assessed 32% to the final 15%, without further add-ons. This outcome puts Taiwan on a level playing field with Japan and South Korea, markedly boosting the country's export competitiveness in the U.S. market.

##### (2) Relations among upstream, midstream, and downstream sections of the industry:

The products produced by the Company are automobile tires. The upstream raw material suppliers are in the rubber, carbon black, and steel wire industries, and the downstream clients are new car factories and distributors. The relations among the upstream, midstream and downstream sections of the industry are as follows:

## Domestic tire industry association map



### (3) Development and trends of products and competition:

#### a. Development trend:

The tire industry will move towards energy-saving, environmental-friendly, and high-quality products. With people's increasing awareness of environmental protection, while trying to reduce rolling resistance, this industry has begun to pay attention to materials that do not pollute the environment while manufacturing tires and strive to extend the mileage of tires to reduce the number of waste tires. A large number of cars with green tires adopted has a huge effect on fuel conservation and pollution reduction. There is no

doubt that energy-saving green tires with low carbon emissions will become the major tires to be developed in the future.

b. Competition

The Company's primary domestic competitors include Nankang Rubber Tire, Hwa Fong Rubber Ind. Co., Ltd., Cheng Shin Rubber Ind. Co., Ltd., Kenda Rubber Ind., Co., Ltd., and Bridgestone Corporation. The business scopes of the competitors are as shown in the table below:

<b>Company name</b>	<b>Principal business</b>
Nankang Rubber Tire	Car tires, light truck tires, and scooter tires
Hwa Fong Rubber Ind. Co., Ltd.	Bicycle tires, scooter tires, truck tires, and agro-industrial tires
Cheng Shin Rubber Ind. Co., Ltd.	Bicycle tires, scooter tires, truck tires, and agro-industrial tires
Kenda Rubber Ind., Co., Ltd.	Scooter tires, car tires, light truck tires, and agro-industrial tires
Bridgestone Corporation	Car tires and light truck tires

(III) Status of technology and R&D

(1) Annual investment and expenditure in R&D for 2025 is NT\$8,060 thousand.

(2) Successfully developed technologies and products

- a. Eco-friendly tires.
- b. Ultra-high-performance tires.
- c. Racing tire series.
- d. High-performance asymmetric tires.

(IV) Short-term and long-term business development plans

(1) Short-term plan

In addition to actively reallocating production lines across overseas and domestic OEMs, the Company continues to explore other qualified contract manufacturers to stabilize our supply chain.

(2) Long-term plan

The Company is considering a business transformation, re-evaluating the positioning of our supply chain as well as our domestic and overseas sales strategy.

**II. Analysis of the Market as well as Production and Marketing Situation**

(I) Market analysis:

