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2024 Annual Report

Tung Ho Textile Co., Ltd.

March 11, 2025

I. Spokesperson

Name: CHANG,CHIA-HENG
Title: General Manager
Tel: 886-6-5703211 ext.300
E-mail:cch@tungho.com.tw

II. Deputy Spokesperson

Name: KUO,YEN-LIANG
Title: Manager
Tel: 886-2-27001840 ext.201
E-mail: david@tungho.com.tw

III. Headquarters, Branches and Plant

Headquarters:

Address: No.227, GongYe Rd., Madou Dist., Tainan City 721, Taiwan
Tel: 886-6-5703211 Fax: 886-6-5703382

Taipei Office :

Address: 13F., No. 376, Sec. 4, Renai Rd., Daan Dist., Taipei City, Taiwan
Tel: 886-2-27001840 Fax: 886-2-27060967

IV. Stock Transfer Agent

Transfer Agency Department of CTBC Bank Co., Ltd.
Address: 100003 5th Floor, NO. 83, Sec. 1, Chongqing S. Rd., Taipei, ROC
Tel: 886-2-66365566
Website: <https://ecorp.ctbcbank.com/cts/index.jsp>

V. Independent Auditors

Deloitte & Touche
MA,WEI-CHUN, CPA and HSIEH, TUNG-JU, CPA
Address: 20F, Taipei Nan Shan Plaza No.100, Songren Rd., Xinyi Dist., Taipei 11073, Taiwan
Tel.: 886-2-27259988
Website: <http://www.deloitte.com.tw>

VI. Overseas Securities Exchange

None.

Disclaimer

Please note that this English annual report is not a word-for-word translation of the Chinese version. In the event of any variance, the Chinese text shall prevail.

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Chapter 1. Letter to Shareholders

I. 2024 Annual Business Report

(I) Overview of the Textile Industry:

As for the staple market scale, the current number of spinning spindles in Taiwan is about 490,000 and the number of actually operated spindles is about 270,000. The global market remained affected by war, inflation, depreciation of the Japanese yen, competitive price dumping of products from Mainland China, and geopolitical conflicts. The industry condition remained sluggish, and end consumer demand was weak, causing branded apparel manufacturers to remain extremely cautious and conservative in placing orders, despite the already low inventory levels. Consequently, this global demand weakness directly impacted both domestic and export orders across Taiwan's upstream, midstream, and downstream textile industry, with continued order reductions of approximately 20%-30%.

(II) Our Company's countermeasures:

1. Continue to enhance the competitiveness of our specialty yarns:
 - a. Improve quality, enhance production efficiency, and reduce waste.
 - b. Strengthen factory production flexibility to adapt to the market trend of urgent, small-quantity, diversified orders.
2. Continuously collect market information to develop specialty yarn products with uniqueness and irreplaceability:
 - a. Combined long and short fiber yarns offer the softness of short fiber yarns and the strength and anti-pilling properties of long fiber yarns, which will continue to be a future market trend. We will continue to develop various combinations of long and short fibers with different functions and environmentally friendly materials, creating different textured appearances to meet diverse application needs and enhance visual appeal.
 - b. Natural material blended yarns, such as pineapple, hemp, linen, and PIMA fibers. In recent years, there has been a rising awareness of sustainability and environmental protection, along with a prevailing trend toward energy conservation, carbon reduction, and earth protection. Driven by international apparel brands, the recycling and remanufacturing of natural, eco-friendly, and waste textile products to reduce resource waste and lower greenhouse gas emissions has become an international trend, which will be our company's active direction for future product development. We will continue to develop various series of recyclable and reusable material yarns and natural fiber yarns, striving

to promote environmentally friendly, sustainable, and low-pollution products with functional properties to meet the market demand for environmentally friendly and sustainable materials.

3 Integrate international brands and upstream and downstream partners:

We will collaborate with upstream raw material suppliers, downstream weaving/dyeing and finishing factories, and international brand customers in a vertically integrated team model. By combining our unique production configurations and process optimization, we will jointly develop customized, refined, and unique new products to cater to ever-changing consumer consumption patterns and the demands of international brand customers.

Unit: NT\$ Thousand

Actual production volume of general/special yarns and estimated volume for 2025						
	2023		2024		2025 (estimated)	
	Production volume	%	Production volume	%	Production volume	%
General yarn	172,770	37%	119,975	29%	8,025	3%
Special yarn	293,033	63%	295,689	71%	275,365	97%
Total	465,803	100%	415,664	100%	283,390	100%

Actual sales volume of general/special yarns and estimated sales for 2025						
	2023		2024		2025 (estimated)	
	Sales volume	%	Sales volume	%	Sales volume	%
General yarn	123,816	28%	113,079	29%	42,399	12%
Special yarn	312,915	72%	281,319	71%	325,135	88%
Total	436,731	100%	394,398	100%	367,534	100%

(III) Analysis of 2024 Consolidated Business Performance, Debt Repayment Capability, and Profitability:

2024 Business Condition: Unit: NT\$ Thousand

Item	2024	2023	Increase (decrease) amount	Increase (decrease) %
Net Sales	523,860	566,660	(42,800)	(7.55)%
Gross Profit	67,048	40,693	26,355	64.77%
Net profit for the period	56,666	32,849	23,817	72.50%
Earnings per Share after Tax (TWD)	0.26	0.15	0.11	73.33%
Net Value Per Share (TWD)	14.37	14.24	0.13	0.91%

1. Analysis of the debt paying ability

Current ratio: 204.04%

Quick ratio: 136.75%

2. Analysis of the profitability

Return on assets: 1.47%

Return on shareholders' equity: 1.80%

Net profit ratio: 10.82%

(IV) Asset investment and development:

1. Strengthen the management of the rental area of the mass-market store in Rende District:

Environmental optimization, road maintenance, and good communication with tenants.

2. Solar power generation equipment

The solar power equipment installed in Madou District and Rende District generates approximately 3.5 million kWh annually, reducing carbon emissions by about 1,800 tonnes per year. In addition to responding to government environmental policies, it also brings in non-operating income of approximately NT\$1.5 million per month for the company.

3. Land lease activated assets:

For the past ten years, the Tainan City Government has promoted the rezoning and development of the Madou Industrial Park, improving land use efficiency, and opening the Mashan Bridge connecting road, which links the Madou Industrial Park with the Southern Taiwan Science Park. With the travel time of only 15 minutes, the area has attracted investors to move in and holds strong potential to develop into a satellite park of the Southern Taiwan Science Park, thereby driving

regional economic and industrial upgrading. Our company's land in Madou Industrial Park has completed public rezoning, and new lot numbers were obtained in April 2021. Driven by major investment plans in the Southern Taiwan Science Park, high-tech supply chain companies have shown interest in establishing factories. Combined with the well-developed living amenities in the Madou area, this has led to a steady stream of manufacturers entering lease negotiations and planning factory establishments.

(V) Environmental, Social, and Governance:

Deepening our roots in Taiwan and advancing locally has always been our company's management policy. In 2024, we updated our company's business philosophy to 'Honest Responsibility, Continuous Improvement, Learning from the Past to Know the Future, Creating Benefits'. With this philosophy as our goal, we honestly and responsibly treat every matter and every employee, learn together in this ever-changing era, seek higher quality in our products, strive not just for the best but for better, and work together to create optimal benefits. The arrival of the AI era in 2024 has opened up a new global landscape. How to make the company and employees more advanced in this rapidly changing era is testing us. In addition to continuing to invest in environmental protection issues, we are committed to fulfilling social responsibilities, providing employees with a comprehensive safe working environment, and creating a friendly workplace. These are all goals we are striving for. Corporate environmental protection and social responsibility are no longer just matters of image-building, but have become key factors affecting corporate competitiveness, investment attractiveness, and brand value.

● Environmental:

In response to extreme climate disasters, global attention to environmental protection is increasing. All countries are declaring carbon reduction actions and actively developing renewable energy. Enterprises also need to take environmental responsibility to ensure that their operations comply with sustainable development principles. In 2023, Taiwan passed the Climate Change Response Act, officially incorporating 2050 Net Zero Emissions, promoting corporate carbon inventory, and requiring large enterprises to submit carbon emission data. In 2024, the carbon fee system and carbon reduction actions will be implemented, and the threshold for carbon fee collection may be lowered, so enterprises need to prepare in advance.

Our company's greatest energy consumption is in electricity and we have been continuously promoting energy-saving policies for many years, gradually replacing public utility equipment with energy-efficient systems. The company established the Corporate Sustainable Development Committee in 2022 and continues to promote energy-saving policies:

- (1) In October 2023, we completed the ISO 14064:2018 greenhouse gas inventory and obtained the SGS certification statement, setting this as the base period for setting annual carbon reduction targets.

- (2) In June 2024, we completed the 2023 greenhouse gas inventory and obtained an SGS verification statement, showing that carbon emissions in 2023 were reduced by 6,289 tonnes compared to 2022.
 - (3) Maintaining the efficiency of solar power generation from Phase 1 to 4 can save over 1,800 tonnes of carbon emissions annually.
 - (4) The improvement of internal air valve quick connectors for Tube 7-II and 21C single spindles to reduce air leakage, thereby lowering power consumption of air compressors, can save approximately 160,000 kWh of electricity per year.
 - (5) The rusted air piping in the blowing area was replaced, reducing the air compressor energy consumption from 100% to 75%, saving approximately 600,000 kWh of electricity per year.
 - (6) In compliance with Taiwan Power Company's electricity reduction measure "8 days per month type," we implemented capacity suppression, resulting in electricity savings of 690,000 kWh in 2024.
 - (7) In line with government policies, we are participating in corporate power scheduling by providing flexible electricity usage equipment. To support the government's power grid enhancement needs through electricity demand response, the Company has completed a contract with Taiwan Power Company's authorized agent (Enel X Taiwan) in 2024, with implementation beginning in 2025.
 - (8) In 2024, the Company completed the implementation of intelligent power management throughout our factory premises. The intelligent platform analyzes electricity consumption of equipment in various areas and their power usage, enhancing the visibility of power scheduling and enabling better control of electricity consumption during off-peak and peak periods.
- Social:
 - (1) To take care of employees and their families, the Company provides comprehensive employee protection. In the Corporate Social Responsibility Handbook, we declare our commitment to protecting human rights, supporting gender equality in the workplace, respecting employee diversity, strictly adhering to government labor laws, holding regular meetings with the union, and establishing good communication channels between labor and management.
 - (2) To ensure a safe workplace and safeguard employee health, we have established a comprehensive safety and health management system. This includes implementing safety and health education and training, promoting health enhancement activities, offering occupational safety and health consultation and participation opportunities, strictly preventing workplace accidents, continuously advancing ISO 45001 certification, and optimizing

workplace safety equipment.

- (3) In addition to ISO certification, we also comply with various standards of the Textile Exchange: GRS, OCS, GOTS and RWS, etc. The sources of raw materials used in our production processes also meet the standards of social responsibility requirements. In addition to the protection of human rights, the regulations also include animal protection and organic plant growth.
- (4) The company views employees as important partners and upholds a people-oriented spirit. To enhance the professional development of each employee, we hold textile professional knowledge and leadership courses annually. Through education and training, we provide employees with a positive competitive platform to continuously improve themselves. In 2020, we established a KM (Knowledge Management) system to continuously pass on, learn from, and refine experience and technical expertise.

- Governance:

Deepening our roots in Taiwan and advancing locally has always been our company's management policy. In 2024, we updated our company's business philosophy to 'Honest Responsibility, Continuous Improvement, Learning from the Past to Know the Future, Creating Benefits'. In line with the arrival of the AI era, we are strengthening the intelligent management of the Company, opening up a new global landscape, and enabling both the Company and employees to excel in this rapidly changing world.

The Company has established a corporate governance system. In addition to complying with the Articles of Association and relevant laws and regulations, in order to strengthen the functions of the board of directors, the Company has established a remuneration committee and an audit committee, appointed corporate governance officers, and provided directors with the information required for business operations, in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies." In order to protect the rights and interests of shareholders and stakeholders and to improve information transparency, the Company discloses financial, business, and corporate governance information on the Company's website and has set up a specific area for stakeholders as a communication channel with stakeholders.

II. 2025 Business Plan Summary:

- (I) The spinning department strengthens the functions and depth of existing products, and expands market sales with new products that respond to trends: Continuously developing high-quality yarns to meet the demands of various industries. Through strategic alliances, we are connected and collaborating on the development of eco-friendly materials, circular economy materials, functional composite fabrics, smart quality control systems for quality enhancement, automation, and data analysis, enabling agile customized production. Responding more quickly to trends and consumer demands.

- Functional composite yarns: Various functional raw materials, including moisture-wicking, quick-drying, temperature regulation, antibacterial deodorizing, skin-friendly moisturizing, and more. Enhancing communication with customers, and developing and promoting new products of Conjugated filament and staple yarns:
- Recycled textile waste yarn: Demand is increasing for high-quality, environmentally friendly functional products. Consumers and brands place greater emphasis on product functionality, complete and credible information, and traceability in the supply chain. We optimize spinning technology and implement detailed single-bale management. At the same time, through special and precise spinning conditions and management, we can also increase the gross profit and create added value for customers.
- Conjugated filament and staple yarns: SiroWrap conjugated filament and staple yarn technology can use filament fibers, such as stretch yarn, fine denier, and polyester fiber, with cotton, tencel, modal, refibra, etc. to perfectly conjugate the strength and low hairiness of filament fibers with skin-friendly and comfortable staple fibers.

(II) Continuing asset revitalization and development:

In addition to managing the rental areas in Rende District and maintaining solar power generation equipment, we are actively strengthening negotiations with potential customers regarding the rental of vacant land in Madou Industrial Park.

(III) Enhancing the investment department:

To meet the trend of the global economy, we will seek investment targets with stable operations and abundant profits both domestically and internationally. By combining internal and external precise evaluations, we will make diversified investments to increase the company's non-core business profits.

III. Future Development Strategy

(I) Facing external price competition, there is a need to further improve management, Enhancing Added Value, and strive for irreplaceable differentiated products:

The spinning and textile industries are facing the threat of price dumping, the current competitive advantage of Taiwanese yarn mills lies in quality, proximity for convenience, prompt delivery, and instant service, not price. Therefore, the factory must continue to improve quality, especially during this period of intense industry competition. Only stable quality can ensure sustainable and long-lasting orders. Lastly, on the development side, we need to integrate the feedback from upstream, midstream, and downstream businesses, combined with the special functional new materials our factory has been continuously purchasing, to develop a series of functional special yarns with unique and irreplaceable characteristics based on market demands and future trends, making them a significant niche for our factory to solidify its position in Taiwan's supply chain.

(II) We have enhanced the establishment of a knowledge base and digital management

By integrating on-site system quality data, we set up a big data knowledge management platform. Achieve the advantages of "high-speed accuracy and fast small-order returns," exert the core system command capability, and reduce waste and manpower. It can quickly analyze product quality, quickly debug and configure production lines, improve production efficiency, and break through the predicament of "inexpensive competition" with "value for money".

Chairman:
Tsai, Sui-Ying

Manager:
Chang, Chia-Heng

Accounting Manager:
Kuo, Yen-Liang

Chapter 2. Corporate Governance Report

I Information on Director, President, Vice President, Assistant Vice President, and Head of Department and Branch units

(I) Information of Directors (1-1)

March 11, 2025

Job Title	Nationality/Place of Registration	Name (corporate shareholders and representatives listed separately)	Gender Age	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Major Experience (Education)	Other Position Concurrently Held at the Company and Other Companies	Executives, Directors or Supervisors who Are Spouses or within the Second Degree of Kinship			Note
							Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%			Job Title	Name	Relationship	
Chairman	R.O.C.	YUH SHUEN INVESTMENT & DEVELOPMENT CO., LTD	Female 71-80	2022.06.17	2025.06.16	2010.05.25	28,000,626	12.73%	28,589,626	13.00%	None.	None.	None.	None.	Graduated from National Cheng Kung University	Chairman, SHING HO INVESTMENT & DEVELOPMENT CO., LTD; Chairman, FENGTAR FULL INDUSTRY CO., LTD.	Director	Cheng, Chih-Wen	Mother and son	Note 2:
		Representative: TSAI, SUI-YING					3,002,943	1.36%	3,002,943	1.36%	None.	None.	None.	None.						
Vice Chairman	R.O.C.	YUH SHUEN INVESTMENT & DEVELOPMENT CO., LTD	Male 41-50	2022.06.17	2025.06.16	2010.05.25	28,000,626	12.73%	28,589,626	13.00%	None.	None.	None.	None.	Doshisha University	None.	Chairman	Tsai, Sui-Ying	Mother and son	Note 2:
		Representative: Cheng, Chih-Wen					10,926,160	4.97%	10,926,160	4.97%	None.	None.	None.	None.						
Director	R.O.C.	YUH SHUEN INVESTMENT & DEVELOPMENT CO., LTD	Male 71-80	2022.06.17	2025.06.16	2010.05.25	28,000,626	12.73%	28,589,626	13.00%	None.	None.	None.	None.	Graduated from National Cheng Kung University	Aesop Co., Ltd.: Director	None.	None.	None.	
		Representative: Tsai, Fu-Jen					None.	None.	None.	None.	None.	None.	None.	None.						
Director	R.O.C.	YUH SHUEN INVESTMENT & DEVELOPMENT CO., LTD	Male 61-70	2022.06.17	2025.06.16	2014.10.29	28,000,626	12.73%	28,589,626	13.00%	None.	None.	None.	None.	Graduated from Feng Chia University	1. Chairman, PEARLTEX CO., LTD. 2. President of the Company	None.	None.	None.	
		Representative: Chang, Chia-Heng					6,260	0%	6,260	0%	None.	None.	None.	None.						
Independent Director	R.O.C.	Hwang, Jin-Fa	Male 71-80	2022.06.17	2025.06.16	2019.06.12	None.	None.	None.	None.	None.	None.	None.	None.	Ph.D. Chinese Culture University	Accountant, CHUNG-SHIN Accounting Firm Associate Professor, of National Chengchi University Independent Director, BenQ Trident Medical Corp.:	None.	None.	None.	Note 3:
Independent Director	R.O.C.	Chen, Cheng-Keng	Male 71-80	2022.06.17	2025.06.16	2019.06.12	None.	None.	None.	None.	None.	None.	None.	None.	Master of National Chengchi University	None.	None.	None.	None.	
Independent Director	R.O.C.	Lin, Chang-Hsiung	Male 60-70	2022.06.17	2025.06.16	2016.06.08	None.	None.	None.	None.	None.	None.	None.	None.	Master of National Cheng Kung University	CEO, Environmental Quality Protection Foundation Quality Working Committee, China Quality Association Service	None.	None.	None.	
Independent Director	R.O.C.	Lin A-Yu	Female 71-80	2024.06.18	2025.06.16	2024.06.18	None.	None.	None.	None.	None.	None.	None.	None.	Graduated from National Cheng Kung University	Partner CPA of RSM Taiwan	None.	None.	None.	Note 4:

Note 1: Number of shares is calculated as per number of outstanding shares 220,000,000; it should be represented by "0" if shareholding ratio does not reach 0.01%.

