

Stock Code : 1474



2024

# Annual Report

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The website for enquires of this Annual Report:

1. Market Observation Post System (MOPS): <http://mops.twse.com.tw>
2. Website of the company: <http://www.textile-hy.com.tw>

## **1. Spokesperson and Deputy Spokesperson:**

Spokesperson	Deputy Spokesperson
Name : Hsu Wei-Fang(徐為芳)	Yeh Po-Yu (葉博宇)
Title : Sales Manager	Chairman
Telephone : 04-7994888	04-7994888
E-mail : hsu@honmyue.com.tw	list1474@honmyue.com.tw

## **2. Headquarters, Branches and Plant:**

Headquarters	: No. 60, Gongxi 1st Rd., Chuansing Industrial Dist., Shengang Township, Changhua County
Telephone	: (04)799-4888
Taipei Office	: 2F., No. 360, Nanjing West. Rd., Datong Dist., Taipei City
Telephone	: (02)2555-0102
Hemei Plant	: No. 401, Hetou Rd., Hemei Township, Changhua Count
Telephone	: (04)755-1141
Shengang Plant	: No. 60, Gongxi 1st Rd., Chuansing Industrial Dist., Shengang Township, Changhua County
Telephone	: (04)798-9311
Chuansing Plant	: No. 3, Gongdong 3rd Rd., Chuansing Industrial Dist., Hemei Township, Changhua County
Telephone	: (04)799-0438

## **3. Stock Transfer Agent:**

Name	: Fubon Securities Co. Ltd.
Address	: 11F., No. 17, Xuchang St., Taipei City
Website	: <a href="http://www.fubon.com/securities/home/">http://www.fubon.com/securities/home/</a>
Telephone	: (02)2361-1300

## **4. Certified Public Accountant (CPA) for the latest Financial Statement:**

Name of Accountants	: Wang Yu-Juan (王玉娟), Hung Shu-Hua (洪淑華)
Accountant	: PwC Taiwan
Firm	
Address	: 40757 12F., No. 402, Shizheng Rd., Xitun Dist., Taichung City
Website	: <a href="http://www.pwc.tw">http://www.pwc.tw</a>
Telephone	: (04)2704-9168

## **5. Name of Overseas Securities Exchanges and the method to inquire about its information: None**

## **6. Website of the Company: <http://www.textile-hy.com.tw>**

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## I. Letter to Shareholders

Dear shareholders, ladies, and gentlemen,

Following the factors of global political and economic turbulence in recent years, and impacted by the pandemic, inflation, war and geopolitical events, the global consumer market is still quite conservative in its purchasing strategy. Meanwhile, the supply of China's textile market exceeds the demand, which also affects the country's textile industry to varying degrees from upstream to downstream.

In response to the challenges arising from the industrial cycle and external uncertainties, the Company, as a relatively large-scale supplier of weaving materials in the country, based on our long-standing cooperation with upstream and downstream supply partners, is committed to deepening the supply chain collaboration, flexibly linking internal and external resources, and continuing to promote the research and development and adjustment of operation strategies to meet these challenges.

The following is a brief report to the shareholders on our operating results in the previous fiscal year and the business plan and direction for the coming year:

### 1. Operating results of the previous fiscal year (2024)

#### (1) Results of the implementation of the business plan

Item	Year	2024	2023	Changes	
				Amount	Changing percentage
Net operating revenue		3,168,177	2,685,726	482,451	17.96%
Operating gross profit		288,956	210,784	78,172	37.09%
Operating profit		(62,607)	(91,767)	29,160	31.78%
Net profit of the current period		107,692	(43,378)	151,070	348.26%

#### (2) Analysis of financial profitability

Item	Year	2024	
		2024	2023
Return on assets		3.27%	(0.61%)
Return on equity		5.12%	(2.08%)
Ratio of net profit before tax to paid-in capital (%)		8.76%	(3.18%)
Net profit margin		3.40%	(1.62%)
Earnings per share (NT\$)		0.82	(0.34)

#### (3) Status of research and development (R&D):

The Company continues to adhere to the core strategy of "driving value enhancement through technology innovation," promoting product development and material innovation. With a focus on four key R&D pillars of environmental sustainability, safety protection, functionality and comfort, and tech-driven fashion, we align with global trends in net-zero transformation and the demands of a circular economy. We not only strengthen the construction of our R&D systems but also deeply invest in cutting-edge technology research. Simultaneously optimize the efficiency and pace of transforming from R&D to mass production, thereby enhancing our overall competitiveness through independent innovation.

In 2024, the Company continued to participate in and promote the Ministry of Economic Affairs' "Sustainable Innovation R&D Construction Project," focusing on three key technological pillars: (1) composite-coated fibers and innovative mesh materials, (2) functional protective textiles, and (3) sustainable innovation and recycling technologies. By integrating cross-domain research resources, we actively advanced patent strategies and the mass production timeline for our achievements. In particular, we deepened research and application transformation in areas such as marine waste recycling, eco-friendly solution dyeing, and the incorporation of bio-based materials, strengthening the competitive advantage of our differentiated materials.

The Company's representative development achievements in 2024 include:

1. Recycled textile fabric varieties
2. Lightweight eco-friendly elastic fabrics
3. Envive® weather-resistant and eco-friendly Taslan fabric
4. High-strength sustainable fabric varieties
5. New ultra-strong hurricane-resistant shade fabric

To enhance R&D implementation efficiency, the Company has introduced international environmental certification assessment tools and established a digital product platform. These initiatives facilitate environmental impact evaluation during the initial design phase and integrate production resources from our Chinese manufacturing factories to accelerate market conversion of new fabric varieties and customer onboarding timelines. Furthermore, we continue to upgrade laboratory equipment and international-standard testing and certification systems, building a comprehensive process system from R&D design to quality verification. This strengthens the technical credibility of new products and enhances market order-winning capabilities.

To expand overseas marketing and end-use application markets, we actively seek government project resources and participates in the International Trade Institute's Business Opportunity Through the Integrated Marketing of Textile Products. By leveraging the power of global digital platforms and end-use application demands, we have built a product promotion system that combines technical depth with market breadth, further strengthening brand partnerships.

Looking ahead, the Company will adhere to the three core principles of sustainability, innovation, and traceability. We will continue to enhance our independent R&D capabilities, improve the commercial conversion efficiency of R&D achievements, and steadily establish a globally competitive low-carbon functional textile brand through international platforms and application market connections.

## 2. Overview of the 2025 Business Plan and future development strategies of the Company

### (1) Overview of the 2025 Business Plan and future development strategies

The global economy is undergoing structural adjustments, with supply chain restructuring, evolving sustainability regulations, and shifting consumption patterns accelerating industry realignment. Honmyue upholds its core belief of "Creating Customer Value", continuously deepening product innovation and market agility. We strengthen internal-external resource collaboration and organizational resilience to steadily advance the Company's sustainable growth.

In the short-term strategy, we focus on the R&D and application upgrades of high-performance fabrics to meet consumer demand for products that combine functionality, sustainability and fashion, further enhancing fabric differentiation and added value. Meanwhile, by integrating our group's dyeing and finishing resources, we are increasing our in-house production ratio and supply flexibility. This strengthens our vertically integrated system from weaving to post-processing, ensuring more stable lead times and consistent quality. To address geopolitical and trade policy fluctuations, we have implemented a regional capacity allocation strategy across Taiwan, China, and Southeast Asia. This enhances supply chain resilience and improves cost structure flexibility to adapt to changing market conditions.

In the long-term, Honmyue will deepen its strategic deployment in high-barrier and specialized application fields, strengthening both the technological content of our products and their market competitiveness. In terms of sustainable transformation, we are actively advancing the development of circular materials to meet international brands' expectations for green supply chains, while establishing verifiable and traceable eco-friendly manufacturing capabilities. Meanwhile, we are progressively implementing smart manufacturing and AI applications to optimize R&D, quality control, and production-sales decision-making processes, thereby enhancing operational efficiency and customer experience.

Looking forward, Honmyue will continue to deepen value chain integration, driven by technological innovation, grounded in resilient operations, and centered on sustainable practices, steadily advancing toward becoming a textile partner that delivers significant value in international markets.

### (2) Expected amount of sales and its foundation

Despite the global business environment remaining affected by multiple uncertainties, the Company will adhere to the prudent and steady management principles, actively adjust our pace, and strengthen internal capabilities. We will steadily expand into new markets and explore opportunities with potential clients, while simultaneously deepening cooperation with existing customers and enhancing value chain connectivity. This approach will improve overall operational resilience and establish a solid foundation for sustained future growth.

(3) Effects from the external competitive environment, regulatory environment, and overall business environment

Looking ahead to 2025, the global economy remains highly uncertain, and Taiwan's textile industry continues to face dual challenges from external environmental changes and internal transformation/upgrading.

In terms of external competition, pressure from low-cost markets such as China and Vietnam show no signs of abating. In 2024, mainland China unilaterally terminated some ECFA tariff preferential policies covering multiple textile categories, leading to changes in export cost structures and highlighting Taiwan's potential risks from over-reliance on a single market. The industry urgently needs to accelerate market diversification strategies and supply chain decentralization to enhance risk resilience.

At the same time, international brands are increasingly stringent in their requirements for ESG performance in supply chains, prompting companies to accelerate carbon audits, energy efficiency management, and material innovation. Sustainability standards are no longer just a basic threshold for entering the global market but are gradually being internalized as the core competitiveness of products and brands, driving the industry to transform and upgrade at a faster pace.

In term of regulatory, European and American markets continue to strengthen environmental and product safety regulations for textiles, including the EU's Ecodesign for Sustainable Products Regulation and California's Proposition 65, which raise market entry barriers. In response to this trend, the Taiwan government launched the circular economy textile alliance in 2024, encouraging the industry to move toward high recycling rates, high circular utilization, and low carbon footprints, laying the foundation for future green competitiveness.

On the other hand, domestic challenges persist, with rising wages and electricity costs driving up operational expenses year after year. Additionally, cross-strait trade relations are becoming increasingly tense, potentially subjecting Taiwan products to non-tariff trade barriers in the Chinese market. Meanwhile, the influx of low-cost Chinese products into Taiwan intensifies competition for orders, which could negatively impact the production and sales performance of Taiwan's textile industry.

In terms of the overall business environment, the global economy remains unstable, and consumer confidence has not fully recovered. Retail inventories in major markets such as the U.S. are still at relatively high levels, suppressing demand for textile and fabric procurement. Although the government continues to promote industrial upgrading and transformation, providing relevant policy and resource support, companies still face structural pressures such as rising labor costs and workforce shortages.

Faced with these challenges and high uncertainty, the Company will continue to deepen product innovation and market agility. Through resource integration and strengthening organizational resilience, we will steadily expand into potential markets and emerging customer segments while deepening value chain collaboration and partnership management with existing clients. On the foundation of stable operations, we will pursue resilient and sustainable growth, continuing our commitment to becoming a sustainable enterprise that pursues both material and spiritual well-being for all employees while contributing to the progress and development of humanity and society.

Finally, I would like to wish you all good health and everything goes well with you.

## II. Corporate Governance Report

### 1. Information on the directors, general manager, assistant general managers, deputy assistant general managers, and the chiefs of all the company's divisions and branch units

#### (1) Directors

##### Information of Directors (1)

April 28, 2025

Title	Nationality or place of origin	Name	Gender Age	Date effective	Term of office	Date of first appointment	Shareholding at appointment		Current shareholding		Current spouse & minor shareholding		Shareholding by nominee arrangement		Major Experiences (education)	Other Positions in the Company and another company	Executives, directors, or supervisors who are Spouses or within two degrees of kinship			Remark
							No. of shares	Shareholding	No. of shares	Shareholding	No. of shares	Shareholding	No. of shares	Shareholding	No. of shares	Shareholding	Title	Name	Relationship	
Chairman	R.O.C.	Po-Yu Yeh (葉博宇)	Male 41~50	2024.6.26	3 years	2024.6.26	5,754,132	4.44	5,762,132	4.44	1,809,507	1.39	0	0	Master of Science in Electrical Engineering, University of Southern California	Chairman of the Company, Director of PO YU INVEST CO., LTD., Supervisor of Yu Yuan Textile Co., Ltd., Chairman of Wenfa Comprehensive Development Co., Ltd.	Director	Chun-lin Yeh (葉俊麟)	Two degrees of kinship	
Deputy Chairman	R.O.C.	Zhenghong Investment Co., Ltd. Representative: Cheng-Hua Yeh (葉政華)	Male 41~50	2024.6.26	3 years	2024.6.26	10,847,805	8.35	11,427,805	8.80	0	0	0	0	Master of Information Engineering, National Taiwan University	Vice Chairman of the Company, Supervisor of Zhenghong Investment Co., Ltd., Chairman of Huajian Investment Co., Ltd.	None	None	None	
Director	R.O.C.	Chun-Lin Yeh (葉俊麟)	Male 41~50	2024.6.26	3 years	2021.8.27	6,334,088	4.88	6,311,088	4.86	0	0	0	0	De Anza College	Director of the Company, Chairman of Jiujiang DeYu Textile Technologies Co., Ltd., Jiujiang Hongzhi Textile Technology Co., Ltd., and Leading Venture Capital Co., Ltd., Director of PO YU INVEST CO., LTD.	Chairman	Po-Yu Yeh (葉博宇)	Two degrees of kinship	
Director	R.O.C.	Ming-Yi Lai (賴明毅)	Male 51~60	2024.6.26	3 years	2015.6.30	344,000	0.26	344,000	0.26	0	0	0	0	PhD of Business, National Changhua University of Education	Director of the Company, Director, VP & Spokesman of Acelon Chemicals & Fiber Corporation, Director of Acegreen Eco-Material Technology Co., Ltd. and Accenture Biotechnology Co., Ltd., Chairman of Jukang Life Co., Ltd.	None	None	None	
Director	R.O.C.	Jen-Hsing Hsu (許仁興)	Male 71~80	2024.6.26	3 years	2021.8.27	0	0	0	0	0	0	0	0	Hsiao Yang Commercial and Vocational School	Director of the Company, Chairman of Fulltide Enterprise Co., Ltd.	None	None	None	
Director	R.O.C.	Mao-Lin Wang (王茂林)	Male 61~70	2024.6.26	3 years	2021.8.27	409,000	0.31	409,000	0.31	0	0	0	0	Bachelor of Economics at Soochow University	Director of the Company, CEO of J.J. Wang International Investment	None	None	None	
Director	R.O.C.	Pai-Jung Ko (柯柏榮)	Male 71~80	2024.6.26	3 years	2024.6.26	0	0	0	0	0	0	0	0	Mechanical Engineering degree at Taipei Vocational High School Senior Manager, VP of Formosa Chemicals and Fibre Corporation	Director of the Company	None	None	None	
Director	R.O.C.	Jen-Kai Yang (楊任凱)	Male 41~50	2024.6.26	3 years	2024.6.26	0	0	0	0	0	0	0	0	Master in Business Administration, Boston University CEO of CHAIN YARN CO., LTD. Sales manager of IBM	Director, CEO, and Spokesman of UNIVERSAL TEXTILE CO., LTD., Director of Ching Feng Home Fashions Co., Ltd.	None	None	None	

Title	Nationality or place of registration	Name	Gender Age	Date effective	Term of office	Date of first appointment	Shareholding at appointment		Current shareholding		Current spouse & minor shareholding		Shareholding by nominee arrangement		Major Experiences (education)	Other positions in the company and another company	Executives, directors or supervisors who are spouses or within two degrees of kinship			Remark
							No. of shares	Shareholding ratio %	No. of shares	Shareholding ratio %	No. of shares	Shareholding Ratio %	No. of shares	Shareholding ratio %			Title	Name	Relationship	
Independent Director	R.O.C.	Chen-Chi Hsiao (蕭珍琪)	Male 61~70	2024.6.26	3 years	2018.6.27	0	0	0	0	0	0	0	0	Master of EMBA, Feng Chia University, Bachelors of Accounting of National Chengchi University Accountant and firm leader of PWC Taichung, Chairman of Taichung CPA Association, Vice chairman of CPA Associations R.O.C. Adjunct lecturer of Department of Accounting of Feng Chia University and Department of Accounting of Providence University Independent director of Kian Shen Corporation and China Motor Corporation	Independent director, Audit Committee member, and Remuneration Committee member of the Company, Independent director, Audit Committee member, and Remuneration Committee member of United Recommend International Co., Ltd., Supervisor of Yeong Chin Machinery Industries Co., Ltd., Independent director, Audit Committee member, and Remuneration Committee member at Horizon Securities Co., Ltd., Independent director, Audit Committee member, and Remuneration Committee member of Yao-I Fabric Co., Ltd., Supervisor of Ruopu Construction and Development Co., Ltd., Director at Plum-Monix Industry Co., Ltd., Supervisor at Dah Lih Puh Co., Ltd.	None	None	None	
Independent Director	R.O.C.	Jung-Fu Lee (李榮福)	Male 71~80	2024.6.26	3 years	2024.6.26	0	0	0	0	0	0	0	0	PhD in Business Administration, Liberty University Masters in EMBA, National Kaohsiung University Adjunct lecturer of EMBA, National Taichung University of Education	Independent director, Audit Committee member, and Remuneration Committee member of the Company, Chairman of Kingcan Holdings Limited, Director of Fujian Fuzhen Metal Packaging Co., Ltd. and Shandong Fuzhen Metal Packaging Co., Ltd.	None	None	None	
Independent Director	R.O.C.	Kuei-Chu Yeh (葉桂珠)	Female 51~60	2024.6.26	3 years	2024.6.26	0	0	0	0	0	0	0	0	Masters in Global MBA, National Changhua University of Education Specialist at the Second Credit Cooperation of Changhua	Independent Director, Audit Committee member of the Company, Director, VP, and Spokesman of Taiwan Paiho Limited, Supervisor of Indonesia Paiho Limited	None	None	None	

## Major Shareholders of Corporate Shareholders

Date: April 28, 2025

Name of corporate shareholder	Major shareholders of the corporate shareholder
Zhenghong Investment Co., Ltd.	Ming-Zhou Yeh (43.5%), Min-Chao Yeh (33%), Cheng-Hua Yeh (23%)

## Information of Directors (2)

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

Criteria Name	Professional qualifications and experience (Note 1)	Status of independence (Note 2)	Number of concurrent independent director positions in other public companies
Po-Yu Yeh (葉博宇)	<ul style="list-style-type: none"> <li>Operation decisions and strategic management, leader of the organization</li> <li>Experience in textile-related industries</li> </ul>	Chairman of the Company Chairman Po-Yu Yeh (葉博宇) and Director Chun-lin Yeh (葉俊麟) have a second degree of kinship	0
Zhenghong Investment Co., Ltd. Representative: Cheng-Hua Yeh (葉政華)	<ul style="list-style-type: none"> <li>Operation decisions and strategic management, leader of the organization</li> <li>Experience in textile-related industries</li> </ul>	Vice Chairman of the Company	0
Chun-Lin Yeh (葉俊麟)	<ul style="list-style-type: none"> <li>Operation decisions and strategic management, leader of the organization</li> <li>Experience in textile-related industries</li> </ul>	Director Chun-lin Yeh (葉俊麟) and Chairman Po-Yu Yeh (葉博宇) have a second degree of kinship	0
Ming-Yi Lai (賴明毅)	<ul style="list-style-type: none"> <li>Operation decisions and strategic management, leader of the organization</li> <li>Experience in textile-related industries</li> </ul>	Comply with	0
Jen-Hsing Hsu (許仁興)	<ul style="list-style-type: none"> <li>Operation decisions and strategic management, leader of the organization</li> <li>Experience in textile-related industries</li> </ul>	Comply with	0
Mao-Lin Wang (王茂林)	<ul style="list-style-type: none"> <li>Operation decisions and strategic management, leader of the organization</li> <li>Experience in textile-related industries</li> </ul>	Comply with	0
Pai-Jung Ko (柯栢榮)	<ul style="list-style-type: none"> <li>Operation decisions and strategic management, leader of the organization</li> <li>Experience in textile-related industries</li> </ul>	Comply with	0
Jen-Kai Yang (楊任凱)	<ul style="list-style-type: none"> <li>Operation decisions and strategic management, leader of the organization</li> <li>Experience in textile-related industries</li> </ul>	Comply with	0
Chen-Chi Hsiao (蕭珍琪)	<ul style="list-style-type: none"> <li>Operation decisions and strategic management, leader of the organization</li> <li>Accountant's qualification certificate</li> <li>Assistant Professor of the University's Department of Accounting</li> </ul>	Upon verification of both internal and external public disclosures, all meet the independence requirements stipulated in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies." During the tenure, has fully exercised legally mandated authority, effectively fulfilling supervisory functions and participating in the formulation of major decisions.	3
Jung-Fu Lee (李榮福)	<ul style="list-style-type: none"> <li>Operation decisions and strategic management, leader of the organization</li> <li>Adjunct lecturer of National Taichung University of Education</li> </ul>	Upon verification of both internal and external public disclosures, all meet the independence requirements stipulated in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies." During the tenure, has fully exercised legally mandated authority, effectively fulfilling supervisory functions and participating in the formulation of major decisions.	0
Kuei-Chu Yeh (葉桂珠)	<ul style="list-style-type: none"> <li>Operation decisions and strategic management, leader of the organization</li> <li>Experience in textile-related industries</li> <li>Finance and Accounting</li> </ul>	Upon verification of both internal and external public disclosures, all meet the independence requirements stipulated in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies." During the tenure, has fully exercised legally mandated authority, effectively fulfilling supervisory functions and participating in the formulation of major decisions.	0

Note 1: ① The professional qualifications, experiences and major education, and career history of directors (including independent directors) can be referred to the relevant information on pp. 4~5 of "Information of Directors (1)"

② All company directors (including independent directors) are under none of the circumstances listed in Article 30 of the Company Act.

2. The diversity and independence of the Board of Directors

(1) The diversity of the Board of Directors

The company has stipulated the "Procedures for Election of Directors", and the Board of Directors has passed the "Corporate Governance Best Practice Principles" on November 12, 2021. The composition of the Board of Directors should consider diversity and draft appropriate diversity policies based on its own operations, business models, and development needs.

When selecting and reviewing candidates for directors and independent directors, the Company considers multiple aspects of board diversity, including educational and professional background, gender, independence, and professional expertise (such as industry knowledge and financial experience). This ensures that each director can fulfill their

responsibilities effectively and bring maximum benefits to the company. We have set diversity targets for board seats and disclose the achievement status as follows:

Board Diversity Goals					Achievement Status		20 <sup>th</sup> Term (Current)		
At least one female director, with plans to gradually increase to at least two female directors in line with gender equality principles					Achieved		One female director		
At least three independent directors					Achieved		Three independent directors		
At least five directors with textile industry expertise					Achieved		Nine directors with textile industry expertise		
At least one CPA or lecturer from a public/private university					Achieved		One CPA, two university lecturers		

The Company currently has eleven directors, elected at the shareholders' meeting on June 26, 2024, with only one female director. This meets the legal requirement of at least one female director, but still falls to achieve the one-third target. The main reasons are the industry's characteristics and the challenges in identifying suitable candidates within a short timeframe. The Company will actively recruit qualified candidates through various channels, continuing to seek and invite suitable individuals to join. We will propose appropriate director nominees to achieve gender diversity and inclusion, implement our board diversity policy, and increase the proportion of female directors.

The Company also emphasizes on the professional knowledge and expertise of the Board of Directors' composition. Aside from the capabilities of operational judgment, management, and administration, the percentage of the Company's current 20<sup>th</sup> term of Board of Directors with the industry expertise is 81%.

The implementation of diversity among members of the Board of Directors is as follows:

Name of director	Gender	Having an employee identity	Basic composition				Industry experience and professional capabilities								
			Age			Length of service as an independent director			The capability of operations	The capability of decision making	The capability of management and	The capability of emergency	Knowledge of the industry	Global market perspective	Leadership
Po-Yu Yeh (葉博宇)	M	✓	✓						✓	✓	✓	✓	✓	✓	✓
Cheng-Hua Yeh (葉政華)	M	✓	✓						✓	✓	✓	✓	✓	✓	✓
Chun-lin Yeh (葉俊麟)	M	✓	✓						✓	✓	✓	✓	✓	✓	✓
Ming-Yi Lai (賴明毅)	M			✓					✓	✓	✓	✓	✓	✓	✓
Jen-Hsing Hsu (許仁興)	M					✓			✓	✓	✓	✓	✓	✓	✓
Mao-Lin Wang (王茂林)	M				✓				✓	✓	✓	✓	✓	✓	✓
Pai-Jung Ko (柯栢榮)	M					✓			✓	✓	✓	✓	✓	✓	✓
Jen-Kai Yang (楊任凱)	M		✓						✓	✓	✓	✓	✓	✓	✓
Chen-Chi Hsiao (蕭珍琪)	M				✓			✓	✓	✓	✓	✓	✓	✓	✓
Jung-Fu Lee (李榮福)	M					✓	✓		✓	✓	✓	✓	✓	✓	✓
Kuei-Chu Yeh (葉桂珠)	F			✓			✓		✓	✓	✓	✓	✓	✓	✓

## (2) Independence of the Board of Directors (Note2)

The Company's 20<sup>th</sup> Board of Directors composes of 11 directors (including 3 independent directors). Directors who do not concurrently serve as managers or employees account for more than two-thirds of the board seats. There are 2 directors with familial relationships within the second degree of kinship, which does not exceed half of the board seats, complying with the provisions of Article 26-3 of the Securities and Exchange Act. All Board members possess extensive industry experience, leadership in business decision-making, and a wide age distribution. Their academic backgrounds and professional expertise span diverse fields, equipping with the necessary capabilities to perform their duties, oversee operations, and provide constructive opinions and strategies. The corporate director, Zhenghong Investment Co., Ltd. is a major shareholder of the Company. Based on the aforementioned evaluation, the Company's Board of Directors maintains independence.

**(2) Information on the general manager, assistant general managers, deputy assistant general managers, and the chiefs of all the company's divisions and branch units**

28<sup>th</sup> April 2025

Title	Nationality	Name	Gender	Date effective	Current shareholding		Spouse's/minor's shareholding		Shareholding by nominee arrangement		Major experiences and education	Other positions in another company	Managerial officials who are spouses or within two degrees of kinship			Remark
					No. of shares	Shareholding ratio %	No. of shares	Shareholding ratio %	No. of shares	Shareholding ratio %			Title	Name	Relationship	
General Manager	R.O.C.	Guo Zheng-Pei (郭正沛)	M	2024.08.12	684,856	0.53	12,047	0.01	0	0	Department of Fiber and Composite Materials, Feng Chia University Plant manager of Formosa Chemicals and Fiber Corporation	Independent Director of Acelon Chemicals & Fiber Corporation	None	None	None	
Executive Deputy General Manager of the Business Department	R.O.C.	Hong Jin-Chang (洪錦昌)	M	2022.04.01	588,241	0.45	908	0	0	0	Department of Business Administration, National Taipei University of Business Director of Jia Lien Textile Co., Ltd.	Director of Jiujiang DeYu Textile Technologies Co., Ltd.	None	None	None	
Business Department Associate	R.O.C.	Pan Cai-Juan (潘彩娟)	F	2022.01.01	91,000	0.07	0	0	0	0	Department of Business, National Fengshan Senior Commercial and Industrial Vocational School	Director of Honmyue Textile (Zhejiang) Co., Ltd.	None	None	None	
Manager of Management and Administration Center, General Manager's Office Head of Corporate Governance	R.O.C.	Zhuo Su-Qing (卓素卿)	F	2019.07.01	187,968	0.14	0	0	0	0	Executive Master of Business Administration, Department of Accounting, National Changhua University of Education	Supervisor of Jiujiang DeYu Textile Technologies Co., Ltd., and Utex Innovation Co., Ltd.	None	None	None	
Manager of Information Management Center, General Manager's Office Head of Cyber Security	R.O.C.	Chen Shao-Rui (陳紹睿)	M	2020.02.01	51,000	0.04	0	0	0	0	Master of Business Administration, National Chin-Yi University of Technology	None	None	None		
Manager of the Department of Finance Head of Accounting	R.O.C.	Pan Li-Zhe (潘立哲)	F	2022.01.01	171,036	0.13	94	0	0	0	Department of Accounting, Feng Chia University	None	None	None		
Business Department Manager	R.O.C.	Zhang Pei-Hong (張培宏)	M	2022.02.01	95,000	0.07	0	0	0	0	Industrial Engineering and Management, National Chin-Yi University of Technology	None	None	None		
Business Department Manager	R.O.C.	Hsu Wei-Fang (徐為芳)	M	2022.04.01	82,000	0.06	0	0	0	0	Master of Business Administration, Chung Yuan Christian University	None	None	None		
Manager of Department of Research and Technology	R.O.C.	Guo Yan-Hong (郭彥宏)	M	2022.09.01	91,000	0.07	8,000	0.01	0	0	Department of Textiles and Clothing, Fu Jen University	None	None	None		
Chief and supervisor of the Department of Finance	R.O.C.	Hsieh Hui-Na (謝惠娜)	F	2022.11.11	66,000	0.05	0	0	0	0	Department of Insurance and Finance, National Taichung University of Science and Technology	None	None	None		

## 2. Remunerations of Directors, General Manager, and Deputy General Manager in the most recent fiscal year

### (1) Remuneration of general directors and independent directors

Unit: NTD Thousand

Title	Name	Director remuneration						Total remuneration (A+B+C+D) and its ratio to net profit after-tax	Relevant remuneration received by directors who are also employees						Total Remuneration (A+B+C+D+E+F+G) and its ratio to net profit after-tax	Remuneration from invested businesses other than the company			
		Base Compensation (A)		Severance Pay (B)	Directors Compensation (C) (Note 2)		Fees for business operations (D)		Salary, Bonuses, and Allowances (E)		Severance Pay (F) (Note 1)		Employee Compensation (G) (Note 2)						
		The company	All companies in the Financial Statement	The company	All companies in the Financial Statement	The company	All companies in the Financial Statement		The company	All companies in the Financial Statement	The company	All companies in the Financial Statement	The company	All companies in the Financial Statement	The company	All companies in the Financial Statement			
Chairman	Po-Yu Yeh (葉博宇) (Note 2)	0	0	0	3,482	3,482	1,336	4,818 4.51%	5,961	5,961	49	49	200	0	200	0	11,028 10.31%	11,028 10.31%	None
	Ming-Zhou Yeh (葉明洲) (Note 1)																		
Deputy Chairman	Zhenghong Investment Co., Ltd. Representative: Cheng-Hua Yeh (葉政華) (Note 2)	0	0	0	3,482	3,482	1,336	4,818 4.51%	5,961	5,961	49	49	200	0	200	0	11,028 10.31%	11,028 10.31%	None
	Chen Jin-Feng (陳金鳳) (Note 1)																		
Director	Chun-Lin Yeh (葉俊麟)	0	0	0	3,482	3,482	1,336	4,818 4.51%	5,961	5,961	49	49	200	0	200	0	11,028 10.31%	11,028 10.31%	None
	Ming-Yi Lai (賴明毅)																		
	Jen-Hsing Hsu (許仁興)																		
	Mao-Lin Wang (王茂林)																		
	Pai-Jung Ko (柯栢榮) (Note 2)																		
	Jen-Kai Yang (楊任凱) (Note 2)																		
	Zheng-Pei Guo (郭正沛) (Note 1)																		
	Chen-Hui Tsai (蔡振輝) (Note 1)																		
	Chen-Chi Hsiao (蕭珍琪)																		
Independent Director	Jung-Fu Lee (李榮福) (Note 2)	1,080	1,080	0	0	0	984	2,064 1.93%	0	0	0	0	0	0	2,064 1.93%	2,064 1.93%	None		
	Kuei-Chu Yeh (葉桂珠) (Note 2)																		
	Hong-Zhao Lin (林宏昭) (Note 1)																		
	Xing-Hua Zhu (朱興華) (Note 1)																		
	1. The payment policy, system, standard, and structure of remuneration for independent directors shall be explained, and according to the duty assumed, risks, time input, and other factors, their relationship to the amount of remuneration paid shall be explained: A. According to the regulations of the Articles of Incorporation of the company, the remuneration of directors of the company is determined by the Board of Directors based on industry standards. B. The payment of directors' remuneration is conducted in accordance with the "Procedures for the Payment of Director and Functional Committee Remuneration". Since independent directors also serve as members of the Audit Committee and Remuneration Committee and participate in the discussions and resolutions of relevant committee meetings, therefore they have higher remunerations than general directors. 2. Besides the disclosure from the table above, remuneration received by the directors of the company for providing services (such as serving as non-employee consultants in the parent company/ all companies in the Financial Statement/ invested businesses) in the most recent fiscal year: NONE																		

Note 1: Discharged upon the shareholders' meeting for reelection on June 26, 2024, therefore excluded from statistics after discharged.