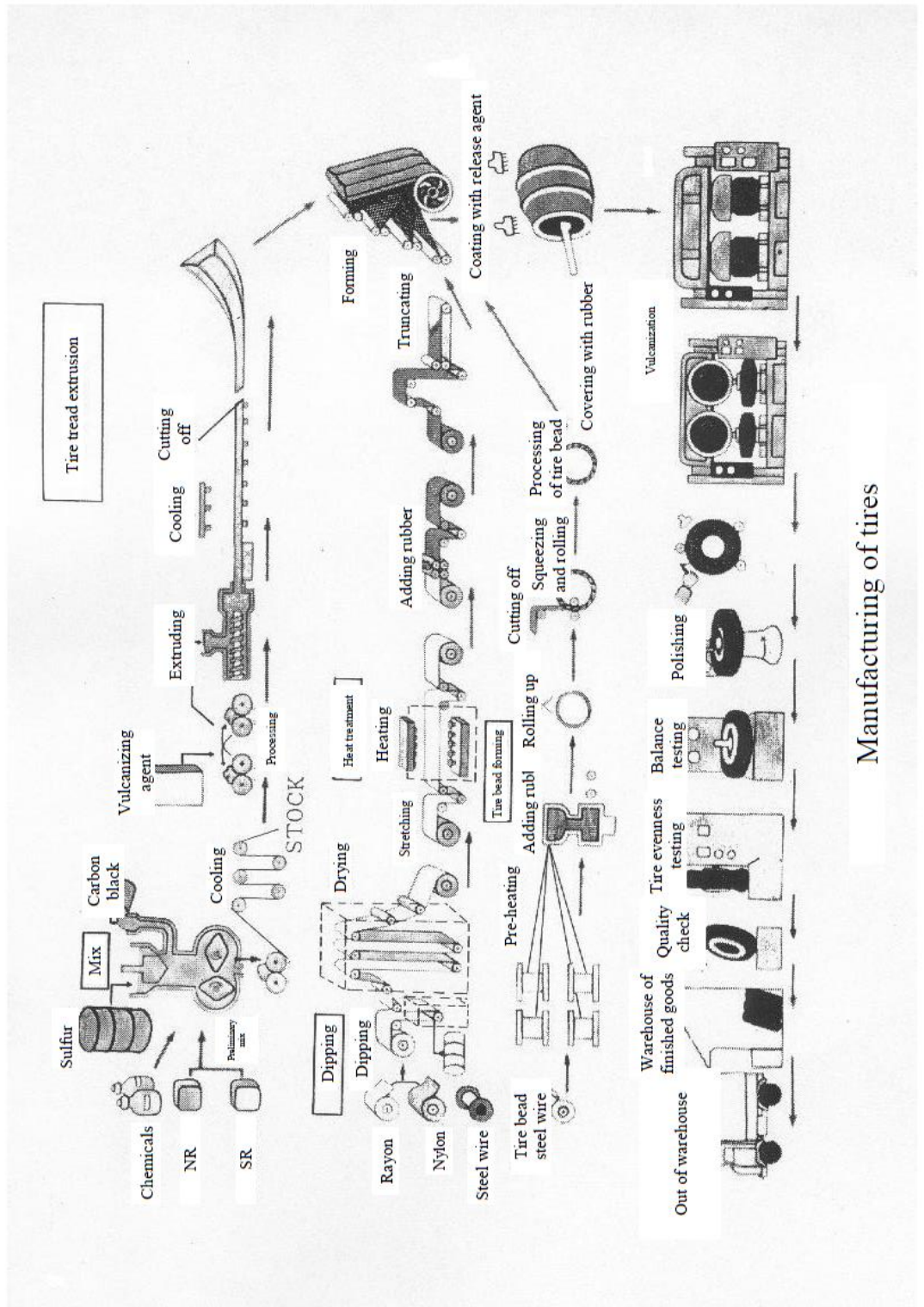
(1) Main areas for product sale: The U.S., Europe, Asia Pacific, Central and South America, the Commonwealth of Independent States (CIS), Asia, and Africa.

(2) Future market supply/demand and growth potentials:

Although the Company continues to be affected by the U.S. anti-dumping policy, it is expected that, as overseas OEM production capacity is gradually adjusted and restored, tire shipments will return to normal, thereby contributing to an increase in revenue.

(3) Competitive niches, favorable and unfavorable factors of development, and countermeasures:

- a. Competitive niches:  
The Company uses the independently developed new patterns to improve the performance of our products, so that tires with different functions can lead to a better performance.
  - b. Favorable and unfavorable factors of development, and countermeasures:
    - i. Favorable factors:  
The Company has global distribution bases and a well-established marketing network, with extensive channel coverage and high service efficiency.
    - ii. Unfavorable factors and response policy:  
Although the Company continues to be affected by the U.S. anti-dumping policy, it is actively shifting our OEM production lines both domestically and overseas, while also seeking additional contract manufacturers to stabilize our supply sources. At the same time, the Company strictly controls costs and reduces expenses to lower fixed overhead. After the shutdown, the Company will also consider business transformation, re-examine the supply chain positioning and domestic and overseas sales layout.
- (II) Important uses and production processes of main products
- (1) Important functions: Tires are used for vehicles to support loads on roads to achieve transportation functions.
  - (2) Production process:



Manufacturing of tires

(III) Supply status of major raw materials: None.

(IV) Name of customers representing more than 10% of total purchases (sales) in any of the most recent two years, and the amount and percentage of their purchases (sales).

**Suppliers**

Unit: NT\$ 1,000; %

Item	2025				2024			
	Name	Amount	As a percentage of total procurement in that year (%)	Relationship with the issuer	Name	Amount	As a percentage of total procurement in that year (%)	Relationship with the issuer
1	A	91,625	46	N/A	A	107,462	51	N/A
2	B	69,825	35	N/A	B	63,204	30	N/A
3	Others	36,396	19		Others	39,196	19	
	Net procurement	197,846	100		Net procurement	209,862	100	

**Customers**

Unit: NT\$ 1,000; %

Item	2025				2024			
	Name	Amount	As a percentage of total sales in that year (%)	Relationship with the issuer	Name	Amount	As a percentage of total sales in that year (%)	Relationship with the issuer
1	A	51,766	19	N/A	A	60,190	23	N/A
2	Others	214,086	81		Others	207,190	77	
	Net sales	265,852	100		Net sales	267,380	100	