Note 2. If the chairman and president or an equivalent position (the highest manager) of a company are the same person, spouses, or relatives within the first degree of kinship, the reasons, rationality, necessity, and corresponding measures should be explained: Given the Company's operations and asset scale, the chairperson's first-degree relative serves as the vice chairperson, responsible for addressing strategic planning, operations, and resource integration, distinct from the president's role in day-to-day management. In the future, additional corresponding measures will be implemented in compliance with legal regulations.

Note 3. Independent director Mr. Hwang, Jin-Fa passed away on January 24, 2024, and his position as an independent director of the company was naturally vacated. His information will no longer be listed in the following annual reports. The vacancy for an independent director was filled through an election on June 18, 2024.

Note 4: Independent director newly appointed after the re-election at the annual shareholders' meeting on June 18, 2024

Major Shareholders of Directors who are Corporate Shareholders (1-2)

Table 1: Major Shareholder

March 11, 2025

Name of Institutional Shareholder	Major Shareholder	Percentage of Ownership (%)
YUH SHUEN INVESTMENT & DEVELOPMENT CO.,LTD	SHING HO CONSTRUCTION CO., LTD.	40.20
	TSAI, SUI-YING	0.01
	SHING HO INVESTMENT& DEVELOPMENT CO.,LTD	12.17
	CHENG, NU-E	0.11
	TOH-OH CO., LTD.	3.33
	PEARLOCEANICLTD.	17.23
	CHENG, YU-CHIEH	8.41
	CHENG, PO-JEN	1.15
	CHENG, CHIH-WEN	16.49

Table 2: Table 1 - Major Shareholders for Legal Entity Shareholders

March 11, 2025

Name of Institutional Shareholder	Major Shareholder	Percentage of Ownership (%)
SHING HO CONSTRUCTION CO.,LTD	YEH CHENG, HSUEH-MEI	0.22
	TSAI, SUI-YING	12.94
	CHENG, CHIH-WEN	11.98
	CHENG, YU-CHIEH	9.62
	CHENG, PO-JEN	13.66
	YUH SHUN INVESTMENT & DEVELOPMENT CO., LTD.	25.17
	SHING HO INVESTMENT& DEVELOPMENT CO.,LTD	26.40
SHING HO INVESTMENT & DEVELOPMENT CO.,LTD	SHING HO CONSTRUCTION CO., LTD.	23.81
	CHENG, CHIH-WEN	15.88
	CHENG, YU-CHIEH	27.33
	CHENG, PO-JEN	5.42
	YUH SHUN INVESTMENT & DEVELOPMENT CO., LTD.	12.02
	CHENG, YANG-EN	2.92
	CHENG, AI-CHEN	2.66
	CHENG, CHING-SUI	2.66
	FENGTAR FULI INDUSTRY CO., LTD.	3.56

Information on Independence of Directors (2)

1. Disclosure of information on directors' professional qualifications and independence of independent directors:

March 11, 2025

Name \ Qualifications	Professional Qualification and Work Experience	Status of independence	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
Chairman: TSAI, SUI-YING	Major education: Bachelor of Science, Department of Statistics, NCKU Major Experience: Chairman, TUNG HO TEXTILE CO., LTD., Chairman, YUH SHUEN INVESTMENT & DEVELOPMENT CO., LTD., Chairman, FENGTAR FULI INDUSTRY CO., LTD.	N/A	0
Vice Chairman: CHENG, CHIH-WEN	Major education: Bachelor of Arts, Department of Law, Doshisha University Major Experience: Vice Chairman, TUNG HO TEXTILE CO., LTD., Director, FENGTAR FULI INDUSTRY CO., LTD., Director, TOYO JITSUGYO CO., LTD.	N/A	0
Director: TSAI, FU-JEN	Major education: Bachelor of Science, Department of Mechanical Engineering, NCKU Major Experience: Aiso Fjt Co., Ltd., Carfel Inc., China Steel Corporation (CSC)	N/A	0
Director CHANG, CHIA-HENG	Major education: Bachelor of sciences, Department of Fiber and Composite Materials Major Experience: Dorector, Tung Ho Textile Co., Ltd., President, Tung Ho Textile Co., Ltd.	N/A	0
Independent Director: CHEN, CHENG-KENG	Major education: Master Degree in Accounting, National Chengchi University Major Experience: Supervisor, TUNG HO TEXTILE CO., LTD. Supervisor, Director of YUNG TA SHUN CHENG CPA Firm, Partner Accountant of YUNG TA SHUN CHENG CPA Firm	The independent directors of the Company are in compliance with Subparagraphs 5-8, Paragraph I, Article 3 of the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies”.	0
Independent Director: LIN, CHANG-HSIUNG	Major education: Master’s degree of Industrial Management, NCKU Major experience: Director, Philips Quality Culture and Education Foundation, Taiwan; service and innovation work committee member of Chinese Society for Quality, vice president, supply chain under the SMEs panel business department of Chi Mei Optoelectronics/Toppoly Electronics; vice president, supply chain of Philips Semiconductor in the Asia Pacific region; vice president, supply chain and information technology of Philips Electronics Components in the headquarter of the Asia Pacific region; lecturer, the business excellence management class of the master's degree in industrial engineering of Tsinghua University; lecturer, the department of statistics of National Cheng Kung University	The independent directors of the Company are in compliance with Subparagraphs 5-8, Paragraph I, Article 3 of the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies”.	0
Independent Director: LIN A-YU	Major education: Bachelor of Science, Department of Statistics, NCKU Major Experience: Dorector, TUNG HO TEXTILE CO., LTD., PRESIDENT, CROWELL DEVELOPMENT CORP.	The independent directors of the Company are in compliance with Subparagraphs 5-8, Paragraph I, Article 3 of the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies”.	0

Note 1: *Representatives of Yushun Investment Development Co., Ltd

Note 2: None of the above directors has any of the circumstances specified in Article 30 of the Company Act.

2. Information on Diversity and Independence of the Board of Directors:

(1) Diversity the Board of Directors:

This company emphasizes diversity in the composition of the board of directors. To strengthen corporate governance and promote the sound development of the board's composition and structure, Article 20 of our "Corporate Governance Code" clearly stipulates the capabilities that the board as a whole should possess as follows: 1. Business judgment ability 2. Accounting and financial analysis ability 3. Business management ability 4. Crisis management ability 5. Industry knowledge 6. International market perspective 7. Leadership ability 8. Leadership ability

At the same time, members of the Company's Board of Directors have diverse and complementary capabilities across industry sectors, and each has industry experience and related skills, such as legal, financial accounting, industry, technology, operation and management, professional skills and industry experience. Please refer to page 9 of the Annual Report for directors' information on major educational background and experience. The current implementation of the policy of diversity of board members of the Company's individual directors is as follows:

The members of our company's board of directors all possess rich experience in business management, leadership decision-making, and relevant industry knowledge. The company also emphasizes gender equality in the composition of the board of directors, with 2 female directors accounting for 29% of the members(note), as well as 1 director who is an employee, and 3 independent directors. The core competencies possessed by the board members are as follows:

☆ 40-64 ye★ 65 years and above

Name of Director	Type of Director	Nationality	Age	Gender	Term (Years)			Serve concurrently as employees of the Company	Diversified Core Competences							
					<3	3-6	>6		Business judgment	Accounting and financial analysis	Business management	Crisis management	Industry knowledge	International market perspective	Leadership ability	Decision-making ability
TSAI, SUI-YING	Executive Director	R.O.C.	★	Female			●		✓	✓	✓	✓	✓	✓	✓	✓
CHENG, CHIH-WEN	Executive Director	R.O.C.	☆	Male			●		✓		✓	✓	✓	✓	✓	✓
TSAI, FU-JEN	Non-Executive Director	R.O.C.	★	Male			●		✓		✓		✓	✓		✓
CHANG, CHIA-HENG	Executive Director	R.O.C.	★	Male			●	✓	✓		✓	✓	✓	✓	✓	✓
CHEN, CHENG-KE NG	Independent Director	R.O.C.	★	Male		●				✓				✓		
LIN, CHANG-HSIUNG	Independent Director	R.O.C.	★	Male			●		✓		✓			✓		
LIN A-YU	Independent Director	R.O.C.	★	Female	●					✓				✓		

(Note): If there are less than one-third of the directors of any gender in the Board of Directors, the Company should explain the reason and plan measures to enhance gender diversity on directors: The Company expects to continue to employ suitable and professional directors to meet gender diversity standards.

(2) Information on Independence of Board of Directors :

The current Board of Directors of the Company consists of seven directors, of which three are independent directors of the Company. 43% of the total number of directors are independent directors, and no more than two of the directors are related to each other as spouses or relatives within the second degree of kinship, and there are no cases as stipulated in Paragraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act. Only one director holds an executive position within the company. Specifically, Chang Chia-Heng, the representative of a corporate director, concurrently serves as the President. Consequently, the Board of Directors maintains its independence.

(II) Information on the President, Vice Presidents, Assistant Vice Presidents, and Supervisors of Divisions and Branch Units

March 11, 2025

Job Title	Nationality	Name	Gender	Date Elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Major Experience (Education)	Current concurrent positions at other companies	Managerial Officer who Are Spouses or within the Second Degree of Kinship			Note
					Number of Shares	%	Number of Shares	%	Number of Shares	%			Job Title	Name	Relationship	
President	R.O.C.	CHANG, CHIA-HENG	Male	2017.11.07	6,260	0.00%	None.	None.	None.	None.	Graduated from Feng Chia University	None.	None.	None.	None.	
Vice President of Business Division	R.O.C.	LEE, CHIH-HUNG	Male	2017.12.01	None.	None.	None.	None.	None.	None.	Graduated from Feng Chia University	None.	None.	None.	None.	
Manager, Yarn Spinning Division	R.O.C.	HUNG, HSU-MIN	Male	2023.03.01	None.	None.	None.	None.	None.	None.	Graduated from Feng Chia University	None.	None.	None.	None.	
Manager of Finance Division	R.O.C.	KUO, YEN-LIANG	Male	2016.10.31	None.	None.	None.	None.	None.	None.	Tunghai University	None.	None.	None.	None.	
Associate Manager of Management Division Administration Department	R.O.C.	LU, WEI-CHE	Male	2022.05.06	None.	None.	None.	None.	None.	None.	Graduated from Feng Chia University	None.	None.	None.	None.	Note 1:

Note 1: Resigned on October 31, 2024

Note 2: Number of shares is calculated as per number of outstanding shares 220,000,000; it should be represented by "0" if shareholding ratio does not reach 0.01%.

Note 3: When the general manager or equivalent (the highest manager) and the chairman of the board are the same person, spouses, or first-degree relatives, the reasons, rationality, necessity, and corresponding measures should be disclosed:

II. Remuneration Paid to the Directors, Independent Director, President and Vice President in the Most Recent Year

(I) Remuneration of Directors, Independent Directors, President, and Vice Presidents

1. Remuneration of Directors and Independent Directors (names and remuneration thereof to be disclosed individually)

Unit: NT\$ Thousand 2024

Job Title	Name	Remuneration Paid 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 from Invested Companies Other than Subsidiaries or the Parent Company		
		Base Compensation (A)		Severance Pay and Pension(B)		Remuneration Paid to Directors(C)(Note)		Business Execution Expenses (D)				Salary, Bonus, and Allowance (E)		Severance Pay and Pension (F)		Employee Compensation (G)(Note)						
		The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	Cash	Stock	Cash	Stock		The Company	All Companies in Consolidated Financial Statements
Corporate Director	YUH SHUEN INVESTMENT& DEVELOPMENT CO., LTD	-	-	-	-	821	821	-	-	\$821 1.45%	\$821 1.45%	-	-	-	-	-	-	-	-	\$821 1.45%	\$821 1.45%	-
Representative (Chairman of the Company)	TSAI, SUI-YING	2,084	2,084	-	-	-	-	178	178	\$2,262 3.99%	\$2,262 3.99%	-	-	-	-	-	-	-	-	\$2,262 3.99%	\$2,262 3.99%	-
Representative (Vice Chairman of the Company)	CHENG, CHIH-WEN	-	-	-	-	-	-	178	178	\$178 0.31%	\$178 0.31%	-	-	-	-	-	-	-	-	\$178 0.31%	\$178 0.31%	-
Representative	TSAI, FU-JEN	-	-	-	-	-	-	130	130	\$130 0.23%	\$130 0.23%	-	-	-	-	-	-	-	-	\$130 0.23%	\$130 0.23%	-
Representative (President of the Company)	CHANG, CHIA-HENG	-	-	-	-	-	-	130	130	\$130 0.23%	\$130 0.23%	1,601	1,601	-	-	70	-	70	-	\$1,801 3.18%	\$1,801 3.18%	-
Independent Director	HWANG, JIN-FA	30	30	-	-	-	-	10	10	\$40 0.07%	\$40 0.07%	-	-	-	-	-	-	-	-	\$40 0.07%	\$40 0.07%	-
Independent Director	CHEN, CHENG-KENG	360	360	-	-	280	280	204	204	\$844 1.49%	\$844 1.49%	-	-	-	-	-	-	-	-	\$844 1.49%	\$844 1.49%	-
Independent Director	LIN, CHANG-HSIUNG	360	360	-	-	280	280	204	204	\$844 1.49%	\$844 1.49%	-	-	-	-	-	-	-	-	\$844 1.49%	\$844 1.49%	-
Independent Director	LIN A-YU	210	210	-	-	160	160	82	82	\$452 0.80%	\$452 0.80%	-	-	-	-	-	-	-	-	\$452 0.80%	\$452 0.80%	-

Other than disclosures in the above table, remuneration paid to directors for providing services (e.g., providing consulting services as a non-employee) for all companies in consolidated financial statements in the most recent year: None.

*The remuneration contents disclosed in this table are different from the concept of income specified in the Income Tax Act, thus the purpose of this table is for information disclosure only, rather than taxation purpose.

Note: The amounts of employee compensation and director remuneration that have not been approved by the Board of Directors for distribution are estimated based on the expected payment amounts presented to the Remuneration Committee.

2. Remuneration to President and Vice President (names and remuneration thereof to be disclosed individually)

Unit: NT\$ Thousand 2024

Job Title	Name	Salary (A)		Severance Pay and Pension(B)		Bonuses and Allowance(C)		Employee compensation amount (D) (Note)				Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Remuneration from Invested Companies Other than Subsidiaries or the Parent Company
		The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company		All Companies in Consolidated Financial Statements		The Company	All Companies in Consolidated Financial Statements	
								Cash	Stock	Cash	Stock			
President	CHANG, CHIA-HENG	1,601	1,601	-	-	-	-	70	-	70	-	\$1,671 2.95%	\$1,671 2.95%	-
Vice President of Business Division	LEE, CHIH-HUNG	1,129	1,129	-	-	-	-	65	-	65	-	\$1,194 2.11%	\$1,194 2.11%	-

* The remuneration contents disclosed in this table are different from the concept of income specified in the Income Tax Act, thus the purpose of this table is for information disclosure only, rather than taxation purpose.

Note: The amounts of employee compensation and director remuneration that have not been approved by the Board of Directors for distribution are estimated based on the expected payment amounts presented to the Remuneration Committee.

3. Remuneration of the top five highest-paid managers (names and remuneration thereof to be disclosed individually) of Listed/OTC Companies

Note 1:

Unit: NT\$ Thousand 2024

Job Title	Name	Salary (A)		Severance Pay and Pension(B)		Bonuses and Allowance (C)		Employee compensation amount (D) (Note)				Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Remuneration from Invested Companies Other than Subsidiaries or the Parent Company
		The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company		All Companies in Consolidated Financial Statements		The Company	All Companies in Consolidated Financial Statements	
								Cash	Stock	Cash	Stock			
President	CHANG, CHIA-HENG	1,601	1,601	-	-	-	-	70	-	70	-	\$1,671 2.95%	\$1,671 2.95%	-
Vice President of Business Division	LEE, CHIH-HUNG	1,129	1,129	-	-	-	-	65	-	65	-	\$1,194 2.11%	\$1,194 2.11%	-
Manager of Finance Division(Corporate Governance Officer)	KUO, YEN-LIANG	1,026	1,026	-	-	-	-	85	-	85	-	\$1,111 1.96%	\$1,111 1.96%	-

Note 1: The "Remuneration of the top five highest-paid managers " refer to the Company's managerial officers; the definition of managerial officers are based on the Ministry of Finance Official Letter No. 0920001301 regarding the scope of managerial officers issued by the former Securities and Futures Commission, Ministry of Finance on March 27, 2003.

Note 2: 3 of "Managerial officers" are based on the Ministry of Finance Official Letter No. 0920001301 regarding the scope of managerial officers issued by the former Securities and Futures Commission, Ministry of Finance on March 27, 2003.

Note 3: The amounts of employee compensation and director remuneration that have not been approved by the Board of Directors for distribution are estimated based on the expected payment amounts presented to the Remuneration Committee.