Note 2: Took office upon the shareholders' meeting for reelection on June 26, 2024, therefore included in statistics after elected.

Note 3: The amounts listed are the pension contributed/paid under the New Labor Pension System.

Note 4: The Company's Board of Directors approved the distribution of director and employee remuneration on March 10, 2025, with the listed amounts being proposed figures.

Table on Range of Remuneration

Range of Remuneration	Name of director			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The company	All companies in the Financial Statement	The company	All companies in the Financial Statement
Less than NTD 1,000,000	Chen Jin-Feng (陳金鳳), Guo Zheng-Pei (郭正沛), Jun-Lin Yeh (葉俊麟), Ming-Yi Lai (賴明毅), Chen-Hui Tsai (蔡振輝), Ren-Xing Hsu (許仁興), Mao-Lin Wang (王茂林), Hong-Zhao Lin (林宏昭), Chen-Chi Hsiao (蕭珍琪), Xing-Hua Zhu (朱興華), Po-Yu Yeh (葉博宇), Cheng-Hua Yeh (葉政華), Pai-Jung Ko (柯栢榮), Jen-Kai Yang (楊任凱), Jung-Fu Lee (李榮福), Kuei-Chu Yeh (葉桂珠)	Chen Jin-Feng (陳金鳳), Guo Zheng-Pei (郭正沛), Jun-Lin Yeh (葉俊麟), Ming-Yi Lai (賴明毅), Chen-Hui Tsai (蔡振輝), Ren-Xing Hsu (許仁興), Mao-Lin Wang (王茂林), Hong-Zhao Lin (林宏昭), Chen-Chi Hsiao (蕭珍琪), Xing-Hua Zhu (朱興華), Po-Yu Yeh (葉博宇), Cheng-Hua Yeh (葉政華), Pai-Jung Ko (柯栢榮), Jen-Kai Yang (楊任凱), Jung-Fu Lee (李榮福), Kuei-Chu Yeh (葉桂珠)	Jun-Lin Yeh (葉俊麟), Ming-Yi Lai (賴明毅), Chen-Hui Tsai (蔡振輝), Ren-Xing Hsu (許仁興), Mao-Lin Wang (王茂林), Hong-Zhao Lin (林宏昭), Chen-Chi Hsiao (蕭珍琪), Xing-Hua Zhu (朱興華), Cheng-Hua Yeh (葉政華), Pai-Jung Ko (柯栢榮), Jen-Kai Yang (楊任凱), Jung-Fu Lee (李榮福), Kuei-Chu Yeh (葉桂珠)	Jun-Lin Yeh (葉俊麟), Ming-Yi Lai (賴明毅), Chen-Hui Tsai (蔡振輝), Ren-Xing Hsu (許仁興), Mao-Lin Wang (王茂林), Hong-Zhao Lin (林宏昭), Chen-Chi Hsiao (蕭珍琪), Xing-Hua Zhu (朱興華), Cheng-Hua Yeh (葉政華), Pai-Jung Ko (柯栢榮), Jen-Kai Yang (楊任凱), Jung-Fu Lee (李榮福), Kuei-Chu Yeh (葉桂珠)
NTD 1,000,000 (Incl.) ~ NTD 2,000,000 (Not incl.)	Ming-Zhou Yeh (葉明洲)	Ming-Zhou Yeh (葉明洲)	Jin-Feng Chen (陳金鳳), Po-Yu Yeh (葉博宇)	Jin-Feng Chen (陳金鳳), Po-Yu Yeh (葉博宇)
NTD 2,000,000 (Incl.) ~ NTD 3,500,000 (Not incl.)	0	0	Ming-Zhou Yeh (葉明洲), Zheng-Pei Guo (郭正沛)	Ming-Zhou Yeh (葉明洲), Zheng-Pei Guo (郭正沛)
NTD 3,500,000 (Incl.) ~ NTD 5,000,000 (Not incl.)	0	0	0	0
NTD 5,000,000 (Incl.) ~ NTD 10,000,000 (Not incl.)	0	0	0	0
NTD 10,000,000 (Incl.) ~ NTD 100,000,000 or above	0	0	0	0
Total	17 people	17 people	17 people	17 people

(2) Remuneration of the General Manager and the Deputy General Manager

Unit: NTD Thousand

Title	Name	Base Compensation (A)		Severance Pay (B) (Note 2)		Salary, Bonuses, and Allowances (C)		Employee Compensation (D) (Note 3)				Total remuneration (A+B+C+D) and its ratio to net profit after-tax	Remuneration from investment businesses other than subsidiaries or from the parent	
		The company	All companies in the Financial Statement	The company	All companies in the Financial Statement	The company	All companies in the Financial Statement	The company	All companies in the Financial Statement	Cash	Stocks	Cash	Stocks	
General Manager	Zheng-Pei Guo (郭正沛)	6,569	6,569	175	175	0	0	300	0	300	0	7,044	6.59%	None
Business Department Executive Deputy General Manager	Jin-Chang Hong (洪錦昌)													None
Deputy General Manager	Po-Yu Yeh (葉博宇) (Note 1)													None

Note 1: Appointed as Chairman of the Company on June 26, 2024, therefore excluded from statistics after appointment.

Note 2: The amounts listed are the pension contributed/paid under the New Labor Pension System.

Note 3: The Company's Board of Directors approved the distribution of employee remuneration on March 10, 2025, with the listed amounts being proposed figures.

Table on Range of Remuneration

Range of remuneration	Name of General Manager and Deputy General Manager	
	The company	All companies in the Financial Statement
Less than NTD 1,000,000	0	0
NTD 1,000,000 (Incl.) ~ NTD 2,000,000 (Not incl.)	Po-Yu Yeh (葉博宇)	Po-Yu Yeh (葉博宇)
NTD 2,000,000 (Incl.) ~ NTD 3,500,000 (Not incl.)		
NTD 3,500,000 (Incl.) ~ NTD 5,000,000 (Not incl.)	Zheng-Pei Guo (郭正沛), Jin-Chang Hong (洪錦昌)	Zheng-Pei Guo (郭正沛), Jin-Chang Hong (洪錦昌)
NTD 5,000,000 (Incl.) ~ NTD 10,000,000 (Not incl.)	0	0
NTD 100,000,000 or above	0	0
Total	3 people	3 people

(4) Name of managerial officials who distribute employee remuneration and the status of distribution

Unit: NTD Thousand

Managerial officials	Title	Name	Stocks	Cash (Note)	Total	Ratio of total remuneration to net profit after-tax
Managerial officials	General Manager	Zheng-Pei Guo (郭正沛)	0	620	620	620 0.58%
	Executive Deputy General Manager of the Business Department	Jin-Chang Hong (洪錦昌)				
	Associate of the Business Department	Cai-Juan Pan (潘彩娟)				
	Manager of Management and Administration Center, General Manager's Office Head of Corporate Governance	Su-Qing Zhuo (卓素卿)				
	Manager of Information Management Center, General Manager's Office	Shao-Rui Chen (陳紹睿)				
	Manager of the Department of Finance Head of Accounting	Li-Zhe Pan (潘立哲)				
	Manager of the Business Department	Pei-Hong Zhang (張培宏)				
	Manager of the Business Department	Wei-Fang Hsu (徐為芳)				
	Manager of the Department of Research and Technology	Yan-Hong Guo (郭彥宏)				
	Head of Finance	Hui-Na Hsieh (謝惠娜)				

Note: The Company's Board of Directors approved the distribution of employee remuneration on March 10, 2025, with the listed amounts being proposed figures.

(5) For remunerations paid to directors, supervisors, General Manager, and Deputy General Manager by the company and all companies in the Consolidated Financial Statements in the past two fiscal years, an analysis of the ratio of the total amount of remunerations to net profit after tax of the Individual Financial Statement shall be provided. The analysis shall also explain the policies, standards, and composition on the payment of remunerations, procedures for the setting of the remuneration, and the correlation with business performance and future risks.

1. The analysis of the ratio of total remunerations paid to directors, supervisors, General Manager, and Deputy General Manager by the company and all companies in the Consolidated Financial Statements in the past two fiscal years to net profit after tax:

Unit: NTD Thousand

Title	2024 Total remuneration ratio to net profit after tax		2023 Total remuneration ratio to net profit after tax	
	The company	All companies in the Consolidated Financial Statement	The company	All companies in the Consolidated Financial Statement
Director	12.24%		12.24%	(23.81%)
General Manager and Deputy General Manager	6.59%		6.59%	(17.43%)

2. The policy, standards, and combinations on the payment of remunerations, the program for determining the remuneration, and the relationship between the remuneration and the company's operational performance:

- (1). For the paid remuneration to directors by the company, the director compensation and traveling allowances for participating in operation businesses of the company and attending Board of Directors Meetings are included. According to the Articles of Corporation of the company, if there are profits in this fiscal year, a ratio of not less than 2% of the profits shall be appropriated as employee remuneration, and they will be distributed in stocks or cash by the resolution of the Board of Directors, and the recipients include employees from subsidiaries who fulfill certain criteria. And for the aforementioned profits of the company, a ratio of not more than 5% shall be appropriated as director remuneration by the resolution of the Board of Directors. Distribution of employee and director remunerations shall be submitted for report at the Shareholders' Meeting. However, if the company has accumulated losses, the profits shall be retained to make up for the losses first, and the remainder allocated as employee and director remunerations afterward according to the ratio of the preceding paragraph.
- (2). The remuneration provided to managerial officials is allocated in accordance with the various salary and bonus systems of the company. The distribution is based on factors such as the scope of responsibilities associated with the position, the achievement rate of the overall operational goals of the company, individual performance, and his/her educational background and experiences. The remuneration level is also determined by considering the salary benchmarks of positions of similar nature in the industry market. The proposed remuneration is subject to review by the Remuneration Committee and then submitted to the Board of Directors for resolution.

### 3. Implementation of Corporate Governance

#### (1) Information regarding the operating status of the Board of Directors

6 Board meetings were held in the recent fiscal year. The 19<sup>th</sup> and 20<sup>th</sup> terms of the Board held 3 meetings respectively. The presence and attendance of directors and independent directors are as follows:

Title	Name	Presence (Attendance) in person (B)	Attendance on proxy	Actual attendance rate (%)	Remark
The 19 <sup>th</sup> terms of the Board					
Chairman	Ming-Zhou Yeh (葉明洲)	3	0	100%	2024.6.26 Discharged
Vice Chairman	Jin-Feng Chen (陳金鳳)	3	0	100%	2024.6.26 Discharged
Director	Zheng-Pei Guo (郭正沛)	3	0	100%	2024.6.26 Discharged
	Jun-Lin Yeh (葉俊麟)	3	0	100%	
	Ming-Yi Lai (賴明毅)	3	0	100%	
	Chen-Hui Tsai (蔡振輝)	3	0	100%	2024.6.26 Discharged
	Ren-Xing Hsu (許仁興)	2	0	67%	
	Mao-Lin Wang (王茂林)	3	0	100%	
	Hong-Zhao Lin (林宏昭)	3	0	100%	2024.6.26 Discharged
Independent director	Chen-Chi Hsiao (蕭珍琪)	3	0	100%	
	Xing-Hua Zhu (朱興華)	3	0	100%	2024.6.26 Discharged
	The 20 <sup>th</sup> terms of the Board				
Chairman	Po-Yu Yeh (葉博宇)	3	0	100%	2024.6.26 Newly appointed
Vice Chairman	Zhenghong Investment Co., Ltd. Representative: Cheng-Hua Yeh (葉政華)	3	0	100%	2024.6.26 Newly appointed
Director	Jun-Lin Yeh (葉俊麟)	3	0	100%	2024.6.26 Re-elected
	Ming-Yi Lai (賴明毅)	3	0	100%	2024.6.26 Re-elected
	Ren-Xing Hsu (許仁興)	3	0	100%	2024.6.26 Re-elected
	Mao-Lin Wang (王茂林)	3	0	100%	2024.6.26 Re-elected
	Pai-Jung Ko (柯柏榮)	3	0	100%	2024.6.26 Newly appointed
	Jen-Kai Yang (楊任凱)	3	0	100%	2024.6.26 Newly appointed
	Chen-Chi Hsiao (蕭珍琪)	3	0	100%	2024.6.26 Re-elected
Independent director	Jung-Fu Lee (李榮福)	3	0	100%	2024.6.26 Newly appointed
	Kuei-Chu Yeh (葉桂珠)	3	0	100%	2024.6.26 Newly appointed

Other mentionable items:

- If any of the following circumstances occur in the operation of the Board of Directors, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and the company's response should be specified:

**(1) Matters referred to in Article 14-3 of the Securities and Exchange Act:**

Date of meeting Session	Content of motion	Opinions of all independent directors	The company's treatment of the opinions of the independent directors
2024/2/2 (The 16 <sup>th</sup> meeting of the 19 <sup>th</sup> term)	1. Proposal on the managerial officials' promotion. 2. Proposal on the distribution of year-end bonuses for managerial officials for 2023. 3. Proposal on the appropriation ratio of director and employee remunerations for the year 2024.	Approved unanimously by all attending independent directors Approved unanimously by all attending independent directors Approved unanimously by all attending independent directors	Approved unanimously by all attending directors Approved unanimously by all attending directors Approved unanimously by all attending directors
2024/3/8 (The 17 <sup>th</sup> meeting of the 19 <sup>th</sup> term)	1. The 2023 Individual and Consolidated Financial Statements. 2. Proposal of remuneration distribution for directors and employees for the year 2023. 3. Proposal on the Election of the 20 <sup>th</sup> Term directors (including independent directors) at the 2024 Shareholders' Meeting 4. Proposal on handling shareholder proposals for the 2024 shareholders' meeting and accepting nominations for director (including independent director) candidates 5. Proposal of the issuance of 2023 Statement on the Internal Control System" by the Company. 6. Evaluation of the independence and suitability of the CPA of the Company for 2024. 7. Proposal of appointment and remuneration of the CPAs for 2024. 8. Amendments to the "Rules of Procedure for Board of Directors Meetings."	Approved unanimously by all attending independent directors Approved unanimously by all attending independent directors	Approved unanimously by all attending directors Approved unanimously by all attending directors
2024/5/10 (The 18 <sup>th</sup> meeting of the 19 <sup>th</sup> term)	1. The Q1 Consolidated Financial Statement of 2024. 2. Proposal on the distribution of the 2024 Dragon Boat Festival (Mid-year) performance bonus to managerial officials. 3. Proposal of review of shareholder proposals and nominee qualifications for directors (including independent directors) for the Company's 2024 shareholders meeting. 4. Proposal of lifting non-compete restrictions for newly elected directors of the 20 <sup>th</sup> term.	Approved unanimously by all attending independent directors Approved unanimously by all attending independent directors Approved unanimously by all attending independent directors Approved unanimously by all attending independent directors	Approved unanimously by all attending directors Approved unanimously by all attending directors Approved unanimously by all attending directors Approved unanimously by all attending directors
2024/6/26 (The 1 <sup>st</sup> meeting of the 20 <sup>th</sup> term)	1. Proposal for electing new Chairman and Vice Chairman. 2. Proposal for Appointment of 2 <sup>nd</sup> Audit Committee members. 3. Proposal for appointment of 6 <sup>th</sup> Remuneration Committee members.	Approved unanimously by all attending independent directors Approved unanimously by all attending independent directors Approved unanimously by all attending independent directors	Approved unanimously by all attending directors Approved unanimously by all attending directors Approved unanimously by all attending directors
2024/8/12 (The 2 <sup>nd</sup> meeting of the 20 <sup>th</sup> term)	1. The Q2 Consolidated Financial Statement of 2024. 2. Proposal of the Company to lend funds to its subsidiaries. 3. Proposal of the Company's making of endorsement and guarantee for the subsidiary "Jiujiang Deyu Textile Technologies Co., Ltd." 4. Remuneration for the Chairman and Vice Chairman of the Company. 5. Appointment of "corporate chairman's representative" for the Company's reinvestment company.	Approved unanimously by all attending independent directors Approved unanimously by all attending independent directors	Approved unanimously by all attending directors Approved unanimously by all attending directors
2024/11/8 (The 3 <sup>rd</sup> meeting of the 20 <sup>th</sup> term)	1. The Q3 Consolidated Financial Statement of 2024. 2. Issuance of the 3 <sup>rd</sup> domestic unsecured convertible bonds.	Approved unanimously by all attending independent directors Approved unanimously by all attending independent directors	Approved unanimously by all attending directors Approved unanimously by all attending directors

Date of meeting Session	Content of motion	Opinions of all independent directors	The company's treatment of the opinions of the independent directors
		attending independent directors	by all attending directors
	4. Formulation of the “Regulations for Sustainable Information Management” and “Procedures for Internal Audit of Sustainable Information Management”.	Approved unanimously by all attending independent directors	Approved unanimously by all attending directors
	5. Amendment to the “Regulations on Supervision and Management of Subsidiaries.”	Approved unanimously by all attending directors, with further amendments to Article 4 and to part of Article 5	Approved unanimously by all attending directors
	6. Amendment to the “Regulations Governing the Payment of Remuneration to Directors and Functional Committee Members.”	Approved unanimously by all attending independent directors	Approved unanimously by all attending directors
	7. Designation of directors and supervisors of the Company's invested subsidiaries in Mainland China.	Approved unanimously by all attending independent directors	Approved unanimously by all attending directors

(2) Except for the aforementioned matters, other matters which have been resolved by the Board of Directors Meetings but are objected to by independent directors or having reserved opinions with records or a written statement: None

2. For the status of implementation of directors' recusal to proposals with conflicts of interests, the name of the director, the content of the motion, reasons for recusal, and status of voting participation shall be disclosed:

Date of meeting	Name of director	Content of motion	Reasons for recusal	Status of voting participation
2024/2/2	Jin-Feng Chen (陳金鳳) Jun-Lin Yeh (葉俊麟)	Proposal on the managerial officials' promotion.	Interested party of this proposal	Approved unanimously by all remaining attending directors
	Ming-Zhou Yeh (葉明洲) Jin-Feng Chen (陳金鳳) Guo Zheng-Pei (郭正沛)	Proposal on the distribution of year-end bonuses for managerial officials for 2023.	Interested party of this proposal	Approved unanimously by all remaining attending directors
2024/5/10	Guo Zheng-Pei (郭正沛)	Proposal on the distribution of the 2024 Dragon Boat Festival (Mid-year) performance bonus to managerial officials.	Interested party of this proposal	Approved unanimously by all remaining attending directors
2024/8/12	Po-Yu Yeh (葉博宇) Cheng-Hua Yeh (葉政華)	Remuneration for the Chairman and Vice Chairman of the Company.	Interested party of this proposal	Approved unanimously by all remaining attending directors

3. TWSE/GTSM listed companies shall disclose the evaluation cycle and period, scope and method of evaluation, and content of evaluation of self (or peer) evaluations. The status of the implementation of the evaluation by the Board of Directors shall be filled out:

Evaluation cycle	Once annually
Evaluation period	Evaluation of the performance of the Board of Directors from January 1, 2024 to December 31, 2024
Evaluation scope	Evaluation of the performance of the Board of Directors, individual Board members, and functional committees
Method of evaluation	Including self-evaluation of the Board of Directors, the Board members, the Audit Committee, and the Remuneration Committee members.
Content of evaluation	<ol style="list-style-type: none"> <li>The performance evaluation of the Board of Directors: at least include the level of involvement in company operations, quality of decision-making by the Board, the composition and structure of the Board, the election and continuing education of directors, and internal control.</li> <li>The performance evaluation of individual Board members: At least including the</li> </ol>

	<p>understanding of company goals and missions, awareness of director duties, participation in company operations, internal relationship management and communication, director's expertise and continuous education, and internal controls.</p> <p>3. The performance evaluation of the Audit Committee: Participation in company operations, awareness of member duties of the Audit Committee, quality of decision-making by the Audit Committee, composition and election of members of the Audit Committee, and internal control.</p> <p>4. The performance evaluation of the Remuneration Committee: Participation in company operations, awareness of member duties of the Remuneration Committee, quality of decision-making by the Remuneration Committee, and composition and election of members of the Remuneration Committee.</p>
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Implementation status:

The self-evaluation is conducted in the form of a survey, and the contents are presented in 5 levels (No.1: Very bad (Strongly disagree); No.2: Bad (Disagree); No. 3: Neutral (Average); No.4: Good (Agree); No.5: Very good (Strongly agree)).

The overall evaluation result was between 5 (Very good (Strongly agree)) to 4 (Good (Agree)). The evaluation items of "the level of involvement in company operations, understanding of company goals and missions, the continuous training of directors, internal relationship management and communication, quality of decision-making by the Remuneration Committee" are all slightly lower than the average value of the individual categories. But overall the Board of Directors and the individual functional committees are working well, and will continuously improve according to this evaluation result, and lead to the enhancement of corporate governance effectiveness.

4. In the current and most recent fiscal year, the goal of strengthening the competency of the Board of Directors (e.g. establishing the Audit Committee and increasing information transparency) and the evaluation of the status of implementation:
  1. The company has stipulated the "Rules of Procedures for the Board of Directors" to strengthen the operation of the Board.
  2. Increasing the transparency of information: Crucial resolutions of the Board of Directors will be announced promptly on the Market Observation Post System (MOPS).

**(2) Information on the operation of the Audit Committee:**

The Audit Committee of the company is composed of all independent directors, and four meetings were commenced in the most recent fiscal year (A), and the presence and attendance of independent directors are as follows:

Title	Name	Attendance in person (B)	Attendance by proxy	Attendance Rate (%) (B/A)	Remark
Independent director (Convenor)	Chen-Chi Hsiao (蕭珍琪)	4	0	100%	2024/6/26 Re-elected
Independent Director	Hong-Zhao Lin (林宏昭)	2	0	100%	2024/6/26 Discharged
Independent Director	Xing-Hua Zhu (朱興華)	2	0	100%	
Independent Director	Jung-Fu Lee (李榮福)	2	0	100%	2024/6/26 Newly appointed
Independent Director	Kuei-Chu Yeh (葉桂珠)	2	0	100%	

**Audit Committee Key Focus Areas:**

- The fair presentation of the company's financial statements.
- The appointment (or dismissal) of the CPAs, as well as their independence and performance.
- The effective implementation of the company's internal controls.
- The company's compliance with relevant laws and regulations.
- The control mechanisms for existing or potential risks within the company.

**Other mentionable items:**

1. If any of the following circumstances occur in the operation of the Audit Committee, the dates of the meetings, sessions, contents of motion, all independent directors' objections, reserved opinions, and significant recommendations, as well as the resolution of the Audit Committee and the company's response to it should be specified:

**(1) Matters referred to in Article 14-5 of the Securities and Exchange Act:**

Date of meeting Session	Content of motion	Independent directors' objections, reserved opinions, or significant recommendations	Audit Committee Resolution results	The company's response to the opinion of the Audit Committee
2024/3/8 (The 10 <sup>th</sup> meeting of the 1 <sup>st</sup> term)	1. The 2023 Individual and Consolidated Financial Statements of the company.	None	The chair put the matter before all members present at the meeting and none voiced an objection. Approved unanimously by all attending members	Approved unanimously by all attending directors
	2. The Company's overdue accounts receivables as of December 31, 2023 are not recognized under Nature of Loaning of Funds.	None	The chair put the matter before all members present at the meeting and none voiced an objection. Approved unanimously by all attending members	Approved unanimously by all attending directors
	3. Proposal of the issuance of 2023 Statement on the Internal Control System" by the Company.	None	The chair put the matter before all members present at the meeting and none voiced an objection. Approved unanimously by all attending members	Approved unanimously by all attending directors
	4. Evaluation of the independence and suitability of the CPA of the Company for 2024.	None	The chair put the matter before all members present at the meeting and none voiced an objection. Approved unanimously by all attending members	Approved unanimously by all attending directors
	5. Proposal of appointment and remuneration of the CPAs for 2024.	None	The chair put the matter before all members present at the meeting and none voiced an objection. Approved unanimously by all attending members	Approved unanimously by all attending directors
2024/5/10 (The 11 <sup>th</sup> meeting of the 1 <sup>st</sup> term)	1. The Q1 Consolidated Financial Statement of 2024.	None	The chair put the matter before all members present at the meeting and none voiced an objection. Approved unanimously by all attending members	Approved unanimously by all attending directors
	2. The Company's overdue accounts receivables as of March 31, 2024 are not recognized under Nature of Loaning of Funds.	None	The chair put the matter before all members present at the meeting and none voiced an objection. Approved unanimously by all attending members	Approved unanimously by all attending directors
	3. Proposal to establish "Risk Management Policies and Procedures"	None	The chair put the matter before all members present at the meeting and none voiced an objection. Approved unanimously by all attending members.	Approved unanimously by all attending members.
2024/8/12 (The 1 <sup>st</sup> meeting of the 2 <sup>nd</sup> term)	1. The Q2 Consolidated Financial Statement of 2024.	None	The chair put the matter before all members present at the meeting and none voiced an objection. Approved unanimously by all attending members.	Approved unanimously by all attending directors
	2. The Company's overdue accounts receivables as of June 30, 2024 are not recognized under Nature of Loaning of Funds.	None	The chair put the matter before all members present at the meeting and none voiced an objection. Approved unanimously by all attending members.	Approved unanimously by all attending directors
	3. Proposal of the Company to lend funds to its subsidiaries.	None	The chair put the matter before all members present at the meeting and none voiced an objection. Approved unanimously by all attending members.	Approved unanimously by all attending directors
	4. Proposal of the Company's making of endorsement and guarantee for the subsidiary "Jiujiang Deyu Textile Technologies Co., Ltd."	None	The chair put the matter before all members present at the meeting and none voiced an objection. Approved unanimously by all attending members.	Approved unanimously by all attending directors
2024/11/12 (The 2 <sup>nd</sup> meeting of the 2 <sup>nd</sup> term)	1. The Q3 Consolidated Financial Statement of 2024.	None	The chair put the matter before all members present at the meeting and none voiced an objection. Approved unanimously by all attending members.	Approved unanimously by all attending directors
	2. The Company's overdue accounts receivables as of September 30, 2024 are not recognized under Nature of Loaning of Funds.	None	The chair put the matter before all members present at the meeting and none voiced an objection. Approved unanimously by all attending members.	Approved unanimously by all attending directors

	3. Issuance of the 3 <sup>rd</sup> domestic unsecured convertible bonds.	None	The chair put the matter before all members present at the meeting and none voiced an objection. Approved unanimously by all attending members.	Approved unanimously by all attending directors
	4. Proposal for the 2025 internal audit plan.	None	The chair put the matter before all members present at the meeting and none voiced an objection. Approved unanimously by all attending members.	Approved unanimously by all attending directors
	5. Formulation of the "Regulations for Sustainable Information Management" and "Procedures for Internal Audit of Sustainable Information Management."	None	The chair put the matter before all members present at the meeting and none voiced an objection. Approved unanimously by all attending members.	Approved unanimously by all attending directors
	6. Amendment to the "Regulations on Supervision and Management of Subsidiaries."	None	Approved unanimously by all attending directors, with further amendments to Article 4 and to part of Article 5	Approved unanimously by all attending directors

(2) Except for the aforementioned matters, other matters which have not been passed by the Audit Committee, but have been approved by over two-thirds of all directors: None

2. For the status of implementation of independent directors' recusal to proposals with conflicts of interests, the name of the independent director, the content of the motion, reasons for recusal, and status of voting participation shall be disclosed: In 2024, the Audit Committee did not have proposals with conflicts of interests that needed the recusal of independent directors.
3. Communication status of independent directors and the internal auditor and accountants (Should include material matters that involve the communication on the financial and business conditions of the company, its methods, and results)

Date	Method of communication	Matter of communication	Personnel present	Recommendations by the independent directors
2024/11/12	Meeting	· Communication between accountants and the corporate governance units - planning phase · The Q3 Consolidated Financial Statement of 2024	· Independent director: Chen-Chi Hsiao (蕭珍琪), Jung-Fu Lee (李榮福), Kuei-Chu Yeh (葉桂珠) PwC: CPA Hung, Shu-Hua (洪淑華) Shi-Jia Tsai, Associate (蔡士嘉)	Unqualified opinion
		· 2025 Audit Plan · Implementation of the 2024 Audit Plan · The way of presentation of the Audit Report	· Independent director: Chen-Chi Hsiao (蕭珍琪), Jung-Fu Lee (李榮福), Kuei-Chu Yeh (葉桂珠) · Audit Supervisor: Chen, Yu (陳昱)	Unqualified opinion

(1) The internal audit unit submits audit reports and follow-up reports on the improvement of audit deficiencies to the independent directors on a monthly basis. Additionally, the internal audit supervisor regularly presents the audit activities, audit results, and progress of follow-ups to the independent directors at least once per quarter during the Audit Committee meetings and holds individual meetings with the independent directors at least once per year.