**III. Number of Employees for the Two Most Recent Fiscal Years, and During the Current Fiscal Year Up to the Date of Publication of the Annual Report, Their Average Years of Service, Average Age, and Education Levels**

Year		2025	2024	Current year up to March 31, 2026
Number of employees	Direct labor	0	0	0
	Indirect labor	17	22	13
	Management personnel	28	32	27
	Total	45	54	40
Average age		47	46	48
Average years of service		4	3	4
Percentage by educational background	Doctorate	0%	0%	0%
	Master's degree	11%	13%	13%
	College level	82%	81%	83%
	High school level	7%	6%	5%
	Below high school	0%	0%	0%

**IV. Environmental Protection Expenditures:**

The Company has no record of losses and penalties due to environmental pollution in 2025 and up to the publication date of this annual report.

**V. Labor Relations**

(I) Employee benefit measures, continuing education, training, pension system, and important labor-management agreements

(1) Employee benefits

The Company legally allocates welfare funds and establishes an employee welfare committee to implement various welfare policies, including bonuses such as year-end bonuses and performance bonuses.

Relevant insurance: In addition to labor and health insurance, the Company provides sound group insurance and international business travel insurance. The Company provides regular free health check-ups, organizes a variety of activities, and offers subsidies for marriage, funerals, hospitalization, and birthdays, as well as a bonus system and other related initiatives to support employees' diverse needs. These measures are intended to strengthen employees' sense of belonging and loyalty to the Company.

To ensure the safety of employees' vehicles, the Company has established a dedicated parking area, allowing staff to focus on their work without concerns about the security of their transportation. The Company has set up plant-wide staff suggestion boxes for two-way communication.

(2) Continuing education and training:

The purpose of the Company's education and training is to improve

the quality of our in-service personnel, enhance their learning abilities and work efficiency, and then retain more talents. The Company has a complete education and training system and a career development system. With on-the-job training as the basis, the Company offers regular training courses for various levels and functions to enhance employees' professional knowledge and skills. The Company also organizes overseas visits, seminars, and training sessions to reinforce their competitiveness, while comprehensively improving our technical and management capabilities.

(3) Pension system

Effective July 1, 2005, the Company has established a defined contribution retirement plan in accordance with the Labor Pension Act, which is applicable to employees of R.O.C. nationality. For the pension plan under the Labor Pension Act chosen by the employees, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages. Based on the employee's individual pension accounts and the amount of accumulated income from the annual investment and utilization plan, the payment of employee pension is made on a monthly basis or in a lump sum.

(4) Important labor-management agreements: Regular labor-management meetings.

(II) Any losses suffered by the Company in the most recent year and up to the publication date of the annual report due to labor disputes: None:

(III) Estimated labor disputes and possible expenses that could be incurred in the future due to labor disputes: none.

## **VI. Cybersecurity security management**

(I) The information and communication security risk management framework, policy, the specific management plan, and the resources invested in the information and communication security management.

1. Information and communication risk management structure:

The Company established an Information Security Task Force in 2020, and in 2023, appointed a dedicated Chief Information Security Officer and one full-time information security staff member.

The information security personnel continuously carry out the following tasks:

- Responsible for monitoring information security and performing security maintenance operations.
- Reporting on information security risk management in weekly routine meetings.

2. Information security policy:

(1) The Company's business operation relies on the establishment and development of information systems, and the Company must ensure that information services will not be interrupted.

(2) The Company has established an off-site backup mechanism and a backup system for our information systems according to their risk levels to ensure data security.

- (3) With the diversification of network applications, the Company continues to enhance our security defense capabilities to prevent information security threats.
3. Specific management plan:
- (1) Monitoring, anti-virus, and backup management:
- All servers and personal computers are required to have endpoint antivirus software installed, with automatic virus signature updates enabled.
  - The email system is equipped with security modules, including spam filters, malware detection, and attachment control mechanisms to enhance email security.
  - All application systems and databases implement data backup procedures. Backup data must be labeled with the backup date, system name, and data contents, and stored offsite.
  - Disaster recovery drills are conducted periodically for all information systems.
  - Regular vulnerability scans are conducted on application systems and server hosts to proactively address potential risks.
  - Automated backups are scheduled on a monthly, weekly, or daily basis, depending on the risk level of each information system.
  - Offsite backup mechanisms are established for critical systems.
- (2) Manage network security and access control
- Account privilege levels are strictly enforced, with permission control over database and file access.
  - Password policies require a minimum length of 8 characters, must meet complexity standards, and be updated regularly.
  - For employee status changes, account access rights must be updated within 24 hours.
  - Access to the Internet via the Company's network equipment requires secure identity authentication.
  - Internal critical networks and application systems are isolated from external networks using firewalls.
  - The Company has established comprehensive Computer Data Security Management Regulations and Cybersecurity Management Guidelines to ensure proper handling of sensitive information.
- (3) Information security awareness
- A. Regularly hold employee information security seminars or promote information security information through emails and announcements.
  - B. Perform information security audits and hold exercises from time to time to raise employees' awareness of information security.
- (II) Please specify the losses and potential impacts caused by material information security incidents and countermeasures in the last year and up