The remuneration contents disclosed in this table are different from the concept of income specified in the Income Tax Act, thus the purpose of this table is for information disclosure only, rather than taxation purpose.

4. Name of the manager responsible for distributing employee compensation and the distribution details:

Unit: NT\$ Thousand 2024

	Job Title	Name	Stock	Cash (Note)	Total	Proportion to Earnings After Tax (%)
Manager	President	CHANG, CHIA-HENG	None.	220	220	0.39
	Vice President of Business Division	LEE, CHIH-HUNG				
	Manager of Finance Division (Corporate Governance Officer)	KUO, YEN-LIANG				

Note: The amounts of employee compensation and director remuneration that have not been approved by the Board of Directors for distribution are estimated based on the expected payment amounts presented to the Remuneration Committee.

(II) Specify and compare the salary to directors, presidents and vice presidents of the Company in proportion to the earnings after tax from the Company and companies included in the consolidated financial statements in the most recent two years, and specify the policies, standards, combinations, procedure of decision-making of remunerations and their relation to business performance and future risk:

1. The ratio of Remuneration paid to the Company's directors and general managers to after-tax net profit in the most recent two years

Unit: NT\$ Thousand

Year	2023	2024
Total remunerations to the Directors and President (A)	6,970	7,372(Note)
After-tax net income (B)	32,849	56,666
Total of Remuneration (A)/(B)	21.22%	13.01%

Note: The amounts of employee compensation and director remuneration that have not been approved by the Board of Directors for distribution are estimated based on the expected payment amounts presented to the Remuneration Committee.

2. In 2024, the transportation allowance and board meeting attendance fee paid to each director remained the same as in 2023. Remuneration, as a percentage of net income, paid to the Directors, President and Vice President changes slightly with after-tax net income.

3. Remuneration paid to Directors (including Chairman), as stipulated by Article 36 of the Articles of Incorporation, are based on their level of participation and contributions in the Company's business operations and also based on the average industry standards.

4. The remuneration is determined by taking into account only operating performance and not future risks.

III. Implementation Status of Corporate Governance

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

The Board of Directors held 5 meetings in 2024, and the attendance of directors is as follows:

Job Title	Name	Attendance in Person	Attendance by Proxy	Actual attendance rate (%)	Note
Chairman	YUH SHUEN INVESTMENT & DEVELOPMENT CO., LTD., Representative: TSAI, SUI-YING	5	0	100%	
Vice Chairman	YUH SHUEN INVESTMENT & DEVELOPMENT CO., LTD., Representative: CHENG, CHIH-WEN	5	0	100%	
Director	YUH SHUEN INVESTMENT & DEVELOPMENT CO., LTD., Representative TSAI, FU-JEN	5	0	100%	
Director	YUH SHUEN INVESTMENT & DEVELOPMENT CO., LTD., Representative CHANG, CHIA-HENG	5	0	100%	
Independent Director	Lin, Chang-Hsiung	5	0	100%	
Independent Director	Chen, Cheng-Keng	5	0	100%	
Independent Director	Lin A-Yu	3	0	100%	Newly appointed on June 18, 2024

Other matters to be recorded:

I. If the operation of the Board of Directors has any of the following conditions, the date of the Board meeting, session, content of the proposal, opinions of all independent directors, and the company's handling of the independent directors' opinions shall be specified:

(I) Matters listed in Article 14-3 of the Securities and Exchange Law: Please refer to page 47, section (9) "Important resolutions of the shareholders' meetings and the Board of Directors during the Most Recent Year and up to the Printing Date of the Annual Report.

(II) Other matters which were objected to by independent directors or subject to qualified opinions and recorded or issued through written statements, in addition to the matters mentioned above: None.

II. Regarding recusals of directors from voting due to conflicts of interest, the names of the directors, contents of motions, reasons for recusals, and results of voting shall be specified:

Board of Directors	Directors that should avoid this proposal	Major Resolutions	Reason for Recusal	Participation in vote
2024.03.08, the 8th meeting of the 37th session	TSAI, SUI-YING	Proposal of distribution of year-end bonuses to managers in 2023	Absent directors are the subjects of such reward resolution	Except for the director (Tsai, Sui-Ying) who had a personal interest and thus recused herself from participating in the discussion and voting, after the chairman consulted the remaining directors present, all agreed to pass the proposal as is without

				objection.
2024.03.08, the 8th meeting of the 37th session	CHANG, CHIA-HENG	Proposal of distribution of year-end bonuses to managers in 2023	Absent directors are the subjects of such reward resolution	Except for the director (Chang, Chia-Heng) who had a personal interest and thus recused herself from participating in the discussion and voting, after the chairman consulted the remaining directors present, all agreed to pass the proposal as is without objection.
2024.05.02, the 9th meeting of the 37th session	TSAI, SUI-YING	Proposal of the distribution of the compensation to directors and employees in 2023	Absent directors are the subjects of such reward resolution	Except for the director (Tsai, Sui-Ying) who had a personal interest and thus recused herself from participating in the discussion and voting, after the chairman consulted the remaining directors present, all agreed to pass the proposal as is without objection.
2024.05.02, the 9th meeting of the 37th session	CHENG, CHIH-WEN	Proposal of the Distribution of the remuneration to directors in 2023	Absent directors are the subjects of such reward resolution	Except for the director (Cheng, Chih-Wen) who had a personal interest and thus recused herself from participating in the discussion and voting, after the chairman consulted the remaining directors present, all agreed to pass the proposal as is without objection.
2024.05.02, the 9th meeting of the 37th session	TSAI, FU-JEN	Proposal of the Distribution of the remuneration to directors in 2023	Absent directors are the subjects of such reward resolution	Except for the director (Tsai, Fu-Jen) who had a personal interest and thus recused herself from participating in the discussion and voting, after the chairman consulted the remaining directors present, all agreed to pass the proposal as is without objection.
2024.05.02, the 9th meeting of the 37th session	CHANG, CHIA-HENG	Proposal of the distribution of the compensation to directors and employees in 2023	Absent directors are the subjects of such reward resolution	Except for the director (Chang, Chia-Heng) who had a personal interest and thus recused herself from participating in the discussion and voting, after the chairman consulted the remaining directors present, all agreed to pass the proposal as is without objection.
2024.05.02, the 9th meeting of the 37th session	LIN, CHANG-HSIUNG	Proposal of the Distribution of the remuneration to directors in 2023	Absent directors are the subjects of such reward resolution	Except for the director (Lin, Chang-Hsiung) who had a personal interest and thus recused herself from participating in the discussion and voting, after the chairman consulted the remaining directors present, all agreed to pass the proposal as is without objection. airman.
2024.05.02, the 9th	CHEN, CHENG-KENG	Proposal of the	Absent directors are	Except for the director (Chen, Cheng-Keng) who had a

meeting of the 37th session		Distribution of the remuneration to directors in 2023	the subjects of such reward resolution	personal interest and thus recused herself from participating in the discussion and voting, after the chairman consulted the remaining directors present, all agreed to pass the proposal as is without objection.
2025.03.11, the 13th meeting of the 37th session	TSAI, SUI-YING	Proposal of distribution of year-end bonuses to managers in 2024	Absent directors are the subjects of such reward resolution	Except for the director (Tsai, Sui-Ying) who had a personal interest and thus recused herself from participating in the discussion and voting, after the chairman consulted the remaining directors present, all agreed to pass the proposal as is without objection.
2025.03.11, the 13th meeting of the 37th session	CHANG, CHIA-HENG	Proposal of distribution of year-end bonuses to managers in 2024	Absent directors are the subjects of such reward resolution	Except for the director (Chang, Chia-Heng) who had a personal interest and thus recused herself from participating in the discussion and voting, after the chairman consulted the remaining directors present, all agreed to pass the proposal as is without objection.

III. The Implementation Status of the Board of Directors evaluation:

Frequency	Period	Scope	Method	Content
Once a year	January 1 to December 31 in 2024	Board of Directors	Self-evaluation by the Board of Directors	1. Participation of the Company's operation 2. Improvement Board of Directors decision-making quality 3. Composition and structure of the Board of Directors

IV. Measures undertaken during the current year and past year in order to strengthen the functions of the board of directors (such as the establishment of an audit committee and improvement of information transparency, etc.) and assessment of their implementation:

- (I) Except relevant regulations provided to Directors anytime, report business performance to Directors in board meeting, and prepare proposals and assign personnel for board examination and consulting.
- (II) On June 17, 2022, the annual shareholders' meeting fully re-elected the directors and independent directors to strengthen the functions of the board of directors.
- (III) Proactively provides training courses, encourages Directors to actively participate in corporate governance training courses and invites professional lecturers to give lessons from time to time, so as to strengthen the competency of Board members. In 2024, 1 directors participated in training courses, with a total of 6 hours.
- (IV) To implement corporate governance and enhance the functions of the board of directors, the company has established performance goals to improve the efficiency of board operations. On November 10, 2019, the board of directors approved the "Board Performance Evaluation Measures". Before the end of the first quarter of 2025, all board members have completed the performance evaluation questionnaire for the period from January 1 to December 31, 2024. The evaluation results for all aspects are good. The evaluation results are expected to be reported to the board of directors on May 5, 2025.

(II) Audit Committee:

In the recent year (2024), the Audit Committee held 5 meetings (A), and the attendance of the Audit Committee members is as follows:

Job Title	Name	Actual Attendance (B)	Attendance by Proxy	Actual attendance rate (%) (B/A) (Note)	Note
Independent Director	LIN, CHANG-HSIUN	5	0	100%	
Independent Director	CHEN, CHENG-KENG	5	0	100%	
Independent Director	LIN A-YU	3	0	100%	Newly appointed on June 18, 2024

Other matters to be recorded:

I. With regard to the implementation of the Audit Committee, if any of the following circumstances occur, the dates, terms of the Audit Committee meetings, contents of motions, objections of the independent directors, qualified opinions or material recommendations, all Audit Committee resolutions, and the Company's handling of such resolutions shall be specified:

(I) Items specified in Article 14-5 of the Securities and Exchange Act:

Audit Committee	Resolution content and results
2024.03.08 The 7th meeting, 2nd session	Proposal: <ul style="list-style-type: none">● This is the fourth quarter financial report for the year 2023.● The Earnings Distribution in 2023. Resolution results: <p>The proposal was approved by the Chairman with the consent of all members present and sent to the Board of Directors for approval.</p>
2024.05.02, the 8th meeting of the 2nd session	Proposal: <ul style="list-style-type: none">● Passed the proposal on the review of the CPAs professional fees.● This is the first quarter financial report for the year 2024. Resolution results: <p>The proposal was approved by the Chairman with the consent of all members present and sent to the Board of Directors for approval.</p>
2024.08.09, the 9th meeting of the 2nd session	Proposal: <ul style="list-style-type: none">● This is the second quarter financial report for the year 2024. Resolution results: <p>The proposal was approved by the Chairman with the consent of all members present and sent to the Board of Directors for approval.</p>
2024.11.12, the 10th meeting of the 2nd session	Proposal: <ul style="list-style-type: none">● This is the third quarter financial report for the year 2024.● Formulation of the company's "Sustainability Information Management Control Operation Procedures".● The Company's audit plan for 2025. Resolution results: <p>The proposal was approved by the Chairman with the consent of all members present and sent to the Board of Directors for approval.</p>

<p>2024.12.11, the 11th meeting of the 2nd session</p>	<p>Proposal: <ul style="list-style-type: none"> ● The company's business spin-off case. Resolution results: The proposal was approved by the Chairman with the consent of all members present and sent to the Board of Directors for approval.</p>
<p>(II) Apart from the aforementioned matters, other resolution items that were not approved by the Audit Committee but were approved by more than two-thirds of all directors: None.</p> <p>II. Regarding the implementation of recusal by independent directors for agenda items involving conflicts of interest, please specify the name of the independent director, the content of the agenda item, the reason for recusal due to conflict of interest, and their participation in voting: None.</p> <p>III. Communication between independent directors, the head of internal audit, and accountants (should include major matters, methods, and results of communication regarding the company's financial and business conditions): The company's head of internal audit delivers the previous month's audit reports or follow-up reports to each independent director for review every month. Independent directors provide responses or opinions as necessary based on the reports. There were no major abnormalities in the audit results for 2024, and the independent directors had no objections.</p> <p>The Audit Committee has the authority to conduct any appropriate audits and investigations in accordance with the Articles of Incorporation in order to fulfill its responsibilities, and has direct access to the Company's internal auditors and CPAs. The Audit Committee also has the authority to appoint and supervise attorneys, CPAs or other consultants to assist the Audit Committee in carrying out its duties. Please refer to the Company's website for the Audit Committee's Articles of Incorporation.</p>	

(III) Implementation Status of Corporate Governance and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
I. Does the Company establish and disclose its corporate governance best-practice principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?	V		The "Corporate Governance Best-Practice Principles" was approved by the Board of Directors on November 12, 2020 and has been disclosed on the Company website.	No significant deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.
II. Shareholding structure & shareholders' rights (I) Has the Company established an internal operating procedure to handle shareholders' suggestions, inquiries, disputes, and litigation matters, and implements it accordingly? (II) Is Company aware of the list of major shareholders who actually control the Company and the ultimate controllers of those major shareholders? (III) Has the Company established and implemented risk management and firewall mechanisms with its affiliated enterprises? (IV) Has the Company established internal regulations prohibiting insiders from trading securities using non-public information?	V V V V		(I) The Company's spokesperson is responsible for handling shareholder recommendations and disputes, and any questions concerning legal issues will be handled by the Company's lawyers. (II) The Company reports shares of Directors, Supervisors, managers and shareholders holding above 10% of shares monthly according to the Securities and Exchange Act to master the list of major shareholders and ultimate controllers of the actual controlling company. (III) "Financial Practice for Affiliates" and "Related Transaction Management and Operational Procedures" have been established in internal control systems of the Company. (IV) The Company has established the "Management and Operational Procedures to Prevent Insider Trading" to prohibit the Directors, managers and all employees of the Company, as well as anyone who becomes aware of the Company's information based on professional or control relationships from any conduct that may involve insider trading and has promoted it regularly.	No significant deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.
III. Composition and responsibilities of the Board of Directors (I) Does the board of directors formulate a diversity policy, specific management goals, and implement them?	V		(I) According to Article 20 of the Company's Corporate Governance Best-Practice Principles, diversity shall be considered in the composition of the Company's Board of Directors, and members of the Board of Directors shall	No significant deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
(II) In addition to establishing a Remuneration Committee and an Audit Committee as required by law, does the Company voluntarily establish other functional committees?		V	<p>possess the knowledge, skills, and qualities required to perform their duties.</p> <p>The Board drafted diversified policies on board composition and disclosed them on company website and public information observation station.</p> <p>Please refer to page 18 for the implementation of Board members diversification policy of individual Directors.</p>	
(III) Has the Company established standards to measure the performance of the Board, and does the Company implement such annually? Does it report the results of the performance evaluation to the BOD and use them as a reference for each Director's remuneration and nomination of term renewal?	V		(III) The Company's Board of Directors passed the "Board of Directors Performance Evaluation Measures" on November 12, 2019. In accordance with the regulations of the Taiwan Stock Exchange Corporation's Corporate Governance Letter No. 10700253951, the Company has completed the performance evaluation questionnaire for all board members for the period from January 1 to December 31, 2024, before the end of the first quarter of 2025. The scoring results for each aspect are satisfactory. The evaluation results are expected to be reported to the board of directors on May 5, 2025.	
(IV) Does the Company regularly evaluate the independence of the CPA?	V		(IV) Outstanding accountants were selected and their independence was examined.	