(2) Our company's external auditors hold meetings with the Audit Committee and have separate meetings with the independent directors at least once a year. During these meetings, they report on the review or audit results of the financial statements of our company and its subsidiaries, internal control audits, the impact of revisions and publications of IFRS standards on the company, and other relevant regulatory requirements. They also communicate regarding any financial reporting adjustments or changes in accounting practices due to regulatory amendments.

(3) The head of the internal audit and the accountants, as well as the independent directors, can directly contact each other at any time as needed, ensuring the communication channels are smooth.

### (3) Corporate Governance - Implementation Status and Deviations from the Corporate Governance Best- Practice Principles for TWSE/TPEx Listed Companies and the Reasons:

Item of Evaluation	Status of Operation			Deviations from the Corporate Governance Best- Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Abstract Illustration	
1. Has the company established and disclosed the Corporate Governance Best-Practice Principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"?	✓		The Company established the "Corporate Governance Best-Practice Principles" on 12th November 2021, and disclosed it on the company website and Market Observation Post System (MOPS).	No deviations
2. Shareholding structure & shareholders' rights (1) Has the Company established an internal operating procedure to deal with shareholders' suggestions, doubts, disputes, and litigations, and implemented based on the procedure? (2) Does the company possess the list of its major shareholders who actually control the company as well as the ultimate owners of those shareholders? (3) Does the company establish and implement risk management and control measures between affiliated enterprises and set up a firewall mechanism? (4) Does the company establish internal rules to prohibit insiders from using undisclosed information in the market in securities transactions?	✓ ✓ ✓ ✓		(1) Besides the appointment of a professional stock agent to handle stock affairs, the company has established a spokesperson system and set up a channel of "Stakeholder contacts" on the company website to properly collect shareholders' recommendations, doubts, disputes, and litigations. (2) The company has assigned specific personnel in charge responsible for stock affairs and has entrusted a professional stock affairs agency to assist with the process. This allows the company to have real-time access to the shareholding status of major shareholders and disclosure of information on major shareholders in accordance with the law, etc. (3) The company manages the transactions with affiliated enterprises in accordance with its internal control system. The company stipulated regulations such as the "Supervision and Management of Subsidiaries", "Operation Procedures for Acquisition and Disposal of Assets", "Operation Procedures for Loaning Funds to Others", "Operation Procedures for Endorsements and Guarantees," and "Rules Governing Financial and Business Matters Between Related Parties." The risk management and the firewall mechanism between each other are well implemented. (4) The company has established the "Operating procedures for handling material inside information and prevention of insider trading" to regulate all employees of the company, managerial officials, and directors, as well as anybody who acquires information about the company from his/her occupation or controlling relationships. All possible acts that involve insider trading are prohibited to protect investors and maintain the benefits of the company. The company organized 4 sessions of relevant educational training on the prevention of insider trading and ethical managements in 2024, with a total of 336 participants attending the sessions. To regulate that directors and managers shall not trade the company's issued securities during the closed period (30 days before the announcement of the annual financial report and 15 days before the announcement of each quarterly financial report). The company also sends email reminders to directors to comply with the relevant regulations before the closed period. This procedure has been disclosed on the company's website.	No deviations
3. Composition and Responsibilities of the Board of Directors (1) Does the Board develop a diversified policy with substantial management goals and put it into implementation?	✓		(1) The company stipulated the "Policies on the diversification of members of the Board of Directors" and "Corporate governance best practice principles". The consideration of composition of the Board is diversified, and a suitable and diversified approach is designated according to its own operations, operating model, and development requirements. Article 23 of the regulation stated that the Board of Directors should possess the following capabilities: 1. Capability of operations judgment; 2. Accounting and capability of finances; 3. Capability of management and administration analysis; 4. Capability of emergency responses; 5. Knowledge of the industry; 6. Global market perspective; 7. Leadership; 8. Capability of decision-making. Currently, the Board of Directors has only one female director, in the future female director positions will be gradually increased following the principle of gender equality.	No deviations

Item of Evaluation	Status of Operation			Deviations from the Corporate Governance Best- Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Abstract Illustration	
<p>(2) Besides the establishment of the Remuneration Committee and the Audit Committee in accordance with the law, does the company voluntarily establish other functional committees?</p> <p>(3) Does the company stipulate procedures for evaluating the performance of the Board of Directors and the evaluation methods, conducting regular performance evaluations every year, and reporting the results to the Board of Directors, which will be used as a reference for individual director's remuneration and nomination for reappointment?</p> <p>(4) Does the Company regularly evaluate the independence of CPA?</p>	✓	✓	<p>For the implementation status of diversification in gender and age of the 20<sup>th</sup> Board of Directors members, please refer to pp.7 of this Annual Report.</p> <p>(2) The company has established the "Remunerations Committee" and the "Audit Committee" according to the law. In the future, other functional committees may be established depending on evaluations of the requirement of the business environment and provisions of laws and regulations.</p> <p>(3) The company passed the "Procedures for evaluating the performance of the Board of Directors" on 10th August 2020 and implemented it accordingly.</p> <p>The company has completed the performance evaluation of the 2024 Board of Directors, its director members, and functional committees. The evaluation results and directions for sustainable enhancement have been submitted to the Board of Directors on March 10, 2025. The results of the Board of Directors' performance evaluation serve as a reference for the selection or nomination of directors; The performance evaluation result of every individual director is also taken as a reference when determining their respective remuneration.</p> <p>For the evaluation results of 2024, please refer to pp.16 of this Annual Report.</p> <p>(4) The company's Accounting Department submits the "Review and Assessment Form for CPAs" annually and regularly to assess the independence and suitability of CPAs. The CPAs are also required to provide a "Statement of complete independence" and "Audit Quality Indicators (AQIs)." The AQI indicators include professionalism, independence, quality control, supervision, and innovation capacity, which are assessed based on these five dimensions and thirteen indicators. The evaluation results were discussed and approved by the Audit Committee on March 10, 2025, and subsequently submitted for discussion at the Board of Directors meeting. The results of 2024 on the independency and suitability of CPA were approved by the Board of Directors on March 10, 2025.</p>	
4. Does the company appoint a suitable number of competent personnel as corporate governance officers, and assign a supervisor responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform business operations, assisting directors and supervisors to comply with regulations, handling work related to meetings of the Board of Directors and the Shareholders' Meeting in accordance with the law, and taking minutes of Board of Directors meetings and shareholders' meetings)?	✓		<p>The company has appointed Zhuo Su-Qing (卓素卿), the Manager of the Management Center of the General Manager's Office to serve as the Head of Corporate Governance, and this decision was passed by the Board of Directors on 10th August 2020. Manager Zhuo Su-Qing (卓素卿) has participated in internal audit businesses and law compliance businesses and serves in a supervisory position for over 3 years, thus meeting the qualification of being the Head of Corporate Governance of the company. The Head of Corporate Governance is primarily responsible for corporate governance-related matters. This includes handling affairs related to the Board of Directors and Shareholders' Meetings in accordance with the law, assisting in the appointment and continuous education of directors, providing the information required for directors to carry out their duties, and assisting directors in complying with the laws and regulations.</p> <p>For the status of implementation and continuing education of the Head of Corporate Governance in 2024, please refer to Note 2.</p>	No deviations

Item of Evaluation	Status of Operation			Deviations from the Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Abstract Illustration	
5. Does the Company establish a communication channel and build a designated zone on its website for interested parties (including but not limited to shareholders, employees, customers, and suppliers), as well as responding appropriately on important corporate social responsibilities issues that they care most about?	✓		<p>In order to properly respond to the interested parties, the company has set up communication channels and provides contact information such as corresponding telephone numbers and specialized email addresses on the company website. The company discloses on its website the concerning issues raised by its employees, customers, shareholders, suppliers, local residents, and government agencies, as well as the response methods and communication records/frequency. The status of engagement of interested parties is also disclosed on the company website.</p> <p>The status of engagement of interested parties in 2024 can be referred to the company website. (<a href="https://www.textile-hy.com.tw/企業社會責任/利害關係人關切議題.html">https://www.textile-hy.com.tw/企業社會責任/利害關係人關切議題.html</a>)</p>	No deviations
6. Does the Company appoint a professional stock service agency to deal with shareholders' meeting affairs?	✓		<p>The company has appointed professional services from the "Stock Agent Department of Fubon Securities Co. Ltd." to handle shareholders' meetings and different stock affairs.</p>	No deviations
7. Information Disclosure (1) Does the Company have a website to disclose both financial standings and the status of corporate governance? (2) Has the Company adopted other ways of information disclosure? (eg. set up an English website, designate a specialist to be responsible for the collection and disclosure of information about the Company, implement a spokesperson system, and put the transcript of the Earnings Call on the website) (3) Does the company publicize and file the annual financial statements within two months after the end of each fiscal year, and publicize and file Q1, Q2, and Q3 financial statements and monthly operation results before the specified deadline?	✓ ✓ ✓		<p>(1) Through the "Investors' Section" on the company website, finance information, business operations, corporate governance, and other material information are disclosed whenever needed. The website address of the company is: <a href="https://www.textile-hy.com.tw">https://www.textile-hy.com.tw</a></p> <p>(2) The company has set up a spokesperson system that the Spokesperson and Deputy Spokesperson publicly release financial and business information about the company, conduct regular earnings calls, and disclose relevant information on the company's website.</p> <p>(3) The Company shall publicly announce and file the annual financial report within 75 days after the end of the fiscal year, and publicly announce and file the Q1, Q2, and Q3 financial reports as well as the monthly operating results before the prescribed deadlines.</p>	No deviations  The annual financial report was not publicly announced within 2 months after the end of the fiscal year.

Item of Evaluation	Status of Operation			Deviations from the Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Abstract Illustration	
8. Does the company has any other important information to facilitate a better understanding of its corporate governance operations (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of interested parties, continuing education of directors and supervisors, the implementation of risk management policies and risk evaluation measures, the implementation of customer policies, and the purchase of liability insurance for directors and supervisors)?	✓		<p>The company has set up a "Corporate Governance Section" on the company website to help interested parties understand various internal control systems and management regulations of the company. They can also get a gist of the status of the implementation of corporate governance through the corporate governance column of the Market Observation Post System (MOPS) (Stock code: 1474)</p> <p>Website: <a href="http://mops.twse.com.tw/mops/web/t100sb07">http://mops.twse.com.tw/mops/web/t100sb07</a></p> <p>(1) Implementation of employee benefits, employee care, and the retirement System: The company allocates a budget annually to take care of employees' physical and mental well-being, welfare measures, organizing work-life balance activities and seminars, and the appropriation and payment of retirement pensions. Please refer to "5.5 Labor Relations" of this Annual Report. (pp.75)</p> <p>(2) Investor relations: The company has established a spokesperson system and set up an "Investors Zone" on the company website, promptly disclosing information about the company. This acts as a connecting window between shareholders and juridical person investment institutions.</p> <p>(3) Supplier relations: The company values highly the suppliers' requirement for sustainability, and especially focuses on the requirements from the environmental perspective, social perspective, and corporate governance perspective. "Procedures for suppliers management" is stipulated. All suppliers must pass the suppliers' evaluation and regular performance reviews, as well as receive guidance and track the improvement status of suppliers.</p> <p>(4) Rights of interested parties: The company has set up an "Interested Party Zone" on the company website. The website also provides the contact information of the spokesperson and every business window that act as a communication channel for interested parties. They are handled by specialists, and the related concerning issues of interested parties are properly responded to.</p> <p>(5) Status of continuing education of directors: Please refer to "Status of continuing education of directors" in this Annual Report. (Note 1)</p> <p>(6) Implementation of risk management policy and risk measurement standards: The company commits from top to bottom to continuously deepen risk awareness among the management level and employees. It ensures that risk considerations are incorporated into decision-making processes and fosters employees' risk management capabilities. The implementation of risk management in operational processes is confirmed.</p> <p>(7) The purchase of directors' liability insurance by the company: The company has purchased liability insurance for directors (including independent directors).</p>	No deviations
9. Please explain the status of improvements and the prioritized improvement items and measures on areas that have not yet been addressed, regarding the most recent corporate governance evaluation results published by the Corporate Governance Center of Taiwan Stock Exchange Co., Ltd.				

Note 1: Status of continuing education of directors in 2024:

➤ The 19<sup>th</sup> Board of Directors

Title	Name	Date of Study	Organizer	Name of course	Hours of study
Director	Zheng-Pei Guo (郭正沛)	2024/06/21	Taiwan Corporate Governance Association	Business Considerations and Legal Risk Analysis in Corporate Decision-Making	3.0
Director	Ming-Yi Lai (賴明毅)	2024/06/21	Taiwan Corporate Governance Association	Business Considerations and Legal Risk Analysis in Corporate Decision-Making	3.0
Independent director	Hong-Zhao Lin (林宏昭)	2024/04/12	Taiwan Academy of Banking and Finance	Sustainable Development Action Plans for TWSE and TPEX Listed Companies Seminar	3.0
Independent director	Chen-Chi Hsiao (蕭珍琪)	2024/03/19	Chinese National Association of Industry and Commerce	Key Considerations and Common Issues for Board and Shareholder Meetings in 2024	3.0
		2024/03/26	Chinese National Association of Industry and Commerce	How to Align with International Carbon Trading and Foster Corporate Innovation Opportunities	3.0
		2024/05/31	Taipei Exchange	2024 Securities Industry Seminar on Sustainable Development Transition and Implementation Strategies	2.0
		2024/06/19	National Federation of CPA Associations	International Trends and Best Practices in Anti-Money Laundering	3.0
Independent director	Xing-Hua Zhu (朱興華)	2024/04/12	Taiwan Academy of Banking and Finance	Training course on corporate governance and sustainable operations of enterprises	3.0

➤ The 20<sup>th</sup> Board of Directors

Title	Name	Date of Study	Organizer	Name of course	Hours of study
Chairman	Po-Yu Yeh (葉博宇)	2024/10/18	Securities and Futures Institute	2024 Anti-Insider Trading Awareness Seminar	3
Vice Chairman	Cheng-Hua Yeh (葉政華)	2024/09/06	Commerce Development Research Institute	Corporate Governance and Sustainable Business Management Workshop	3
		2024/10/25	Securities and Futures Institute	2024 Legal Compliance Briefing on Insider Equity Transactions	3
Director	Jun-Lin Yeh (葉俊麟)	2024/10/18	Securities and Futures Institute	2024 Anti-Insider Trading Awareness Seminar	3
Director	Ming-Yi Lai (賴明毅)	2024/08/09	Taiwan Corporate Governance Association	The Key to Sustainable Business: External Innovation	3
Director	Ren-Xing Hsu (許仁興)	2024/10/25	Securities and Futures Institute	2024 Legal Compliance Briefing on Insider Equity Transactions	3
Director	Mao-Lin Wang (王茂林)	2024/10/18	Securities and Futures Institute	2024 Anti-Insider Trading Awareness Seminar	3
Director	Pai-Jung Ko (柯栢榮)	2024/09/06	Commerce Development Research Institute	Corporate Governance and Sustainable Business Management Workshop	3
		2024/11/15	Securities and Futures Institute	2024 Legal Compliance Briefing on Insider Equity Transactions	3
Director	Jen-Kai Yang (楊任凱)	2024/07/18	Taiwan Corporate Governance Association	The Role of Directors and Compliance Strategies for Control Challenges Under Corporate Governance 4.0	3
		2024/11/05	Taiwan Corporate Governance Association	Ethical Business and Corporate Governance: Perspectives from Labor Law Trends and Insider Trading	6
Independent director	Chen-Chi Hsiao (蕭珍琪)	2024/07/20	Commerce Development Research Institute	Corporate Governance and Sustainable Business Management Workshop	3
		2024/07/22	Taiwan Corporate Governance Association	ESG in the New Economy: Opportunities for Corporate Transformation	3

Title	Name	Date of Study	Organizer	Name of course	Hours of study
		2024/11/15	Securities and Futures Institute	2024 Legal Compliance Briefing on Insider Equity Transactions	3
Independent director	Jung-Fu Lee (李榮福)	2024/06/16	Taiwan Investor Relations Institute	Hostile Takeovers: Strategies for Safeguarding Corporate Control	3
		2024/07/20	Commerce Development Research Institute	Corporate Governance and Sustainable Business Management Workshop	3
		2024/07/21	Taiwan Investor Relations Institute	Functions and Prospects of Carbon Exchanges & How Boards Can Oversee Risk Management Enhancement	3
Independent director	Kuei-Chu Yeh (葉桂珠)	2024/07/03	Taiwan Stock Exchange	2024 Cathay Sustainable Finance and Climate Change Summit	6
		2024/08/08	Taiwan Corporate Governance Association	How Businesses Can Implement Energy Savings and Carbon Reduction to Boost Profitability	3

Note 2: Implementation status of corporate governance in 2024:

1. Handle the related affairs of meetings of the Board of Directors and Shareholders' Meetings according to the law.
  - A. The Board of Directors Meeting agenda is drafted, and all directors are notified at least 7 days in advance with information for the meeting. If a motion involves conflicts of interest, directors shall be notified in advance, and minutes of the meeting shall be distributed to all directors within 20 days after the meeting.
  - B. The date of the shareholders' meeting is registered in advance in accordance with the law. The meeting notice, handbook, minutes, and announcements for processes are prepared within the statutory period. Changes in company registration can also be handled during the amendment of the Articles of Incorporation.
2. Providing relevant laws and regulations regarding corporate governance to members of the Board, with regular updates.
3. Arranging Board members to enroll in training courses
4. Providing directors with the information needed for business operations.
5. Assist directors to comply with the laws and regulations.
 

Based on the evaluation indicators of the "Corporate Governance Evaluation" by the Taiwan Stock Exchange, we collaborate with each unit to review and discuss the proposed plans to enhance corporate governance, and also track the implementation and results of the responsible authority units.
7. Evaluation on the purchase of liability insurance for directors of the group.
8. Arranging communication meetings between independent directors and CPAs or internal audit supervisors

The status of continuing education of the Head of Corporate Governance in 2024:

Period of Study		Organizer	Name of Course	Hours of study	Total study hours of the year
Start	End				
2024/06/06	2024/06/06	Taiwan Stock Exchange, Business Council for Sustainable Development	GHG Protocol Corporate Standards & Scope 3 Training Course: Building a New Carbon Era with Sustainability Expertise	7	19
2024/10/04	2024/10/04	Taiwan Corporate Governance Association	Climate Risk Identification Workshop & Net-Zero Carbon Emissions Awareness Seminar	6	
2024/10/18	2024/10/18	Securities and Futures Institute	2024 Anti-Insider Trading Awareness Seminar	3	
2024/11/01	2024/11/01	Taiwan Corporate Governance Association	Climate Risk Identification Workshop & Net-Zero Carbon Emissions Awareness Seminar	3	

Note 3: Regarding the evaluation results on corporate governance, areas in which improvement has been made and other unaddressed areas and measures that need to be improved on the highest priority are explained as follows:

1. Maintaining shareholders' equities and treating shareholders fairly

- A. The English version of the Meeting Notice, the Meeting Handbook, and the Supplementary Information for the Meeting has been uploaded simultaneously 30 days prior to the date of the Annual Shareholders' Meeting.
- B. The English version of the Annual Financial Report has been uploaded 16 days prior to the date of the Annual Shareholders' Meeting.
- C. The Annual Report has disclosed the link between the performance evaluation of directors and managerial officials and their remunerations.
- D. The full audio and video recording of the meeting has been uploaded after the Shareholders' Meeting.
- E. The English version of the Annual Report is planned to be uploaded 18 days prior to the date of the Annual Shareholders' Meeting.
- F. The critical contents of Shareholders' inquiries and the responses by the Company thereof are planned to be recorded in the Minutes of the Annual Shareholders' Meeting.
- G. The individual remunerations to directors, general managers, and deputy general managers are planned to be disclosed in the Annual Report and at the Annual Shareholders' Meeting.

2. Strengthening the structure and operation of the Board of Directors

- A. The Board of Directors regularly references the AQIs to evaluate the independence and suitability of CPAs.
- B. The company has formulated an intellectual property management plan aligning with the operational goals, which has been reported to the Board of Directors.
- C. A written set of guidelines that is relevant to the financial and business operations with interested parties has been stipulated, which has been resolved by the Board of Directors.
- D. The Risk Management Policies and Procedures are planned to be stipulated and submitted to the Board of Directors for resolution, disclosing the organization structure of risk management, the procedures of risk management, and the operational status thereof.

3. Increase the information transparency

Two Earnings Calls have been convened in 2024.

4. Promoting sustainable development

- A. A human rights policy and substantial management plans have been formulated, taking into consideration the provisions of the International Bill of Human Rights.
- B. The workplace diversity or promotion policies on gender equality have been formulated and the implementation status has been disclosed.
- C. The signing of Social Responsibility Commitment by supply chain vendors has been promoted. The Supplier Management Policy has also been established, requiring suppliers to comply with the relevant regulations related to environmental protection, occupational safety and health, or human rights of laborers.
- D. The relevant information on corporate Governance, Strategy, Risk Management, and Metrics and Targets regarding climate risks and opportunities has been disclosed in accordance with the Task Force on Climate-Related Financial Disclosures (TCFD).
- E. The ISO 14064-1 certification has been completed in 2023.
- F. Expected to introduce and construct the ISO 45001 occupational health and safety system.
- G. Completed the preparation of 2023 ESG Report by August 2024.

Honmyue Enterprise Co., Ltd.  
 Review and Assessment Form for CPA  
 (✓Financial ✓Tax)

Subject of assessment:  Current  CPA nominee: Wang Yu-Juan(王玉娟), Hong Shu-Hua (洪淑華)

Item No.	Content of evaluation	Please tick			Remark
		Yes	No	N/A	
1	If the appointed accountant of the company has a direct or significant indirect conflict of interest that may affect their impartiality and independence regarding the assigned matters, they should recuse and abstain from undertaking the assignment.	✓			
2	The accountant provides the audit, review, re-audit, or project examination of financial statements and issues a letter of opinion. In addition to maintaining substantial independence, the accountant should also maintain formal independence. Thus, do members of the audit service team, other co-practicing accountants, or shareholders of juridical person accounting firms, accounting firms, affiliated enterprises of the firms, and alliance firms maintain independence from the company?	✓			
3	Does CPA appointed by the company maintain the following items: (1) Integrity: Accounts should execute professional services with integrity and a rigorous attitude. In professional and business relationships, accountants should be honest, sincere, fair, and trustworthy. (2) Fairness and objectivity: Accountants should execute professional services with a stance of fairness and objectivity, avoiding bias in professional judgments from prejudices, conflicts of interests, or vested interests. The stance on fairness and objectivity entails impartiality and staying professionally aware in providing information to and interacting with users. (3) Independence: Accountants should maintain both formal and substantive independence when performing the audit, review, re-audit, or project examination of financial statements and issuing a letter of opinion. They should express their opinions impartially.	✓			
4	The independence of accountants is related to their integrity, fairness, and objectivity. If independence is lacking or compromised during the appointment, it may affect their ability to maintain a stand of integrity, fairness, and objectivity.	✓			
5	The independence of accountants may be influenced by self-interest, self-review, advocacy, familiarity, and intimidation.	✓			
6	Independence affected by self-interest refers to situations where accountants obtain financial benefits from the company or experience conflicts of interest due to other vested interests. Whether the following circumstances impacts have occurred: (1) Direct or significant indirect financial interests associated with the company. (2) Financing or guaranteeing activities with the company or its directors. (3) Considering the potential for loss within the company. (4) Have a close business relationship with the company. (5) Have potential employment relationships with the company (6) Related to the audit case of the company or receiving audit-fees.	✓			
7	Since independence is affected by self-assessment, the reports issued or judgments made by accountants in performing non-audit cases are important evidence for evaluation conclusions during the process of audit or review of	✓			

	<p>financial information. Additionally, if a member of the audit service team has previously served as a director of the company or held a position that directly and significantly affects the audit case, it may also affect independence. Whether the following circumstances of impacts have occurred:</p> <ol style="list-style-type: none"> <li>(1) The issuance of an assurance report on the effective operation of financial information systems designed or assisted in implementation by the firm.</li> <li>(2) Significant or important matters for the preparation of source documents by the firm that will be used in assurance engagements.</li> <li>(3) Members of the audit service team who have held positions as directors or managerial officials of the company, or positions with significant influence on audit cases currently or within the past two years.</li> <li>(4) Non-audit services provided to the company that will directly affect significant items of the audit case.</li> </ol>			
8	<p>The impact of defense to independence refers to members of the audit service team becoming defenders of the company's stance or opinions, which raises questions about their objectivity. Whether the following circumstances of impacts have occurred:</p> <ol style="list-style-type: none"> <li>(1) Promoting or brokering the issuance of stocks or other securities issued by the company.</li> <li>(2) Except for businesses that are permitted by law, representing the company as the defender against third parties in legal cases or in other disputes.</li> </ol>	✓		
9	<p>The impact of familiarity on independence refers to the situation where close relationships with the company, directors, or managerial officials lead the accountant or the audit service team to overly focus on or sympathize with the interests of the company. Are there any situations stated below is under effect:</p> <ol style="list-style-type: none"> <li>(1) Members of the audit service team have familial relationships with directors and managerial officials of the company, or individuals holding positions of significant influence on audit cases.</li> <li>(2) A former co-practicing accountant who has served as a director or managerial official of the company, or held a position of significant influence on audit cases within one year of resignation.</li> <li>(3) Receiving valuable gifts, or special offers of substantial value from the company, its directors, managerial officers, or major shareholders.</li> </ol>	✓		
10	<p>The impact of coercion on independence refers to the situation where audit service team members are subjected to or perceive threats or intimidations from the company or other circumstances that prevent them from maintaining objectivity and clarifying professional doubts. Are there any situations stated below is under effect:</p> <ol style="list-style-type: none"> <li>(1) The client threatens to file a lawsuit.</li> <li>(2) The client threatens to revoke the appointment for non-audit engagements and coercively demands the accounting firm to adopt improper accounting treatment for a specific transaction.</li> <li>(3) The client threatens to terminate or not renew the appointment for the audit case.</li> <li>(4) To reduce fees, pressure is exerted on the accountant to inappropriately reduce the necessary audit procedures.</li> <li>(5) In the stance of a professional, a client personnel pressurizes the audit personnel to accept a particular professional judgment on a disputed matter.</li> <li>(6) The accountant requests members of the audit service team to accept inappropriate choices in accounting policies or improper disclosures in the financial statements made by the management level, with the condition that refusal will result in no promotion.</li> </ol>	✓		
11	<p>The firm and the members of the audit service team have a responsibility to maintain independence. When maintaining independence, they should consider whether the nature of the work being executed may impact independence and take measures to eliminate or reduce such impacts to an acceptable level.</p>	✓		
12	<p>When impacts on independence are confirmed to be material, the company, the firm, and the members of the audit service team have adopted appropriate and effective measures to eliminate or reduce these impacts to an acceptable level, and the conclusions are recorded.</p>		✓	

13	If an accountant or accounting firm fails to take any measures or if the measures taken are unable to effectively eliminate the impacts on independence or reduce them to an acceptable level, it may be necessary to consider replacing the accountant in order to maintain independence.			✓	
14	Currently or within the past two years, whether the accountant and their audit team members have provided professional service reports that contain significant errors.		✓		
2. Evaluation Item on suitability					
Item No.	Content of evaluation	Please tick			Remark
		Yes	No	N/A	
1	Whether possessing accountant qualifications so that becoming eligible to execute accounting services.	✓			
2.	Whether there are no disciplinary actions imposed by the competent authority or accountant associations, or no penalties under Article 37, Paragraph 3 of the Securities and Exchange Act.	✓			
3.	Whether possessing industry related-knowledge of the company.	✓			
4	Whether the audit work of financial statements is conducted in accordance with generally accepted auditing standards and the "Regulations governing auditing and attestation of financial statements by Certified Public Accountant".	✓			
5	Whether there is no misuse of the accountant's position for improper competition in commercial activities.	✓			
3. Evaluation of AQI					
In the need for high-quality audit services to increase the credibility of financial statements and ensure outsiders' confidence in the financial information of the company, the company has adopted the Financial Supervisory Commission's AQI (Audit Quality Indicators) disclosure framework, issued in August 2021. It includes five dimensions: professionalism, independence, quality control, supervision, and innovation capability, along with 13 indicators. These indicators broadly cover items relevant to audit quality and assist audit committees in more effectively and objectively assessing the audit quality of accounting firms and audit teams when selecting CPA. After reviewing the Audit Quality Indicators (AQI) of PwC Taiwan, there are no abnormal circumstances regarding the independence and suitability of CPA.					
4. Assessment and audit opinions					
<input checked="" type="checkbox"/> Audit passed, recommended to appoint/ maintain tenure <input type="checkbox"/> There are doubts in the audit, recommended not to appoint / change the accountant. Explanations:					

#### (4) Information on members of the Remuneration Committee

April 28, 2025

Identity	Criteria Name	Professional qualifications and experience (Note 1)	Status of independence	Number of concurrent remuneration committee members in other public companies	Remark
Independent Director (Convener)	Hong-Zhao Lin (林宏昭)	• Operation decisions and strategic management, leader of the organization	Compliance with the requirements of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies"	0	2024/06/26 Discharged
Independent Director (Convener)	Chen-Chi Hsiao (蕭珍琪)	• Operation decisions and strategic management, leader of the organization • Accountant Qualification Certificate Adjunct lecturer of Department of Accounting of University		3	2024/06/26 Re-elected
Independent Director	Gui-Zhu Yeh (葉桂珠)	• Operation decisions and strategic management, leader of the organization • Experience in textile-related industries • Finance and accounting		0	2024/06/26 Re-elected
Independent Director	Jung-Fu Lee (李榮福)	• Operation decisions and strategic management, leader of the organization • Adjunct lecturer of EMBA, National Taichung University of Education		0	2024/06/26 Newly appointed

Note 1: The professional qualifications, experiences and major education, and career history of independent directors can be referred to the relevant information in "Information of Directors (1)" on pp.4-5.