to the publication date of the annual report. If it cannot be reasonably estimated, the fact that it cannot be reasonably estimated shall be specified:  
None.

## VII. Important Contracts

Type of contract	Parties	Contract period	Main content	Restricted clauses
OEM contract	XT Tire	2023.03.01–2030.12.31	Manufacturing and supply	Without the consent of the Company, no transfer of the Company's order to third party for manufacturing and production is allowed.
OEM contract	S.R. Tires Co., Ltd. Thailand	2024.09.20–2029.09.20	Manufacturing and supply	Without the consent of the Company, no transfer of the Company's order to third party for manufacturing and production is allowed.
OEM contract	Maxtrek Tire Manufacturing Malaysia Sdn. Bhd.	2026.01.13–2031.01.12	Manufacturing and supply	Without the consent of the Company, no transfer of the Company's order to third party for manufacturing and production is allowed.

## Five. Review and Analysis of Financial Position and Financial Performance, and Risk-related Matters

### I. Financial Position

Financial position comparison and analysis

Unit: NT\$ 1,000; %

Item \ Year	2025	2024	Difference		
			Amount	%	Explanation
Current assets	3,443,464	993,078	2,450,386	247	Mainly due to an increase in cash and cash equivalents in 2025.
Property, plant and equipment	3,360	3,926,565	(3,923,205)	(100)	Primarily due to the sale of buildings, land and equipment at Guanyin Plant in 2025.
Intangible assets	1,549	3,641	(2,092)	(57)	Mainly due to the amortization of computer software in 2025.
Other assets	8,836,835	8,496,226	340,609	4	
Total assets	12,285,208	13,419,510	(1,134,302)	(8)	
Current liabilities	319,673	932,474	(612,801)	(66)	Mainly for a decrease in short-term loans in 2025.
Non-current liabilities	2,317,971	5,744,225	(3,426,254)	(60)	Mainly due to a decrease in long-term borrowings in 2025.
Total liabilities	2,637,644	6,676,699	(4,039,055)	(60)	Mainly due to a decrease in borrowings in 2025.
Share capital	4,733,292	4,733,292	0	0	
Capital surplus	164,214	164,214	0	0	
Retained earnings	160,238	(2,724,394)	2,884,632	106	Primarily due to an increase in net income in 2025.
Other equity	4,772,855	4,752,734	20,121	0	
Treasury shares	(183,035)	(183,035)	0	0	
Total shareholders' equity	9,647,564	6,742,811	2,904,753	43	Primarily due to an increase in net income in 2025.

### II. Financial Performance

Financial performance comparison and analysis

Unit: NT\$ 1,000; %

Item \ Year	2025	2024	Increase (Decrease) in amount	Percentage of change (%)	Reason for difference
Operating costs	(211,607)	(249,931)	(38,324)	(15)	
Gross profit (loss)	54,245	17,449	36,796	211	Mainly due to a decrease in other operating costs in 2025.
Operating expenses	(280,225)	(243,631)	36,594	15	
Operating income (loss)	(225,980)	(226,182)	202	0	
Non-operating income and expenses	3,150,171	(217,050)	3,367,221	1,551	Mainly due to an increase in gains on rights transferred under sale and leaseback transactions in 2025.
Net income (loss) before tax	2,924,191	(443,232)	3,367,423	760	Mainly due to an increase in gains on rights transferred under sale and leaseback transactions in 2025.
Income tax benefits (expenses)	(39,559)	(21,922)	17,637	80	Mainly due to an increase in profit before tax in 2025.
Net income (loss) for the period	2,884,632	(465,154)	3,349,786	720	Mainly due to an increase in gains on rights transferred under sale and leaseback transactions in 2025.