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
IV. Does the Company appoint adequate persons and a chief governance officer to be in charge of corporate governance matters (including but not limited to providing directors and supervisors required information for business execution, assisting directors and supervisors in following laws and regulations, handling matters in relation to the Board meetings and shareholders' meetings and keeping minutes at the Board meetings and shareholders' meetings according to law)?	V		1. In order to establish an effective corporate governance system, our company has put in place an effective corporate governance structure. Mr. Kuo, Yen-Liang, the Manager of the Finance Department, concurrently serves as the Corporate Governance Officer with more than three years of experience in financial, shareholder affairs, and meeting administration work at public companies. 2. The Management Division of the Company supervises corporate governance affairs. The stock affairs section takes care of all related matters, including organizing Board meetings and shareholders' meetings, compiling meeting minutes, periodically reviewing and modifying "Corporate Governance Principles" and relevant methods and providing necessary data for execution of businesses of the Board.	No significant deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.
V. Has the company established communication channels with stakeholders (including but not limited to shareholders, employees, customers, and suppliers), set up a dedicated stakeholder section on the company website, and appropriately responded to important corporate social responsibility issues of concern to stakeholders?	V		The company has appointed a spokesperson and deputy spokesperson, and has established a dedicated stakeholder section on the company website, maintaining smooth communication channels with stakeholders with good communication results.	No significant deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.
VI. Does the Company appoint a professional stock affairs agency to handle matters related to shareholders' meetings?	V		The Company has entrusted the Trust Department of Chinatrust Commercial Bank to process affairs related to shareholders meetings.	No significant deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.
VII. Information Disclosure (I) Has the company set up a website to disclose financial, operational, and corporate governance information? (II) Has the company adopted other methods of information disclosure (such as setting up an English website, designating personnel responsible for collecting and disclosing company information, implementing a spokesperson system, posting investor conference materials on the company website, etc.)? (III) Does the company announce and file its annual financial reports within two months after the end of the fiscal year, and announce and file its first, second, and third quarter financial	V V		(I) The company's website is http://www.tungho.com.tw/ , and all relevant information disclosures are uniformly published on the Market Observation Post System. (II) Other information: An English website is established, with dedicated personnel responsible for collecting and disclosing information. Financial reports, investor conferences, and shareholder meeting materials are posted, and a spokesperson is designated. (III) The 2024 financial report was filed within the deadline stipulated by the Securities and Exchange Act, without early announcement.	No significant deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
reports and monthly operational results before the prescribed deadlines?				
VIII. Does the Company have other important information helpful for understanding the Implementation Status of Corporate Governance (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholder rights, continuing education for directors and supervisors, implementation of risk management policies and risk measurement standards, implementation of customer policies, and the Company's purchase of liability insurance for directors and supervisors, etc.)?	V	V	<p>1.The Company's Directors have faithfully conducted corporate affairs and perform the duty of care of a good administrator in exercising their powers.</p> <p>2.To strengthen corporate governance, board meeting was called at least once per quarter with a high attendance rate of Directors.</p> <p>3.For matters involving related party interests, the Company's board of directors properly recuses itself.</p> <p>4.The Company always keeps good relationship with our suppliers.</p> <p>5.The Company discloses information to be disclosed on public information observation station and company website so that stakeholders know company status to protect their rights.</p>	No significant deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.
<p>IX. Improvements made in the most recent fiscal year in response to the results of corporate governance evaluation conducted by the Corporate Governance Center of the Taiwan Stock Exchange Corporation, and improvement measures and plans for items yet to be improved.</p> <p>The Company has strengthened the work within the improvable range based on existing human and material resources and will scale up to optimize corporate governance.</p>				

(IV) Composition, Duties and Operation of the Remuneration Committee:

(1) Member Information of the Remuneration Committee:

March 11, 2025

Title	Qualifications Name	Professional Qualification and Work Experience	Status of independence	Number of Other Public Companies in Which the Individual is Concurrently Serving as a Remuneration Committee Member
Independent Director (Convener)	LIN, CHANG-HSI UNG	Please refer to page 11 of the Annual Report for the disclosure of professional qualifications of directors and independence of independent directors		0
Independent Director	CHEN, CHENG-KEN G			0
Others	HE, EN-TE	<p>Main Education: Master degree from the Institute of Marine Law, National Taiwan Ocean University.</p> <p>Main Experience: Attorney at Ray-Cheng Law Firm, Compensation Committee Member, Tung Ho Textile Co., Ltd.</p>	<p>It is in line with the independence conditions stipulated in Article 14-6 of the Securities and Exchange Law and the "Measures for the Establishment and Exercising of Functions and Powers of the Remuneration Committee of Listed Companies or Companies Trading on Securities Firms' Business Places" (Note), including but not limited to:</p> <ol style="list-style-type: none"> 1. The member himself/herself, his/her spouse and relatives within the second degree of kinship have not served as a director or a supervisor of the Company or its affiliated companies; 2. Neither the member himself/herself (in the name of others) nor his/her spouse has held the shares of the Company; 3. There is no remuneration for providing business, legal, financial, accounting, and other related services to the Company or its affiliated companies in recent 2 years. 	0

Note: There was no one of the following circumstances in the two years before the appointment and during the tenure:

- (1) Being employed by the company or its affiliated companies.
- (2) Being Director or Supervisor in the company or its affiliated companies.
- (3) He/she himself/herself, his/her spouse, and minor children held (or in the name of others) more than 1% of the Company's total issued shares or were the top ten natural person shareholders.
- (4) According to the managers stated in (1) or the spouses, second-degree relatives, or third-degree relatives of the people listed in (2) and (3) .
- (5) A corporate shareholder holding directly 5% or more of the total issued shares of the Company, being one of the top five shareholders, or having appointed a representative to serve as the Company's director or supervisor pursuant to Article 27, Paragraph 1 or 2 of the Company Act; and the directors, supervisors, or employees of that corporate shareholder.
- (6) A director, supervisor or employee of other companies controlled by the same person as the Company's director seats or by more than half of the voting shares.
- (7) A director (council member), supervisor, or employee of another Company or institution who is the same person or spouse as the chairman, general manager, or equivalent of another company or institution.
- (8) A director (council member), supervisor, manager, or shareholder holding more than 5% of the shares of specific companies or institutions that have financial or business dealings with the Company.
- (9) Professionals, and business owners, partners, directors (council members), supervisors, and managers (and their spouses) of sole proprietorships, partnerships, companies or institutions that provided auditing for the Company or affiliated companies or cumulatively received the remuneration for business, legal, financial, accounting and other related services amounting to more than NT\$500,000 in the last two years. Provided, however, that this does not apply to those who served as members of the Remuneration Committee, Public M&As Review Committee, or Special M&As Committee in accordance with the law.

(2) Information on the operations of the Remuneration Committee:

- ①. The Company's Remuneration Committee consists of 3 members.
- ②. The term of office for the current members: June 17, 2022 to June 16, 2025. In the most recent year (2024), the Compensation Committee has held 2 meetings (A). The qualifications and attendance of committee members are as follows:

Job Title	Name	Actual Attendance (B)	Attendance by Proxy	Actual Attendance Rate (%)	Note
Convener	LIN, CHANG-HSIUNG	2	0	100	
Member	CHEN, CHENG-KENG	2	0	100	
Member	HE, EN-TE	2	0	100	

Other matters to be recorded:

- I. If the Board of Directors fails to adopt or amend the recommendations of the Remuneration Committee, it shall state the date, term, content of the proposals, resolutions of the Board of Directors, and how the Company has handled the Remuneration Committee's opinions (e.g., if the remuneration approved by the Board of Directors is better than the recommendations of the Remuneration Committee, the differences and reasons shall be stated):
- II. If there are members of the Remuneration Committee who have dissenting or reserved opinions and have records or written statements, the date, term, content of the proposals, opinions of all members, and how the Company has handled such opinions shall be stated:
- III. Resolutions made at the Meeting of the Remuneration Committee in recent years and results:

Remuneration Committee	Resolution content and results
2024.02.29, 4th meeting of the 5th session	<p>Proposal:</p> <ul style="list-style-type: none"> ● Review the proposal of distribution of year-end bonuses to managers in 2023. <p>Resolution results:</p> <p>The proposal was approved by the Chairman with the consent of all members present and sent to the Board of Directors for approval.</p>
2024.04.16, 5th meeting of the 5th session	<p>Proposal:</p> <ul style="list-style-type: none"> ● Review of the Proposal of Distribution of the remuneration to directors in 2023 ● Review the proposal of distribution of remuneration to the directors, supervisors, and managers of the Company for the 2023. <p>Resolution results:</p> <p>The proposal was approved by the Chairman with the consent of all members present and sent to the Board of Directors for approval.</p>

(V) 1. Implementation Status of Sustainable Development Promotion and Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof :

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
I. Does the company set up a governance structure to promote sustainable development and establish an exclusively (or concurrently) dedicated unit to implement sustainable development and have management appointed by the Board of Directors to be in charge of corporate social responsibility and to report the supervision status to the Board of Directors?	V		<p>1. In response to global climate change and the introduction of various international green and sustainable policies, the Company has set up a "Corporate Sustainable Development Committee" on September 22, 2022 to plan the organization of greenhouse gas carbon inventories, as well as formulate and review relevant management policies for sustainable operation.</p> <p>2. The President serves as the chairman of committee, the Administrative Division acts as the management executive unit, and the department heads assume the office of members, in a bid to respond to the importance of sustainable development issues for the time being.</p>	No significant deviations.
II. Does the Company assess ESG risks associated with its operations based on the principle of materiality, and establish related risk management policies or strategies?	V		<p>In accordance with the principle of materiality, the following risks are identified and countermeasures are proposed:</p> <ol style="list-style-type: none"> 1. Raw material supply risks- Diversify the source of key raw material procurement and establish a safe inventory. 2. Certification failure risk- Management and operation manual development and internal audit. 3. Labor loss risks- Establishment of comprehensive promotion and salary adjustment channels, hiring and transferring according to job performance and employees' intention, smooth channels for workplace care and complaints, and training for function improvement. 4. Occupational safety risks- Implementation of safety and health education and training, on-site inspection and improvement, emergency response drills, and continuous establishment of good communication channels with stakeholders. 5. Fire risks- Renewal of old equipment, regular fire drills, regular maintenance and inspection of equipment, etc. to reduce 	No significant deviations.

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
			disasters. 6. Climate change-related risks- Plan organizational greenhouse gas inventory, formulate carbon reduction guidelines, and implement them through the Sustainability Committee. Continue with carbon inventory and hot spot improvements, striving towards the use of clean energy.	
III. Environmental Issues				
(I) Has the Company established an appropriate environmental management system according to its industry characteristics?	V		(I).1. Waste: The Company has formulated a waste disposal plan in accordance with the Waste Disposal Act, which has been approved by the Environmental Protection Bureau. The production and storage quantities of company waste are regularly reported for reference according to the content of the plan. The removal, treatment, and recycling of waste are all contracted to qualified waste disposal vendors. All relevant processing records are logged into the Environmental Protection Bureau's system for reference. The Company does not produce any hazardous waste.	No significant deviations.
(II) Has the Company strived to improve energy efficiency and use environmentally friendly renewable materials?	V		2. Wastewater: The Company has formulated a water pollution prevention and control measures plan in accordance with the Water Pollution Control Act, which has been approved by the Environmental Protection Bureau. The Company engages qualified vendors each month to sample effluent water and perform water quality analysis to ensure that wastewater discharge meets standards. The results of water quality analysis are retained for reference. The Company submits regular reports every six months, and all relevant reporting data is publicly disclosed in accordance with the law for reference. 3. The Company has no dyeing and finishing processes and does not use boilers, thus there are no sources of air pollution. (II) 1. Development Process: Recognizing energy consumption as a major future issue, the Company	

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof																		
	Yes	No	Description																			
(III) Does the company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate action to counter relevant issues?	V		<p>planned green energy generation in 2013. The Madou Factory completed the installation of the first phase of solar power generation equipment in October 2014, followed by the second and third phases in May and July 2017, and the fourth phase in March 2019, totaling 1,998 kW. In October 2019, the Company completed the installation of solar equipment in the Rende District, totaling 672.75 kW.</p> <p>2 .a. Total Solar Power Generation Unit: 10,000 kWh</p> <table border="1"> <thead> <tr> <th>Area \ Year</th> <th>2024</th> <th>2023</th> </tr> </thead> <tbody> <tr> <td>Established Madou factory.</td> <td>260</td> <td>204.9</td> </tr> <tr> <td>Rende Outlet:</td> <td>81.7</td> <td>93.3</td> </tr> <tr> <td>Total</td> <td>341.7</td> <td>298.2</td> </tr> </tbody> </table> <p>b. Total Carbon Emissions Reduction Unit: tons</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Carbon Reduction</th> </tr> </thead> <tbody> <tr> <td>2024</td> <td>1,688</td> </tr> <tr> <td>2023</td> <td>1,494</td> </tr> </tbody> </table> <p>3. According to the energy and carbon flow management system, we continuously monitor electricity and heat sources, reduce electricity expenditure, and monitor the flow of all energy-consuming equipment in the factory to eliminate process hot spots and reduce unnecessary electricity consumption.</p>	Area \ Year	2024	2023	Established Madou factory.	260	204.9	Rende Outlet:	81.7	93.3	Total	341.7	298.2	Year	Carbon Reduction	2024	1,688	2023	1,494	
			Area \ Year	2024	2023																	
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			Total	341.7	298.2																	
			Year	Carbon Reduction																		
			2024	1,688																		
			2023	1,494																		
			(III) 1. Identify climate change-related risks and opportunities, and assess their potential impacts on our company's business and strategy.																			
			2. In response to carbon fee collection, continue to conduct annual greenhouse gas carbon inventories and begin to improve carbon emissions.																			

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof												
	Yes	No	Description													
(IV) Does the company take inventory of its greenhouse gas emissions, water consumption, and total weight of waste in the last two years, and implement policies on energy efficiency and carbon dioxide reduction, greenhouse gas reduction, water reduction, or waste management?	V		<p>3. In response to the shortage and price fluctuations of natural fibers due to extreme climate impacts, increase the usage proportion of recycled polyester and develop plant-based fibers.</p> <p>4. As the demand for sustainable products rises, continuously obtain environmental certifications for products to enhance their added value.</p> <p>(IV) Continue to green the environment, operate attainably, and strictly comply with regulations. Based on the source of waste generation, select the most appropriate legal disposal and treatment channels, strengthen in-plant recycling mechanisms, and report to the supervising authorities monthly.</p> <p>The data for the past two years is as follows: Unit: ton</p> <table border="1"> <thead> <tr> <th>Item \ Year</th> <th>2024</th> <th>2023</th> </tr> </thead> <tbody> <tr> <td>Total waste</td> <td>64.07 tons</td> <td>103.85 tons</td> </tr> <tr> <td>Wastewater Discharge</td> <td>9,220 tons</td> <td>13,080 tons</td> </tr> <tr> <td>Recyclable Waste</td> <td>104.4 tons</td> <td>67.2 tons</td> </tr> </tbody> </table> <p>Starting from 2023, a company-wide greenhouse gas inventory was implemented and third-party assurance was obtained. The above sustainable data and improvement action policies, including the information mentioned above, are disclosed in the annual Sustainability (ESG) Report published since 2023.</p>	Item \ Year	2024	2023	Total waste	64.07 tons	103.85 tons	Wastewater Discharge	9,220 tons	13,080 tons	Recyclable Waste	104.4 tons	67.2 tons	
Item \ Year	2024	2023														
Total waste	64.07 tons	103.85 tons														
Wastewater Discharge	9,220 tons	13,080 tons														
Recyclable Waste	104.4 tons	67.2 tons														
IV. Social issues (I) Does the Company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	V		(I) The Company strictly complies with relevant national laws and regulations in force, including the Labor Standards Act, the Act of Gender Equality in Employment, the Act of Sexual Harassment Prevention,	No significant deviations.												

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
(II) Does the company appropriately reflect the business performances or achievements in the employee remuneration policy (including salary, annual leave and other benefits)?	V		<p>and regularly revises the employee management rules. The Company also adheres to internationally recognized labor rights, such as freedom of association, collective bargaining rights, prohibition of child labor, elimination of all forms of forced labor, and elimination of discrimination in employment and occupation. The Company has established a corporate social responsibility handbook as a guideline for fulfilling social responsibility, maintaining good labor-management relations, improving working conditions, and continuously improving employee benefits and welfare.</p> <p>The Company provides an effective and appropriate complaint mechanism to ensure equality and transparency in the complaint process, and to respond appropriately to employee complaints.</p> <p>(II) 1.Set up a comprehensive salary structure and promotion system for employees. 2.Employ a total of 7 employees with physical and mental disabilities, with a quorum of 2 employees and an over-employment of 5 employees. 3.Establish an employee welfare committee to handle employee welfare matters, including group insurance for employees, bonuses for three major holidays, birthday bonuses, employee travel...etc. 4.In order to take care of employees and motivate their children to study hard, we set up a scholarship program and give scholarships to students who meet the requirements every semester. 5.To motivate employees to unleash their potential and actively improve their work performance, establish an improvement proposal system. Proposal review meetings are held monthly, with cash rewards and certificates awarded based on the benefits of the proposals, and recognition is given. 6.In January, February and April of each year, according</p>	

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
(III) Does the company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	V		<p>to the operation results of the previous year and individual performance assessment, year-end bonuses and employee compensation are paid.</p> <p>(III)</p> <ol style="list-style-type: none"> 1. Annually plan and implement employee health examinations. Analyze and evaluate the health examination results, provide case management for high-risk employees. In 2024, employee health examinations were completed in November. 2. Factory doctor visits the factories every month and performs employee health consultation, high-risk employee management, health guidance and tracking, evaluates the workplace environment, makes recommendations for improvement, etc. 3. Four major employee protection programs: In 2024, implementation of hearing protection seminars/ergonomics-musculoskeletal prevention specialists providing on-site individual guidance/workplace unlawful harassment prevention-supervisors/workplace unlawful harassment prevention-employees and other courses. 4. Establish and promote the implementation of occupational safety and health management system in accordance with the Occupational Safety and Health Act, provide safe and healthy working conditions, comply with the Occupational Safety and Health Act and related requirements, eliminate hazards and reduce occupational safety and health risks, and promote employee consultation and participation in occupational safety and health. Continue to promote ISO45001 certification to create a safe workplace. 5. Establish an "Occupational Safety and Health Committee" to safeguard the safety and health of all employees and provide a platform for employees to fully express their opinions. The committee is organized with a chairperson, an executive secretary, 	

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
(IV) Does the company provide its employees with career development and training sessions?	V		managers from each unit, occupational safety and health personnel, an occupational health nurse, and employee representatives constituting more than one-third of the members. Meetings are held regularly every three months. 6. Zero employee occupational accidents in 2024.	
(V) Does the Company's product and service comply with related regulations and international rules for customers' health and safety, privacy, sales, labeling and set policies to protect consumers' rights and consumer appeal procedures?	V		(IV) The company adheres to the philosophy that employees are invaluable assets to the enterprise, emphasizes employee competency development, and provides a sound education and training system through the Ministry of Labor's "Talent Quality-management System (TTQS)" certification system. In addition to planning professional training courses annually, courses can also be tailored according to employees' competency needs. (V) The company's quality policy insists on quality first, with customer satisfaction as the top priority. We have obtained ISO9000 quality certification system, and in order to effectively handle customer dissatisfaction or related complaint feedback, we have established a customer service unit to serve customers, providing timely and effective improvement for customer complaints and dissatisfaction issues. We provide comprehensive services to customers to meet their needs, and strictly comply with relevant government regulations to protect customer privacy.	
(VI) Has the Company established supplier management policies requesting suppliers to comply with relevant laws and regulations related to environmental protection, occupational safety and health or labor rights and supervised its implementation?	V		(VI) In order to effectively control the quality of suppliers and to provide raw materials on time without affecting production, we formulated supplier management rules and regulations. In accordance with occupational safety and health system regulations, we are required to provide safety regulations and certification information before issuing purchase orders.	
V. Does the Company refer to internationally accepted reporting guidelines or guidelines for preparing sustainability reports or	V		Since 2023, our company has followed the GRI guidelines and complied with the core option requirements of the GRI	No significant deviations.