Note 2: Status of Independence

The members of the company's Remunerations Committee, their spouses, and relatives within two degrees of kinship do not hold positions as directors, supervisors, or employees of the company or its affiliated enterprises; the directors and independent directors of the company, their spouses, and relatives within two degrees of kinship (or by nominee arrangement) also do not hold company's shares and positions as directors, supervisors, or employees of companies that have specific relationships to the company. In the recent two years, the directors and independent directors of the company, their spouses, and relatives within two degrees of kinship do not acquire remunerations by offering legal, financial, or accounting services to the company or its affiliated enterprises and businesses.

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

1. The Remuneration Committee of the company consists of 3 members.
2. The term of office for this committee: From June 26, 2024 to June 25, 2027. The Remuneration Committee has convened four times during the latest fiscal year (A). The qualifications and attendance of committee members are as follows:

Title	Name	Attendance in person (B)	Attendance by proxy	Attendance Rate (%) (B/A)	Remark
Independent Director (Convener)	Hong-Zhao Lin (林宏昭)	2	0	100%	2024/06/26 Discharged
Independent Director (Convener)	Chen-Chi Hsiao (蕭珍琪)	4	0	100%	2024/06/26 Re-elected
Independent Director	Gui-Zhu Yeh (葉桂珠)	4	0	100%	2024/06/26 Re-elected
Independent Director	Jung-Fu Lee (李榮福)	2	0	100%	2024/06/26 Newly appointed

The duties of the Remuneration Committee are as follows:

1. Regularly review the organizational regulations of the Remuneration Committee and propose amendments.

2. Establish and regularly review the policies, systems, standards, and structure for the annual performance objectives and remuneration of directors and managers.

Other mentionable items:

1. If the Board of Directors does not adopt or amend the recommendation of the Remuneration Committee, the date of the Board of Directors meeting, session, contents of motion, Board of Directors resolutions, and the company's response to the opinion of the Remuneration Committee (If the remuneration approved by the Board of Directors exceeds the recommendations of the Remuneration Committee, the difference and the reasons for it should be disclosed: None)
2. If there are members who object or have reserved opinions with records or a written statement on the resolutions of the Remuneration Committee, the date of the Remuneration Committee meeting, session, contents of motion, opinions of all the members, and the response to them should be specified: None

3. Important resolutions of the Remuneration Committee in 2024:

Date	Proposal	Result of resolution	The Company's response to the opinion of the Remuneration Committee
2024/2/2 (The 11 <sup>th</sup> meeting of the 5 <sup>th</sup> term)	1. Proposal on the managerial officials' promotion.	The matter was put by the Chair before all members present at the meeting, where no objection was voiced, and was approved unanimously.	Submitted to the Board of Directors. The interested parties did not participate in the voting. The proposal put forward by the Remuneration Committee was approved by the remaining attending Directors.
	2. Proposal on the distribution of year-end bonuses for managerial officials for 2023.	The matter was put by the Chair before all members present at the meeting, where no objection was voiced, and was approved unanimously.	Submitted to the Board of Directors. The interested parties did not participate in the voting. The proposal put forward by the Remuneration Committee was approved by the remaining attending Directors.
	3. Proposal on the appropriation ratio of director and employee remunerations for 2024.	The matter was put by the Chair before all members present at the meeting and was approved unanimously that the estimated appropriation rate for director and employee remunerations in 2024 was set at 3% and 3% respectively.	Submitted to the Board of Directors and approved unanimously by all Directors in attendance.
2024/5/10 (The 12 <sup>th</sup> meeting of the 5 <sup>th</sup> term)	1. Proposal on the distribution of the 2024 Dragon Boat Festival (Mid-year) performance bonus to managerial officials.	The matter was put by the Chair before all members present at the meeting, where no objection was voiced, and was approved unanimously.	Submitted to the Board of Directors and approved unanimously by all Directors in attendance.
2024/8/12 (The 1 <sup>st</sup> meeting of the 6 <sup>th</sup> term)	1. Remuneration for the Chairman and Vice Chairman of the Company.	The matter was put by the Chair before all independent directors present at the meeting, where no objection was voiced, and was approved unanimously.	Submitted to the Board of Directors. The interested parties did not participate in the voting. The proposal put forward by the Remuneration Committee was approved by the remaining attending Directors.
	2. Proposal of retirement remuneration for Ming-Chou Yeh, Co-Founder and Honorary Chairman	The matter was put by the Chair before all independent directors present at the meeting, where no objection was voiced, and was approved unanimously.	Submitted to the Board of Directors and approved unanimously by all Directors in attendance.
	3. Retirement of General Manager Zheng-Pei Guo of the Company.	The matter was put by the Chair before all independent directors present at the meeting, where no objection was voiced, and was approved unanimously.	Submitted to the Board of Directors and approved unanimously by all Directors in attendance.
	4. Re-employment and remuneration of General Manager Zheng-Pei Guo of the Company.	The matter was put by the Chair before all independent directors present at the meeting, where no objection was voiced, and was approved unanimously. Request the company to issue a letter of appointment	Submitted to the Board of Directors and approved unanimously by all Directors in attendance.
2024/11/12 (The 2 <sup>nd</sup> meeting of the 6 <sup>th</sup> term)	1. Amendments to the "Procedures for the Payment of Director and Functional Committee Remuneration."	The matter was put by the Chair before all independent directors present at the meeting, where no objection was voiced, and was approved unanimously.	Submitted to the Board of Directors and approved unanimously by all Directors in attendance.
	2. Amendments to the "Operational Performance Incentive Policy."	The matter was put by the Chair before all independent directors present at the meeting, where no objection was voiced, and was approved unanimously.	Submitted to the Board of Directors and approved unanimously by all Directors in attendance.

**(5) Promotion of Sustainable Development – Implementation Status and Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons:**

Promoting item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Description	
1. Does the Company establish a governance framework to promote sustainable development and set up a specialized (part-time) position to promote sustainable development? Has the Board of Directors authorized senior management to handle this, and what is the status of supervision by the Board?	✓		<p>The company officially established the "ESG Sustainable Development Promotion Committee" in 2022, with the company's General Manager serving as the Chairman. The committee comprised of four working groups: Environmental Sustainability, Social Responsibility, Corporate Governance, and Green Products, each led respectively by the heads of Production Department, Administration Department, Corporate Governance Office, and R&amp;D Technology Department.</p> <p>The Sustainable Development Committee holds regular quarterly meetings, convening a total of 4 meetings in 2024. The agenda items included: (1) Identifying sustainability issues requiring attention and formulating corresponding action plans; (2) Establishing or amending objectives and policies related to sustainability issues; (3) Implementing sustainability initiatives and evaluating their execution.</p> <p>Report the execution progress to the Board of Directors at least once a year, with the Chairman attending the Board meeting to present the report. Furthermore, all meeting results are not only recorded in minutes but also preserved with audio-visual files to ensure proper tracking of meeting resolutions, demonstrating the company's commitment to corporate sustainable development. The ESG Sustainable Development Promotion Committee's 2023 Implementation Status and 2024 Work Plan &amp; Objectives Report was submitted on May 10, 2024. Based on the corporate sustainable development goals, policies, and strategies proposed by the Committee, as well as the various action plans initiated and the results achieved against actual targets and action plans, the Board of Directors provided recommendations to urge the management team to make relevant adjustments."</p>	No deviations
2. Has the Company conducted risk assessments on environmental, social, and corporate governance issues relevant to its business operations based on the principle of materiality? Has the Company established related risk management policies or strategies?	✓		<p>The risk assessment boundary of the company is primarily based on Honmyue's Taiwan parent company. According to the materiality principle of the sustainability report, we conduct analysis, communicate with internal and external stakeholders, and by reviewing domestic and foreign research reports/literature as well as integrating assessment data from various departments, we evaluate material ESG issues. This enables us to establish effective risk management policies for identification, measurement, evaluation, monitoring, and control, and to implement concrete action plans to mitigate the impact of related risks. Based on the assessed risks, relevant risk management policies or strategies are formulated. Please refer to Attachment 1."</p>	No deviations
3. Environmental Issues (1) Does the Company establish a suitable environmental management system according to the industry characteristics?	✓		<p>(1) The company's Taiwan factory plants have established a management system based on ISO 14001 Environmental Management System. They have also stipulated management policies and moved towards the plan for the progress of energy saving and carbon reduction. In 2023, the Company has passed the ISO 14064-1 Certification on Greenhouse Gas Emissions. The company is gradually moving towards the goal of achieving net-zero carbon emissions.</p> <p>The company has obtained industry-related environmental certifications: the Bluesign® certification by the Swiss international environmental certification organization (certificate validity: May 21, 2024 ~ August 10, 2026), Global Recycle Standard (GRS) certification (renewed annually since 2012, latest certificate valid until September 17, 2025), Higg FEM (Facility Environmental Module) certification, U.S. GREENGUARD Gold certification."</p>	No deviations

Promoting item	Implementation status				Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons																		
	Yes	No	Description																				
(2) Does the Company endeavor to use energy more efficiently and to use renewable materials with low environmental impact?	✓		(2) The company complies with relevant environmental regulations and actively procures various high-performance equipment to enhance the efficient use of resources. It also adopts global standards and platforms, such as the HIGG Index, as a management framework. 1.Regarding waste management, the company prioritizes waste reduction, followed by reuse, and finally disposal. To ensure proper control over the flow of waste, the company cautiously selects qualified waste transportation or recycling vendors. 2.The company continuously utilizes various recycled materials, such as ocean waste and recycled yarns from fabrics, to develop eco-friendly fabrics, aiming to reduce its impact on the environment. In 2023, revenue from products using eco-friendly recycled materials and other sustainable raw materials accounted for 23.49% of annual revenue. In 2024, the company further developed eco-friendly post-processing, including products made with sustainable materials, raising the annual revenue share to 30.82%.																				
(3) Has the company evaluated the impacts of climate change on current and future potential risks and opportunities of the company, and adopted relevant measures in response to them?	✓		(3) The ESG Sustainable Development Promotion Committee is the highest organization governing the Company's management on climate change. The Company discloses the relevant information on Governance, Strategy, Risk Management, and Metrics and Targets regarding climate risks and opportunities in compliance with the framework of the TCFD recommendations issued by the Financial Stability Board. We also continue to execute various energy-saving and carbon-reducing plans, including implementing green projects in plants, reducing the usage amount of electricity and diesel oil for vehicles, promoting high efficiency at the 5S campaign, lessening unnecessary energy consumption, improving equipment efficacy, maintaining equipment in good condition, reducing refrigerant fugitiveness, and encourage employees to practice low-carbon emissions and plastic-free in daily life. The detailed description of the risk and opportunity analysis on climate change of the Company, please refer to page 41 (6) Climate-Related Information of TWSE/TPEX Listed Company of this Annual Report.																				
(4) Has the company calculated the volume of greenhouse gas emissions, water used, and the total weight of wastes generated in the past two years? Has the company stipulated management policies on greenhouse gas reduction, reducing water use and other wastes?	✓		(4) 1. The company has inspected the factory plants in Taiwan (Shenkang Factory, Chuansing Factory, Hemei Factory and the Northern Office), and the statistic figures for 2023 and 2024 are as follows:  (1) Volume of greenhouse gas emissions: Unit: (Metric Ton CO2e/ Year)	<table border="1"> <thead> <tr> <th>Year</th> <th>Scope 1</th> <th>Scope 2</th> <th>Scope 3</th> </tr> </thead> <tbody> <tr> <td>2023</td> <td>1,440.03</td> <td>13,290.43</td> <td>20,906.49</td> </tr> <tr> <td>2024</td> <td>1,642.06</td> <td>12,967.67</td> <td>20,405.52</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th>Target of 2024</th> <th>Compliance level of 2024</th> <th>Target of 2025</th> </tr> </thead> <tbody> <tr> <td>Carbon emissions reduced by 4% compared to the base year (2022)</td> <td>The annual greenhouse gas emissions reduced by 11.5% compared to the base year (2022), and the target is reached.</td> <td>Carbon emissions reduced by 6% compared to the base year (2022)</td> </tr> </tbody> </table>	Year	Scope 1	Scope 2	Scope 3	2023	1,440.03	13,290.43	20,906.49	2024	1,642.06	12,967.67	20,405.52	Target of 2024	Compliance level of 2024	Target of 2025	Carbon emissions reduced by 4% compared to the base year (2022)	The annual greenhouse gas emissions reduced by 11.5% compared to the base year (2022), and the target is reached.	Carbon emissions reduced by 6% compared to the base year (2022)	
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2024	78.9	567.3	646.2																																					
Target of 2024	Compliance level of 2024	Target of 2025																																						
Compared with the base year (2022) 1. General business waste disposal volume decreased by 12%. 2. Sludge disposal decreased by 5%.	General business waste disposal increased by 6.9 tons and sludge disposal decreased by 8 tons (1.4%).	Compared to the base year (2022) 1. General business waste disposal decreased by 17%. 2. Sludge disposal decreased by 8%.																																						
Indicator	Major measures for reduction																																							
Greenhouse gases	Replaced weaving machines and improved energy-saving equipment to enhance operational efficiency and energy conservation benefits.																																							

Promoting item	Implementation status					Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Description			
			Sludge reduction	Cleaned the bottom of raw wastewater pools, addressed issues of motor clogging, malfunctions and energy consumption; modified the aeration pipelines of concentration tanks to improve sludge dewatering and reduce sludge moisture content.		
			Water management Equipment optimization	Replaced old water softener tanks and modified pipelines for recycled wastewater through softener tanks to reduce water hardness; performed cleaning of water pipe walls for weaving machines to reduce suspended solids shedding and improve water quality for weaving machines.		
3. External certification obtained in 2024: Higg FEM includes modules on: Environmental Management Systems, Energy, Water Resources, Wastewater, Air Pollution, Waste, and Chemicals.						
4. Social Issues (1) Has the company established management policies and procedures in accordance with relevant laws and regulations and the International Bill of Human Rights?	✓		(1) The company complies with local labor regulations in all the global business locations, adhering to internationally recognized human rights standards such as the "International Bill of Human Rights", the "Core Labor Standards of the International Labour Organization.", and the Social Accountability Standard System. Besides treating all employees, including current staff, contract workers, temporary personnel, and interns respectfully, the company also discloses its policies on labor rights on the company website. We are committed to concerning human rights issues and continuously raising awareness among its employees to further reduce the occurrence of potential risks. The Company's execution guidelines include respect in human rights of labor, gender equality in the workplace, safety measures for female workers during night shifts, and the prohibition of child labor. In 2024, the Company did not have appeals related to human rights or incidents of breach of human rights commitment with employees and all stakeholders.			No deviations

Promoting item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Description	
(2) Does the Company establish and implement reasonable employee welfare measures (including salaries, leaves, and other benefits), and appropriately reflect business performance or results in employee salaries?	✓		<p>(2) Employee remuneration: The company will reflect its operational performance properly in employee remuneration. According to the provision of the Articles of Incorporation, if there are profits in the fiscal year, a minimum of 2% of the profits should be appropriated for employee remuneration. In 2024, an appropriation of 3% was made for employees' remuneration. Additionally, in accordance with the company's "Operational Performance Incentive Policy," 15%-17% of the interim and year-end self-calculated net profit after tax is appropriated as performance bonuses.</p> <p>Employee leave: It is implemented in accordance with the regulations of one fixed day off and one flexible rest day stated in the Labor Standards Act. Also, employees are provided with annual leave and leaves specified in the Act of Gender Equality in Employment.</p> <p>Measures for employee welfare: The company has established the Employee Welfare Committee to implement various measures for employee welfare. Please refer to "5.5 Labor Relations" of this Annual Report. (pp.75)</p> <p>In 2012, the Retired and Resigned Employees Association was established to provide care for our retired and resigned employees. As of 2024, a total of 338 individuals have joined the association. In the event of a major or emergency incident affecting any of our retired or resigned employees, appropriate financial assistance will be promptly provided.</p>	
(3) Does the Company provide a safe and healthy working environment, and regularly implement safety and health education to employees?	✓		<p>(3) The company provides employees with a safe workplace environment, strictly complies with relevant regulations, and has established the "Occupational Safety and Health Management Regulations" and "Personal Protective Equipment Usage Management Rules." In 2022, we established an Occupational Safety and Health Committee and formulated relevant work guidelines to prevent occupational hazards. We regularly conduct fire safety regulation and emergency disaster response drills (twice annually) and perform comprehensive disinfection of factory premises and office buildings yearly. The company employs onsite doctors and nurses to provide health consultation services to employees and organizes periodic preventive healthcare seminars (e.g., 2024 health examination report analysis, metabolic syndrome, etc.). Considering employee safety protection measures, we have strategically placed electronic blood pressure monitors and AEDs (Automated External Defibrillators) to secure critical response time during emergencies, ensuring greater peace of mind for our staff. Noise level testing is conducted twice a year to maintain a safe working environment.</p> <p>In 2024, there were a total of 4 employee workplace accidents (commuting road traffic accidents, falls), accounting for 0.899% of the total employees. In addition to properly handling the incidents, the causes were reviewed, and awareness education was conducted to ensure employees clearly understood the causes and prevent recurrence, thereby ensuring workplace safety. The company has implemented the ISO 45001 system, gradually identifying potential risks within the facility and implementing controls to reduce accidents. In 2024, there were no major occupational safety incidents or regulatory fines.</p> <p>Occupational safety education and training in 2024 were as follows:</p> <p>During new employee orientation and day/night shift fire safety training, occupational safety education sessions were conducted, totaling 7 training sessions with 130 participants.</p>	
(4) Has the Company established an effective training scheme for the development of career skills?	✓		<p>(4) To implement employee training and competency development, the company provides various job-related training programs. Based on the company's medium-to-long-term strategies and annual policy plans, we identify gaps in achieving strategic objectives and develop corresponding training course plans to enhance both individual and corporate competitiveness.</p> <p>Implementation status in 2024:</p>	

Promoting item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Description	
(5) Regarding issues related to customer health and safety, customer privacy, marketing, and labeling of products and services, does the company adhere to relevant laws and regulations and international standards and develop related policies and appeal procedures to protect consumer or customer rights?	✓		<p>1. New Employees: To help new employees quickly integrate into the company and understand corporate culture, we conducted 3 new employees training sessions with a total of 30 participants.</p> <p>2. All Employees: We planned and implemented a series of lean courses, developing diversified and advanced programs based on the company's three core values: "Increase Profits, Reduce Costs, and Eliminate Risks." Throughout the year, we conducted 117 internal and external training courses totaling 2,340.5 hours with 749 participants. In addition, we provided 319 OJT sessions onsite with 1,912 participations.</p> <p>(5) The company complies with relevant laws and regulations and international standards in the marketing and labeling of products and services. We have established a customer service unit and a zone for interested parties to act as a channel of complaint, and protect clients' and consumers' rights.</p>	
(6) Has the company established a supplier management policy that requires suppliers to adhere to relevant standards in environmental protection, occupational health and safety, and labor rights? If so, what is the implementation status?	✓		<p>(6) The company is concerned about sustainable business, which consists of environment, social, and economic aspects, and is committed to enhance the performance management of the supply chain to bring the sustainable influence of responsible supply chain into full play.</p> <p>To select suppliers that meet the Company's needs, to stabilize the quality of imported materials, and to regulate the relevant issues of environment protection, safety, and health, the Company formulated and the "Regulations of Suppliers Management" for compliance.</p> <p>The levels of suppliers are evaluated and categorized by responsible units. Only those who obtain an Excellence or A in the evaluation can be the Company's qualified suppliers.</p> <p>Furthermore, to continuously implement the improvement actions through the Company's influence, we promote standards in environmental protection, occupational safety and health, and human rights of labors. Also, we gradually require major suppliers to sign a "Supplier Social Responsibility Commitment" to ensure the respect for all works, environmental safety, and employees in the supply chain, the responsibility for environment during the manufacturing process, and compliance of labor's safety and health.</p> <p>In 2024, a total of 20 suppliers signed the "Supplier Social Responsibility Commitment."</p>	
5. Does the company refer to international reporting standards or guidelines when preparing its sustainability report and other reports disclosing non-financial information? Has the aforementioned report been assured and verified by a third-party accreditation unit?	✓		The company has prepared a sustainability report in compliance with the GRI Standards issued by the Global Reporting Initiative (GRI) in 2021. The report also adheres to the Taiwan Stock Exchange Corporation "Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies," while referencing the framework of the Sustainability Accounting Standards Board (SASB) and the Task Force on Climate-related Financial Disclosures (TCFD). In addition, it aligns with the United Nations Sustainable Development Goals (SDGs). Currently, the report has not obtained assurance or verification opinions from third-party verification bodies.	No deviations
6. If the company has adopted its own sustainable development best practice principles based on the " Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies", please explain the discrepancy, if any, of the operation principles:			Although the company has not formally established the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies," we consistently fulfill our corporate social responsibilities across three key areas: corporate governance, environmental protection, and social welfare. The company strives to achieve practical performance that surpasses written guidelines, creating mutually beneficial outcomes for the company, clients, society, and the environment.	

Promoting item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons	
	Yes	No	Description		
7. Other important information that helps to understand the implementation of sustainable development:					
Environmental Sustainability: The company's Taiwan factories have established a management system based on the ISO 14001 Environmental Management System and formulated management policies with a focus on energy conservation and carbon reduction. In 2023, we obtained ISO 14064-1 verification for greenhouse gas emissions and are progressively advancing toward our net-zero carbon goal.					
Company Products: The company's roller shade products have received the GreenGuard Gold Certification.					
Social Responsibility: The company actively integrates internal resources and collaborates with stakeholders to engage in various social welfare initiatives annually through the "Changhua County Honmyue Charity Association." We generously contribute to social welfare causes. Additionally, we emphasize the operation of the ESG Committee to ensure sustainable development in the social dimension. We prioritize hiring local talent to provide employment opportunities, fostering regional development in Changhua County and contributing to the prosperity of local communities.					
<p>1. Underprivileged Care: A. Participation in the Winter Relief Program at Huide Nengren Monastery in Changhua County (236 households assisted in 2024).            B. Participation in the O&amp;S Charity Foundation Winter Relief Program (35 households assisted in 2024).            C. Emergency aid for neighboring townships (Hemei, Xianxi, and Shengang) (12 cases assisted in 2024).            D. Participation in the "Cherish Changhua Fund for Children" Charity Fair, selling second-hand goods to support the Changhua Fund for Children.</p> <p>2. Education Care: Scholarships for underprivileged students in junior high, high school, and vocational schools, as well as book awards for elementary students in neighboring townships (Hemei, Xianxi, and Shengang). A total of 63 scholarships were awarded in the 2024 academic year (both semesters).</p> <p>3. Community Care: Sponsored township offices and Hemei community events with donations including LCD TVs, 24-inch suitcases, military-style travel backpacks, and NT\$13,400 in event funding. Donated 10 fire hoses to Shengang Fire Station.</p> <p>4. Environmental Care: Participated in public beach cleanup initiatives.</p> <p>5. Awards &amp; Recognitions: A. Received the 1<sup>st</sup> "Work-Life Balance Award" from the Ministry of Labor, Executive Yuan.            B. Awarded the 3<sup>rd</sup> "Four-Star Award" in "Vibrant Changhua – Happy Workplace" by Changhua County Government.            C. Honored with the "Labor Model Organization Award" by the Ministry of Labor.            D. Certified as a "Sports-Friendly Enterprise" by the Sports Administration, Ministry of Education.            E. Recognized as an "Outstanding Member" by the Changhua Labor-Management Relations Association.            F. Designated as a "CHR2020 Healthy Corporate Citizen Pledge Enterprise" by Common Health Magazine.            G. Received the "Golden Proposal Award" for labor innovation.</p>					

#### Note 1:

According to the risks after evaluation, the following are the policies or strategies related to risk management formulated for the implementation of sustainable development in 2024:

Material Issues	Risk Assessment Item	Description
Environmental	Environmental Impact and Management	<p>1. The Company effectively reduces the emissions of pollution and the impact on the environment by the executing the managerial circulation of process safety and systemization.</p> <p>2. The U.S. and the EU are the Company's main markets, where the products and factories are required to meet certain environmental regulations. Therefore, the Company obtained the "Bluesign®" certification in 2010 of a high standard of production process by a Swiss international organization for environmental protection, and the "Global Recycle Standard (GRS)" certification in 2015. We continue to maintain the validity of the certificates.</p> <p>3. Conduct regular greenhouse gas emissions inventories in accordance with ISO 14064-1 to assess operational impacts on the company. Based on carbon audit results, continuously implement carbon reduction measures to effectively mitigate Scope 1 emission risks and Scope 2 indirect greenhouse gas emissions from electricity usage.</p> <p>4. Annually develop internal audit plans to verify compliance with all applicable environmental regulations, and conduct audits to ensure all operational processes meet required standards.</p>

Social	Occupational Safety	<ol style="list-style-type: none"> <li>1. To effectively safeguard worker safety and health and prevent occupational accidents, the company established an "Occupational Safety and Health Organization" in 2022 to develop and promote safety and health initiatives.</li> <li>2. The company has implemented "Occupational Safety and Health Management Regulations" and "Personal Protective Equipment Usage Management Procedures", among other measures. We conduct annual fire safety regulation and emergency disaster response drills, along with regular occupational safety awareness campaigns to enhance employees' emergency response capabilities and self-safety management skills.</li> </ol>
	Product, Equipment, and Plant Safety	Fire could cause huge losses beyond assessment to enterprises. Products, equipment, and plants are protected with fire insurances.
Corporate Governance	Social Economy and Legal Compliance	<ol style="list-style-type: none"> <li>1. Through the establishment of corporate governance organization and the implementation of internal control system, the Company ensures every member and operation to adhere to the relevant laws and regulations.</li> <li>2. The Company patented for its R&amp;D products to protect company rights and interests.</li> </ol>
	Strengthening of Directors' Functions	<ol style="list-style-type: none"> <li>1. Plan relevant continuing education topics for directors and provides them with annual updates on the latest regulatory developments and policies.</li> <li>2. We have established "Rules for Performance Evaluation of Board of Directors" and conducts regular elevations to enhance the operational efficiency of the Board of Directors.</li> <li>3. Purchase liability insurance for directors and managers, which helps reduce litigation risks for directors and managers, increase their willingness to take risks, and enable them to perform their functions effectively.</li> </ol>
	Communication with Stakeholders	Various communication channels are established for active communication and reduction of confrontation and misunderstanding. The contact information of spokesman and representative spokesman is disclosed on the company's website to actively handle and respond to stakeholders' questions.