### III. Cash Flows

#### (I) Liquidity analysis for the last two years

Item	Year		
	2025	2024	Increase/Decrease (%)
Cash flow ratio	(80.32)	(22.53)	257
Cash flow adequacy ratio	(357.68)	(103.79)	245
Cash re-investment ratio	(3.99)	(1.78)	124

#### (II) Liquidity analysis for the coming year

Unit: NT\$ 1,000

Opening cash balance	Estimated net cash flow from operating activities for the entire year	Estimated net cash flows from investing and financing activities for the entire year	Estimated cash surplus (deficit) amount	Remedial measures for estimated cash deficit amount	
				Investment plans	Financing plans
2,896,330	(23,877)	(753,159)	2,119,294	Not applicable	Not applicable

Description: 1. Cash flow analysis for the year:

- a. Operating activities: Estimate net cash inflows (outflows) from operating activities based on the annual budget.
- b. Investing activities: Implement corporate investment expenditures in line with business strategies.
- c. Financing activities: Primarily comprise payments of lease liabilities.

2. Liquidity analysis for the coming year:

The beginning cash balance was approximately NT\$2,896,330 thousand, which was greater than the net cash outflow of approximately NT\$777,036 thousand.

### IV. Effect Upon Financial Operations of Any Major Capital Expenditures During the Most Recent Fiscal Year

None.

### V. Investment Policy for the Most Recent Fiscal Year, Main Reasons for Profits/Losses Generated Thereby, Plan for Improving Investment Profitability, and Investment Plans for Coming Year

(I) Investment policy for the most recent year, main reasons for profits or losses, and improvement plans:

The Company's investee in China, Federal Tire (Jiangxi), has ceased production and recognized equipment impairment. Hence, for the China domestic market, the Company has commissioned domestic OEM factories for private label supply, combined with imported tires, to sustain our presence in the RE market while strengthening the consolidation of existing distributor channels.

(II) Investment Plan for the Coming Year: None.

### VI. Risk Analysis and Assessment

(I) Impacts of interest rates, exchange rates, and inflation to the Company's

earnings, and the responsive measures:

1. Interest rate  
The Company's interest rate risk mainly comes from the long-term and short-term liabilities, and the Company will adopt an appropriate proportion of financing instruments at fixed interest rates as per market conditions and annual capital budget, to reduce the risk arising from interest rate fluctuations.
  2. Exchange rate changes  
Given the Company's multinational operations, it is exposed to foreign exchange risk arising from transactions conducted in currencies different from the functional currencies of the Company and our subsidiaries, primarily the US dollar and Renminbi. To manage such risks, the Company primarily utilizes short-term borrowings in foreign currencies and enters into forward foreign exchange contracts as part of our hedging strategy.
  3. Inflation  
Sudden shifts in market expectations regarding inflation or deflation often affect global economic performance and market efficiency, exerting adverse impacts on both macroeconomic and microeconomic levels. Such fluctuations may lead to volatility in the value of various asset markets, which in turn may negatively affect the Company's operating costs.
- (II) Policies on high risk and highly leveraged investments, loans to others, endorsements/guarantees and the trading of derivative instruments; describe the main causes of profit or loss and responsive measures in the future:
- (1) The Company does not engage in high-risk highly leveraged investments.
  - (2) The borrowing guarantees and commitments provided by the Company are all handled in accordance with the Loan and Endorsement/Guarantee Procedures, and the Company evaluates such business through prudent operating procedures, with upper limits on the total amount of loans and the amount of each loan to others. At present, endorsement/guarantees and loans to others are limited to subsidiaries. As they are wholly-owned, the risk is limited.
  - (3) The Company engages in derivatives trading with financial institutions with excellent credit ratings and deal with various financial institutions at the same time to diversify credit risks. The Company's derivatives trading is all handled in accordance with the Procedures for Asset Acquisition and Disposal, mainly to avoid exchange rate risks in foreign-currency positions of accounts receivable and accounts payable and reduce the impact of exchange rate fluctuations on the Company's operations.
- (III) Future R&D plans and estimated R&D expenditures: None.
- (IV) Effect on the Company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response: None.
- (V) Effect of changes in technology (including information and

communication security risks) and industrial changes on the Company's financial operations and countermeasures:

In response to the rapid changes in the economic environment, the Company has continuously improved our software and hardware equipment and striven to integrate and digitalize the overall resources, such as the adoption of an automatic production scheduling system and a product life cycle management system, to improve our production process and control efficiency, thereby strengthening our market competitiveness.

The oversupply of China's production capacity in recent years has disrupted market prices in the tire industry and resulted in a vicious cycle of competition. The Company will develop high value-added products, reduce production costs, maintain quality, and improve competitiveness with a view to improving profitability.