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
other reports that disclose non-financial information about the Company? Does the aforementioned report obtain assurance or assurance opinion from a third-party verification unit?			Standards in preparing the sustainability report. The report must include, at a minimum, information on the nature of the organization, significant topics, their associated impacts, and how the impacts are managed.	
<p>VI. If the company has established sustainable development best-practice principles based on the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies," describe the implementation and any deviations from such principles: The company's "Corporate Social Responsibility Handbook" clearly stipulates dimensions such as "Environmental Management," "Occupational Safety Management," "Public Area and Dormitory Hygiene Management," "Company Hiring and Governance," "Employee Health and Safety," "Anti-Workplace Violence and Sexual Harassment," and "Business Ethics Management." It also follows the GRI guidelines, complying with the core option of GRI Standards, which requires corporate reports to include at least information about the nature of the organization, material topics and their related impacts, and how these impacts are managed.</p>				
<p>VII. Other important information that helps understand the implementation of sustainable development: At the end of October 2023, ISO14064 certification was conducted and set as the base period for establishing various carbon reduction targets and implementation guidelines.</p>				

(V) 2. Climate-Related Information Implementation Status:

Item	Implementation Status
<p>1. Describe the Board of Directors and management's supervision and governance of climate-related risks and opportunities.</p>	<p>In response to global climate change and the introduction of various international green and sustainable policies, the Company has set up a "Corporate Sustainable Development Committee" on September 22, 2022 to plan the organization of greenhouse gas carbon inventories, as well as formulate and review relevant management policies for sustainable operation. Additionally, The President serves as the chairman of committee, the Administrative Division acts as the management executive unit, and the department heads assume the office of members, in a bid to respond to the importance of sustainable development issues for the time being.</p>
<p>2. Describe how the identified climate risks and opportunities affect the Company's business, strategy and finances (short-term, medium-term, long-term).</p>	<p>As global climate continues to deteriorate, countries have declared their goals of achieving net-zero emissions under the carbon reduction agenda, and government agencies have also established regulations. Environmental management has become an important issue for companies, and failure to manage this issue will result in severe consequences, and suppliers will also boycott. For sustainable operation, the Company actively invests in energy-saving measures, manages climate-related issues, and sets future carbon reduction targets. In addition to the needs of business operations, it also leaves a clean earth for the next generation and sustainable inheritance.</p> <p>The current targets set are:</p> <p>Short-term: Complete a two-year (2023-2025) industry-academic collaboration to reduce carbon emissions by 3,000 tons;</p> <p>Mid-term: Increase low-carbon products to account for 50% of total products;</p> <p>Long-term: Achieve carbon-neutral production.</p>

Item	Implementation Status
3. Describe the impact of extreme climate events and transition actions on finance.	In order to gradually move towards carbon neutrality, in addition to investing more research and development funds to find low-carbon materials, we also optimize and renovate equipment in different areas, and invest in the construction of an energy management system.
4. Describe how the process of identifying, evaluating and managing climate risks is integrated into the overall risk management system.	In line with the preparation of the Sustainability Report, our company identifies, evaluates and manages risks annually, which are then reviewed by the Corporate Sustainability Committee and reported to the Board of Directors.
5. If scenario analysis is used to assess resilience in the face of climate change risks, explain the scenarios, parameters, assumptions, analysis factors and main financial impacts used.	Our company currently has no analysis and planning in place because we do not meet Taiwan's carbon tax levy standards, and production capacity has decreased due to poor economic conditions.
6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.	Currently, the direction is towards improvement, but there is no transition plan yet.
7. If an internal carbon price is used as a planning tool, explain the basis for setting the price.	There is no carbon pricing yet.
8. If climate-related targets have been set, provide information such as the activities covered, the scope of greenhouse gas emissions, the planning period, and the annual progress made; if carbon offsets or renewable energy certificates (RECs) are used to achieve related targets, state the source and amount of emission reductions or the number of renewable energy certificates (RECs).	<p>Since 2023, the Company has started to inventory greenhouse gas emissions data for 2022, covering Scopes 1-3, and has undergone third-party assurance.</p> <p>In 2024, we completed the carbon inventory for 2023. Due to the impact of economic conditions causing a decline in production orders, the total carbon reduction has already achieved the short-term goal of reducing by 3,000 tons (carbon emissions from electricity usage in 2023 are estimated to have decreased by 4,809 tons compared to the 2022 base year).</p> <p>The carbon inventory for 2024 was provided by each department in March 2025, and third-party verification is expected to be completed in April.</p>
9. Greenhouse gas inventory and assurance, reduction targets, strategies and specific action plans (to be filled out in 2-1 and 2-2).	Disclosed in the table below.

2-1 GHG Inventory and Assurance Status for the most recent two years

2-1-1 GHG Inventory Information

Describe the GHG emissions for the latest two years (metric tons CO₂e), emission intensity (metric tons CO₂e/million NTD), and data coverage:

Year	Scope 1 emissions (metric tons CO ₂ e)	Scope 2 emissions (metric tons CO ₂ e)	Scope 3 emissions (metric tons CO ₂ e)	Total Emissions(metric tons CO ₂ e)	Intensity (metric tons CO ₂ e/million dollars)	Greenhouse Gas Inventory Standard	Note
2023	58.4625	10,951.3215	2,298.0421	13,307.8261	23.48	ISO14064-1:2018	Third-party verification completed in June 2024
2024	42.9914	9,605.8656	2,005.6214	11,654.4784	22.25	ISO14064-1:2018	Third-party verification not yet completed Expected to complete verification in April 2025

- Data coverage includes the entire company: Madou Factory + Taipei Office.
- The inventory data for 2024 is expected to be verified by April 2025, and the verified data will be included in the Sustainability Report to be issued in 2025.

Note 1. Direct emissions (Scope 1, i.e., emissions directly from sources owned or controlled by the company), energy indirect emissions (Scope 2, i.e., indirect greenhouse gas emissions from the generation of purchased electricity, steam, or heat), and other indirect emissions (Scope 3, i.e., emissions from company activities that are not energy indirect emissions but are from sources owned or controlled by other companies).

Note 2. The data coverage for direct emissions and energy indirect emissions should follow the schedule set by the regulations stipulated in Article 10, Paragraph 2 of these Guidelines, while disclosure of other indirect emissions information is voluntary.

Note 3: Greenhouse gas inventory standards: Greenhouse Gas Protocol (GHG Protocol) or ISO 14064-1 published by the International Organization for Standardization (ISO).

Note 4. The intensity of greenhouse gas emissions can be calculated per unit of product/service or revenue, but at least the data calculated based on revenue (in NT\$ millions) should be stated.

2-1-2 Greenhouse Gas Assurance Information

Describe the assurance situation for the most recent two years as of the date of the annual report, including the assurance scope, assurance institution, assurance criteria, and assurance opinion:

Year	Assurance scope	Assurance entity	Assurance criteria	Assurance opinion
2023	Entire company: Madou Factory + Taipei Office	SGS Taiwan Ltd.	SGS adheres to the principles of a third-party verification body and conducts verification of direct and indirect greenhouse gas emissions in accordance with ISO 14064-3:2019 requirements, based on the bilateral agreement signed on August 16, 2023. Verification criteria: ISO 14064-1:2018 Greenhouse gases - Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals. Verification period: April 16, 2024 to May 13, 2024 Verification scope: Madou Factory and Taipei Office, greenhouse gas emission information coverage period: January 1, 2023 to December 31, 2023, and verification is conducted according to Tung Ho Textile's applicable scope and objectives, with a greenhouse gas verification statement issued based on the verification results.	SGS adopts a risk assessment-based approach to ensure and control the risks of greenhouse gas emission information disclosure; plans and executes the verification process, including preliminary assessment, sampling plan, evidence collection, obtaining information, explanations and relevant supporting evidence needed for verification opinions, ensuring that the on-site greenhouse gas emissions in the greenhouse gas statement are free from material misstatements. For the coverage period from January 1, 2023 to December 31, 2023, according to the verification results, Category 1 and Category 2 did not violate the materiality threshold, meeting the reasonable assurance level recognized by the competent authority. Categories 3 to 6 are at limited assurance level. Unqualified verification opinion.
2024	Entire company: Madou Factory + Taipei Office	SGS Taiwan Ltd.	The 2024 carbon inventory has been provided by each department in March 2025, and third-party verification is expected to be completed in April 2025. The verified results will be disclosed in the Sustainability Report to be published in 2025.	Verification is expected to be completed in April 2025, and the verified results will be disclosed in the Sustainability Report to be published in 2025.

Note 1 In accordance with Article 10, Paragraph 2 of these Regulations, the prescribed schedule shall be followed. If the Company fails to obtain a complete greenhouse gas assurance opinion by the annual report publication date, it shall indicate "Complete assurance information will be disclosed in the sustainability report." If the company does not prepare a sustainability report, it shall indicate "Complete assurance information will be disclosed on the Market Observation Post System," and disclose the complete assurance information in the next year's annual report.

Note 2 The assurance institution shall comply with the relevant regulations on sustainability report assurance institutions set forth by the Taiwan Stock Exchange Corporation and the Taipei Exchange.

2-2 Greenhouse Gas Reduction Goals, Strategies, and Concrete Action Plans

Describe the base year and data for greenhouse gas reduction, reduction goals, strategies and concrete action plans, and the achievement of reduction goals:

Baseline Year	2022
Baseline Year Data	19,597.7380 metric tons CO ₂ e
Reduction Goal	3,000 metric tons CO ₂ e reduction over 2 years from 2023-2025
Strategies	<ol style="list-style-type: none"> 1. In response to poor economic conditions, production capacity was reduced, machines were adjusted, and electricity usage was decreased. 2. Continuous inspection of compressed air pipelines throughout the factory to reduce leakage.
Specific action plans	<ol style="list-style-type: none"> 1. In 2024, production modes will be adjusted, and an application will be made to Taipower for electricity-saving measures involving 8-day monthly reductions to lower capacity. 2. Corroded AIR pipes in the cleaning and carding area were replaced to reduce energy consumption of air compressors. 3. Improved leaking air valves' quick connectors in the spindle equipment department to reduce power consumption of air compressors.
Reduction achievement	<ol style="list-style-type: none"> 1. The above 3 energy-saving measures combined to reduce carbon emissions by 773 tons/year. 2. Due to production reduction, electricity usage decreased in 2024, with an estimated total factory reduction of 4,809.44 metric tons CO₂e compared to the base year (2022) (external assurance expected to be completed in April 2025).

Note 1: Should be implemented according to the schedule specified in the order under Article 10, Paragraph 2 of these Guidelines.

Note 2: The base year should be the year in which the inventory of the consolidated financial statements is completed. For example, according to the regulations stipulated in Article 10, Paragraph 2, companies with a capital of NT\$10 billion or more should complete the inventory of the 2024 consolidated financial statements by 2025. Therefore, the base year is 2024. If a company has completed the inventory of the consolidated financial statements earlier, it may use the earlier year as the base year. The data for the base year may be calculated based on a single year or the average of several years.

(VI) Corporate observance of ethical business practices and deviation from the Ethical Corporate Management Best-Practice Principles for the TWSE/GTSM Listed Companies and reasons thereof:

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
<p>I. Establishment of ethical corporate management policies and programs</p> <p>(I) Has the Company established the ethical corporate management policies approved by the Board of Directors and specified in its rules and external documents the ethical corporate management policies and practices and the commitment of the Board of Directors and senior management to rigorous and thorough implementation of such policies?</p> <p>(II) Does the company establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within its business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly, which shall at least include those specified in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?</p> <p>(III) Has the Company provided any solutions to prevent the unethical conducts, stipulate the definite procedures, conduct guidelines, punishment for violation as well as appeals system and put into practice, and review and revise on a regular basis the aforesaid solutions?</p>	<p>V</p> <p>V</p> <p>V</p>		<p>(I) The Company has passed "Ethical Corporate Management Best-Practice Principles" by board resolutions on April 22, 2015 and disclosed them on the company website. Members of Board of Directors, when carrying out their duties, internally uphold the supervisory responsibility based on the principle of integrity; externally, all business conduct adheres to the principles of integrity and mutual benefit to pursue goals of mutual survival and advantage.</p> <p>(II) The Company developed "Procedures and Behavioral Guidelines of Ethical Corporate Management" by board resolutions on April 22, 2015, specifying prohibitions against the following: offering or acceptance of improper benefits, providing or promising facilitation charges, unethical practices such as revealing business secrets and causing harm to stakeholders. Preventive measures and educational training have been adopted to implement the ethical corporate management policies.</p> <p>(III) Integrity principles, relevant laws and regulations, and employee workare published on the internal website.</p>	<p>No significant deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.</p>
<p>II. Implementation of Ethical Business Practices</p> <p>(I) Does the company evaluate business partners' ethical records and include ethics-related clauses in business contracts?</p> <p>(II) Has the Company set up a dedicated unit under the Board of Directors to promote ethical corporate management and regularly (at least once every year) report to the Board of Directors the</p>	<p>V</p> <p>V</p>		<p>(I) The Company has established an appraisal mechanism for its customers and manufacturers. Rights and obligations for the parties are also clearly stipulated in the contracts.</p> <p>(II) Although responsible units are not specified, the audit office may report to board members anytime, since ethical corporate management is a key audit item.</p>	<p>No significant deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.</p>

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
<p>implementation of the ethical corporate management policies and prevention programs against unethical conduct?</p> <p>(III) Has the Company established policies to prevent conflicts of interest, provide appropriate communication channels, and implement them accordingly?</p> <p>(IV) Does the company establish effective accounting systems and internal control systems to implement ethical corporate management, with the internal audit unit being responsible for devising relevant audit plans based on the results of assessment of any unethical conduct risk, examining accordingly the compliance with the prevention programs, or engaging a certified public accountant to carry out the audit?</p> <p>(V) Does the company regularly hold internal and external educational trainings on operational integrity?</p>	V		<p>(III) In case of conflicts of interest, the Company's employees can report to department supervisors or report directly to the audit office.</p> <p>(IV) The Company has established effective accounting systems and internal control systems, which are audited by internal auditors regularly and audited and certified by CPAs yearly.</p> <p>(V) The Company advocates corporate social responsibility in meetings and occupational training courses; employees should be rewarded for promoting corporate social responsibility and punished for violating corporate social responsibility.</p>	
<p>III. Operation of the whistle-blowing system</p> <p>(I) Does the Company establish both a reporting and reward/punishment system and a reporting hotline? Can the accused be reached by an appropriate person for follow-up?</p> <p>(II) Has the Company established the standard operating procedures for investigating reported misconduct, follow-up measures to be adopted after the investigation, and related confidentiality mechanisms?</p> <p>(III) Does the Company provide proper whistleblower protection?</p>	V		<p>(I) Employees are allowed to report any ethical irregularities through either phone or letter, and the report can be handled by the audit office and the general manager's office.</p> <p>(II) Different measures will be adopted according to matter of the report and the priority of the unit or person being reported.</p> <p>(III) Anonymous methods can be adopted, such as not mentioning information of the informant during the checking process.</p>	No significant deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.
<p>IV. Strengthening Information Disclosure</p> <p>Does the company disclose the ethical corporate management policies and the results of its implementation on the company website and MOPS?</p>	V		The Company has established a website to disclose relevant information.	No significant deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
V. If the Company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancy between the policies and their implementation. The Company has established "Ethical Corporate Management Best-Practice Principles" to maintain enterprise culture of ethical corporate management and sound development. There are no deviations between practical situation and the Ethical Corporate Management Best-Practice Principles.				
VI. Other important information to facilitate better understanding of the Company's ethical corporate management (e.g., review of and amendments to ethical corporate management policies)				

(VII) Other important information that can enhance the understanding of Implementation Status of Corporate Governance may also be disclosed:

The company has established ① Corporate Governance Best-Practice Principles ② Ethical Corporate Management Best-Practice Principles ③ Procedures and Behavioral Guidelines of Ethical Corporate Management ④ Corporate Social Responsibility Best Practice Principles, and uploaded them to the company website for investors' reference.

(VIII) Implementation Status of Internal Control System

1. Statement of Internal Control System

Tung Ho Textile Co., Ltd.

Statement of Internal Control System

Date: March 11, 2025

With regard to the 2024 internal control system of the Company, based on our self-assessment results, we hereby declare as follows:

- I. The Company acknowledges that it is the responsibility of the Board of Directors and managerial officers to establish, implement, and maintain the established internal control system. Its purpose is to reasonably ensure that operational effectiveness and efficiency (including income, performance, and asset safety) and reporting are reliable, timely, and transparent, as well as to ensure compliance with relevant regulations and laws.
- II. The internal control system has its inherent limitations. No matter how well designed, an effective internal control system can only provide reasonable assurance regarding the achievement of the three objectives mentioned above. Furthermore, the effectiveness of the internal control system may change due to changes in the environment and circumstances. Nevertheless, the internal control system contains self-monitoring mechanisms, and the Company takes immediate remedial actions in response to any identified deficiencies.
- III. The Company evaluates the design and operating effectiveness of the internal control system based on the criteria provided in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (herein below, the "Regulations"). The "Processing Guidelines" categorizes the internal control system's assessment items based on the management control process, dividing the internal control system into five components: 1. Control Environment, 2. Risk Assessment, 3. Control Activities, 4. Information and Communication, and 5. Monitoring Activities. Each key component includes several items. Please refer to the Regulations for the aforementioned items.
- IV. The Company has adopted the aforesaid criteria for the internal control system and evaluated the design and operating effectiveness of the internal control system according to the Regulations.
- V. Based on the results of the determination in the preceding paragraph, the Company is of the opinion that, as of December 31, 2024, the internal control system (including the supervision and management of subsidiaries), including the design and implementation of the internal control system relating to the effectiveness and efficiency of the operations, reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations, is effective and can reasonably assure the achievement of the foregoing goals.
- 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 has been approved by the board of directors of the Company on March 11, 2025. Out of 7 directors present, 0 expressed dissenting opinions, and all agreed with the content of this statement, which is hereby declared.

TUNG HO TEXTILE CO., LTD.