## (6) Climate-Related Information of TWSE/TPEx Listed Company

Item	Implementation status																																															
1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.	<p>The supervision and governance work are led by the General Manager serving as the Chairman of the ESG Sustainable Development Promotion Committee. The Committee holds quarterly meetings to regularly track climate-related risks, thoroughly document actual and potential impacts, and formulate risk mitigation and elimination strategies. Special meetings may be convened when necessary.</p> <p>The aforementioned operations annually report to the Board of Directors on the ESG Committee's implementation results and the target plans for the new year.</p>																																															
2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).	<p>Climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term):</p> <table border="1"> <thead> <tr> <th>Risk Type</th><th>Risk Dimension</th><th>Risk Item</th><th>Time Horizon (Short/Medium/Long)</th><th colspan="2">Risk Description &amp; Potential Financial Impact</th><th colspan="2">Opportunity &amp; Potential Financial Impact</th></tr> <tr> <th></th><th></th><th></th><th></th><th>Risk Impact Description</th><th>Financial Impact</th><th>Opportunity Description</th><th>Financial Impact</th></tr> </thead> <tbody> <tr> <td>Transition Risk</td><td>Policy &amp; Regulation</td><td>Stricter energy regulations, implementation of carbon fee system</td><td>Medium</td><td>Increasing carbon fee expenditures, higher costs for renewable energy procurement</td><td>\ Operating cost increase</td><td>Reduce/optimize energy usage, develop low-carbon products, increase green energy ratio through multiple channels</td><td>Operating cost reduction, capital expenditure increase</td></tr> <tr> <td>Transition Risk</td><td>Technology</td><td>R&amp;D for low-carbon processes, development of eco-friendly materials</td><td>Short-term</td><td>Increased R&amp;D investment</td><td>Operating cost increase</td><td>Process optimization, high-efficiency product design, improved product image/packaging</td><td>Operating cost increase, operating income increase</td></tr> <tr> <td>Physical Risk</td><td>Acute</td><td>Extreme weather causing droughts</td><td>Short-term</td><td>1. Water restrictions due to regional shortages may force operational shutdowns or shift adjustments, affecting production lines and delaying deliveries. 2. Suppliers unable to deliver normally, upstream material shortages leading to increased insurance costs for the company.</td><td>Operating cost increase</td><td>1. Adopt more efficient production processes/equipment 2. Recycling and reuse 3. Reduce water consumption and usage</td><td>Lower operating costs, increased production capacity, higher revenue, increased fixed asset value</td></tr> </tbody> </table>								Risk Type	Risk Dimension	Risk Item	Time Horizon (Short/Medium/Long)	Risk Description & Potential Financial Impact		Opportunity & Potential Financial Impact						Risk Impact Description	Financial Impact	Opportunity Description	Financial Impact	Transition Risk	Policy & Regulation	Stricter energy regulations, implementation of carbon fee system	Medium	Increasing carbon fee expenditures, higher costs for renewable energy procurement	\ Operating cost increase	Reduce/optimize energy usage, develop low-carbon products, increase green energy ratio through multiple channels	Operating cost reduction, capital expenditure increase	Transition Risk	Technology	R&D for low-carbon processes, development of eco-friendly materials	Short-term	Increased R&D investment	Operating cost increase	Process optimization, high-efficiency product design, improved product image/packaging	Operating cost increase, operating income increase	Physical Risk	Acute	Extreme weather causing droughts	Short-term	1. Water restrictions due to regional shortages may force operational shutdowns or shift adjustments, affecting production lines and delaying deliveries. 2. Suppliers unable to deliver normally, upstream material shortages leading to increased insurance costs for the company.	Operating cost increase	1. Adopt more efficient production processes/equipment 2. Recycling and reuse 3. Reduce water consumption and usage	Lower operating costs, increased production capacity, higher revenue, increased fixed asset value
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4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	<p>The company conducts climate risk scenario assessments at least once a year for potential business risks, in accordance with the "Risk Management Policy and Procedures" approved by the 18<sup>th</sup> Meeting of the 19<sup>th</sup> Term Board of Director. When performing climate risk assessments, the company first distributes a risk checklist to senior executives for completion, requiring all managers to provide detailed descriptions of potential climate risks. These risks are then quantified through a scoring process and prioritized from high to low based on their potential threat to the company.</p> <p>The company's risk identification and assessment process are as follows: Risk Identification → Risk Analysis → Risk Evaluation → Risk Treatment → Risk Disclosure.</p> <p>For climate risk management processes, the company regularly tracks mitigated and eliminated risks through the ESG Sustainable Development Promotion Committee. Which includes comprehensive documentation of both actual and potential impacts of various risks, along with the corresponding mitigation and elimination strategies implemented by the company. The committee monitors the execution outcomes of these strategies, submits annual reports to the Audit Committee for review, and receives guidance and recommendations for management strategy adjustments under the Audit Committee's supervision.</p>																																															
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters,	<p>The company does not currently use scenario analysis for climate change risk assessment. The plan will identify climate risk and opportunity issues by examining different global warming scenarios (e.g., net-zero emission scenarios, high-emission scenarios) and measuring the timeline, likelihood of occurrence, and magnitude of impacts, thereby screening out material climate risk and opportunity issues.</p>																																															

Item	Implementation status
assumptions, analysis factors and major financial impacts used should be described.	
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.	The company aims for climate change mitigation, using greenhouse gas emissions from production processes as the key quantitative evaluation indicator, calculated according to ISO 14064-1 methodology. We have set reduction targets for direct emissions (Scope 1) from operational activities and indirect emissions (Scope 2) from energy use. We promote energy conservation among employees by reducing electricity and vehicle diesel consumption, implementing 5S activities to improve efficiency, minimizing unnecessary energy use, enhancing equipment efficiency, maintaining equipment properly to reduce refrigerant leakage. (For greenhouse gas reduction targets and strategies, please refer to Section 1-2 Greenhouse Gas Reduction Targets, Strategies and Concrete Action Plans.)
7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	The issue of internal carbon pricing is currently under deliberation, mainly referencing international reports such as the IEA's "World Energy Outlook" and the World Bank's "State and Trends of Carbon Pricing" report, as well as internal and external decarbonization costs across production sites. By considering industry pricing methods and application strategies, we will establish corresponding shadow pricing to facilitate evaluation of various emission reduction investment projects.
8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.	The company's established climate-related carbon reduction targets, greenhouse gas emission scopes, and relevant planning timelines are described in Sections 1-1 and 1-2 below. In addition to implementing the established targets and plans, we will use our internally determined shadow carbon price as a basis to evaluate feasible renewable energy investment options, execute carbon credit project development, or adopt methods such as purchasing Renewable Energy Certificates (RECs) to achieve carbon emission offsets.
9. Greenhouse gas inventory and assurance status and reduction targets, strategy, and concrete action plan (separately fill out in points 1-1 and 1-2 below).	As described in Sections 1-1 and 1-2 below.

## 1-1. Greenhouse Gas Inventory and Assurance Status for the Most Recent 2 Fiscal Years

### Greenhouse Gas Inventory Information

Describe the emission volume (metric tons CO <sub>2</sub> e), intensity (metric tons CO <sub>2</sub> e/NT\$ million), and data coverage of greenhouse gases in the most recent 2 fiscal years.						
Honmyue has established systematic greenhouse gas inventory procedures, reduction initiatives, and related management and audit systems in accordance with standards set by ISO (the International Organization for Standardization) and the GHG Protocol of the World Business Council for Sustainable Development. This implementation follows the PDCA cycle to effectively control greenhouse gas emissions. The inventory procedures are developed based on ISO 14064-1:2018 and related standards, utilizing the emission factor method commonly adopted domestically for quantification. The inventory results are verified by an audit team through internal verification of data collection, quantification methods, emission factors, and related documentation. The inventory scope covers all factories of Honmyue Enterprise Co., Ltd. in Taiwan (Shengang Factory, Chuanxing Factory, Hemei Factory, and Taipei Office), with disclosures made following materiality assessment as follows:						
Year	Scope 1 (metric tons CO <sub>2</sub> e)	Scope 2 (metric tons CO <sub>2</sub> e)	Scope 3 (metric tons CO <sub>2</sub> e)	Annual emissions (metric tons CO <sub>2</sub> e)	Annual net revenue (NT\$ million)	Density (metric tons CO <sub>2</sub> e/NT\$ million)
2023	1,440.03	13,290.43	20,906.49	35,636.95	1,996.611	17.85
2024	1,642.06	12,967.67	20,405.52	35,015.25	2,092.743	16.73

### Details of Scope 3 Emissions by Category for 2024:

Indirect Greenhouse Gas Emissions (Categories 3-6, including subcategories)	Emissions (metric tons CO <sub>2</sub> e)
Category 3: Indirect Greenhouse Gas Emissions from Transportation	325.89
3.1 Emissions from Upstream Transportation and Goods Distribution	28.25
3.2 Emissions from Downstream Transportation and Goods Distribution	148.46
3.3 Emissions from Employee Commuting	149.16
Category 4: Indirect Greenhouse Gas Emissions from Products Used by the Organization	20,057.87
4.1 Emissions from Purchased Goods	19,945.76
4.3 Emissions from Solid and Liquid Waste Treatment	105.28
4.4 Emissions from Asset Usage	6.82
Category 6: Indirect Greenhouse Gas Emissions from Other Sources	21.76

## 1-1-2 Greenhouse Gas Assurance Information

Describe the status of assurance for the most recent 2 fiscal years as of the printing date of the annual report, including the scope of assurance, assurance institutions, assurance standards, and assurance opinion.

The company passed the ISO 14064-1 greenhouse gas emissions verification in 2023, with assurance conducted by the certification body DNV. The verification was based on ISO 14064-1:2018, as well as other relevant standards ensuring the consistency of greenhouse gas emissions identification, calculation, monitoring, and reporting, including: ISO 14066:2011, ISO 14065:2020, and ISO 14064-3:2019. DNV concluded that the "2022 Honmyue Enterprise Greenhouse Gas Inventory Report" (Version 1.0, issued on February 16, 2024), after review according to the aforementioned verification criteria, showed no significant discrepancies. Regarding direct emissions (Scope 1) and indirect emissions from purchased energy (Scope 2), the reliability of the information contained in the 2022 inventory report has been verified with a reasonable level of assurance. For other categories of indirect greenhouse gas emissions, verification checks were also completed during the audit process.

## 1-2 Greenhouse Gas Reduction Targets, Strategy, and Concrete Action Plan

Specify the greenhouse gas reduction base year and its data, the reduction targets, strategy and concrete action plan, and the status of achievement of the reduction targets																			
The company's greenhouse gas reduction base year is 2022, with the goal of reducing overall Scope 1 and Scope 2 emissions. Below are the greenhouse gas emissions for 2024 and the base year:																			
<table border="1"> <thead> <tr> <th>Year</th><th>Scope 1 (metric tons CO<sub>2</sub>e)</th><th>Scope 2 (metric tons CO<sub>2</sub>e)</th><th>Scope 1 + Scope 2 (metric tons CO<sub>2</sub>e)</th><th>Annual emissions (metric tons CO<sub>2</sub>e)</th></tr> </thead> <tbody> <tr> <td>2022</td><td>1,457.77</td><td>15,054.16</td><td>16,511.93</td><td>43,266.30</td></tr> <tr> <td>2024</td><td>1,642.06</td><td>12,967.67</td><td>14,609.73</td><td>35,015.25</td></tr> </tbody> </table>					Year	Scope 1 (metric tons CO <sub>2</sub> e)	Scope 2 (metric tons CO <sub>2</sub> e)	Scope 1 + Scope 2 (metric tons CO <sub>2</sub> e)	Annual emissions (metric tons CO <sub>2</sub> e)	2022	1,457.77	15,054.16	16,511.93	43,266.30	2024	1,642.06	12,967.67	14,609.73	35,015.25
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2024	1,642.06	12,967.67	14,609.73	35,015.25															
Reduction targets and achievement status description																			
Item	2022 (Base year)	2024 Target	2024 Achievement Status	2025 Target															
GHG Reduction Target) (Scope 1 + Scope 2)	16511.93 metric tons CO <sub>2</sub> e	Using 2022 as the base year, the carbon emissions in 2024 were reduced by 4%.	Using 2022 as the base year, the carbon emissions in 2024 were reduced by 11.5%.	Using 2022 as the base year, the carbon emissions in 2025 will be reduced by 4%.															
Below is the 2024 strategy and concrete action plan:																			
Strategy	Improvement Projects	Estimated Benefits		Factory															
Replace outdated equipment to improve energy efficiency	Replace 100 weaving machines	Increase production capacity, efficiency, and quality		Chuanxi ng Factory Shengan g Factory															
	Replace Roots blowers with air-floating blowers	Saving 94,608 kWh/year																	
	Upgrade return air motors to IE3 energy-efficient motors	Improve efficiency from 90.2% to 93%, saving 46,713 kWh/year																	
Reduce air conditioning energy consumption	Partitioning of weaving area (curtain partitions, modification of air ducts)	Reduce chiller usage from 400 RT to 120 RT in summer, saving 453,600 kWh/year																	
Reduce equipment issues and save energy	Cleanup of waste yarn in wastewater reservoir	Prevent motor clogging, malfunctions, and energy waste																	
	Optimization of aeration pipeline in sludge thickener	Improve sludge aeration, enhance dewatering, reduce moisture content, and eliminate odor issues																	
Improve water quality, reduce production issues	Replacement of old water softener tanks	Reduce water hardness and suspended solids, improving water quality for weaving machines																	
	Cleaning of water pipes for weaving machines	Reduce suspended solids, enhance water quality																	

	Modification of recycled water piping through softener tanks	Lower water hardness, improve weaving efficiency	
	Installation of ozone generator	Sterilize recycled water, reduce algae/mold stains on greige fabrics	
	Replacement of activated carbon in groundwater aeration tower	Reduce iron ions in water	
	Replacement of boiler and sizing material consumables	Reduce water hardness	
	Replacement of UV sterilizer consumables	Lower bacterial count in recycled water, prevent mold/algae stains on light-colored fabrics	
Enhance energy management	Installation of steam flow meters for sizing/drying sections	Improve energy management mechanism	
Reduce sludge moisture content	Evaluation and replacement of sludge press filter cloth	Lower sludge moisture content, improve sludge press efficiency	

## (7) Ethical Corporate Management – Implementation Status and Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Description	
1. Establishment of ethical corporate management policies and programs (1) Does the company have an ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?  (2) Whether the company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates, within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in Article 7, paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?  (3) Does the company clearly set out the operating procedures, behavior guidelines, and punishment and appeal system for violations in the unethical conduct prevention program, implement it, and regularly review and revise the plan?	✓  ✓  ✓		<p>(1) The company has established the "Procedures for Ethical Management and Guidelines for Conduct," which were approved by the Board of Directors in March 2017 and amended in March 2020. Based on ethical, the company externally emphasizes honesty toward customers and internally strictly requires employees to exercise self-discipline, comply with internal regulations, and establish sound corporate governance and risk control mechanisms to create a sustainable business environment.</p> <p>(2) The company has formulated the "Procedures for Ethical Management and Guidelines for Conduct" in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies." The content requires all employees to uphold the important responsibilities of maintaining high ethical standards, protecting the company's reputation, and complying with laws and regulations. To ensure employees remain consistently aware of ethical conduct, in addition to publishing the "Procedures for Ethical Management and Guidelines for Conduct" on the website for easy reference, the company also discloses its annual ethical management implementation status in its annual report and website. Furthermore, regular training sessions are conducted each year to reinforce ethical awareness among employees. Regarding unethical behavior, the company provides reporting channels. For any conduct that may violate professional ethics, the company adopts a strict and impartial approach, thoroughly investigating and verifying all cases.</p> <p>(3) The company has established the "Procedures for Ethical Management and Guidelines for Conduct" and has formulated relevant regulations and guidelines for different compliance areas. Additionally, the employee code of conduct explicitly outlines disciplinary measures for violations. Furthermore, a whistleblowing system and complaint channel have been set up in the stakeholder section of the website. The company's audit department also plays a crucial role in ensuring ethical business practices and regulatory compliance. Internal audits are conducted in accordance with the annual audit plan approved by the Board of Directors, and the audit findings along with subsequent improvement plans are reported to the Board and the management. This ensures the effective implementation of the ethical management procedures and conduct guidelines.</p>	No deviations
2. Ethical Management Practice (1) Does the company assess the ethics records of those it has business relationships with and include ethical conduct related clauses in the business contracts?	✓		<p>(1) In addition to training employees to uphold the principles of ethical business conduct, the company ensures that suppliers, clients, business partners, and other stakeholders understand and adhere to our ethical business practices. Commercial contracts explicitly include integrity clauses. We assess the legitimacy of business partners and check for any history of unethical behavior through credit evaluations, due diligence investigations, or audit procedures. If any</p>	No deviations

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Description	
<p>(2) Has the company set up a dedicated unit to promote ethical corporate management under the board of directors, and does it regularly (at least once a year) report to the board of directors on its ethical corporate management policy and program to prevent unethical conduct and monitor their implementation?</p> <p>(3) Has the company established policies to prevent conflict of interests, provided appropriate communication and complaint channels, and properly implemented such policies?</p> <p>(4) Does the company have effective accounting and internal control systems in place to enforce ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit compliance with the systems to prevent unethical conduct or hire outside accountants to perform the audits?</p> <p>(5) Does the company provide internal and external ethical corporate management training programs on a regular basis?</p>	✓		<p>party involved in business dealings or cooperation is found to engage in unethical conduct, the company reserves the right to terminate or cancel the contract unconditionally.</p> <p>(2) The company has established an "Ethical Management Committee" composed of members from the General Manager's Office, Management Center, and relevant departments, dedicated to assisting in the promotion of corporate integrity initiatives. The committee conducts annual training programs for all employees and reported the implementation results of integrity advocacy and training for 2024 to the Board of Directors on March 10, 2025.</p> <p>(3) The company has established and strictly implemented conflict of interest provisions in the Rules of Procedure for Board of Directors Meetings, requiring all employees to fully comply in order to uphold the spirit of ethical corporate governance. Furthermore, we have clearly defined policies to prevent conflicts of interest for senior management, including directors and managers, and all employees, while also establishing mechanisms for reporting illegal, unethical, or non-compliant conduct. Employees are provided with a dedicated ethics hotline or employee care mailbox and appropriate channels to voice concerns.</p> <p>(4) The company places utmost emphasis on ensuring the accuracy and completeness of financial reporting processes and internal controls, with specific internal control mechanisms designed for operational procedures that carry higher risks of unethical conduct. Furthermore, through the annual internal control self-assessment, all departments are required to evaluate the design and operational effectiveness of their internal control systems. The internal audit unit also formulates an annual internal audit plan based on risk assessment outcomes, conducts audits accordingly, and reports the findings to the Board of Directors and the management.</p> <p>(5) The company organizes annual ethics training for all employees through the Management Center of the General Manager's Office, covering topics such as "Operating procedures for handling material inside information and prevention of insider trading" and "Ethical Management." The training is conducted through the internal education system to communicate key points to employees. In addition, new employees receive training on "Ethical Management Best Practice Principles and Insider Trading" during their onboarding. In 2024, a total of 4 training sessions were held, with 336 participants. After the sessions, the presentation and video files were uploaded to the internal employee learning platform for reference by those who could not attend.</p>	

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Description	
3. Implementation of Complaint Procedures (1) Has the company established specific whistle-blowing and reward procedures, set up conveniently accessible whistle-blowing channels, and appointed appropriate personnel specifically responsible for handling complaints received from whistle-blowers? (2) Has the company established standard operation procedures for investigating the complaints received, follow-up measures taken after investigation, and mechanisms ensuring such complaints are handled in a confidential manner? (3) Has the company adopted proper measures to protect whistle-blowers from retaliation for filing complaints?	✓ ✓ ✓		(1) The company's website and internal network have set up an independent reporting mailbox and telephone to allow employees and external individuals to report any instances of financial, legal, and integrity-related misconduct. These reporting channels also allow anonymous reporting, the audit office is the investigation unit for reported cases.  (2) Within the "Investors' Section" of the company website, an independent section is established specifically for contact with interested parties. A reporting system is also implemented to allow both employees and external individuals to make reports, and they are received and investigated by specialized personnel. The company maintains strict confidentiality regarding the identity of the whistleblower and the content of the report with a written statement, and conducts with a rigorous approach.  (3) When the company accepts a report and starts the investigation, besides ensuring the confidentiality of the whistleblower, the handling, investigation process, findings, and related records are treated with utmost confidentiality and rigor. The company is committed to safeguarding whistleblowers from any improper treatment or punishments as a result of their reporting. No reported matters were received in 2024.	No deviations
4. Strengthening Information Disclosure Does the company disclose its ethical corporate management policies and the results of their implementation on its website and the Market Observation Post System (MOPS)?	✓		The "Procedures for Ethical Management and Guidelines for Conduct" are stipulated under the resolution of the Board of Directors, and the relevant information is publicized on the company website and Market Observation Post System (MOPS).	No deviations
5. If the company has adopted its own ethical corporate management best practice principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, please describe any deviations between the principles and their implementation: The company has established the "Procedures for Ethical Management and Guidelines for Conduct," and there are no deviations between the company's ethical management operations and the contents of the principles.				
6. Other important information to facilitate a better understanding of the status of operation of the company's ethical corporate management policies (e.g., the company's reviewing and amending of its ethical corporate management best practice principles): The Guidelines for Conduct established by the company shall evolve with the times. In addition to complying with legal requirements, we will review and amend the guidelines as appropriate to meet the needs of ethical management practices. Furthermore, we will conduct training programs to strengthen ethical management and ensure proper implementation of these principles.				

**(8) Other material information for increasing understanding of the status of implementing corporate governance:**

1. The company has stipulated "Operating procedures for handling material inside information and prevention of insider trading" which clearly regulates the handling of material inside information of the company and disclosure mechanisms. The prevention of insider trading is also strengthened. Directors, managerial officers, and employees should comply with these regulations, and publication sessions will be conducted periodically for all employees.
2. Status of continuing education of managerial officials, auditors, and other related personnel:

Name	Date	Organizer	Name of course	Study Hours
Head of accounting Pan Li-Zhe (潘立哲)	2024/09/23 ~ 2024/09/24	Accounting Research and Development Foundation	Professional courses of continuous training for issuers, securities firms, stock exchanges, and accounting managers	12
Audit Supervisor Chen Yu (陳昱)	2024/6/04	The Institute of Internal Auditors, R.O.C.	Analysis of Sustainable Information Disclosure and Management Policies and Related Audit Key Points	6
	2024/08/07		How to Adjust Internal Control Systems to Comply with New ESG Regulations	6
	2024/08/28		New Challenges for Internal Auditors - Analysis of Sustainable Information Disclosure and Management Policies and Related Audit Key Points	6
	2024/09/09		Enterprise ESG and Internal Audit Integration Applications and Examples	6

**(9) Implementation status of the internal control system**

1. Statement on the Internal Control System:

Please refer to Market Observation Post System>Single Company>Corporate Governance>Corporate Regulations/Internal Control>Internal Control Statement Announcement

<https://mops.twse.com.tw/mops/#/web/t06sg20>

2. Disclosure of the auditor's review report when the internal control system is reviewed by an auditor assigned on a project basis: None

**(10) Important resolutions of the Shareholders' Meeting and the Board of Directors in the most recent fiscal year and as of the date of publication of the Annual Report.**

**1. Important resolutions of the Shareholders' Meeting**

Date	Proposal	Resolution and the status of implementation
2024/6/26	1. The 2024 Business Report and Financial Statement.	The original proposal was approved by a vote of all present shareholders and was announced in the important resolution items of the Shareholders' Meeting.
	2. The Company's 2023 Loss Appropriation.	The original proposal was approved by a vote of all present shareholders and was announced in the important resolution items of the Shareholders' Meeting.
	3. Re-election of directors (including independent directors) of the Company.	Election Results: Directors: Po-Yu Yeh (葉博宇), Zhenghong Investment Co., Ltd. Representative: Cheng-Hua Yeh (葉政華), Jun-Lin Yeh (葉俊麟), Ming-Yi Lai (賴明毅), Ren-Xing Hsu (許仁興), Mao-Lin Wang (王茂林), Pai-Jung Ko (柯栢榮), Jen-Kai Yang (楊任凱) Independent Directors: Chen-Chi Hsiao (蕭珍琪), Jung-Fu Lee (李榮福), Kuei-Chu Yeh (葉桂珠) Complete the change of registration: Authorized by the Ministry of Economic Affairs letter No. 11330124010, dated August 1, 2024.
	4. Proposal of lifting non-compete restrictions for newly elected directors.	The original proposal was approved by a vote of all present shareholders and was announced in the important resolution items of the Shareholders' Meeting.

**2. Important resolutions of the Board of Directors**

Date	Proposal	Result of resolution
2024/2/2 (The 16 <sup>th</sup> meeting of the 19 <sup>th</sup> term)	1. The 2024 Business Report.	The matter was put by the Chair before all directors and independent directors present at the meeting, where no objection was voiced, and was approved unanimously.
	2. Proposal on the managerial officials' promotion. (Deputy General Manager Po-Yu Yeh (葉博宇))	The matter was put by the Chair before all directors and independent directors present at the meeting, where no objection was voiced, and was approved unanimously. 【The related parties concerning this proposal temporarily recused from the meeting and did not participate in the voting.】
	3. Proposal on the distribution of year-end bonuses for managerial officials for 2023.	The matter was put by the Proxy Chair before all directors and independent directors present at the meeting, where no objection was voiced, and was approved unanimously. 【The related parties concerning this proposal temporarily recused from the meeting and did not participate in the voting.】
	4. Proposal on the appropriation ratio of director and employee remunerations for 2024. 【 2024 Appropriation ratio of director and employee remunerations were estimated at 3%, respectively】	The matter was put by the Chair before all directors and independent directors present at the meeting, where no objection was voiced, and was approved unanimously.
	5. In order to meet the operational funding requirements, the company plans to apply for a renewal and sign a financing facility with the original financial institution.	The matter was put by the Chair before all directors and independent directors present at the meeting, where no objection was voiced, and was approved unanimously.
2024/3/8 (The 17 <sup>th</sup> meeting of the 19 <sup>th</sup> term)	1. The 2023 Individual and Consolidated Financial Statements of the company.	The matter was put by the Chair before all directors and independent directors present at the meeting, where no objection was voiced, and was approved unanimously.
	2. The Company's overdue accounts receivables as of December 31, 2023 are not recognized under Nature of Loaning of Funds.	The matter was put by the Chair before all directors and independent directors present at the meeting, where no objection was voiced, and was approved unanimously.
	3. Proposal on the convening of the 2024 Annual Shareholders' Meeting.	The matter was put by the Chair before all directors and independent directors present at the meeting, where no objection was voiced, and was approved unanimously. (The date of Annual Shareholders' Meeting was at 1:30 PM on June 26, 2024)
	4. The Company's 2023 Loss Appropriation.	The matter was put by the Chair before all directors and independent directors present at the meeting, where no objection was voiced, and was approved unanimously.
	5. Employees' and directors' remuneration for 2023. (Employees' and directors' remuneration for 2023 were not appropriated.)	The matter was put by the Chair before all directors and independent directors present at the meeting, where no objection was voiced, and was approved unanimously.

Date	Proposal	Result of resolution
2024/5/10 (The 18 <sup>th</sup> meeting of the 19 <sup>th</sup> term)	6. Proposal for re-election of the 20 <sup>th</sup> term directors (including independent directors) at the 2024 shareholders' meeting. (Re-election of 8 directors and 3 independent directors).	The matter was put by the Chair before all directors and independent directors present at the meeting, where no objection was voiced, and was approved unanimously and proposed to the Shareholders Meeting for the election of directors.
	7. Proposal on handling shareholder proposals for the 2024 shareholders' meeting and accepting nominations for director (including independent director) candidates.	The matter was put by the Chair before all directors and independent directors present at the meeting, where no objection was voiced, and was approved unanimously.
	8. Proposal of the issuance of 2023 Statement on the Internal Control System" by the Company.	The matter was put by the Chair before all directors and independent directors present at the meeting, where no objection was voiced, and was approved unanimously.
	9. Evaluation of the independence and suitability of the CPA for 2024 of the Company.	The matter was put by the Chair before all directors and independent directors present at the meeting, where no objection was voiced, and was approved unanimously.
	10. Proposal of appointment and remuneration of the CPAs for 2024.	The matter was put by the Chair before all directors and independent directors present at the meeting, where no objection was voiced, and was approved unanimously.
	11. Amendments to the "Rules of Procedure for Board of Directors Meetings."	The matter was put by the Chair before all directors and independent directors present at the meeting, where no objection was voiced, and was approved unanimously.
2024/6/10 (The 18 <sup>th</sup> meeting of the 19 <sup>th</sup> term)	1. The Q1 Consolidated Financial Statement of 2024.	The matter was put by the Chair before all directors and independent directors present at the meeting, where no objection was voiced, and was approved unanimously.
	2. The Company's overdue accounts receivables as of March 31, 2024 are not recognized under Nature of Loaning of Funds.	The matter was put by the Chair before all directors and independent directors present at the meeting, where no objection was voiced, and was approved unanimously.
	3. Proposal to establish "Risk Management Policies and Procedures."	The matter was put by the Chair before all directors and independent directors present at the meeting, where no objection was voiced, and was approved unanimously.
	4. Proposal on the distribution of the 2024 Dragon Boat Festival (Mid-year) performance bonus to managerial officials.	The matter was put by the Chair before the rest directors and independent directors present at the meeting, where no objection was voiced, and was approved unanimously. 【The related parties concerning this proposal temporarily recused from the meeting and did not participate in the voting.】
	5. Proposal on handling shareholder proposals for the 2024 shareholders' meeting and accepting nominations for director (including independent director) candidates.	The matter was put by the Chair before all directors and independent directors present at the meeting, where no objection was voiced, and was approved unanimously and proposed to the Shareholders Meeting for the election.
	6. Proposal of lifting non-compete restrictions for newly elected directors of the 20 <sup>th</sup> term.	The matter was put by the Chair before all directors and independent directors present at the meeting, where no objection was voiced, and was approved unanimously and proposed to the Shareholders Meeting for discussion.
2024/6/26 (The 1 <sup>st</sup> meeting of the 20 <sup>th</sup> term)	1. Proposal for electing new Chairman and Vice Chairman.	All directors present unanimously elected Mr. Po-Yu Yeh (葉博宇) as Chairman of the Company, and Zhenghong Investment Co., Ltd. Representative: Cheng-Hua Yeh (葉政華) as Vice-Chairman of the Company.
	2. Proposal for Appointment of 2 <sup>nd</sup> Audit Committee members.	The matter was put by the Chair before all directors and independent directors present at the meeting, where no objection was voiced, and was approved unanimously. The members of the 2 <sup>nd</sup> Audit Committee are independent directors Chen-Chi Hsiao (蕭珍琪), Jung-Fu Lee (李榮福) and Kuei-Chu Yeh (葉桂珠).
	3. Proposal for appointment of 6 <sup>th</sup> Remuneration Committee members.	The matter was put by the Chair before all directors and independent directors present at the meeting, where no objection was voiced, and was approved unanimously. The members of the 6 <sup>th</sup> Remuneration Committee are independent directors Chen-Chi Hsiao (蕭珍琪), Jung-Fu Lee (李榮福) and Kuei-Chu Yeh (葉桂珠).
2024/8/12 (The 2 <sup>nd</sup> meeting of the 20 <sup>th</sup> term)	1. Proposal to confer the honorary title of "Honorary Chairman" upon Mr. Ming-Zhou Yeh (葉明洲) and "Honorary Vice Chairman" upon Ms. Jin-Feng Chen (陳金鳳).	The matter was put by the Chair before all directors and independent directors present at the meeting, where no objection was voiced, and was approved unanimously.
	2. The Q2 Consolidated Financial Statement of 2024.	The matter was put by the Chair before all directors and independent directors present at the meeting, where no objection was voiced, and was approved unanimously.
	3. The Company's overdue accounts receivable as of June 30, 2024 are not recognized under Nature of Loaning of Funds.	The matter was put by the Chair before all directors and independent directors present at the meeting, where no objection was voiced, and was approved unanimously.
	4. Proposal of the Company to lend funds to its subsidiaries.	The matter was put by the Chair before all directors and independent directors present at the meeting, where no objection was voiced, and was approved unanimously.