- (VI) Effect on the Company's crisis management of changes in the Company's corporate image and measures to be taken in response:

With the aim of establishing deep roots in Taiwan and foster a symbiotic relationship with Taiwan while holding steadfast to the corporate philosophy of "giving back to society from which we benefit," the Company remains committed to earning social recognition and trust; hence, the Company has long been actively participating in various public welfare activities. For example, the Company co-organized folk activities with the local government, donated land to build parks and community centers, employed people with disabilities in a number that is more than required, and organized various social charity activities to give back to the local community through the Ma Chi-Shan Foundation.

The Company has spared no effort to improve environmental protection and investing in new equipment or renovations to create a green factory to obtain recognition and positive reviews from the society. In addition, the Company has established a crisis response system in the organization, to respond to any legal, quality, safety, and other crisis with the most rapid and effective countermeasures.

- (VII) Expected benefits and possible risks associated with any merger and acquisitions and mitigation measures being or to be taken: None.
- (VIII) Expected benefits and possible risks associated with any plant expansion and mitigation measures being or to be taken: None.
- (IX) Risks associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken: None.
- (X) Impact and risks of significant transfers or change of equity by directors or major shareholders with more than 10% of the shares held, and the corresponding countermeasures:
- (XI) Effect upon and risk to company associated with any change in governance personnel or top management and mitigation measures being or to be taken: None.
- (XII) Litigation or non-litigation cases:

- (1) On February 8, 2018, the Company was sued by 176 plaintiffs including Wu, Cheng-Kuei. These plaintiffs claimed that a fire accident broke out in the Company's Zhongli Plant on January 17, 2017, which caused a huge impact on the health of local residents,

and thus filed a civil lawsuit against the Company. The case is still under trial, and it is difficult to evaluate its impact on the Company. If there is any additional impact caused by this case in the future, the Company will evaluate and account for it as per accounting principles and disclose it in the financial report.

- (2) Yuanta Commercial Bank Co., Ltd. (hereinafter referred to as “Yuanta Commercial Bank”) filed a civil lawsuit against the Company on October 19, 2020, in connection with a legal dispute between Yuanta Commercial Bank, New Site Industries., Inc. (hereinafter referred to as “New Site”), and Hsieh, Kuo-Ching and others (hereinafter referred to as the “New Site Case”). Yuanta Commercial Bank contends that Hsieh Kuo-ching is an employee of the Company and should bear joint and several liability for damages, thus claiming an amount of NT\$39,550 thousand from the Company plus interest calculated at an annual rate of five percent from the day following the service of the complaint. The Company asserts that New Site and such persons, without the consent of the Company, engaged in false transactions since 2016 in the name of the Company and falsely claimed that they had receivables from the Company and applied for a loan from Yuanta Bank, prompting Yuanta Bank to file a civil lawsuit against the Company. Therefore, the Company, on May 6, 2021, filed a civil complaint against New Site and Hsieh, Kuo-Ching and among other New Site case persons involved in the case, totaling 9 persons, demanding a payment of NT\$39,550 thousand to the Company, plus interest at an annual rate of five percent from the day after the service of the complaint until the date of settlement. On December 10, 2025, in the civil judgment of the first instance, the court determined that the claim of Yuanta Bank against the Company, based on the assertion of “damages caused by employee Hsieh, Kuo-Ching,” was without legal merit; therefore, the civil judgment of the first instance ruled against Yuanta Bank and in favor of the Company. As neither party filed an appeal within the statutory period, this case was finalized and concluded on January 28, 2026. Given that the civil court of first instance has confirmed that the Company shall not bear any liability for damages to Yuanta Bank in respect of New Site case, no loss has been incurred. Under these circumstances, the Company expects to withdraw the civil lawsuit previously filed against New Site and such personnel.