Chairman TSAI, SUI-YING Signature

President: CHANG, CHIA-HENG Signature



2. If an accountant is entrusted to review the internal control system, the accountant's review report should be disclosed: None

(IX) Major Resolutions of Shareholders' Meeting and Board Meetings during the Most Recent Year and up to the Printing Date of the Annual Report:

1. Major resolutions and implementation of the 2024 Annual Shareholders' Meeting:

- (1) Approval of the 2023 Business Report and Financial Statements.
- (2) Approval the proposal of Earnings Distribution in 2023.

Implementation Status: According to Article 39, Paragraph 2 of the Company's Articles of Incorporation, the Board of Directors was authorized by special resolution to set April 14, 2024 as the ex-dividend date, and the distribution was completed on May 3 of the same year. (Distributing cash dividend of NT\$0.25 per share)

- (3) Re-election of one independent director.

List of elected Independent Directors: Lin A-Yu

Implementation Status: Approved for registration by the Ministry of Economic Affairs on July 31, 2024, and announced on the company website.

2. Major resolutions and implementation of the Annual Shareholders' Meeting from 2024 to March 2025 :

Board of Directors	Contents of Major Resolutions
2024.03.08, the 8th meeting of the 37th session	<ol style="list-style-type: none"> 1. Approval of the 2023 Annual Financial Report. 2. Issued the statement on the design and operating effectiveness of internal control system based on the self-evaluation results of the 2023 internal control system. 3. Approved the date, venue and reason of convening of the Company's 2024 the annual shareholders' meeting.
2024.05.02, the 9th meeting of the 37th session	<ol style="list-style-type: none"> 1. Approval of the first quarter financial report for the year 2024. 2. Approval of the distribution of the compensation to employees in 2023
2024.08. 09 The 10th meeting of the 37th session	Approval of the second quarter financial report for the year 2024.

2024.11. 12 The 11th meeting of the 37th session	<ol style="list-style-type: none"> 1. Approval of the third quarter financial report for the year 2024. 2. Approval of the audit plan for 2025.
2024.12.11, the 12th meeting of the 37th session	Approval of the Company's Business Divestiture Plan.
2024.03. 11 The 13th meeting of the 37th session	<ol style="list-style-type: none"> 1. Approval of the 2024 Annual Financial Report. 2. Issued the statement on the design and operating effectiveness of internal control system based on the self-evaluation results of the 2024 internal control system. 3. Approved the date, venue and reason of convening of the Company's 2025 the annual shareholders' meeting.

(X) Recorded or written statements made by any director which specified dissent to important resolutions passed by the board of directors during the Most Recent Year and up to the Printing Date of the Annual Report: None



IV. Information on CPA professional Fees

(I) Information on CPA professional Fees

Unit: NT\$ Thousand

Name of CPA Firm	Name of CPA		Audit Period	Audit Fees	Non-Audit Fees	Note
Deloitte & Touche	MA, WEI-CHUN	HSIEH, TUNG-JU	January 1 to December 31 in 2024	1,600	300	

Note: Non-audit fees include tax certification, non-supervisor salary reporting information certification, and direct deduction method for business tax certification.

(II) Circumstances where the CPA Firm was replaced and the audit fees paid for the year after the replacement were lower than the audit fees paid for the previous year: None

(III) Cases where audit fees decreased by more than 10% compared to the previous year: None.

V. Information on Replacement of CPAs: None.

VI. The chairman, president, manager responsible for finance or accounting affairs of the Company has not previously worked for the CPA firm or its affiliated enterprises within the past year: None.

VII. Changes in shareholdings and pledges of shares by directors, managers, and shareholders with more than 10% shareholding during the Most Recent Year and up to the Printing Date of the Annual Report

Job Title	Name	2024		As of April 18, 2025	
		Increase (Decrease) in Number of Shares Held	Increase (Decrease) in Number of Shares Pledged	Increase (Decrease) in Number of Shares Held	Increase (Decrease) in Number of Shares Pledged
Chairman	Yuh Shun Investment & Development Co., Ltd. Representative: TSAI, SUI-YING				
Vice Chairman	Yuh Shun Investment & Development Co., Ltd. Representative: CHENG, CHIH-WEN				
Director	Yuh Shun Investment & Development Co., Ltd. Representative: TSAI, FU-JEN	-	-	629,000 (40,000)	-
Director	Yuh Shun Investment & Development Co., Ltd. Representative: CHANG, CHIA-HENG				
More-than-10% shareholder	Yuh Shun Investment & Development Co., Ltd.				
Independent Director	LIN, CHANG-HSIUNG	-	-	-	-
Independent Director	CHEN, CHENG-KENG	-	-	-	-
Independent Director	HWANG, JIN-FA (Date of Removal: January 24 2024)				
Independent Director	LIN A-YU (Date of Appointment: June 18 2024)	-	-	-	-
President	CHANG, CHIA-HENG	-	-	-	-
Vice President	LEE, CHIH-HUNG	-	-	-	-
Manager of Finance Division	KUO, YEN-LIANG	-	-	-	-
More-than-10% shareholder	Fengtar Fuli Industry Co., Ltd.	338,000	-	-	-
More-than-10% shareholder	LIN, KAO-HUANG	-	-	-	-

Transfer of equity interest with related parties:None

Equity pledge with related parties:None

VIII. Information on relationship among the Top 10 Shareholders

April 18, 2025

Name (Note 1)	Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		The top 10 shareholders who are related parties or spouses, or are related within the second degree of kinship, their names and relationships (Note 3)		Note
	Number of Shares	Shareholding ratio (%)	Number of Shares	Shareholding ratio (%)	Number of Shares	Shareholding ratio (%)	Title (or Name)	Relationship	
FENGTAR FULI INDUSTRY CO., LTD.	38,324,074	17.42	-	-	-	-	YUH SHUEN INVESTMENT & DEVELOPMENT CO., LTD SHING HO INVESTMENT & DEVELOPMENT CO.,LTD SHING HO CONSTRUCTION CO.,LTD	The same Chairman	
Representative: TSAI, SUI-YING	3,002,943	1.36	-	-	-	-	CHENG, CHIH-WEN	Mother and son	
YUH SHUEN INVESTMENT & DEVELOPMENT CO., LTD	28,589,626	13.00	-	-	-	-	FENGTAR FULI INDUSTRY CO., LTD. SHING HO INVESTMENT & DEVELOPMENT CO.,LTD SHING HO CONSTRUCTION CO.,LTD	The same Chairman	
Representative: TSAI, SUI-YING	3,002,943	1.36	-	-	-	-	CHENG, CHIH-WEN	Mother and son	
LIN, KAO-HUANG	22,234,000	10.11	-	-	9,270,000	4.21%	Liancheng Investment and Development Corp. LIN, CHING-HANG	The same Chairman Father and son	
TUNG QUE INDUSTRIAL CO.,LTD	15,631,062	7.11	-	-	-	-	—	—	
Representative CHENG, CHIH-WEN	10,926,160	4.97	-	-	-	-	TSAI, SUI-YING	Mother and son	
SHING HO CONSTRUCTION CO.,LTD	10,971,723	4.99	-	-	-	-	FENGTAR FULI INDUSTRY CO., LTD. YUH SHUEN INVESTMENT & DEVELOPMENT CO., LTD SHING HO INVESTMENT & DEVELOPMENT CO.,LTD	The same Chairman	
Representative: TSAI, SUI-YING	3,002,943	1.36	-	-	-	-	CHENG, CHIH-WEN	Mother and son	
CHENG, CHIH-WEN	10,926,160	4.97	-	-	-	-	TSAI, SUI-YING	Mother and son	
Liancheng Investment and Development Corp.	10,811,000	4.91	-	-	-	-	LIN, KAO-HUANG	The same Chairman	
Representative: LIN, KAO-HUANG	22,234,000	10.11	-	-	-	-	—	—	
LIN, CHING-HANG	9,270,000	4.21	-	-	-	-	LIN, KAO-HUANG	Father and son	

LIU, CHEN-HSIEN	7,242,000	3.29	-	-	-	-	-	-	-
SHING HO INVESTMENT & DEVELOPMENT CO.,LTD	4,728,011	2.15	-	-	-	-	FENGTAR FULI INDUSTRY CO., LTD. YUH SHUEN INVESTMENT & DEVELOPMENT CO., LTD SHING HO INVESTMENT & DEVELOPMENT CO.,LTD	The same Chairman	
Representative: TSAI, SUI-YING	3,002,943	1.36	-	-	-	-	CHENG, CHIH-WEN	Mother and son	

Note 1: The top ten shareholders shall be presented (in the case of corporate shareholders, the corporate shareholders' names and representatives' names shall be represented).

Note 2: The ratio of shareholding is calculated in terms of own shareholdings, shares held by spouse & children under age or shareholdings under the title of a third party.

Note 3: Relationship between the aforementioned shareholders (including juristic and natural persons) shall be disclosed according to Regulations Governing the Preparation of Financial Reports by Securities Issuers.

IX. Total Number of Shares Held for the Same Re-investment by the Company, Its Directors and Supervisors, Managers, and Any Companies Controlled Either Directly or Indirectly by the Company: None.

December 31, 2024; Unit: thousand shares

Reinvested Enterprises (Note)	Company Investment		Investments by Directors, Supervisors, Managers, and Directly or Indirectly Controlled Enterprises		Comprehensive Investment	
	Number of Shares	Percentage of Ownership	Number of Shares	Percentage of Ownership	Number of Shares	Percentage of Ownership
Pearltex Co., Ltd.	100	100%	-	-	100	100%

(Note) Represents investments accounted for using the equity method by the Company

Chapter 3. Capital Overview

I. Capital and Shares

(I) Share Type and Capital Formation Course

1. Source of Capital: Unit: NT\$.; Shares

April 18, 2025

Year/Month	Issuance Price	Authorized Capital		Paid-in Capital		Note		
		Number of Shares	Amount	Number of Shares	Amount	Source of Capital	Capital Increase by Assets Other than Cash	Others
2003.08	10	360,000,000	3,600,000,000	220,000,000	2,200,000,000	Cash	-	-

Share Type	Authorized Capital			Note
	Outstanding Shares (Issued)	Unissued Shares	Total	
Registered Common Shares	220,000,000	140,000,000	360,000,000	

2. Information for Shelf Registration System: None.

(II) List of Major Shareholders: Shareholders with Ownership Percentage of 5% or More or the Top Ten Shareholders in Terms of Ownership Percentage

Please refer to page 51 "VIII. Information on relationship among the Top 10 Shareholders".

(III) Dividends policy and Implementation Status

1. Dividend Policy

Dividends Policy of the Company is indicated in Article 39 of the Articles of Incorporations as follows:

The Company is a mature and highly competitive traditional industry and adopts residual dividend policy under the condition of shareholder benefit and company growth.

- I. The Company, if there are earnings after final settlement every year, should pay taxes according to law, cover the losses of the previous years, and distribute above 75% of dividends to shareholders after 10% of legal surplus is withdrawn and special earned surplus is withdrawn or transferred according to law.
- II. Dividend Amount: To maintain a balance between operational needs and stable annual dividends, the distribution of dividends shall not exceed sixty percent of the remaining distributable earnings.

III. Dividend Type: Based on capital budget planning and the extent of dilution to earnings per share, annual dividends should appropriately adopt either stock dividends or cash dividends.

The above-listed dividend distribution conditions, timing, amounts, and types are established as principles only. The Company may determine the most appropriate dividend policy based on the actual operational conditions of the current year and by considering the capital budget planning for the following year.

2. Dividend Distribution Status:

If, subject to Paragraph 2, Article 39 of the Articles of Incorporation, the Company authorizes more than two-thirds of the directors present and a resolution is adopted by more than half of the directors thereat in accordance with Paragraph 5 of Article 240, the distribution of all or part of the dividends and bonus in cash according to Subparagraph 3 of the preceding paragraph, which shall be then reported to the shareholders' meeting; provided, however, that it need not be submitted to the shareholders' general meeting for approval. In case of distributing in the form of issuing new shares, it is required to be resolved by the shareholders' meeting before distribution.

(1) Cash Dividends: NT\$50,600,000 is allocated from retained earnings as cash dividends to shareholders, distributing NT\$0.23 per share.

(2) By special resolution of the Company's 37th Board of Directors at its 13th meeting on March 11, 2025, the Chairman is authorized to separately determine the ex-dividend date, distribution date, and other related matters, which will be reported at the 2025 Annual Shareholders' Meeting.

(IV) The impact of the proposed stock dividend distribution on the Company's operating performance and earnings per share: None

(V) Compensation of Employees and Directors:

1. The ratios or ranges of employee and director compensation as stated in the Company's articles of association:

Employee and director compensation is set forth in 38-1 of the Company's Articles of Incorporation as follows:

The Company shall distribute 1% to 15% of the current year's profit for employee remuneration and no more than 5% of the current year's profit for the remuneration to Supervisors, but the Company should cover the losses, if any.

The earnings in the preceding paragraph refer to the annual pre-tax earnings before deduction of the compensation to employees and directors.

Proposals of distributions to employees and directors shall be resolved by the Board of Directors with the attendance of more than two-thirds of directors and a majority approval, and then reported to the shareholders' meeting.

Employee compensation may be distributed in the form of shares or cash.

2. The Basis of the Estimate of Compensation to Employees and Directors, the Basis of Calculating Number of Shares where Stock Bonuses are Paid, as well as Accounting Treatment in Case of Deviation between the Amount of Actual Payment and the Estimate:

Where there is a significant change in the payment resolved by the Board of Directors after the end of the year, the change will be subject to the adjustment of previous annual expenses. As of the resolution date of the shareholders' meeting, if there is still a change in the amount, it shall be taken as a change in accounting estimate, and adjusted and recorded in the year of the resolution of the shareholders' meeting.

3. Distribution of Compensation to Employees Approved by the Board of Directors:
 - (1) The amount of compensation distributed for employees and directors. If there is any discrepancy between that amount and the estimated figure for the fiscal year these expenses are recognized, the discrepancy, its cause, and the status of treatment shall be disclosed:

The Company's Board of Directors approved the distribution of employees compensation and directors remuneration for 2024 on March 11, 2025. It is proposed to distribute NT\$1,541,187 as employees compensation and NT\$1,541,187 as directors remuneration for the year 2024, all in cash. This proposal will be reported at the 2025 Annual Shareholders' Meeting.

Where there is a discrepancy between the amount of the proposed distribution above and the amount of estimated expenses for 2024, the estimated change shall prevail.
 - (2) Proposed employees' stock compensation in percentage of after-tax earnings and total employee bonus in current period: None.
4. The actual distribution of employee and director compensation for the previous fiscal year, with an indication of the number of shares, monetary amount, and stock price, and, if there is any discrepancy between the actual distribution and the recognized employee or director compensation, additionally the discrepancy, cause, and how it is treated: None.

The distribution of employee and director remuneration for 2023 was approved by the shareholders' meeting on June 18, 2024, with NT\$708,492 allocated for employee remuneration and NT\$991,889 for director remuneration, which is consistent with the amounts recognized in the 2023 financial statements.

(VI) Status of the Company's share repurchases during the Most Recent Year and up to the Printing Date of the Annual Report: None.

II. Corporate Bond Issuance Status: None.

III. Preferred Stock Issuance Status: None.

IV. Global Depository Receipt Issuance Status: None.

V. Employee Stock Option Issuance Status: None.

VI. New Restricted Employee Shares Issuance Status: None.

VII. Issuance of New Shares in Connection with Mergers or Acquisitions or with Acquisitions of Shares of Other Companies: None.

VIII. Implementation of Capital Utilization Plan

1. Plan Content:

As of the end of the quarter preceding the date of publication of the Annual Report, the issuance or privately placement of securities that have not been completed or have been completed within the last three years but have not yet shown benefits: None.

(2) Implementation Status:

Analysis of the implementation status and comparison with the original expected benefits of each plan mentioned in the previous section: None.

Chapter 4. Operational Highlights

I. Business activity

(I) Scope of Business

- (1) The business to be operated by the Company is as follows:
- (1) C302010 Weaving of Textiles
 - (2) C303010 Non-woven Fabrics Mills
 - (3) F401010 International Trade.
 - (4) C301010 Yarn spinning.
 - (5) C801120 Artificial fiber manufacturing.
 - (6) A401010 Livestock Farm Management.
 - (7) H701020 Industrial plant development and lease.
 - (8) H701040 Specific specialized zone development.
 - (9) F209060 Retail Sale of Culture, Education, Musical Instruments and Educational Entertainment Supplies.
 - (10) F203010 Retail sale of Food Products and Groceries.
 - (11) F203020 Tobacco and wine retail industry.
 - (12) F501060 Restaurants.
 - (13) F501030 Beverage stores.
 - (14) F501050 Hotels industry.
 - (15) F601010 Intellectual property rights services.
 - (16) I102010 Investment consulting.
 - (17) J701020 Amusement park.
 - (18) J601010 Arts and Literature Service.
 - (19) J801030 Athletics and Recreational Sports Stadium.
 - (20) JB01010 Conference and Exhibition Services.
 - (21) G801010 Warehousing
 - (22) H703100 Real Estate Leasing
 - (23) H701010 Housing and Building Development and Rental
 - (24) H701050 Investment, Development and Construction in Public Construction
 - (25) IZ06010 Tally Packaging
 - (26) ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

- (2) Major products and sales mix:

Unit: NT\$ Thousand

Item	2024 Sales Performance	Proportion to Net Sales for the Year (%)
Blended yarn	394,399	75.29
Rental income	127,323	24.30
Others	2,138	0.41
Total	523,860	100.00

(3) Main Products:

- (1) Products from Regular Production Plans: Drirelease series of yarns, RecyclePET, organic cotton, T/Tencel blended yarn series, eco-friendly T/Tencel blended yarn series, SIRO+CompactSPUN series.
- (2) Main specialty yarn raw materials: UMORFIL/Tencel blended yarn, anti-pilling moisture-wicking yarn series, T/CD blended yarn, zinc oxide antibacterial blended yarn, bamboo fiber blended yarn, T/Wool blended yarn, bamboo charcoal blended yarn, eco-friendly product series.
- (3) Special raw material products for specific customers: Pineapple fiber blended yarn, Acteev antibacterial Nylon, PTFE/T blended yarn, textile waste recycled fiber CIRCULOSE blended yarn, Responsible Wool, graphene, NAIA, SORONA blends, seaweed blended series, heat-generating blended yarn, flame-retardant series, linen, hemp blended series, etc., produced using SIRO, Compact, SIRO+Compact, SIRO-Fuse, and Slub methods.