Date	Proposal	Result of resolution
2024/11/12 (The 3 <sup>rd</sup> meeting of the 20 <sup>th</sup> term)	5. Proposal of the Company's making of endorsement and guarantee for the subsidiary "Jiujiang Deyu Textile Technologies Co., Ltd."	The matter was put by the Chair before all directors and independent directors present at the meeting, where no objection was voiced, and was approved unanimously.
	6. Remuneration for the Chairman and Vice Chairman of the Company.	The matter was put by the Chair before all directors and independent directors present at the meeting, where no objection was voiced, and was approved unanimously. 【The related parties concerning this proposal temporarily recusal from the meeting and did not participate in the voting.】
	7. Proposal of retirement remuneration for Ming-Chou Yeh, Co-Founder and Honorary Chairman	The matter was put by the Chair before all directors and independent directors present at the meeting, where no objection was voiced, and was approved unanimously.
	8. Retirement of General Manager Zheng-Pei Guo of the Company.	The matter was put by the Chair before all directors and independent directors present at the meeting, where no objection was voiced, and was approved unanimously.
	9. Re-employment and remuneration of General Manager Zheng-Pei Guo of the Company.	The matter was put by the Chair before all directors and independent directors present at the meeting, where no objection was voiced, and was approved unanimously.
	10. Appointment of "corporate chairman's representative" for the Company's reinvestment company.	The matter was put by the Chair before all directors and independent directors present at the meeting, where no objection was voiced, and was approved unanimously.
	11. Proposal on the Appointment of the Custodian for the Company Seal Registered with the Ministry of Economic Affairs.	The matter was put by the Chair before all directors and independent directors present at the meeting, where no objection was voiced, and was approved unanimously.
	12. Proposal for the preparation of the "2023 Sustainability Report".	The matter was put by the Chair before all directors and independent directors present at the meeting, where no objection was voiced, and was approved unanimously.
	13. In order to meet the operational funding requirements, the company plans to apply for a renewal and sign a financing facility with the original financial institution.	The matter was put by the Chair before all directors and independent directors present at the meeting, where no objection was voiced, and was approved unanimously.
	1. The Q3 Consolidated Financial Statement of 2024.	The matter was put by the Chair before all directors and independent directors present at the meeting, where no objection was voiced, and was approved unanimously.
	2. The Company's overdue accounts receivable as of September 30, 2024 are not recognized under Nature of Loaning of Funds.	The matter was put by the Chair before all directors and independent directors present at the meeting, where no objection was voiced, and was approved unanimously.
	3. Issuance of the 3 <sup>rd</sup> domestic unsecured convertible bonds.	The matter was put by the Chair before all directors and independent directors present at the meeting, where no objection was voiced, and was approved unanimously. The minimum bid for the corporate bond shall be no lower than 101.5% of the par value.
	4. Proposal for the 2025 internal audit plan of the Audit Unit.	The matter was put by the Chair before all directors and independent directors present at the meeting, where no objection was voiced, and was approved unanimously.
	5. Formulation of the "Regulations for Sustainable Information Management" and "Procedures for Internal Audit of Sustainable Information Management."	The matter was put by the Chair before all directors and independent directors present at the meeting, where no objection was voiced, and was approved unanimously.
	6. Amendment to the "Regulations on Supervision and Management of Subsidiaries."	The matter was put by the Chair before all directors and independent directors present at the meeting, where no objection was voiced, and was approved unanimously.
	7. Amendment to the "Regulations Governing the Payment of Remuneration to Directors and Functional Committee Members."	The matter was put by the Chair before all directors and independent directors present at the meeting, where no objection was voiced, and was approved unanimously.
	8. Amendments to the "Operational Performance Incentive Policy."	The matter was put by the Chair before all directors and independent directors present at the meeting, where no objection was voiced, and was approved unanimously.
	9. Appointment of directors and supervisors of the Company's reinvested subsidiaries in Mainland China.	The matter was put by the Chair before all directors and independent directors present at the meeting, where no objection was voiced, and was approved unanimously.
	10. In order to meet the operational funding requirements, the company plans to apply for a renewal and sign a financing facility with the original financial institution.	The matter was put by the Chair before all directors and independent directors present at the meeting, where no objection was voiced, and was approved unanimously.

**(11) In the most recent fiscal year and as of the date of publication of the Annual Report, if there is any director or supervisor has expressed a dissenting opinion with respect to a material resolution passed by the Board of Directors, with a record or written statement, its major contents shall be disclosed: None**

#### 4. Information regarding the company's audit fee paid to the CPA

##### (1) Information regarding the company's audit fee paid to the CPA

Unit: NTD Thousand

Name of accounting firm	Name of CPA	Duration of audit	Audit fee	Non-audit fee (Note)	Total	Remark
PwC Taiwan	Wang Yu-Juan (王玉娟) Hong Shu-Hua (洪淑華)	2024.01.01~2024.12.31	2,950	902	3,852	

Note: Business travel and transportation expenses, verification fees of transfer pricing, and tax advisory fees

- (2) If there is a change in the accounting firm, and in the year of the change the audit fee is lower than that in the previous year, the audit fees before and after the change, as well as the reasons, shall be disclosed: None
- (3) If the audit fee is reduced by more than 10% compared to the previous year, the amount of the audit fee reduced, its proportion, and the reasons for the reduction shall be disclosed: None

#### 5. Replacement of CPA

If the company has replaced its certified public accountant within the last 2 fiscal years or any subsequent interim period: None

#### 6. Employment of the company's chairman, general manager, or managerial officials responsible for finance or accounting by the auditing CPA firm or its affiliated enterprises in the most recent fiscal year: None

#### 7. Particulars about changes in shareholding and equity pledge of directors, managerial officials, and shareholders holding more than 10% of the company's shares in the past year and as of the date of publication of the Annual Report

Title	Name	2024		Current fiscal year as of April 28	
		Increment (Reduction) in shareholding	Increment (Reduction) in equity pledge	Increment (Reduction) in shareholding	Increment (Reduction) in equity pledge
Chairman	Po-Yu Yeh (葉博宇) (Note 1)	18,000	—	—	—
Chairman	Ming-Zhou Yeh (葉明洲) (Note 2)	12,000	—	—	—
Vice Chairman	Zhenghong Investment Co., Ltd. Representative: Cheng-Hua Yeh (葉政華) (Note 3)	—	—	—	—
		2,000	—	—	—
Vice Chairman	Chen Jin-Feng (陳金鳳) (Note 2)	12,000	—	—	—
Director & General Manager	Guo Zheng-Pei (郭正沛) (Note 4)	13,000	—	—	—
Director	Ye Jun-Lin (葉俊麟)	11,000	—	(27,000)	—
Director	Lai Ming-Yi (賴明毅)	—	—	—	—
Director	Cai Zhen-Hui (蔡振輝) (Note 2)	—	—	—	—
Director	Hsu Ren-Xing (許仁興)	—	—	—	—
Director	Wang Mao-Lin (王茂林)	—	—	—	—
Director	Pai-Jung Ko (柯栢榮) (Note 3)	—	—	—	—
Director	Jen-Kai Yang (楊任凱) (Note 3)	—	—	—	—
Independent Director	Chen-Chi Hsiao (蕭珍琪)	—	—	—	—
Independent Director	Hong-Zhao Lin (林宏昭) (Note 2)	—	—	—	—
Independent Director	Zhu Xing-Hua (朱興華) (Note 2)	—	—	—	—
Independent Director	Jung-Fu Lee (李榮福) (Note 3)	—	—	—	—

Independent Director	Kuei-Chu Yeh (葉桂珠) (Note 3)	—	—	—	—
Executive Deputy General Manager of the Business Department	Jin-Chang Hong (洪錦昌)	41,000	—	14,000	—
Associate of the Department of Production	You-Dian Tsai (蔡佑典) (Note 5)	18,000	—	2,000	—
Associate of the Business Department	Cai-Juan Pan (潘彩娟)	19,000	—	6,000	—
Manager of Management and Administration Center, General Manager's Office Head of Corporate Governance	Su-Qing Zhuo (卓素卿)	18,000	—	6,000	—
Manager of Information Management Center, General Manager's Office	Shao-Rui Chen (陳紹睿)	14,000	—	5,000	—
Manager of the Department of Finance Head of Accounting	Li-Zhe Pang (潘立哲)	18,000	—	6,000	—
Manager of the Business Department	Pei-Hong Zhang (張培宏)	19,000	—	6,000	—
Manager of the Business Department	Wei-Fang Hsu (徐為芳)	17,000	—	5,000	—
Manager of the Department of Research and Technology	Yan-Hong Guo (郭彥宏)	18,000	—	7,000	—
Head of Finance	Hui-Na Xie (謝惠娜)	17,000	—	5,000	—

Note 1: Appointed as a director upon election at the shareholders' meeting on June 26, 2024.

Note 2: Discharged upon reelection at the shareholders' meeting on June 26, 2024; therefore, changes in shareholdings are not calculated from the date of discharged.

Note 3: Appointed upon re-election at the shareholders' meeting on June 26, 2024; therefore, changes in shareholdings are calculated from the date of taking office.

Note 4: Discharged as a director upon reelection at the shareholders' meeting held on June 26, 2024.

Note 5: Discharged as manager on February 28, 2025.

Note 6: The company has no shareholders with more than 10% of the total shares of the company yet.

Note 7: The aforementioned counterparties who are involved in the change of shareholding are not interested parties.

## 8. Relationship Information on the top ten shareholders who are mutually interested parties, spouses, or relatives within two degrees of kinship

April 28, 2025

Name	Current shareholding		Spouse's/minor's shareholding		Shareholding by nominee arrangement		Name and relationship between the top ten shareholders who are mutually interested parties, spouses, or relatives within two degrees of kinship		Remark
	No. of shares	Shareholding ratio (%)	No. of shares	Shareholding ratio (%)	No. of shares	Shareholding ratio (%)	Name	Relationship	
Zheng Hong Investments Co., Ltd Representative: Min-Chao Yeh (葉閔超)	11,427,805 4,487,850	8.80 3.45	0	0	0	0	Min-Chao Yeh (葉閔超) Zheng-Hua Yeh (葉政華)	Chairman Supervisor	
Jun-Lin Yeh (葉俊麟)	6,311,088	4.86	0	0	0	0	Jin-Feng Chen (陳金鳳) Po-Yu Yeh (葉博宇) Rui-Ke Yeh (葉瑞克) Po Yu Invest (Share)	FDR SDR SDR Director	
Jing Wei Investment Co. Ltd Representative: Zong Gang Yeh (葉宗鋼)	5,893,726 0	4.54 0	0	0	0	0	None	None	
Po Yu Invest Co. Ltd. Representative: Jin-Feng Chen (陳金鳳)	5,762,132	4.44	1,809,507	1.39	0	0	Jin-Feng Chen (陳金鳳) Jun-Lin Yeh (葉俊麟) Rui-Ke Yeh (葉瑞克) Po Yu Invest (Share)	FDR SDR SDR Director	
	5,148,351 5,051,080	3.96 3.89	0	0	0	0	Jin-Feng Chen (陳金鳳) Jun-Lin Yeh (葉俊麟) Po-Yu Yeh (葉博宇) Rui-Ke Yeh (葉瑞克)	Chairman Director Director Supervisor	

Jin-Feng Chen (陳金鳳)	5,051,080	3.89	0	0	0	0	Po Yu Invest (Share) Jun-Lin Yeh (葉俊麟) Po-Yu Yeh (葉博宇) Rui-Ke Yeh (葉瑞克)	Chairman FDR FDR FDR	
Min-Chao Yeh (葉閔超)	4,487,850	3.45	0	0	0	0	Ming-Zhou Yeh (葉明洲) Zheng-Hua Yeh (葉政華) Zong Gang Yeh (葉宗鋼)	FDR SDR SDR	
Ming-Zhou Yeh (葉明洲)	4,326,421	3.33	0	0	0	0	Min-Chao Yeh (葉閔超) Zheng-Hua Yeh (葉政華) Zong Gang Yeh (葉宗鋼)	FDR FDR FDR	
Rui-Ke Yeh (葉瑞克)	4,076,104	3.14	0	0	0	0	Jin-Feng Chen (陳金鳳) Jun-Lin Yeh (葉俊麟) Po-Yu Yeh (葉博宇) Po Yu Invest Co. Ltd.	FDR SDR SDR Supervisor	
Zheng-Hua Yeh (葉政華)	2,644,792	2.04	0	0	0	0	Zheng Hong Investments (Shares) Ming-Zhou Yeh (葉明洲) Min-Chao Yeh (葉閔超) Zong-Gang Yeh (葉宗鋼)	Supervisor FDR SDR SDR	

**9. The total number of shares and total equity stake held in any single invested business by the company, its directors, managerial officials, and any companies controlled either directly or indirectly by the company**

December 31, 2024

Invested Business (Note)	Investment by the company		Investment by directors, supervisors, managerial officials, or any companies controlled either directly or indirectly by the company		Comprehensive investment	
	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio
HONGYU HOLDINGS L.L.C	N/A	100.00%	0	0	N/A	100.00%
Honmyue Textile (Zhejiang) Co., Ltd.	N/A	100.00%	0	0	N/A	100.00%
Jiujiang DeYu Textile Technologies Co., Ltd.	N/A	100.00%	0	0	N/A	100.00%
Wen Fa Comprehensive Development Co., Ltd.	N/A	100.00%	0	0	N/A	100.00%
Nuwa Enterprise Co., Ltd.	N/A	N/A	2,800,000	70.00%	2,800,000	70.00%
Utex Innovation Co., Ltd.	10,800,000	90.00%	0	0	10,800,000	90.00%
Jiujiang Hongzhi Textile Technologies Co., Ltd.	N/A	N/A	N/A	70.00%	N/A	70.00%

Note: Investments accounted for using the equity method by the company

### III. Information on capital raising activities

#### 1. Capital and shares

##### (1) Source of capital stock

###### 1. Formation process of capital stock

March 31, 2025

Year and month	Issue price (Dollar/ Share)	Authorized capital		Paid-in capital		Source of capital stock	Remarks	
		No. of shares (Share)	Amount (NTD)	No. of shares (Share)	Amount (NTD)		Capital increased by assets other than cash	Others
1970.09	10,000	300	3,000,000	300	3,000,000	Cash	None	None
1985.03	10,000	2,000	20,000,000	2,000	20,000,000	Cash capital increase	None	None
1989.11	10	6,000,000	60,000,000	6,000,000	60,000,000	Cash capital increase	None	None
1991.11	10	12,000,000	120,000,000	12,000,000	120,000,000	Cash capital increase of NTD 40 million, capitalization of retained earnings of NTD 20 million	None	None
1994.09	10	18,000,000	180,000,000	18,000,000	180,000,000	Cash capital increase of NTD 60 million	None	None
1997.10	10	80,000,000	800,000,000	38,000,000	380,000,000	Cash capital increase of NTD 110 million, capitalization of retained earnings NTD 63 million Capitalization of capital surplus of NTD 27 million Approved by Letter No. 51871 of Taiwan Financial Supervisory Commission (Type One), dated 7th July 1997	None	None
1998.08	10	80,000,000	800,000,000	42,940,000	429,400,000	Capitalization of retained earnings of NTD 38 million, capitalization of capital surplus of NTD 11.4 million Approved by Letter No. 55972 of Taiwan Financial Supervisory Commission (Type One), dated 29th June 1998	None	None
1999.08	10	80,000,000	800,000,000	48,522,200	485,222,000	Capitalization of retained earnings of NTD 42,940,000, capitalization of capital surplus of NTD 12,882,000 Approved by Letter No. 56519 of Taiwan Financial Supervisory Commission (Type One), dated 22nd June 1999	None	None
2000.09	10	80,000,000	800,000,000	60,886,212	608,862,120	Capitalization of retained earnings of NTD 106,657,350, capitalization of capital surplus of NTD 16,982,770 Approved by Letter No. 58476 of Taiwan Financial Supervisory Commission (Type One), dated 18th July 2000	None	None
2001.10	10	80,000,000	800,000,000	73,063,455	730,634,550	Capitalization of retained earnings of NTD 118,728,120, capitalization of capital surplus of NTD 3,044,310 Approved by Letter No. 144127 of Taiwan Financial Supervisory Commission (Type One), dated 17th July 2001	None	None
2002.08	10	81,831,070	818,310,700	81,831,070	818,310,700	Capitalization of retained earnings of NTD 87,676,150 Approved by Letter No. 0910137456 of Taiwan Financial Supervisory Commission (Type One), dated 9th July 2002	None	None
2003.05	10	141,831,070	1,418,310,700	96,831,070	968,310,700	Cash capital increase of NTD 150 million Approved for processing by Letter No. 0920118578 of Taiwan Financial Supervisory Commission (Type One), dated 19th May 2003	None	None

Year and month	Issue price (Dollar/ Share)	Authorized capital		Paid-in capital		Source of capital stock	Remarks	
		No. of shares (Share)	Amount (NTD)	No. of shares (Share)	Amount (NTD)		Capital increased by assets other than cash	Others
2003.09	10	141,831,070	1,418,310,700	103,609,245	1,036,092,450	Capitalization of retained earnings of NTD 67,781,750 Approved by Letter No. 0920143501 of Taiwan Financial Supervisory Commission (Type One), dated 15th September 2003	None	None
2004.03	12.3	141,831,070	1,418,310,700	105,162,935	1,051,629,350	Conversion of the First Honmyue convertible bonds into common shares of NTD 15,536,900 Approved by Business Permit No. 09301033040, dated 9th March 2004	None	None
2004.05	12.3	141,831,070	1,418,310,700	106,766,212	1,067,662,120	Conversion of the First Honmyue convertible bonds into common shares of NTD 16,032,770 Approved by Business Permit No. 09301075500, dated 3rd May 2004	None	None
2004.07	10	183,831,070	1,838,310,700	106,766,212	1,067,662,120	Change of total authorized capital to NTD 1,838,310,700 through the amendment of Articles of Incorporation Approved for processing by the Ministry of Economic Affairs in 1993 with Business Permit No. 09301121290	None	None
2004.08	12.4	183,831,070	1,838,310,700	106,956,294	1,069,562,940	Conversion of the First Honmyue convertible bonds into common shares of NTD 1,900,820 Approved by Business Permit No. 09301139710, dated August 2004	None	None
2004.09	10	183,831,070	1,838,310,700	111,192,893	1,111,928,930	Capitalization of retained earnings of NTD 42,365,990 Approved by Business Permit No. 09301139710, dated September 2004	None	None
2004.10	12.4	183,831,070	1,838,310,700	111,243,224	1,112,432,240	Conversion of the First Honmyue convertible bonds into common shares of NTD 503,310 Approved by Business Permit No. 09301202500, dated October 2004	None	None
2005.01	11.6	183,831,070	1,838,310,700	111,990,971	1,119,909,710	Conversion of the First Honmyue convertible bonds into common shares of NTD 7,477,470 Approved by Business Permit No. 09401016450, dated January 2005	None	None
2005.05	11.1	183,831,070	1,838,310,700	112,450,430	1,124,504,300	Conversion of the First Honmyue convertible bonds into common shares of NTD 4,594,590 Approved by Business Permit No. 09401074050, dated May 2005	None	None
2005.07	10	183,831,070	1,838,310,700	121,444,302	1,214,443,020	Capitalization of retained earnings of NTD 89,938,720 Approved by Letter No. 0940129600 of Taiwan Financial Supervisory Commission (Type One), dated July 2005.	None	None
2006.08	7.29	183,831,070	1,838,310,700	132,390,788	1,323,907,880	Conversion of the First Honmyue convertible bonds into common shares of NTD 109,464,860 Approved by Business Permit No. 09501166150, dated August 2006	None	Issued at a discount
2006.10	8.3	183,831,070	1,838,310,700	132,571,510	1,325,715,100	Conversion of the First Honmyue convertible bonds into common shares of NTD 1,807,220 Approved by Business Permit No. 09501221720, dated October 2006	None	Issued at a discount
2008.10	10	183,831,070	1,838,310,700	137,874,371	1,378,743,710	Capitalization of retained earnings of NTD 53,028,610 Approved by Business Permit No. 09701254920, dated October 2008	None	None
2013.09	10	183,831,070	1,838,310,700	133,787,969	1,337,879,690	Cancellation of treasury stocks of NTD 40,864,020 Approved by Business Permit No. 10201180180, dated 4th September 2013	None	None
2014.9	10	183,831,070	1,838,310,700	129,896,969	1,298,969,690	Cancellation of treasury stocks of NTD 38,910,000 Approved by Business Permit No. 10301185980, dated 9th September 2014	None	None

2. Type of stock

April 28, 2025  
Unit: Share

Type of stock	Authorized capital			Remarks	
	Shares outstanding		Un-issued shares		
	Listed	Unlisted			
Registered common shares	129,896,969	0	53,934,101	183,831,070	

**(2) Major list of shareholders:**

April 28, 2025

Name of major shareholders \ Shareholding	Shares held	Shareholding percentage
Zheng Hong Investments Co., Ltd.	11,427,805	8.80%
Jun-Lin Yeh (葉俊麟)	6,311,088	4.86%
Jing Wei Investment Co.	5,893,726	4.54%
Po-Yu Yeh (葉博宇)	5,762,132	4.44%
Po Yu Invest Co., Ltd.	5,148,351	3.96%
Jin-Feng Chen (陳金鳳)	5,051,080	3.89%
Min-Chao Yeh (葉閔超)	4,487,850	3.45%
Ming-Zhou Yeh (葉明洲)	4,326,421	3.33%
Rui-Ke Yeh (葉瑞克)	4,076,104	3.14%
Zheng-Hua Yeh (葉政華)	2,644,792	2.04%

**(3) Dividend policy and implementation status**

1. Dividend policy formulated by the Articles of Incorporation

The dividend policy of the company aligns with the current and future development plans, and in consideration of different factors such as the investment environment, capital requirements, domestic and foreign competitive conditions, and the shareholders' interests, shareholders' dividends may be distributed in cash or in shares, with cash dividends not less than 10% of the total dividends. The Board of Directors is authorized to decide the actual rate of distribution according to the capital condition and budgets of the company.

2. Proposed distribution of dividends by the current Shareholders' Meeting: None

3. Explanation of expected significant changes in the dividend policy: None

**(4) The impact on the business performance of the company and earnings per share by the issuance of bonus shares proposed by the current Shareholders' Meeting: None**

**(5) Remuneration of employees and directors:**

1. The percentage or range of remuneration of employees and directors stated in the Articles of Corporation:

The Articles of Corporation of the company states that: if there are profits in this fiscal year, a ratio of not less than 2% of the profits shall be appropriated as employees' remunerations, and they will be distributed in stocks or cash by the resolution of the Board of Directors, and the recipients include employees from subsidiaries who fulfill certain criteria. And for the aforementioned profits of the company, a ratio of not more than 5% shall be appropriated as directors' remunerations by the resolution of the Board of Directors. Distribution of employee and director remunerations shall be submitted for report at the Shareholders' Meeting. However, if the company has accumulated losses, the profits shall be retained to make up for the losses first, and the remainder allocated as employee and director remunerations afterward according to the ratio of the preceding paragraph.

2. The basis for estimating the amount of current employee and director remunerations, for calculating the number of shares to be distributed as employee remunerations, and the accounting treatment if there are discrepancies between the actual distributed amount and the estimated figure:

- (1). The basis for estimating the amount of current employee and director remunerations:  
The estimates of employees' and directors' remuneration were based on the profit for 2024, at 3% and 3%, respectively, and the amounts were approved by the Board of Directors.
- (2). The basis for calculating the number of shares to be distributed as employee remuneration: N/A
- (3). The accounting treatment if there are discrepancies between the actual distributed amount and the estimated figure:  
After the end of the fiscal year, when there are changes in the distribution amount approved by the Board of Directors, the original provisioned annual expenses are adjusted accordingly. If there are still changes in the amount at the date of the shareholders' meeting, they will be handled based on the changes in accounting estimates, and the adjustments for the year will be entered into the accounts at the shareholders' meeting resolution.

3. The status of remuneration distribution approved by the Board of Directors:

- (1). If there are discrepancies in the amount of employee and director remunerations distributed in cash or stocks and the estimated amount of the recognized expenses of the fiscal year, the discrepancy, its cause, and the status of treatment shall be disclosed:

Item		2024		Explanation on the discrepancy
		Estimated amount of the recognized expenses	Distribution of remunerations approved by the Board of Directors	
Director remuneration		NTD NT\$3,482,269	NTD NT\$3,482,269	N/A
Employee remuneration	Cash	NTD NT\$3,482,269	NTD NT\$3,482,269	N/A
	Stocks	None	None	

- (2). The number of shares to be distributed as employee remuneration and its ratio to the after-tax net profit of the current Individual Financial Statement and the total amount of employee remuneration: N/A

4. The actual status of the distribution of employee and director remunerations in the previous fiscal year, and if this amount has discrepancies to the remunerations of recognized employees and directors the discrepancy, its cause, and the status of treatment shall be explained:

Item		2023		Explanation on the discrepancy
		Estimated amount of the recognized expenses	Proposed distribution amount by the Board of Directors	
Director remunerations		NTD 0	NTD 0	N/A
Employee remuneration	Cash	NTD 0	NTD 0	N/A
	Stocks	None	None	

**(6) The repurchase of company shares by the company: None**

## 2. Status of Corporate Bonds

Types of corporate bonds	The 2 <sup>nd</sup> domestic unsecured convertible bonds
Issue (Process) date	January 26, 2022
Denomination	NTD 100,000
Venue of Issuance and transaction	Taipei Exchange
Issue price	Issued at 109.01% of the denomination
Total price	NTD 300 million
Coupon rate	Coupon rate 0%
Tenor	3 years Maturity: January 26, 2025
Guarantee agency	N/A
Consignee	Taishin International Bank Co., Ltd.
Underwriting institution	Mega Securities Co., Ltd.
Certified Lawyer	Lawyer Chiu Ya-Wen (邱雅文) from Handsome Attorneys-at-Law
Certified Public Accountant	Accountant Liu Mei-Lan (劉美蘭), Wang Yu-Juan(王玉娟) from PwC Taiwan
Method of repayment	With the exception of holders of the convertible corporate bonds who converts them into common shares of the company in accordance with Articles 10 of this regulation, or those redeemed in advance by the company in accordance with Article 18 of this regulation, or bought back by the company from the financial institution for cancellation the company shall, within ten business days after the maturity date of the convertible corporate bonds, repay the bondholders of the previously mentioned bonds with a one-time cash repayment according to the denomination of the bonds, plus an interest compensation. (The interest compensation at maturity is 1.5075% of the denomination, with an actual yield of 0.5%).
Outstanding principle	NTD 0
Terms of redemption or advance repayments	Please refer to the procedure of issuance and conversion of the 2 <sup>nd</sup> domestic unsecured convertible bonds of the company
Restrictive clause	Please refer to the procedure of issuance and conversion of the 2 <sup>nd</sup> domestic unsecured convertible bonds of the company
Name of credit rating agency, rating date, rating of corporate bonds	N/A
Other rights attached	As of the date of the publication of the Annual Report, the amount of converted (exchanged or subscribed) common shares, global depository receipts, or other securities
	None
Possible dilution of shares and impact on existing shareholders' equity from the issuance and conversion, exchange or subscription method, and issuing condition	Please refer to the procedure of issuance and conversion of the 2 <sup>nd</sup> domestic unsecured convertible bonds of the company
	None
Name of the entrusted custodian institution for the exchange target	None

Types of corporate bonds	The 3 <sup>rd</sup> domestic unsecured convertible bonds
Issue (Process) date	March 31, 2025
Denomination	NTD 100,000
Venue of Issuance and transaction	Taipei Exchange
Issue price	Issued at 101.5% of the denomination
Total price	NTD 300 million
Coupon rate	Coupon rate 0%
Tenor	3 years Maturity: March 31, 2028
Guarantee agency	N/A
Consignee	Yuanta Commercial Bank Co., Ltd.
Underwriting institution	Mega Securities Co., Ltd.
Certified Lawyer	Lawyer Chiu Ya-Wen (邱雅文) from Handsome Attorneys-at-Law
Certified Public Accountant	Accountant Wang Yu-Juan(王玉娟), Hong Shu-Hua (洪淑華) from PwC Taiwan
Method of repayment	With the exception of holders of the convertible corporate bonds who converts them into common shares of the company in accordance with Article 10 of this regulation, or those redeemed in advance by the company in accordance with Article 18 of this regulation, or bought back by the company from the financial institution for cancellation, the company shall, within five business days after the maturity date of the convertible corporate bonds, repay the bondholders of the previously mentioned bonds with a one-time cash repayment according to the denomination of the bonds, plus an interest compensation. (The interest compensation at maturity is 1.5075% of the denomination, with an actual yield of 0.5%).
Outstanding principle	NTD 300,000,000
Terms of redemption or advance repayments	Please refer to the procedure of issuance and conversion of the 3 <sup>rd</sup> domestic unsecured convertible bonds of the company
Restrictive clause	Please refer to the procedure of issuance and conversion of the 3 <sup>rd</sup> domestic unsecured convertible bonds of the company
Name of credit rating agency, rating date, rating of corporate bonds	N/A
Other rights attached	As of the date of the publication of the Annual Report, the amount of converted (exchanged or subscribed) common shares, global depository receipts, or other securities
	None
Possible dilution of shares and impact on existing shareholders' equity from the issuance and conversion, exchange or subscription method, and issuing condition	Please refer to the procedure of issuance and conversion of the 3 <sup>rd</sup> domestic unsecured convertible bonds of the company
	Assuming under the current conversion price, if all outstanding corporate bonds are converted to common shares, about 20,689,655 shares of common shares of the company will be converted. The company currently has 129,896,969 outstanding shares, and in addition to the number of convertible shares, the impact on shareholders' equity is still very limited.
Name of the entrusted custodian institution for the exchange target	None

- 3. Status of Preferred Stock: None**
- 4. Status of Global Depository Receipts: None**
- 5. Status of Employee Stock Option: None**
- 6. Status on Employee Restricted Stocks: None**
- 7. Issuance of New Shares in Connection with Mergers or Acquisitions or with Acquisitions of Shares of Other Companies: None**
- 8. Implementation of Capital Allocation Plans:**

The implementation status of the Company's fund utilization plan has been reported in the Market Observation Post System (MOPS), please refer to MOPS>Single Company>Changes in Shareholding/Securities Issuance>Fund Raising>Execution of Fund-Raising Plans section at [https://mopsov.twse.com.tw/mops/web/bfhtm\\_q2](https://mopsov.twse.com.tw/mops/web/bfhtm_q2).