## **VII. Other Important Matters**

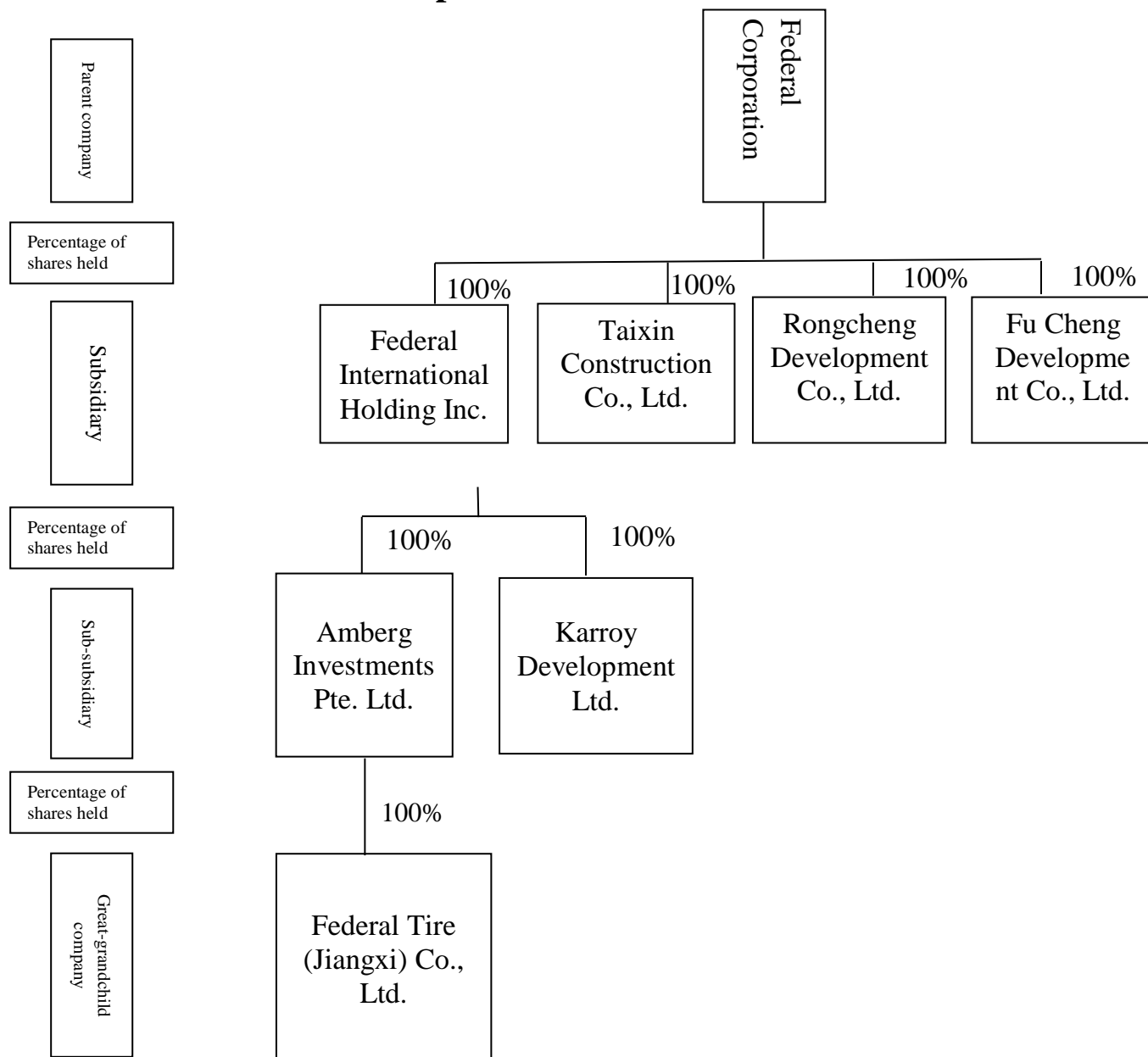
None.

## Six. Special Disclosure Items

### I. Information on Affiliates

- (I) Business Report of Affiliates  
 (1) Organizational chart for affiliates

#### Federal Group's Investment Structure



## (2) Basic information on affiliates

Unit: NTD

Name of affiliate	Date of incorporation	Address	Paid-in capital	Principal business or products
Taixin Construction Co., Ltd.	1996.10.01	2F.-2, No. 398, Huanbei Rd., Zhongli Dist., Taoyuan City	NTD 330,000,000	Contracting of builders to build residential and commercial buildings for lease and sale
Rongcheng Development Co., Ltd.	2021.09.14	2F.-2, No. 398, Huanbei Rd., Zhongli Dist., Taoyuan City	NTD 10,000,000	Contracting of builders to build residential and commercial buildings for lease and sale
Federal International Holding Inc.	2004.04.27	P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands.	USD 49,900,000	General investment
Amberg Investments Pte. Ltd.	1996.06.26	165 Bukit Merah Central#05-3679 Singapore (150165)	SGD 85,762,738	General investment
Federal Tire (Jiangxi) Co., Ltd.	1997.01.08	No. 639, Shanghai Road, Nanchang City, Jiangxi Province, China	RMB 394,174,430.01	Production and sales of various tires and rubber products
Karroy Development Ltd.	2007.11.12	Room 1204, Yu Sung Boon Bldg., 107-111 Des Voeux Road Central, Hong Kong	HKD 2,000,000	Commercial building rental business
Fu Cheng Development Co., Ltd.	2022.10.06	2F.-2, No. 398, Huanbei Rd., Zhongli Dist., Taoyuan City	NTD 8,000,000	Contracting of builders to build residential and commercial buildings for lease and sale

(3) Information on common shareholders of entities presumed to have a controlling or subordinate relationship: None.