(4) New Products in Development:

- (1) Development of long and short staple fiber composite yarns:
Development of core-sheath type high matte long-short fiber composite yarn to enhance anti-see-through, anti-UV, and sweat mark resistance functionality, improve the pilling problem of pure short fiber yarn, and create different decorative layering effects with long-short fiber composite slub yarn.
- (2) Natural material fiber yarn development:
Development of tree velvet, banana, and other natural plant fiber yarns with high blending ratios and finer counts, reducing environmental pollution and providing

customized options.

(3) Recycled eco-friendly raw material yarn development:

Recycled wool/eco-friendly NYLON and other raw material reuse to reduce environmental pollution.

(II) Industry Overview:

1. Current Status and Development of the Industry

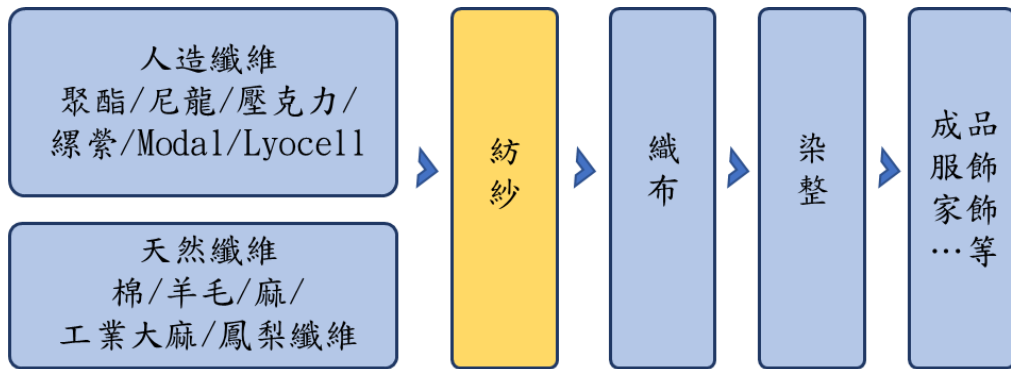
(1) Current industrial status: The global apparel brand market continues to be affected by war, inflation, price dumping competition from Chinese products, and geopolitical factors. The economic downturn persists, with weak end-consumer demand, causing apparel brand manufacturers to remain conservative in placing orders even though inventory levels are already low. Whether the global economic situation will gradually improve after 2025 remains to be seen, pending observation of the effects of Trump's tariff measures after taking office, whether China's domestic demand can recover, and most importantly, whether the purchasing power of end consumers can increase.

(2) Whether in terms of the supply market (China's low-price competition for orders), labor market (labor shortages due to wage increases), or policy aspects, Taiwanese textile enterprises are facing urgent transformation needs. Various manufacturers are inevitably using methods such as product structure transformation, production process optimization, and even developing side businesses to seek survival opportunities for their enterprises.

(3) Transformation of Industry Environment:

In terms of low-carbon transformation and circular economy, we plan to achieve the goal of net zero carbon emission in 2050, digital transformation in the post-pandemic era, comprehensive digitalization from development and production to operation management, advanced transformation and cross-industry integration, as well as the establishment of new niche markets.

2. Correlation between Upstream, Midstream, and Downstream of the Industry



3. Various Development Trends and Competitive Situations of Products

(1) Environmentally-friendly series yarns:

- Because of the large amount of microfiber shedding during the production and washing process of textile products, which is one of the main causes of marine plastic pollution, how to avoid microfiber shedding has become the main demand of brands and customers. For this reason, we introduce degradable raw materials or optimize spinning conditions to improve yarn hairiness and help reduce microfiber shedding.
- Waste textile products are fully recycled and reproduced from process offcuts, waste cloth to waste fibers, etc., which are the major development items of recycle and reuse eager to utilized by the market. The Company is also optimizing the spinning process to overcome the disadvantages of poor physical properties of waste fibers and is moving towards the direction of full recycling of waste textiles.

(2) Special spinning process yarn:

- The competition of general yarn is fierce, and overseas imported yarn has exerted a great impact on our general yarn market. Apart from special functional materials. The Company is dedicated to introducing advanced spinning technologies and optimizing the spinning process, such as utilizing blends of long and short fibers to combine the strength and rigidity of long fibers with the natural comfort of short fibers. We can also replace the traditional spandex yarn with a false-elastic filament yarn to create a comfortable and flexible textile that can be easily recycled.

(III) Overview of Technologies and R&D Work

1. Future Research and Development Plans:

(1) Continuous Development of Natural and Environmentally Friendly Raw Yarns:

- Biodegradable Fibers: Will develop PHBH 100% plant oil-based raw materials, which after microbial cultivation produce polymer fibers with the formable processing characteristics of petrochemical materials, but are decomposable, recyclable, and reusable products, meeting market demands for environmentally friendly and sustainable material products.
- Natural Material Fibers: Will develop high-blend ratio and fine-count yarns from natural plant fibers such as kapok, banana, etc., reducing environmental pollution and providing customized options.
- Special Material Fibers: Will develop biomimetic spider silk fiber yarns, with products featuring lightweight, high elasticity, and tensile strength properties, made from protein fibers that are biodegradable materials.

(2) Development of long and short staple fiber composite yarns:

Long-staple and short-staple blended yarns will remain mainstream in the future market. We will continue to develop various combinations of different functional long and short fibers, paired with high and low twist yarns for different tactile sensations, as well as slub yarns to create different fancy appearance effects, making products more visually appealing. To satisfy the application needs of different customers.

(3) Process Optimization and Quality Improvement:

Currently, fabrics produced using low-denier raw yarn remain the first choice for customers, featuring lightweight and extremely soft texture characteristics. Due to the lower denier properties of the raw materials, there is a problem of fibers more easily tangling and forming neps during the carding production process. We will continue to use big data constructed from intelligent quality monitoring systems to deeply analyze quality-influencing factors and test optimal spinning conditions in the manufacturing process, further elevating quality to meet customer requirements.

(4) Partnership with International Brands and Core of the Industry Chain:

Collaborating with international brand customers through a vertically integrated team model, we connect upstream raw material suppliers with downstream weavers/dyeing and finishing/garment processing factories. By leveraging our development technical strengths, unique production configurations, and process optimization capabilities, we jointly develop customized/distinctive new products to cater to increasingly diverse consumption patterns and the needs of international brand customers.

2.R&D expense in the most recent year:

Unit: NT\$ Thousand

Year	2023	2024
Amount	15,048	12,576

3.The following are the successfully developed research and development projects in 2024

(1) Development of New Eco-friendly Yarn Types from Natural Fibers:

- Agricultural waste pineapple leaf fiber is transformed into a product with commercial value, with no chemical additives in the production process and achieving zero wastewater discharge. The enzyme-treated fibers are fluffier and softer. Pineapple leaf fiber has been successfully spun into 60s/1Ne yarn and is now available for blending and customization options.
- Technical breakthrough in spinning RWS (Responsible Wool Standard) wool, with the blending ratio increased to 60%, further achieving a perfect combination of environmental protection and functionality

(2) Development of Yarn Types from Circular Economy Materials:

- CIRCULOSE dissolution pulp yarn: Made from 100% recycled textile waste, it reduces the demand for virgin wood pulp, decreases resource waste, demonstrates

support for and implementation of the circular economy, and further promotes the application of environmentally friendly materials.

- Tire-recycled carbon black yarn: Effectively recycles waste materials, reduces dependence on virgin resources, balances environmental protection with resource reuse, and achieves circular economy goals.

(3) Special Spinning Techniques:

SIRO-WRAPPED long and short fiber composite yarn: Combines the advantages of long and short fibers, enhances yarn strength and skin-friendly feel, provides more diverse blending options, meets market demands for both functionality and comfort, and is particularly suitable for sports and functional clothing.

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

Short-term development plan:

Enhance the functionality and depth of existing products, expand market sales with new products that respond to trends, and continue to develop high-quality yarns to meet the needs of various industries.

Through strategic alliances, we will collaborate on the development of eco-friendly materials, circular economy materials, composite functional fabrics, intelligent quality control systems to enhance quality, automation, and data analysis, enabling agile customized production and faster response to trends and consumer demands.

Long-term Development Plans:

1. Functional composite yarns: Various functional raw materials, including moisture-wicking, quick-drying, temperature regulation, antibacterial deodorizing, skin-friendly moisturizing, and more. Enhancing communication with customers, and developing and promoting new products of Conjugated filament and staple yarns:.
2. Recycled Yarns From Waste Textiles: Demand is increasing for high-quality, environmentally friendly functional products. Consumers and brands place greater emphasis on product functionality, complete and credible information, and traceability in the supply chain. We optimize spinning technology and implement detailed single-bale management. At the same time, through special and precise spinning conditions and management, we can also increase the gross profit and create added value for customers.
3. Conjugated Filament and Staple Yarns: SIRO-Wrapped short fiber composite technology, high wool content blended yarn, mechanical stretch, fine denier, moisture-wicking cross-section long fibers, paired with cotton, Tencel fibers, Modal fibers, Refibra and other fibers, perfectly combining the high strength and low hairiness characteristics of long fibers with the skin-friendly comfort of short fibers.

II. Market and Production & Sales Overview:

(I) Market Analysis:

1. Supply of Key Materials: :

Generally, the raw materials for producing polyester cotton are obtained from domestic Southeast Asia and Toray in Japan. Natural cotton is mainly imported from major cotton-producing countries such as the United States, Brazil, and Australia. Australian Merino wool is used for wool.

Special yarn production raw materials, such as environmental protection polyester from domestic market and Japan, functional fiber mostly from Japan and European major manufacturers.

2. Market Supply & Demand and Growth Potential

Due to the lack of competitiveness in conventional yarns, reducing production scale has become inevitable; continuously developing high-quality yarns to supply the needs of various industries. In the industries of environmental sustainability, energy-saving and carbon reduction materials, home furnishing fabrics, shoe materials, industrial fire protection, e-commerce, and functional fabrics, we strengthen communication and interaction with customers, thereby grasping the future development direction of brand customers, and hope to secure more orders for our factory.

3. Future Developmen

Sustainability first, material innovation, recycling and reuse, second-hand clothing renovation, establishment of new clothing sales and rental business models, supply chain transparency. We will maintain digital input, improve operational efficiency, reduce carbon footprint, boost shopping experience, accurately forecast and reduce inventory, and achieve innovation across domains. ESG investment, implementing climate change risk management, meeting regulatory and customer demands, digital investment, improving industry resilience, reducing energy and production waste, alleviating labor shortages, rapid response to demand, high-end material development, differentiated materials, key material self-sufficiency, creating new industrial chains, cross-domain high-quality applications, and expanding market territory.

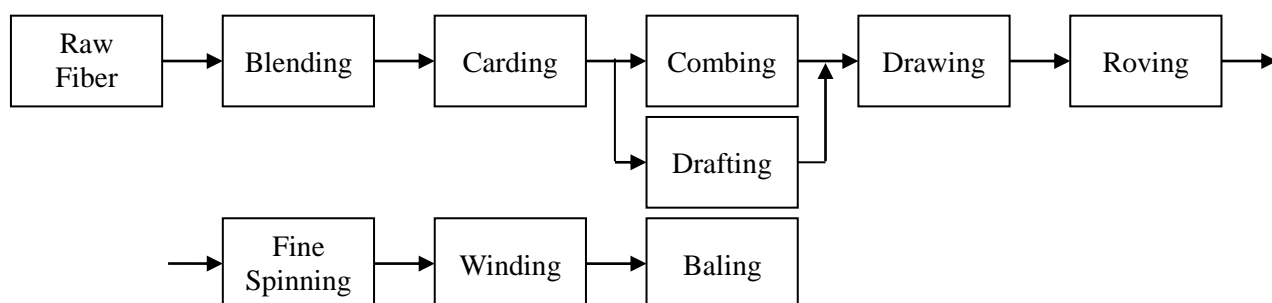
(II) Usage and Manufacturing Processes of Main Products

1. Key applications of the primary products:

Conventional yarn, blended yarn from special spinning processes: CVC, special yarns, etc.: for knitting and weaving applications.

2. Production Process:

Manufacturing Process of Yarn Spinning Division:



(III) Supply of Key Materials: :

While purchasing raw materials, the Company considers not only quality, source and price, but also future supply and demand. Main materials of the Company are in abundant supply instead of shortage or interruption.

Major Raw Materials	Main source	Supply
Raw cotton	The United States, Bresil, India, Australia	Good

(IV) Customers with 10% or More of Total Procurement/Distribution, Amount and Percentage in Any Given Year within the most recent two years

1. List of Major Suppliers in the most recent two years

Unit: NT\$ Thousand

Item	2023				2024			
	Supplier name	Amount	Percent in Annual net Procurement (%)	Relationship with the Issuer	Supplier name	Amount	Percent in Annual net Procurement (%)	Relationship with the Issuer
1	Manufacturer A	105,471	42.02	None.	Manufacturer A	25,411	17.27	None.
2	Manufacturer C	28,834	11.49	None.	Vendor D	19,804	13.46	None.
3	Manufacturer B	18,587	7.41	None.	Manufacturer C	17,825	12.12	None.
4	Others	98,112	39.08	None.	Others	84,095	57.15	None.
	Cost of goods purchased Net amount	251,004	100		Cost of goods purchased Net amount	147,135	100	

Increase/Decrease Reasons: The Company maintains good and long-term cooperative relationships with its main suppliers, ensuring stable procurement sources. This year, we continued to research and develop special yarns, purchasing from different suppliers according to production needs, which led to an increase in Vendor C's proportion. Additionally, due to the textile industry downturn this year, some products saw reduced production, resulting in decreased proportions for Vendor A, Vendor B, and Vendor C.

Note 1: For suppliers that have provided at least 10% of the gross procurement in the most recent two years, the names, procurement amount, and percentage should be stated; provided that the supplier Manufacturers as stipulated in the contract.

Note 2: Major suppliers are unrelated persons, who are expressed by code in the contract.

2. Information about Major Clients in the most recent two years

Unit: NT\$ Thousand

Item	2023				2024			
	Customer name	Amount	Percent in annual net sales (%)	Relationship with the Issuer	Customer name	Amount	Percent in annual net sales (%)	Relationship with the Issuer
1	Customer B	63,537	14.55	None.	Customer B	67,323	17.07	None.
2	Customer G	26,103	5.98	None.	Customer G	52,011	13.19	None.
3	Others	347,091	79.47	None.	Others	275,065	69.74	None.
	Sales Net amount	436,731	100		Sales Net amount	394,399	100	

Increase/Decrease Reasons: This is mainly due to the continued focus on environmental sustainability, which has led to increased demand for specialty yarns.

Note 1: Listed are the names, sales amounts, and percentages of customers who accounted for more than 10% of total sales in the most recent two years. However, due to confidentiality agreements with customers, only code names are provided.

Note 2: The main sales customers are not related parties.

III. Number of Employees for the most recent two years

Year		2023	2024	The current year as of March 11, 2025
Number of Employees	Chief Manager	4	4	4
	Manager	6	5	5
	Deputy Manager	11	9	9
	Assistant Manager	63	65	64
	Administrator	27	18	18
	Office clerk	0	0	0
	Operator	49	38	37
	Others	45	39	39
	Total	205	178	176
Average Age		44	45	45
Average Seniority		9.52	10	10
Academic distribution ratio (%)	Doctor degree	0	0	0
	Master’s degree	6	6	6
	Junior college	37	39	39
	Senior high school	30	32	32
	Lower than high school	27	23	23

IV. Environmental Protection Expenditure Information

Any losses suffered by the Company during the Most Recent Year and up to the Printing Date of the Annual Report date due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken: None.

The wastewater management personnel resigned, and due to delayed hiring, there was a two-month gap from July 17 to September 14, 2023.

- Disposition Date: February 20, 2024, Environmental Water Ruling No. 113020228, Environmental Water Ruling No. 113020229, Environmental Water Ruling No. 113020230, in violation of Article 21, Paragraph 2 of the Water Pollution Prevention Act and Article 19, Paragraph 2 of the Regulations Governing the Establishment and Management of Dedicated Units or Personnel for Waste (Sewage) Treatment, penalties

were imposed in accordance with Article 48, Paragraph 3 of the same Act and the provisions of Article 2, Paragraph 2, Table 2, Item 8, Table 8, Article 3, Paragraphs 1 and 2, and Article 5, Paragraph 1 of the Standards for Determining Fines for Violations of the Water Pollution Prevention Act. An environmental education session was imposed in accordance with Article 23 of the Environmental Education Act. A total fine of NT\$30,000 and a 3-hour environmental education session were imposed. The fine was paid on March 20, 2024.

2. Notification letter received on March 20, 2024, Environmental Water No. 1130030377, due to the failure to assign dedicated personnel during the aforementioned period, in violation of Article 21, Paragraph 1 of the Water Pollution Prevention Act and Article 3, Paragraph 1 of the Regulations Governing the Establishment and Management of Dedicated Units or Personnel for Waste (Sewage) Treatment. Penalty provisions: Article 66-2 of the Water Pollution Prevention Act, with an additional calculation of illegal gains from violating this law amounting to NT\$74,872, calculated based on the insured salary of the previous dedicated personnel. The ruling document was received on April 17, 2024, and payment was completed on May 2 of the same year.
3. The dedicated personnel already reported for duty on September 1, 2023, the establishment application was approved on September 15 of the same year, and the Environmental Protection Bureau of Tainan City Government confirmed the completion of improvements on December 30, 2023.