## IV. Overview of Business Operations

### 1. Description of the Business

#### (1) Business Scope

1. Main areas of business operations
  1. C302010 Weaving of Textiles
  2. C301010 Spinning of Yarn
  3. C399990 Other Textile and Products Manufacturing
  4. F104110 Wholesale of Cloths, Garments, Shoes, Hats, Umbrellas and Clothing Accessories
  5. F204110 Retail Sale of Cloths, Garments, Shoes, Hats, Umbrellas and Clothing Accessories
  6. C305010 Printing, Dyeing, and Finishing
  7. C802200 Coating, Paint, Dye and Pigment Manufacturing
  8. C805050 Industrial Plastic Products Manufacturing
  9. C805070 Reinforced Plastic Products Manufacturing
  10. C805990 Other Plastic Products Manufacturing
  11. C805010 Manufacture of Plastic Sheets, Pipes and Tubes
  12. C805020 Manufacture of Plastic Films and Bags
  13. C805030 Plastic Daily Necessities Manufacturing
  14. F107190 Wholesale of Plastic Films and Bags
  15. F207190 Retail Sale of Plastic Films and Bags
  16. F401010 International trading
  17. CF01011 Retail sale of Medical Equipment
  18. JE01010 Rental and Leasing
  19. JA03010 Laundry
  20. H703100 Real Estate Leasing
  21. F108031 Wholesale of Drugs, Medical Goods
  22. F208031 Retail sale of Medical Equipments
  23. C303010 Manufacture of Non-Woven Fabrics
  24. C306010 Wearing Apparel
  25. C307010 Clothing Accessories
  26. CJ01010 Hat Manufacturing
  27. ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

## 2. Revenue distribution

The company's product categories in 2024 and their revenue distribution are as follows:

Unit: NTD Thousand

Production item	Operating revenue	Revenue distribution
Long-fiber fabrics	2,885,554	91.08%
Short-fiber fabrics	75,282	2.38%
Raw yarn	25,095	0.79%
Medical textiles	63,989	2.02%
Labor services	135,331	4.27%
Other	34,499	1.09%
Sales returns and allowance	(51,573)	(1.63%)
Total	3,168,177	100.00%

## 3. Main product items of the company

Product types		Important usage
Short-fiber fabrics	Industrial fabrics	fabric for leather goods such as leather bags and shoes
	fabric for clothing	Shirts, materials for dresses and trousers, casual wear
Long-fiber fabrics	Industrial fabrics	Product application: Different types of bags (exterior fabric and lining fabric), baby strollers, tea bags, horse blankets, shoe materials, running belts, and base fabric. Product characteristics: Abrasion-resistant, lightweight, moisture-permeable, waterproof, odor-elimination and anti-mold
	Cloth for garments	Product application: Mainly windbreakers and fabric for jackets, surgical gowns, and cleanroom suits. Product characteristics: UV resistance, crinkled, water repellent, waterproof treatment, anti-static
	Fabrics for home furnishing	Product application: 1. Indoor fabric: Product application: Tablecloths, shower curtains, curtains, sofas, pillows, placemats, indoor sunshades (roller blinds). 2. Outdoor fabric: Product application: Outdoor seat cushions, lounge chairs, sunshades, rocking chairs, parasols, tents, hurricane curtains, yacht covers, indoor furniture, outdoor leisure, and automotive applications. Product characteristics: High colorfastness to sunlight, UV resistance, flame resistance, anti-mold, moisture permeability, waterproof breathable, etc.等
	Medical fabrics	Product application: Surgical gowns, surgical drapes and accessories, isolation gowns, patient gowns, bed sheets, bedding, restraint belts, and other medical garments. Product characteristics: Antistatic, water-resistant, washable, chlorine-resistant, antibacterial, flame retardant, and passed on biocompatibility testing.
Raw yarn	Raw materials for long and short fiber fabrics	
Contract manufacturing	Outsourcing on the work of beam warping and weaving of long and short fiber fabrics to other industrial peers	
Others	Transaction of materials	

### (2) Overview of the Industry

#### 1. Current status and development of the industry

According to the import and export trade statistics from the customs of Taiwan, the total value of textile exports in 2024 was USD 6.735 billion, a growth of 2%. The total value of imports was USD 3.654 billion, a decline of 0.2%. The trade surplus was USD 3.081 billion, an increase of USD 0.106 billion or 4% compared to the same period in 2023.

In the analysis of the export value, the main export items were fabrics (71%), followed by yarn (14%), miscellaneous textile products (5%), fibers (5%), garments and apparel (5%), and miscellaneous textile products (5%). All five major export item: with fabrics increased by 2%, yarn increased by 5%, miscellaneous textile products increased by 3%, garments and apparel increased by 3%, and fibers decreased by 12%. In the analysis of the import value, the main import items were garments and apparel (61%), which declined by 0.2%, followed by miscellaneous textile products (14%) with a grow of 9%, fabrics (11%) with a grow of 2%, yarn (9%) with a grow of 9%, and fibers (5%) with a decline of 31%.

In the analysis of the export destinations, Vietnam was the largest export market for our textile products, followed by mainland China, the United States, Indonesia, and Cambodia, together accounting for 61% of exports.

Table: Analysis of the export items of Taiwan textiles in 2024

Product	Export value (100 million USD)	Ratio (%)	Compared to the same period (%)	Export volume (10,000 metric tons)	Compared to the same period (%)	Unit price (USD/kg)	Compared to the same period (%)
Fibers	3.39	5	-12	25.63	-15	1.32	3
Yarns	9.12	14	5	29.91	4	3.05	1
Fabrics	47.77	71	2	49.63	-2	9.62	4
Garments and apparel	3.48	5	3	1.36	-4	25.62	8
Miscellaneous textile products	3.59	5	3	6.09	-2	5.90	6
Total	67.35	100	2	112.62	-4	5.98	6

Source of information: Import and export statistics of the Customs

In 2024, the global textile industry faced multiple challenges and transformation pressures. Affected by high inflation and interest rate hike policies, global end-consumer demand remained weak. Coupled with rising geopolitical uncertainties, including the Russia-Ukraine war, escalating U.S.-China tech and trade tensions, and the intensification of the Israel-Palestine conflict, international brands adopted more cautious procurement strategies, leading to order reductions and delayed deliveries. Overall, the global textile supply chain remains in a phase of adjustment and restructuring.

Amid shifts in the international political and economic landscape, the new Trump administration in the U.S. reinstated tariff policy tools after taking office in 2025, prompting global brands to reassess supply chain risks. Production location flexibility and supply chain resilience have become more competitive strengths for enterprises.

On the other hand, climate change and carbon emission policies are accelerating the global industry's green transition. In 2024, Taiwan officially passed carbon fee pricing and is expected to begin formal collection starting in 2026, with the first phase targeting over 20 textile companies exceeding carbon emission limits. This policy trend demonstrates that carbon management and eco-friendly production processes have become core competencies for industry survival and transformation. Textile manufacturers must strengthen green manufacturing and low-carbon strategies to address both regulatory pressures and demands from international clients.

## 2. The relationship between upstream, midstream, and downstream in the industry

The textile industry in Taiwan has shifted from importing raw materials for processing and exporting in the early days to using materials provided by petrochemical industry for the development of man-made fibers.

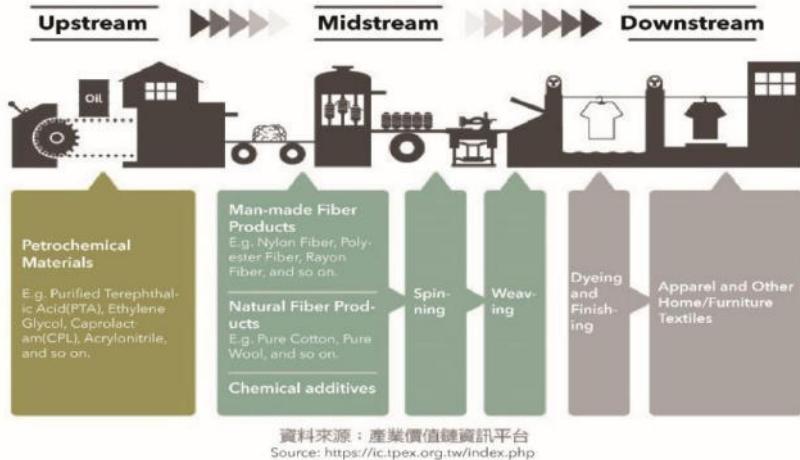
Supplemented by imported natural fibers such as cotton and wool, the industry created a complete production system of upper, middle, and lower streams including industries of manufacture of man-made fibers, spinning of yarn, weaving of textile, dyeing and finishing, wearing apparel, and clothing accessories.

Since the 1950s, the textile industry in Taiwan has gone through nearly 70 years of development and growth. With the expanding demands from the international market, manufacturers feverishly design new products and unceasingly renew production equipment to extend markets globally, making the textile industry the most thorough production system in the industrial structure of Taiwan. The textile products made in Taiwan are one of the primary material supplies in the global consumers' market of functional textile products.

The company primarily specializes in the production and distribution of long and short-fiber fabrics, operating as a midstream player in the textile industry. The upstream suppliers provide us with petrochemical raw materials, which are then processed into various synthetic fibers such as nylon, polyester, Rayon, and carbon fibers. Then these fibers are further spun into yarn and woven into fabric through the weaving process. In

the downstream process, the fabric undergoes bleaching, dyeing, printing, coating, and finishing processes. Finally, the fabric is cut and sewn into garments or other related textile products.

The textile industry in Taiwan has developed into a well-established industry with a complete production and marketing system covering the upstream, midstream, and downstream sectors. The diagram below illustrates the industry's interconnected relationships:



### 3. Product development trend and status of competition

With increasing market awareness of environmental sustainability and the gradual clarification of international regulations, sustainable materials have become a key focus in product selection for global brands. Product development is now primarily centered around the following major directions.

#### (1) Eco-friendly and Circular Economy-Oriented Material Innovation

The demand for sustainable materials continues to expand, with brands placing increasing emphasis on the transparency of rPET sources and the sustainability of recycling origins. Globally, only 1% of rPET is derived from post-consumer textiles, raising concerns among brands about the reliance on bottle-based recycling models. The EU's Extended Producer Responsibility (EPR) policy is intensifying pressure on the textile industry to adopt self-recycling and reuse mechanisms. Bio-based polyesters (e.g. BioPET) and carbon capture and utilization (CCU) fibers are emerging as mainstream alternatives, presenting both new challenges and opportunities for product development and recycling technologies.

#### (2) High-Value-Added Products Blending Functionality and Fashion

Consumers increasingly prioritize versatile apparel that integrates "sports, work, and lifestyle" needs across multiple settings. Functional textiles must combine wind proofing, water proofing, moisture permeability, stretch ability, and aesthetic design. While Taiwan's textile industry already holds a competitive edge in global functional fabric development, further integration of trend-driven design and fashion-forward elements is essential to maintaining differentiated competitiveness.

#### (3) Smart Manufacturing and Data-Driven R&D

The application of AI and generative AI (GAI) in manufacture is gradually mature, including process optimization, quality prediction, complaint resolution, and knowledge management. By adopting GAI for unstructured data processing and workflow automation, the textile industry can enhance the ability to swiftly respond to market demands, improve production efficiency, and elevate product precision, further building a highly agile manufacturing ecosystem.

Overall, Taiwan's textile industry continues to maintain a competitive edge in recycling technologies, functional materials, and flexible small-batch manufacturing. However, it must proactively strengthen brand strategies, expand customer services, and enhance smart manufacturing capabilities to counter the increasingly aggressive price and production competition from emerging markets such as China and Southeast Asia.

(3) Status of Technologies and Research

1. In the most recent fiscal year and as of the date of publication of the Annual Report, research fees invested and techniques or products successfully developed:

Year	Amount of expenses (Thousand NTD)	Results of R&D
2024	36,259	1. Recycled Textile Fabric Materials 2. Lightweight Eco-Friendly Stretch Fabrics 3. Envive® Eco-Weather-Resistant Teslin Fabric 4. High-Strength Eco-Friendly Fabrics 5. Next-Gen High-Strength Hurricane Shade Fabrics
2025 (January to March)	6,149	1. Innovative Recycled Fabric Materials 2. rPVB Eco-Friendly Bag Material Series 3. Recycled Nylon Fishing Net Fabric

2. Future research and development plans:

Honmyue is committed to developing high-value products that cater to market demands, adhering to the principles of "environmental sustainability, safety protection, functional comfort, and technological fashion" as our core product development directions. In response to the low-carbon transition in global industries and the goal of achieving net-zero carbon emissions in the textile industry, the Company will focus its product R&D on environmentally friendly sustainability, actively develop new environmentally friendly products that align with the concept of a circular economy, and continuously increase the proportion of development and sales of low-carbon, energy-saving, environmentally friendly, and recycled products, further contributing to the global circular and sustainable supply chain. At the same time, Honmyue dedicates itself to developing pioneering new product projects and exploring potential textile products in application market to enhance overall product research and development effectiveness. As a key player in the international market for environmentally friendly and functional textiles, Honmyue also invests in new material research and environmentally friendly processing technologies and prioritizes low carbon, circular, and regeneration, continuously developing sustainable and innovative textiles.

Through the Sustainable Innovation Research and Development Center of the Ministry of Economic Affairs, the Company continues to upgrade R&D systems, proactively recruit and train senior R&D talents, introduce interdisciplinary integration on R&D resources in collaboration with local and international research units and consulting specialists, and perform eco-friendly material researches as well as technical optimization of low-carbon manufacturing. These include the development of composite coated fibers and mesh fabrics, functional protective textile technologies, and sustainable innovation and regenerative technologies with a simultaneous planning of new product achievements and patented technologies. Their goal is to develop more environmentally friendly and sustainable low-carbon materials and establish a forward-looking layout in the field of environmentally friendly and functional textiles. We are transforming from cooperative development to forward-looking and cutting-edge development, cultivating technical-independent R&D capabilities and matching them with brand design and development. This enables us to create high-value-added products and enhance the competitiveness of the company. Moreover, we continuously introduce international environmental verification and evaluation tools and improve the product digital platform, which assists the R&D team and clients in jointly evaluating the environmental impact of new materials during the early stages of product design and development. By expanding more product lines that fulfill environmental certification, the company's image in eco-friendly and green energy products can be enhanced and application markets of new products can be explored.

To expand the overall efficacy of product development, we plan to integrate and utilize the development resources of the product lines in Honmyue's overseas factory in China to invest in the demands and promotion of new products from customers' end and to work more closely with our brand customers in order to increase the revenue. In addition, we will continue to build up the functionality of product inspection and testing equipment to improve the developmental verification on new products and will plan on the introduction of laboratory accreditation operations to enhance the research and processing quality of finished fabrics. Additionally, in line with the development of new applications in the market, we will integrate the trend of textile digitization in the marketing strategy and plan on the introduction of digital tools for terminal products. By upgrading our product development and design system, we will be able to connect with the sales and promotion platforms of textiles worldwide. Honmyue continuously strives for government research and marketing project resources and

plans on introducing the Textile Export Promotion Project of International Trade Administration to push for the development and business expansion of key markets and new clients for the enhancement of Honmyu's marketing competitiveness. Honmyue's research and development plan and actions demonstrate its commitment to environmental protection and sustainable development. The company aims to establish independent R&D capabilities and invest in advanced product design and development to create high-value-added products and further enhance the company's competitiveness.

### 3. Research and development plans:

#### 3.1 Industrial fabrics for bags

Fabric series	Explanation
(1) Recycled PET/Nylon Fishing Net High-Strength Eco-Colored Yarn Bag Series	The project utilizes high-strength recycled fibers from fishing nets and marine waste, combined with eco-friendly post-processing techniques, to design and develop a new series of functional outdoor bags and equipment fabrics.
(2) Eco-Friendly Post-Processing Series	The project aims to apply eco-friendly post-processing techniques such as TPEE, PET, and processing of the same material, a single-material recyclable eco-friendly fabric variety used for bags can be designed and developed.
(3) Eco-Friendly Recycled Yarn New Raw Material Series	The project aims to utilize differentiated, recycled polyester and nylon long and short fiber yarns to develop a series of environmentally friendly and low-carbon fabric varieties.

#### 3.2 Fabric for clothing

Fabric series	Explanation
(1) Eco-Friendly New Raw Material Fabric Series	The project aims to utilize new types of pre-consumer recycled materials, textile waste materials, ocean waste materials, biomasses, biodegradable materials, and ultra-fine denier fibers, combined with eco-friendly post-processing techniques, to develop eco-friendly clothing fabrics for outdoor functional and sports leisure purposes.
(2) Eco-Elastic Functional Fabric Series	The project aims to utilize eco-friendly recycled materials and elastic fibers, along with other functional new materials, to design and develop a series of highly elastic functional nylon and polyester fabrics that enhance comfort and performance.
(3) Eco-Friendly Solution-Dyed Yarn Fabric	The project aims to use eco-friendly solution-dyed yarn materials and incorporate eco-design trends from brand customers to develop new products for outdoor lightweight and workwear applications.

#### 3.3 Fabrics for home furnishing

Fabric series	Explanation
(1) Eco-Friendly Lightweight Solar Screen Fabric	By utilizing environmentally friendly recycled polyester colored yarn and recycling new materials from textile waste, along with flame-retardant processing technology, and combining the wide-width processing equipment, a series of light permeable and lightweight eco-friendly sun shading fabrics is developed. These fabrics can be applied to various indoor and outdoor roller blind products.
(2) Fiberglass Teslin Fabric Series	The project aims to develop fiberglass-covered yarn applied to Teslin mesh fabrics for home furnishing textiles.
(3) Outdoor Boat Cover Fabric Series	The project aims to utilize solution-dyed materials and weather-resistant processing technologies to develop a series of outdoor boat cover fabrics for water sports products.
(4) New Series of Eco-friendly Composite Materials	The project involves the application of eco-friendly differentiated new composite materials and the development of same-material and different-material coating yarn technologies. The goal is to move towards a recyclable process in combination with the fabric structure design. Then a series of new fabrics that respond to the demand for environmental protection is developed.

#### 3.4 Fabrics for the new application market

Fabric series	Explanation
(1) High protection industrial fabric series	Plan to develop textiles that meet the market demand for industrial fabrics in Europe and the United States, combining high-performance fibers with anti-static and functional, flame-retardant, anti-mold, and waterproof processing to enhance product protection capabilities.
(2) High-level workwear fabric series	Plan to utilize environmentally friendly and advanced materials, combined with functional processing, to develop fabrics that meet the requirements for high-level work environments, providing occupational safety, comfort and protective needs.

#### (4) Long and short-term business development plan

To achieve business targets, the company formulates long and short-term plans as follows:

##### 1. Short-term business development plan

- (1). Enhancing apparel fabric development and increasing the proportion of eco-friendly and functional textiles

With the rise of lifestyles that blend sports, commuting, and daily wear, high-performance fashion fabrics are rapidly evolving. The Company continues to strengthen apparel fabric development, focusing on high-density, refined hand-feel, stretch comfort, and functional textiles. By integrating low-carbon dyeing and finishing with eco-friendly post-processing, we create high-value-added fabrics to meet the demands of international brands. In recent years, we have upgraded our production capabilities with wider-width and high-end processing equipment to accelerate fabric transformation and upgrading. By concentrating on the apparel market, we aim to expand our market share.

- (2). Integrating existing dyeing and finishing factory resources to increase self-produced fabric ratio and order flexibility

Since consolidating our dyeing and finishing operations, the Company has been systematically integrating group-wide dyeing resources by transitioning previously outsourced processes to in-house production. This enhances overall capacity utilization and delivery control. We have established finished fabric partnership models with specific clients for designated fabric types, leveraging our vertical integration advantages in dyeing and weaving. To strengthens order conversion efficiency, enhances customization capabilities and further drives revenue and profit growth across the group.

- (3). Optimizing cross-regional production capacity allocation in response to international geopolitical risks

Facing U.S.-China trade tensions and tariff policy uncertainties, the Company has progressively established cross-regional production and sales allocation capabilities. In addition to integrating resources across Taiwan and Jiujiang (China) factories, we are actively evaluating partnership models in Southeast Asia (e.g., Indonesia) to meet customers' needs for diversified production bases, achieving flexible supply and cost control objectives. Taiwan factories focus on high-value-added product development and small-batch, high-variety production configurations, while China factories maintain mass production strategies and price competitiveness.

- (4). Enhancing specialized team structures for end-market applications to deliver customized client solutions

To address the growing diversification and specialization in end-use applications of finished fabrics, we have established dedicated R&D and sales teams aligned with specific market demands. Through close collaboration with production units, we provide more in-depth product suggestions and prompt response services to enhance the value of our services and the competitiveness of the orders received.

- (5) Implementing carbon audits and low- carbon processes to strengthen sustainable operations

In alignment with Taiwan's carbon fee policy implementation, the Company has initiated carbon audit procedures and introduced energy-saving equipment along with carbon reduction improvement projects to enhance overall carbon management capabilities. In addition to continuously strengthening compliance with environmental certification systems such as Bluesign, GRS, and Higg FEM, we are actively assisting clients by providing product carbon footprint information to support brands in achieving net-zero emission goals.

##### 2. Long-term business development plan

- (1). Expanding product line applications in breadth and depth to strengthen specialized market positioning

Textile applications span outdoor sports, safety protection, to hunting/military/police uses. While consolidating our existing customer base, we will continue deepening expertise in high-performance and differentiated fabrics to enhance technical sophistication and market entry barriers. Simultaneously, aligned with regional market strategies, we are developing tailored product portfolios compliant with local regulations and usage scenarios across different regions, building a more comprehensive global marketing network.

- (2). Promoting circular economy and carbon neutral product development

In response to brand requirements for LCA and EPR, as well as upcoming EU green policies (such as the Digital Product Passport and CBAM), the Company is actively developing diverse circular economy solutions including r-TEX (recycled textiles) and mono-material recyclable fabrics. Simultaneously, we are formulating a mid-to-long-term carbon neutrality roadmap to progressively advance factory energy transition and carbon credit strategies.

(3) Digital transformation to upgrade operational efficiency with AI and smart manufacturing  
The Company will progressively implement intelligent scheduling, quality traceability, and real-time production-sales data analysis systems. By integrating generative AI applications into development recommendations, anomaly detection, and customer complaint responses, we aim to enhance operational efficiency and customer satisfaction. The long-term goal is to establish a digital decision-making platform, improve cross-departmental collaboration and automation levels, and build a resilient smart factory.

## 2. Market and Sales Overview

### (1) Market Analysis

#### 1. Status on material supply

In 2024, the global textile raw material market generally stabilized with prices softening since the second half of 2023. Annual price fluctuations remained moderate, with most chemical fiber raw materials staying within reasonable ranges. For Honmyue's primarily used chemical fibers, nylon and polyester yarns prices showed a slight increase before stabilizing during the year. Specifically, nylon product prices rose modestly from the beginning of the year before leveling off after mid-year. Polyester products followed a similar trend, particularly for textured yarns which experienced gradual price increases before stabilizing. Overall, raw material prices showed no significant volatility throughout the year.

The procurement of eco-friendly materials still faces significant challenges, making cost control and supply stability management crucial operational priorities. Simultaneously, growing client demand for low-carbon materials and environmental certifications is driving the Company to accelerate the adoption of recycled fibers and diversify raw material sourcing strategies, thereby mitigating potential impacts of material fluctuations on operational performance.

#### 2. Changes on market demand

In 2024, the global textile market showed a gradual recovery trend. Brand customers gradually restored order momentum after completing previous inventory adjustments. However, in an environment where high inflation and consumer confidence remain weak, overall procurement strategies have become more conservative, placing greater emphasis on supply flexibility, sustainability certifications, and rapid response capabilities. The following trends and corresponding operational strategies have been observed for major application markets:

##### (1) Industrial and equipment fabrics

The global industrial and equipment fabric market maintained stable growth in 2024. According to reports from Grand View Research and the Outdoor Industry Association, the technical textiles market continues to expand, while the growing outdoor activity population further drives demand for high-performance backpacks, protective gear, and industrial fabrics. These products place high requirements on material performance and supply stability, giving suppliers with long-term quality consistency and technical expertise a competitive advantage. Honmyue continues to invest in the technical development of high-strength fabrics, strengthening its market position in the industrial and equipment sectors through collaborative development with customers.

##### (2) Functional apparel fabrics

While the global apparel market remains in a cautious recovery phase, performance-driven and eco-conscious garment fabrics continue gaining brand preference. Textile Exchange and McKinsey & Company research highlights brands' growing emphasis on recycled materials, mono-material designs, and low-carbon processes, with supply chain flexibility now a core strategy. Aligning with this trend, Honmyue prioritizes developing recycled textiles, including regenerated nylon while leveraging cross-strait production flexibility to enhance real-time responsiveness to brand requirements.

### 3. Market shares

Honmyue demonstrated significant advantages in the domain of woven products through its stable production capacity. In particular, the capacity of long-fiber woven fabrics is one of the tops in Taiwan, possessing a certain market share in the market of industrial textiles. In recent years, the Company actively explores the field of garment fabrics, focusing on the R&D of mechanical stretch fabrics with single materials. And at the same time, we constantly make innovations on the fields of home and soft equipment fabrics to elevate product competitiveness in the market and devote ourselves in discovering eco-friendly materials that align with market demands.

### 4. Market growth

Honmyue remains focused on developing textile products with market potential to drive operational growth. With the new production capacity at our Jiujiang factory in China coming online, garment production scale and efficiency will further improve, enabling both enhanced supply capabilities and reduced manufacturing costs. Additionally, we are actively expanding into diversified applications including outdoor home furnishings, military finished products, and automotive textiles. We have already established practical applications in automotive storage solutions, trunk cargo covers, and electric sunroof shades, directly supplying Taiwan's largest shade fabric manufacturer. As we continue to broaden our presence across multiple application markets and solidify production advantages, Honmyue will further strengthen our industrial competitiveness.