(4) Industries covered by the business operations of the group of affiliates: Investment, sale, and architecture.

(5) Names of the directors and President of each affiliate.

Names of the directors and President of each affiliate.

Name enterprises	Title	Name or representative	Shares held	
			Number of shares	Percentage of shares held
Taixin Construction Co., Ltd.	Chairperson	Federal Tire Co., Ltd. Representative: Kuo, Lin-Liang	33,000,000	100%
Rongcheng Development Co., Ltd.	Chairperson	Federal Tire Co., Ltd. Representative: Lu, Heng-Chih	1,000,000	100%
Federal International Holding Inc.	Director	Federal Tire Co., Ltd. Representative: Kuo, Lin-Liang	USD 49,900,000	100%
Amberg Investments Pte. Ltd.	Director Director	Kuo, Lin-Liang LIM CHOI HWEE	SGD 85,762,738	100%
Federal Tire (Jiangxi) Co., Ltd.	Chairperson Director Director President	Federal Tire Co., Ltd. Representative: Huang, Chiang Federal Tire Co., Ltd. Representative: Chung, Cheng-Yen Federal Tire Co., Ltd. Representative: Wang, Li-Hua Huang, Chiang	RMB 394,174,430.01	100%
Karroy Development Ltd.	Director	Federal Tire Co., Ltd. Representative: Kuo, Lin-Liang	HKD 2,000,000	100%
Fu Cheng Development Co., Ltd.	Chairperson	Federal Tire Co., Ltd. Representative: Kuo, Lin-Liang	800,000	100%

(6) Operations of affiliates

December 31, 2025  
Unit: NT\$ 1,000

Name enterprises	Paid-in capital	Total assets	Total liabilities	Net value	Operating revenue	Operating profit (loss)	Income (loss) after tax in this period	Earnings per share (NT\$)
Taixin Construction Co., Ltd.	330,000	5,888,515	684,715	5,203,800		(15,953)	(143,970)	(4.36)
Amberg Investments Pte. Ltd.	2,096,847	572,009		572,009		(347)	2,263	
Federal Tire (Jiangxi) Co., Ltd.	1,772,287	598,713	200,372	398,341	24,656	(1,283)	10,350	
Federal International Holding Ltd.	1,568,357	640,728		640,728		(241)	1,534	
Fu Cheng Development Co., Ltd.	8,000	113,382	29,053	84,329		(86)	(62)	(0.08)
Rongcheng Development Co., Ltd.	10,000	217,440	47,236	170,204		(385)	(380)	(0.38)
Karroy Development Limited	8,078	79,762	37,620	42,142	1,059	571	966	

Note 1: For affiliated companies that are foreign entities, the relevant figures are converted into New Taiwan Dollars based on the exchange rate as of December 31, 2025, and the average exchange rate for the entire year.

Note 2: The dissolution and liquidation of Federal Tire North America LLC. were completed in March 2025.

(II) Consolidated financial statements of affiliated companies

Federal Corporation  
Representation Letter

For 2025 (from January 1, 2025 to December 31, 2025), the companies required to be included in the consolidated financial statements of affiliated enterprises pursuant to the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are identical to those required to be included in the consolidated financial statements of parent and subsidiary companies pursuant to International Financial Reporting Standards (IFRS) No. 10. As the relevant information required to be disclosed in the consolidated financial statements of affiliated enterprises has been disclosed in the aforementioned consolidated financial statements of parent and subsidiary companies, it is hereby declared that no separate consolidated financial statements of affiliated enterprises will be prepared.

Company Name: Federal Corporation

Responsible person: Kuo, Lin-Liang

March 3, 2026

(III) Affiliation Report: Not applicable.

**II. Private Placement of Securities During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Publication Date of the Annual Report**

None.

**III. Other Supplementary Information**

None.

**Seven. Situations Listed in Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act Which Might Materially Affect Shareholders' Equity or the Price of the Company's Securities Occurring During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report**

None.

# Federal Corporation

Chairperson: Kuo, Lin-Liang