V. Labor Relations

(I) Major labor-management agreements and implementation

1. Employee Welfare
 - (1) As stipulated by government law, handle employee pay, labor hour, leave, health and labor protection, as well as salary adjustments and job promotions based on employee performance.
 - (2) Except year-end bonus, as stipulated by the company's Articles of Incorporation, if there pre-tax benefits in yearly settlement, employee remuneration should be distributed as per the specified proportion.
 - (3) The retirement pension supervision committee is set to withdrawn retirement pension and handle matters concerned as stipulated by relevant labor laws.
 - (4) The Company passed the certification of "Talent Quality Management System (TTQS)" of the Ministry of Labor. Employee's superiority comes from self-improvement of knowledge and skills. Hold courses of specialized knowledge of spinning, leadership and overall planning yearly, provide employees with a benign competition platform through education and training to continuously improve themselves, and build KM knowledge management system

in 2020 to carry forward, study and improve experience and skills and achieve win-win between employees and the Company.

- (5) Provide dormitory and provide employees with uniform every year.
- (6) Employee welfare committee is set to withdrawn employee welfare by proportion, handle employee welfare measures and organizes employee travel.
- (7) Distribute scholarships for employees' children.
- (8) Sign negotiated hosting and pre-school education service agreements and set up nursing rooms to meet employee's need for baby-sitting service.
- (9) Set AED in the factory to protect employee's life safety.
- (10) Set up channels to process employee complaints and protect employee rights and interests.
- (11) Set recreational facilities and fitness equipment such as karaoke, billiard ball, table tennis and badminton to make employees relaxed and relieve their pressure.
- (12) In addition to legally required labor and health insurance, the company also provides group accident insurance, annual health examinations, and monthly on-site physician services to care for employee health.
- (13) Regularly hold labor meeting, coordinate labor relations, promote labor cooperation and create win-win cooperation.
- (14) In order to motivate employees to innovate and improve their work efficiency, the Company has been continuously improving by initiating an improvement proposal system and giving incentives and recognition to employees who make proposals.

2. Employee Retirement System

- (1) Since July 1, 2005, the company contributes 6% of monthly wages to individual retirement accounts at the Bureau of Labor Insurance for new employees and existing employees who have chosen to adopt the new pension system. Simultaneously, the company continues to contribute retirement reserves at the maximum contribution rate of 15% to a dedicated account at the Bank of Taiwan for employees covered under the old pension system.
- (2) The Company established the Labor Pension Fund Supervisory Committee to supervise employee pension expense account and protect employee's rights and interests after retirement.
- (3) In 2024, the pension calculation for 3 retiree from the old system was completed, and the payment was made from the retirement reserve account according to the law.

3. Other important agreements: None.

(II) Losses incurred due to labor disputes during the Most Recent Year and up to the Printing Date of the Annual Report: No such incidents.

VI. Cyber security management

(I) Cyber security risk management framework, Cyber security policies, specific management plans and resources devoted to cyber security management:

- 1. Cyber security risk management:

The cyber security of the Company is coordinated by the IT Division under the President Office, which formulates relevant policies, implements risk management and follows relevant checking mechanisms. Since 2022, we have established cyber security-related personnel in accordance with the law to ensure that the organization's cyber security-related objectives and strategies are applied to support the organization's business objectives and strategies and to reduce cyber security risks so as to control the damage in the event of an cyber security situation through top-down organizational guidance and feedback.
- 2. Cyber security Policy:
 - (1) Internal control system: In response to trends, the company has added and adjusted information security measures to regulate the information security behavior of internal personnel. Through review and audit, annual adjustments and revisions to management regulations are made as needed.
 - (2) Implementation of information security objectives: Implementing various established information security standard operating procedures and complying with relevant regulations. Evaluating whether to manage and control information security status through external personnel, software and hardware technologies, and equipment applications to prevent possible security incidents.
 - (3) Review of results and assessment of potential risks: Periodically reviewing information security objective achievements and the current status of the internal environment. Through collaborative assessment and analysis by internal and external personnel, the company establishes reference bases for enhancing corporate information security.
 - (4) Information security improvement: To prevent information security incidents, the company adopts a multi-layered network architecture, installs protective software and hardware, enhances software and hardware environments according to current information security status, and formulates relevant regulations. The company also conducts awareness campaigns on new knowledge and communicates management directives to implement effective information security management.
- 3. Specific Management Programs:
 - (1) Fundamental Environment: Regularly evaluating existing network environment hardware, patching vulnerabilities and potential weaknesses, periodically updating security solutions, implementing multi-dimensional data backup,

establishing disaster recovery mechanisms, and other fundamental information security tasks. At the same time, we strengthen the use of endpoint protection tools on the personal user side.

(2) Personnel quality: Arranging for IT staff to continuously learn about new information security knowledge and participate in information security courses; promoting information security concepts to internal employees and strengthening crisis response capabilities after security incidents occur.

(3) Important issues and trends: Referring to information security issues published by major vendors, participating in in-person/online courses and seminars, understanding new information security vulnerabilities, technologies, and tools, and evaluating the possibility of introducing these applications and improvements to the company.

4. Resources invested in information security management: In 2025, information security awareness campaigns, social engineering drills, and vulnerability scanning projects have been arranged to improve the information security environment

(II) Losses suffered due to major information security incidents, potential impacts, and response measures during the Most Recent Year and up to the Printing Date of the Annual Report: None

VII. Major Contracts

Type of Contract	Party	Contract Duration	Contract Content	Restrictions
Lease Agreement	Tanvex BioPharma, Inc.	2020.11.02~2025.11.01	Real Estate Leasing	Lease Agreement
Lease Agreement	Mech-President Corp.	2022.05.01~2032.04.30	Real Estate Leasing	Lease Agreement
Lease Agreement	Test Rite Retail Co., Ltd.	2003.06.07~2034.03.31	Real Estate Leasing	Lease Agreement
Lease Agreement	Chung Cin Enterprise Co., Ltd.	2005.12.23~2034.3.31	Real Estate Leasing	Lease Agreement
Lease Agreement	Presicarre Corp.	2005.12.7~2025.12.6	Real Estate Leasing	Lease Agreement
Lease Agreement	TRK Corp.	2024.2.10~2039.2.9	Real Estate Leasing	Lease Agreement

Chapter 5. Analysis of Financial Status and Operating Results and Risks

I. Comparative Analysis of Financial Status (International Financial Reporting Standards - Consolidated)

Unit: NT\$ Thousand

Item \ Year	2023	2024	Difference	
			Amount	%
Current assets	1,142,282	1,041,706	(100,576)	(8.80%)
Real estate, plant, and equipment	1,510,248	1,472,904	(37,344)	(2.47%)
Intangible assets	-	-	-	-
Other assets	1,838,616	1,837,194	(1,422)	(0.08%)
Total Assets	4,491,146	4,351,804	(139,342)	(3.10%)
Current liabilities	675,905	510,532	(165,373)	(24.47%)
Non-current liabilities	681,976	679,585	(2,391)	(0.35%)
Total Liabilities	1,357,881	1,190,117	(167,764)	(12.35%)
Share capital	2,200,000	2,200,000	-	0.00%
Retained earnings	1,065,305	1,083,329	18,024	1.69%
Other equity interest	(132,040)	(121,642)	10,398	7.87%
Total shareholder equity	3,133,265	3,161,687	28,422	0.91%

Note: The above annual financial information has been audited and verified by the CPAs.

Description of significant changes: (Items with changes between two periods exceeding twenty percent and reaching NT\$10 million or more)

The decrease in current liabilities for the year: This is mainly due to the repayment of short-term loans during the year.

II. Comparative Analysis of Financial Performance (International Financial Reporting Standards - Consolidated)

(1) Comparative Analysis of Financial Performance

Unit: NT\$ Thousand

Item \ Year (Note)	2023	2024	Increase (decrease) amount	Change (%)
Net Sales	566,660	523,860	(42,800)	(7.55%)
Minus: Operating costs	525,967	456,812	(69,155)	(13.15%)
Net Operating Profit (Loss)	40,693	67,048	26,355	64.77%
Minus: Operating Expenses	77,985	83,000	5,015	6.43%
Net Operating Profit (Loss)	(37,292)	(15,952)	(21,340)	(57.22%)
Non-operating income and expenses	63,931	74,517	10,586	16.56%
Pre-tax net profit (loss) from continuing operations	26,639	58,565	31,926	119.85%
Income tax expense (benefit)	(6,210)	1,899	8,109	130.58%

Net profit (loss) from continuing operations	32,849	56,666	23,817	72.50%
Gain (loss) from discontinued operations	-	-	-	-
Net Profit (Loss) for the Period	32,849	56,666	23,817	72.50%

Note: The above annual financial information has been audited and verified by the CPAs.

Description of significant changes: (Items with changes between two periods exceeding twenty percent and reaching NT\$10 million or more)

1. Increase in gross profit and decrease in operating loss: This is mainly due to production volume adjustments during the year, and continued inventory optimization, resulting in an upturn benefit in inventory valuation.
2. Increase in pre-tax net profit and net profit for the period: This is mainly due to an increase in operating profit this year, as well as increased dividend income and securities investment gains compared to last year.

(2) Operating Gross Profit Change Analysis

Unit: NT\$ Thousand

Operating gross profit	Increment (Decrement) Change in the Earlier and Later Periods	Cause of difference
General yarn	31,192	This is mainly due to continued inventory optimization, resulting in an upturn benefit in inventory valuation.
Functional yarn	(2,271)	This is mainly due to the decrease in sales volume.
Lease	(2,738)	
Others	172	
Total	26,355	

III. Cash Flow Analysis

(1) Cash Flow Change Analysis for the most recent two years

Unit: NT\$ Thousand

Item \ Year	2023	2024	Increase (Decrease)	
			Amount	%
Operating activities	58,134	121,098	62,964	108.31
Investment activities	(54,236)	95,146	149,382	275.43
Financing activities	(43,450)	(200,387)	156,937	361.19
Net cash inflows (outflows)	(39,552)	15,857	55,409	140.09

Notes to increase/decrease:

1. Increase in net cash inflow from operating activities: This is mainly due to the repayment of short-term loans this year, resulting in decreased interest payments and increased dividend income.

2. Increase in net cash inflow from investing activities: This is mainly due to increased sales of securities investments this year.
3. Increase in net cash outflow from financing activities: This is mainly due to the repayment of short-term loans this year.

(2) Improvement plan for liquidity insufficiency: None

(3) Cash Liquidity Analysis for the Upcoming Year

Unit: NT\$ Thousand

Beginning cash balance (1)	Net cash provided by operating activities (2)	Projected annual cash outflow (3)	Projected cash surplus (deficit) amount (1) + (2) - (3)	Measures for managing cash deficit	
				Investment Plan	Financial Plan
178,982	70,853	271,600	(21,765)	Note	-

Analysis of cash flows for the upcoming year:

1. Operating activities: Net cash inflow is expected in 2025, mainly due to pre-tax net profit in 2025.
2. Investment activities: Net cash outflow is expected in 2025, mainly due to equipment purchases.
3. Financing activities: Net cash outflow is expected in 2025, mainly due to cash dividend distribution and cash capital reduction of NT\$220 million. This does not include the maturity amount of short-term loans of NT\$450,000 thousand, as the company expects to successfully obtain refinancing from financial institutions when these loans mature.

Note: Remedial measures for expected cash shortfall: As of December 31, 2024, the company has approximately NT\$460 million in disposable stock and bond investments, which can address the expected cash shortfall without affecting the normal financial and business operations of the company and the stability of its capital structure.

IV. Effect on Financial Operations of Any Major Capital Expenditures during the Most Recent Fiscal Year

(1) Implementation of major capital expenditures and sources of funds: None.

(2) Impact of major capital expenditures on financial operations: None.

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

(1) Investment policy in the most recent year:

In accordance with Article 7, Paragraph 2 of the Business Mergers and Acquisitions Act, the Company's Board of Directors resolved to conduct an asymmetric division pursuant to Article 36, Paragraph 1 of the same Act. In 2024, the Company established a subsidiary, Pearltext Co., Ltd., with a capital of NT\$1,000 thousand, in which the Company holds 100% of the shares. The registration for its establishment has been completed.

December 31, 2024 Unit: NT\$ Thousand

Name of investee company:	Investment policy (main business activities)	Book value	Main reasons for profit or loss	Improvement plan
Pearltex Co., Ltd.	Textile manufacturing	\$1,000	No operating revenue	-

(2) Investment Plans for the Upcoming Year: :

To implement organizational restructuring and professional division of labor, with the aim of enhancing overall operational performance and market competitiveness, the Company's Board of Directors has resolved to split the related business operations of the Spinning Department (including assets, liabilities, and operations) to its existing 100% owned subsidiary, Pearltex Co., Ltd. In exchange, Pearltex Co., Ltd. will issue 9,900,000 new shares with a par value of NT\$10 per share, totaling NT\$99,000,000, to the Company as consideration.

The split reference date is tentatively set for June 30, 2025. However, if it becomes necessary to adjust the split reference date due to operational timeline requirements, the Company's Board of Directors or its authorized representative may agree with the decision-making unit of Pearltex Co., Ltd. to set an alternative date.

VI. Risk management and assessment (during the Most Recent Year and up to the Printing Date of the Annual Report)

(1) Effect on the Profit (Loss) of Interest and Exchange Rate Fluctuations and Changes in the Inflation Rate, and Response Measures to Be Taken in the Future:

Unit: NT\$ Thousand

Item	Interest Expense	Profit on Exchange
2024	10,376	2,937

The Company regularly evaluates lending rate, keeps in close contact with the bank to acquire the preferential lending rates and follows exchange rate of the foreign currency market by strict control and operation strategies.

- (2) The policies regarding high-risk, high-leverage investments, lending funds to others, endorsements and guarantees, and derivative transactions, as well as the main reasons for profits or losses and future countermeasures: None
- (3) Future research and development plans and expected R&D expenses: See page 51~56, Section 5, "Overview of Operations", Item 1, "Business activity".
- (4) Impact of significant domestic and foreign policy and legal changes on the company's finances and response measures: The company continuously monitors significant domestic and foreign policy and legal changes, and proposes response measures when

necessary. During the most recent fiscal year and up to the printing date of this annual report, the company has not been significantly affected financially or operationally by any major domestic or foreign policy and legal changes.

- (5) Effect on the Company's finance and business of Developments in Science and Technology (including Cyber Security Risks) and Industrial Change, and Measures to Be Taken in Response:

The company continuously monitors and analyzes relevant industry technologies for utilization, and to prevent information security incidents, the company's network architecture adopts a multi-layered design with protective software and hardware. Based on the current information security situation, the company upgrades its software and hardware environment and establishes relevant policies, while also promoting awareness of new developments and communicating management directives to implement information security management. during the Most Recent Year and up to the Printing Date of the Annual Report, no significant cyber attacks or incidents have been discovered that have had or could have a material adverse effect on the company's finances and operations.

- (6) Impact of corporate image changes on corporate crisis management and response measures: during the Most Recent Year and up to the Printing Date of the Annual Report, the company has not experienced any changes in corporate image, thus there has been no significant impact on the company.

- (7) Expected benefits, potential risks, and response measures for mergers and acquisitions: None.

- (8) Expected benefits, potential risks, and response measures for plant expansion: None.

- (9) Risks and response measures for concentration of purchases or sales:

In Terms of the Procurement :The Company follows the raw material procurement policy of maintaining two or more suppliers and diversifying raw material sources while keeping long-term close partnership with suppliers to ensure the sufficient supply of raw materials.

In Terms of Sales: Although the Company's sales are concentrated in some regions, the Company has established long-term cooperative relationships with its existing customers. On the other hand, the Company will also strive to develop new customers to expand and diversify the distribution channels and strive to reduce the risks concerning sales concentration.

- (10) Effect on and Risk to the Company in the Event a Major Quantity of Shares Belonging to a Director or Shareholder Holding Greater than a 10% Stake in the Company Has Been Transferred or Has Otherwise Changed Hands, and Measures to Be Taken in Response:

- (11) Conditions of possessing the list of its major shareholders as well as the ultimate owners of those shares, and declaring shareholding of Directors or major shareholders with a shareholding ratio of above 10% as stipulated by the Securities and Exchange Act.
- (12) Impact, risks, and response measures for changes in management control: None.
- (13) Disclosure of issues in dispute, monetary amount of claims, filing date, parties involved, and status of any litigation or other legal proceedings within the latest fiscal year and as of the date of the annual report where the Company and/or any of its directors, president, person in charge, shareholders with 10% or more share ownership, or affiliates are involved in a pending litigation, legal proceedings or administrative proceedings, or a final judgment or ruling which may have a material adverse effect on the Company's shareholder equity or price of securities
- (14) Other Significant Risks and Countermeasures : None

VII. Other Necessary Supplements:None

Chapter 6. Special Disclosure

I. Information on Affiliates :

- (1) Consolidated business report of affiliated enterprises: Three Forms for Affiliates, with main content items placed on the Market Observation Post System, website [<https://mops.twse.com.tw/Basic Information/Electronic Books/ Three Forms for Affiliates Section>]. Shareholders can access this information by entering the company code 1414 and the year of inquiry.
- (2) Declaration and consolidated financial statements of affiliated enterprises: The main content items are placed on the Market Observation Post System, website [<https://mops.twse.com.tw/Basic Information/Electronic Books/Financial Reports>]. Shareholders can access this information by entering the company code 1414 and the year of inquiry.
- (3) Relationship report of affiliated enterprises: Three Forms for Affiliates, with main content items placed on the Market Observation Post System, website [<https://mops.twse.com.tw/Basic Information/Electronic Books/ Three Forms for Affiliates Section>]. Shareholders can access this information by entering the company code 1414 and the year of inquiry.

II. Privately placement of securities during the Most Recent Year and up to the Printing Date of the Annual Report: None.

III. Other necessary supplementary information: None.

IV. During the Most Recent Year and up to the Printing Date of the Annual Report, matters that have a significant impact on shareholders' equity or securities prices as stipulated in Paragraph 3, Subparagraph 2, Article 36 of the Securities and Exchange Law: None.