## 5. The favorable and unfavorable factors of competitive niche

### (1) Favorable factors

#### A. Integration of cross-strait resources, enhances operational efficiency

Adhering to steady operations and long-term strategic planning, we actively integrate cross-strait resource systems, continuously strengthening production synergy and order allocation between Taiwan and mainland China. Based on different customer requirements for quality, delivery time and flexibility, the Company flexibly coordinates production locations and lines to achieve operational goals of cost minimization and sales maximization. The Taiwan headquarters serves as Honmyue's R&D hub, focusing on small-volume, high-variety functional fabric development while combining with Taiwanese spinning mills' eco-friendly yarn materials to closely collaborate with brand customers, promptly grasping demand changes and solidifying long-term customer relationships through continuous cooperation and communication. Honmyue's mainland China factories are responsible for stable mass production of standardized products, with the Jiaxing weaving mill in Zhejiang and Deyu Textile in Jiujiang, Jiangxi effectively addressing bulk orders and delivery requirements from brand customers to ensure supply stability.

#### B. Initiative of ISO 14064 Greenhouse Gases Emissions Verification

In response to the foreign and domestic issues on greenhouse gases and the developmental trends, many global manufacturers of scale are taking carbon emissions from supply chains into consideration. Honmyue actively promotes ISO 14064 Greenhouse Gases Emissions Verification to keep track of carbon footprint of the Company, optimize production process in reduction of energy consumption, and grasp business opportunities on environmentally friendly materials.

### (2) Unfavorable factors

#### A. Green transformation and sustainability trends accelerate

Facing global climate change challenges, international brands are increasingly raising sustainability requirements for supply chains, with major markets such as the EU and the US successively implementing stricter environmental regulations and carbon emission standards. Brand customers generally require suppliers to provide environmental certifications and carbon footprint information, while demand for circular economy products continues to grow. Textile enterprises that fail to transition in a timely manner will face risks including order reductions or even exclusion from brand supply chains.

#### B. Changes in regional economic and trade conditions impact cost competitiveness

In December 2023, the Chinese government announced the cancellation of ECFA agreement tariff preferences for 10 textile products originating from Taiwan effective January 1, 2024, directly affecting the export cost competitiveness of some of the Company's products. Simultaneously, global supply chain restructuring and rising trade protectionism have intensified market competition, with customers demanding higher product cost-performance ratios, thereby increasing the difficulty of market expansion and customer retention.

#### C. Digital transformation and diversification of customer demands

With the rapid development of digital technology and changes in consumer behavior, the textile industry is facing pressure for digital transformation. The effectiveness of traditional sales and market expansion methods is gradually declining, while brand owners and end markets demand more diversified and personalized products with shorter delivery times. Enterprises that fail to effectively utilize digital tools and establish flexible market response mechanisms will find it difficult to capture market opportunities and meet customer needs.

## 6. Response strategies

### (1). Strengthening sustainable product development capabilities

Honmyue continues to enhance the technological advantages of its Taiwan R&D center, focusing on the development and application of sustainable materials, advancing the "RECYCLED vs RECYCLABLE & RESOURCE REDUCTION" strategy, and concentrating on four major eco-friendly materials: textile recycling, fishing net recycling, mono-materials, and eco-colored yarns, among which mono-material fabrics have been successfully introduced into multiple European and American brand equipment products.

### (2). Integrating cross-strait resources to expand new application product markets

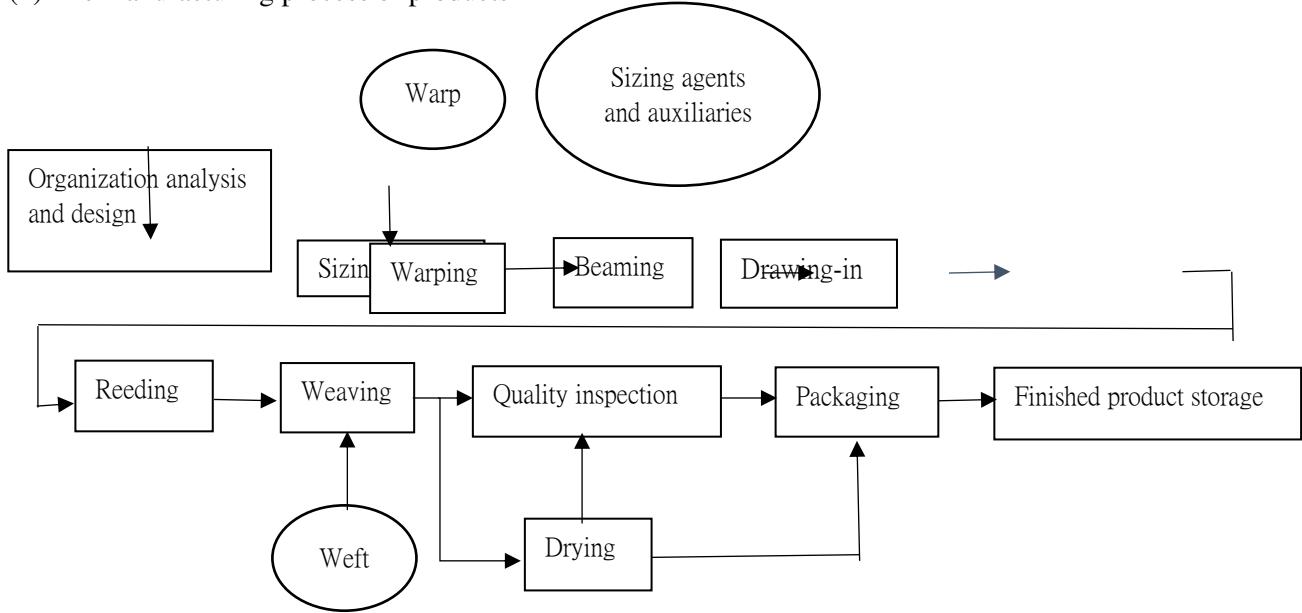
Honmyue integrates the R&D capabilities of its Taiwan headquarters with the production advantages of Zhejiang and Jiujiang in mainland China to actively develop application fields such as industrial fabrics and garment fabrics. The Taiwan R&D team focuses on innovative development of high-performance materials and specialty yarns to meet customer demands for functionality and differentiation; the mainland China facilities respectively undertake the role of large-volume standardized mass production, with flexible cross-strait coordination to fulfill diverse product delivery time and quality requirements.

### (3). Optimizing green processes to enhance environmental certifications

In addition to product development, Honmyue simultaneously advances the optimization of green energy-saving processes, obtaining multiple international certifications including Bluesign, GRS, Higg Index FEM, and GREENGUARD, which enhance the green credibility of both products and processes, while also strengthening the Company's collaborative position within international brands' green supply chains.

(4). Enhancing market effectiveness through digital optimization and marketing strategies  
 To strengthen market reach and customer interaction efficiency, Honmyue has implemented an opportunity management system and integrated expanded sales activities with digital marketing platforms to accelerate information delivery and opportunity conversion. Through systematic promotion and data analysis, the Company enhances visibility and penetration in global markets while reinforcing brand influence.

(2) The manufacturing process of products



(3) The supply condition of major raw materials:

Item	Name of raw material	Supplier	Supply Condition
Long filament yarn	Nylon yarn	Formosa Chemicals and Fibers Corporation Acelon Chemicals & Fiber Corporation Li Peng Enterprise Co., Ltd. Chain Yarn Co., Ltd. Italon Fiber Co., Ltd.	Normal
	Polyester textured yarn	Nan Ya Plastics Co., Ltd. Lealea Enterprise Co., Ltd. China Man-made Fiber Corporation	Normal
Others	Long fiber comprehensive pulp	Lissom Chemical Industrial Ltd.	Normal

(4) Name of customers who accounted for more than 10% of total purchases(sales) within the past two years, along with their purchase/sales amount and percentage:

1. Procurement:

Major supplier for the past two years

Unit: NTD Thousand

Item	2023				2024				2025 as of the previous quarter			
	Name	Amount	Percentage accounted for the annual net purchases	Relationship with the Issuer	Name	Amount	Percentage accounted for the annual net purchases	Relationship with the Issuer	Name	Amount	Percentage accounted for the net purchases as of the end of Q1 of the fiscal year (%)	Relationship with the Issuer
1	226047	177,345	10.80	None	ZH0001	186,273	10.07	None	229939	41,308	10.10	None
2												
	Others	1,464,171	89.20		Others	1,663,039	89.93		Others	367,565	89.90	
	Amount of net purchases	1,641,516	100.00		Amount of net purchases	1,849,312	100.00		Amount of net purchases	408,873	100.00	

Note: Due to contractual obligations, the names of suppliers or trading parties shall not be disclosed, thus they are referred to by code names.

2. Sales:

Major customer of sales for the past two years

Unit: NTD Thousand

Item	2023				2024				2025 as of the previous quarter			
	Name	Amount	Percentage accounted for the annual net sales (%)	Relationship with the Issuer	Name	Amount	Percentage accounted for the annual net sales (%)	Relationship with the Issuer	Name	Amount	Percentage accounted for the net sales as of the end of Q1 of the fiscal year (%)	Relationship with the Issuer
1												
2	Others	2,685,726	100.00		Others	3,168,177	100.00		Others	743,410	100.00	
	Amount of net sales	2,685,726	100.00		Amount of net sales	3,168,177	100.00		Amount of net sales	743,410	100.00	

Note: Due to contractual obligations, the names of suppliers or trading parties shall not be disclosed, thus they are referred to by code names

### 3. Information on the employees

Number of working employees, average years of service, average age and distribution ratio of education in the past two fiscal years and as of March 31, 2025

Year		2023	2024	Fiscal year as of March 31, 2025
No. Of	Direct workforce	446 persons	478 persons	492 persons
	Indirect workforce	250 persons	255 persons	265 persons
	Total	696 persons	733 persons	757 persons
Average age		42.62 years old	42.81 years old	42.75 years old
Average years of service		8.70 years	8.65 years	8.68 years
Distribution ratio of	PhD	0.01%	0.%	0%
	Master degree	3.50%	4.29%	3.8%
	College degree	28.82%	28.67%	28.64%
	Senior high school	16.37%	15.8%	16.11%
	Below senior high school	51.30%	51.24%	51.45%

### 4. Disbursements for Environmental Protection

(1) In the most recent fiscal year and as of the date of publication of the Annual Report, losses (including compensations) due to pollution of the environment and the amount of penalties: None

(2) Future response measures (including improvement measures) and potential expenses (including estimated amounts for potential losses, penalties, and compensations in case of not adopting any response measures. If it is impossible to make a reasonable estimation, the facts of the inability to estimate reasonably shall be explained): N/A

### 5. Labor Relations

Measures for the welfare of employees and their status of implementation, agreements between labors and employers, and various measures on the protection of labor rights:

#### 1. Welfare measures:

- A. Bonuses: Dragon Boat Festival bonus, Chinese New Year bonus, year-end bonus, outstanding employee reward, long-service employee reward, performance bonus, and reward for improvement proposals.
- B. Leave benefits: Special leave, pregnancy checkup leave, paternity leave, parental leave, menstrual leave, family care leave, maternity leave, marriage leave, bereavement leave, pandemic care leave, quarantine leave, vaccination leave, etc. 50% of the company's employees are female. The company is committed to providing employees with maternal health protection and a gender-equality working environment. Application of unpaid parental leaves in the most recent year is as follows:

Item	No. of people	Remark
2024	3	Period of the unpaid leave 2024/03/14~2024/09/13, 2024/03/15~2024/09/15, 2024/05/01~2024/10/31

- C. Insurance benefits: Labor Insurance, National Health Insurance, group accident insurance for employees/family members, special insurance for employee business travel, and labor pension reserve.
- D. Catering benefits: The Catering Committee provides employees with healthy and nutritious meals, meal subsidies for employees who miss meals, and snacks for afternoon shift and night shift employees.
- E. Clothing benefits: Summer and winter uniforms for employees.
- F. Housing benefits: Employee dormitory, breastfeeding room, and library.
- G. Transportation benefits: Free parking space and carparks with automatic LED sensor lightings, business travel fuel subsidies, free charging for electric vehicles, interest-free car loans, and subsidies for employees.
- H. Subsidy benefits: Marriage subsidy, maternity subsidy, on-the-job training subsidy for employees, scholarships for outstanding academic performance, educational subsidies and scholarships for outstanding academic performance for children, funeral subsidies for employees and their dependents, etc.

## I. Other benefits

- a. Various gifts: Gifts for Chinese New Year, International Worker's Day, Dragon Boat Festival, Mid-Autumn Festival, employee birthday gifts, birthday cakes for their parents, Father's & Mother's Day cakes or gifts.
- b. Leisure and entertainment: Annual domestic and international travel subsidies, biannual outings subsidies, welfare committee club activities (table tennis, outdoor excursions, singing, basketball, badminton, fitness, handicrafts, traditional arts, etc.)
- c. Others: Long-term and retirement/ resignation appreciation bonuses, hospitalization allowance, housewarming gifts, discounts at contracted stores for food, clothing, accommodation, and transportation, Chinese New Year celebrations and lucky draw, free annual health check-ups, social gatherings for retired and resigned employees of Honmyue.

## 2. Retirement system and its status of implementation

A. The company deeply recognizes that employees are its most valuable assets. In order to allow employees to focus on their work and ensure a stable retirement life for them, the company has established a labor retirement system in accordance with the law, and established the Supervisory Committee of Labor Retirement Reserve. Every month, 2% of the total salary expenses are allocated to the retirement reserve fund, which is held in a trust account at the Bank of Taiwan, to safeguard the rights and interests of the labor force. For employees who joined the company after July 2005 and chose to apply the Labor Pension Act, a monthly contribution of 6% of the total salary amount is deposited into the employee's personal pension account.

And according to the law, the company will estimate the balance of the labor retirement reserve account before the end of each fiscal year to ensure it is sufficient to cover the retirement reserve for eligible retired employees in the following year. In 2024, there were a total of 4 retirees.

### B. The requirements for retirement are as follows:

- a. Voluntary retirement: Employees may voluntarily retire if they meet one of the following conditions.
  - ① Worked for fifteen years or above and reached the age of fifty-five or above
  - ② Worked for twenty-five years or above
  - ③ Worked for ten years or above and reached the age of sixty or above
- b. Mandatory retirement: The company may order the retirement of an employee if they meet one of the following conditions.
  - ① reached the age of sixty-five or above.
  - ② If an employee experiences mental incapacity or physical disability that leads to the inability to perform their job duties, and this condition is verified by a public hospital or a hospital designated by Labor Insurance.

### c. 2024 Pension Contribution Status:

Pension system	Old system	New system
Legal basis	Labor Standards Act	Labor Pension Act
Contribution amount	NTD 858 thousand	NTD 9,774 thousand

## 3. Continuing education and training:

To align with the key opening areas of the annual strategic plan and integrate with competency and strategic gaps, the company has formulated an education and training plan to support its development and organizational change, which aims to enhance the quality of the company's human resources. Status of implementation: The company has incorporated the personal education and training records of employees into an electronic system, allowing for a better grasp of the overall condition of personnel education and training as well as learning outcomes. The results of education and training and the analysis of courses in 2024 are as follows:

Total no. of sessions	Total no. of hours	Total no. of participants
117 sessions	2,340.5 hours	749 individuals

Type of courses: 22 sessions on textile industry, 3 sessions on marketing management, 14 sessions on management and administration, 14 sessions on general management, 23 sessions on production management, 8 sessions on human resources management, and 10 session on financial management.

4. Status of labor-management agreement: The labor-management relationship is harmonious, with regular labor-management meetings attended by representatives from both sides. There are no circumstances of labor disputes.

5. Working environment and protective measures on the personal safety of employees:

Item	Content
Access control security	Strict access control security and plant safety inspection systems are implemented during daytime and at night, safeguarding the factory plant and its surroundings. Security guards are stationed during daytime and at night. They are responsible for ensuring the safety of working personnel and manufacturing partners at the crossroads of the factory plant.
Workplace safety	<ol style="list-style-type: none"> <li>1. Adequate lighting or illumination should be provided at workplace entrances, stairs, corridors, safety doors, and safety ladders in accordance with the provisions of laws and regulations. Emergency lighting systems should be installed in important passageways and safety doors for use in case of a failure of the regular lighting system.</li> <li>2. Safety shoes are provided for employees who engage in heavy lifting operations, and employees are urged to use them properly.</li> <li>3. To prevent employees from operating or approaching machinery in operation, where there is a risk of their hair getting caught in the machine, protective caps are provided and employees are urged to wear them properly.</li> <li>4. An independent first-aid kit is provided and maintained in the workplace for use by employees when needed.</li> <li>5. To prevent employees from being exposed to excessive noise in the workplace and causing damage, earplugs, earmuffs, and other protective equipment are provided. Employees are educated on the points of notice when using these types of equipment and they are required to wear them properly.</li> </ol>
Maintenance and inspection of equipment	<ol style="list-style-type: none"> <li>1. Fire inspections should be outsourced annually in accordance with the regulations of the Fire Services Act.</li> <li>2. Regular maintenance and inspections should be conducted on high and low-voltage electrical equipment, elevators, water dispensers, vehicles, fire extinguishers, and other equipment as required by regulations.</li> <li>3. All hazardous machinery equipment should be inspected regularly in accordance with the laws and regulations, and operators should obtain professional licenses and undergo regular on-the-job training.</li> </ol>
Disaster prevention measures and emergency responses:	A "Disaster Prevention and Emergency Response Plan" and an emergency response command system are established, clearly defining the responsibilities and missions of personnel at all levels in responding to material emergencies, before and after the incident. Moreover, regular safety protection drills are conducted by specialized units.
Energy saving and carbon reduction:	<ol style="list-style-type: none"> <li>1. Plastic pallets are purchased as they have better reusability and reduce the waste of resources from the lack of durability in wooden pallets.</li> <li>2. Actively promoting various energy-saving projects, including the transition to LED lighting equipment, and projects that reduce the energy consumption of power and heating equipment/systems.</li> </ol>
Occupational environment assessment	Qualified occupational environment assessment institutions are commissioned to conduct regular environmental noise measurements in accordance with the "Regulations for the Implementation of Occupational Environment Measurements". The measurement results are evaluated if they comply with the legal requirements. If there is any abnormality in the results, improvements and corrective actions are implemented to ensure personnel safety.
Health care and management	<ol style="list-style-type: none"> <li>1. Employees are entitled to free annual health check-ups that exceed legal requirements. In 2024, a total of 344 individuals were to be checked on and a total of 316 participants were actually checked on, with the participation rate of 92%. Meanwhile, subsidies for high-end health check-ups are provided to senior employees.</li> <li>2. Special examinations, such as examinations on the impairment of hearing, are conducted for workers who are exposed to specific health hazards like noise. Management measures are implemented with different classifications based on the results of these special health examinations, and assistance is provided to individuals for their awareness of health conditions and maintaining good health habits.</li> <li>3. The company arranges medical and nursing staff to provide health consultations to employees on-site. Periodic preventive health care seminars are organized, with a total of 106 participants. In 2024, a total of 318 consultations were conducted by the company's medical and nursing staff.</li> <li>4. Conducted a weight loss program with 65 total participants achieving a combined weight reduction of 85.9 kg, average 2.6 kg per person. In addition, a weight loss incentive totaling NT\$29,000 was offered to actively encourage employee to manage their own health and enhance their health awareness.</li> </ol>

	5. Employees are encouraged to participate in various company sports clubs and outdoor excursion activities. Professional coaches are hired to conduct yoga classes and fitness activities.
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6. Any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to labor disputes (including any violations of the Labor Standards Act found in labor inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the substance of the legal violations, 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. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided:

Date of penalty	Penalty case No.	Violated regulation	Violation details	Penalty content	Measures taken
2024.8.23	Dept. of Labor Ref. No. 1130320358	Labor Standards Act Article 24 Labor Standards Act Article 32(2)	Failed to pay legally required overtime wages. Exceeded legal limits on overtime hours.	Fine: NT\$140,000	Fine paid and measures implemented per Labor Standards Act
2025.3.11	Dept. of Labor Ref. No. 1140084839	Labor Standards Act Article 22(2)	Failed to pay full wages directly to employees.	Fine: NT\$20,000	Fine paid and measures implemented per Labor Standards Act

7. Workplace diversity and equality:

The Company is committed to provision of a working environment of dignity and safety for employees. We practice employment diversity as well as equality in remuneration and promotion opportunities, making sure that employees are not subject to discrimination, harassment, unfair treatment arising from ethnicity, gender, religion, age, political leanings, or otherwise protected by applicable laws and regulations.

In 2024, the average proportion of female employees was 50.1%, while the average proportion of female managers was 9.9%.

We value employee diversity and ensure and promote employment for people with disabilities. In accordance with the "People with Disabilities Rights Protection Act," in 2024, we exceeded the required hiring quota for employees with disabilities by 400%.

## 6. Cyber Security Management

(1) Explanation of the structure of cyber security and risk management, cyber security policies, substantial management plans, and resources to be invested in information security management.

The company established the "Cyber security and risk management Committee". Its members are responsible for reviewing the governance, planning, supervision, and implementation of cyber security policies in each business unit, thus constructing defense capabilities of cyber security and fine awareness of cyber security among colleagues.

To strengthen cyber security management and ensure the security of information, systems, equipment, and networks, the company has stipulated cyber security policies to achieve the goals of cyber security risk management.

The company has engaged in personnel management and training on cyber security, computer systems security management, network security management, access control of systems, systems development and management on security maintenance, security management of information and communication assets, physical and environmental safety management, and planning and management of the sustainable business operations plan.

Status of implementation in 2024:

1. Employee cyber security awareness training (conducted during weekly meetings in May and July 2024, supplemented by email advocacy).
2. New user computer access rights verification (automated monthly audit).
3. CRM host security vulnerability scan (results: low risk).
4. Expanded cloud backup: 10TB storage with AES-256 encrypted backups implemented.
5. Antivirus software upgraded to WithSecure.
6. Passed 5G environment cyber security certification.

(2) In the most recent fiscal year and as of the date of publication of the Annual Report, losses, possible impacts, and measures taken in grave information security events, and if a reasonable estimation could not be made, the facts on the inability to estimate reasonably shall be explained: None

## 7. Important Contracts

Nature of contract	Party involved	Starting and ending date of contract	Main contents	Restrictive clause
Mid-term Loan Agreement	Bank of Taiwan	2020.10~2025.10	Working capital turnover	None
Mid-term Loan Agreement	Mega International Commercial Bank	2019.11~2026.11	Working capital turnover	None
Mid-term Loan Agreement	Mega International Commercial Bank	2021.05~2028.05	Working capital turnover	None
Mid-term Loan Agreement	Bank of Taiwan	2024.12 ~ 2030.2	Working capital turnover	None

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

### 1. Analysis of Financial Position

Major reasons for and the impacts from material changes to the company's consolidated assets, liabilities, and equities during the past two fiscal years. If the impact is significant, response measures in the future shall be explained:

Unit: NTD Thousand

Item	Year	2024	2023	Increase/decrease	
				Amount	Ratio of change %
Current assets		2,259,928	2,115,122	144,806	6.85%
Property, plant, and equipment		1,400,668	1,408,738	(8,070)	(0.57%)
Intangible assets		15,196	11,829	3,367	28.46%
Other assets		221,516	229,314	(7,798)	(3.40%)
Total assets		3,897,308	3,765,003	132,305	3.51%
Current liabilities		1,518,797	1,118,083	400,714	35.84%
Non-current liabilities		205,203	613,740	(408,537)	(66.57%)
Total liabilities		1,724,000	1,731,823	(7,823)	(0.45%)
Equity attributable to shareholders of the parent company		2,137,644	2,004,013	133,631	6.67%
Capital stock		1,298,970	1,298,970	0	0.00%
Capital surplus		50,735	50,735	0	0.00%
Retained earnings		849,714	737,431	112,283	15.23%
Other equity interest		(61,775)	(83,123)	21,348	25.68%
Treasury stock		0	0	0	0
Non-controlling interest		35,664	29,167	6,497	22.28%
Total Equity		2,173,308	2,033,180	140,128	6.89%
Explanation of the change in percentage of over 20%					
1. Intangible assets: Replacement of the ERP new system.					
2. Current liabilities, non-current liabilities: Due to the reclassification of corporate bonds payable as current liabilities due within one year or one operating cycle.					
3. Other equity interest: The exchange rate affected the decrease in exchange differences in the financial statements of foreign operations.					
4. Non-controlling interest: Increase in the shareholding percentage of the subsidiary.					

Measures to be taken in response in the future:

The company will still continuously focus on the improvement of operating performance and stable growth in profitability, and also the reinforcement of the financial structure of the company to relieve the financial burden.

## 2. Analysis of financial performance

Major reasons for material changes to the company's consolidated assets, net operating profits, and net profits before tax during the past two fiscal years, along with the expected sales and their basis, here is their effect on the financial business of the company in the future and its response measures:

Unit: NTD Thousand

Item	Year	2024	2023	Change	
				Amount	Changing percentage %
Net operating revenue		3,168,177	2,685,726	482,451	17.96%
Operating costs		2,879,221	2,474,942	404,279	16.33%
Operating gross profit		288,956	210,784	78,172	37.09%
Operating expenses		351,563	302,551	49,012	16.20%
Operating loss		(62,607)	(91,767)	29,160	31.78%
Net non-operating income and expenditure		176,396	50,415	125,981	249.89%
Net profit before tax		113,789	(41,352)	155,141	375.17%
Income tax expenses		(6,097)	(2,026)	(4,071)	(200.94%)
Net profit (loss) of current period		107,692	(43,378)	151,070	348.26%

Explanation of the change in percentage of over 20%:  
Due to the economic recovery and increased customer demand, which resulted in an increase in revenue and higher profitability.

The expected sales and their basis: It is expected that the sales of products in the coming year are about 160 million yards, and this figure is evaluated by factors such as the strengthening of the quality of products, differentiation of productions, considering customers' orders, and the prediction on the change of future trends.

The effect on the financial business of the company in the future and its response measures: Engaging in the development of new materials and innovation in post-processing applications and strengthening competitive advantage to achieve profit goals.

## 3. Analysis of cash flow

1. Analysis and explanation of changes in cash flow and improvement plans for the lack of fluidity in the recent fiscal year:

Unit: NTD Thousand

Cash balance at the starting period (1)	Year net cash flow from operating activities (2)	Year cash inflow (3)	Cash remaining (deficiencies) (1)+(2)-(3)	Remedies to cash deficiencies	
				Investment plan	Financial plan
431,458	68,586	50,044	450,000	—	—

1. Operating activities: Mainly due to the profitability of the Group's operations during the period, resulting in cash inflows from operating activities.  
2. Investment activities: Mainly due to cash outflows from investing activities for equipment purchases and compensation payments received.  
3. Fundraising activities: Mainly due to the repayment of short-term loans, resulting in cash outflows from financing activities.

2. Analysis of cash fluidity for the coming year:

Unit: NTD Thousand

Cash balance at the starting period (1)	Estimated year net cash flow from operating activities (2)	Estimated year cash outflow (3)	Estimated cash remaining (deficiencies) (1)+(2)-(3)	Remedies to estimated cash deficiencies	
				Investment plan	Financial plan
450,000	(132,573)	204,522	112,905	—	—

Remedies to estimated cash deficiencies and fluidity analysis: The company will issue third unsecured convertible corporate bond domestically to meet funding needs.

**4. The effect upon financial operations of any major capital expenditures during the most recent fiscal year: None**

**5. Reinvestment policy for the most recent fiscal year, the main reasons for the profits/losses generated thereby, the plan for improving re-investment profitability, and investment plans for the coming year:**

Reinvestments remain part of the Group's medium-to-long-term strategic goal. We will continue to prudently evaluate investment plans with the expectation of increasing revenue and profitability.

The Zhejiang factory in mainland China achieved profitability this year due to compensation income from relocation, rental income from back-factory spaces, and the development of finished product markets in inland regions. In contrast, the Jiujiang factory in mainland China continued to report losses this year as its equipment capacity has yet to reach an economically viable scale.

The trading sales segment of the Taiwan subsidiary saw a slight year-on-year decline in profitability due to international brands' inventory reduction efforts. The dyeing and finishing business unit remained unprofitable as it has not yet achieved economies of scale.

Improvement plans and investment plans for the coming year:

To strengthen the company's competitiveness, we will collaborate with upstream/downstream suppliers and clients to evaluate overseas investment opportunities.

**6. Analysis and assess of risk matters in the most recent fiscal year and as of the publication date of the Annual Report:**

(1) The impact on the income of the company from inflation and changes in interest rates and exchange rates, along with future response measures to it:

1. The impact on the income of the company from changes in interest rates and exchange rates:

Interest rate risks mainly come from bank loans with floating interest rates. When the loan interest rate fluctuates by  $\pm 0.1\%$ , the net profit after tax in 2024 will increase or decrease by NTD 549 thousand respectively, mainly due to fluctuating interest expenses caused by loans with floating interest rates.

The exchange rate risk primarily relates to the operating activities and net investments in foreign operating agencies, in which mainly US dollars and RMB. When the exchange rate fluctuates by  $\pm 1\%$ , the net profit after tax in 2024, it will increase or decrease by NTD 2,800 thousand.

2. The impact on the income of the company from inflation:

The inflations in 2024 did not have a significant impact on the Company.

3. Future response measures:

(1) Depending on the impact of trade wars and geopolitical conflicts, to mitigate the interest rate risks, changes in the interest rates of the market are monitored persistently. Besides loaning in banks, the company also facilitates various fundraising tools and locks in advantageous long-term fixed-rate liabilities depending on market conditions. Thus, the funds for operational needs can be raised.

(2) The company's foreign exchange earnings are roughly balanced between US dollars and RMB. A flexible natural hedging operation is adopted and through continuous monitoring of fluctuations of the exchange rate in the market, impacts caused by significant fluctuations of the exchange rate can be responded to promptly.

(3) The trend of international raw materials will still be monitored closely so that a marketing strategy that is the most advantageous to the company can be formulated.

(2) Engagement in high-risk and high-leverage investments, loaning funds to others, making endorsements and guarantees, and policies of the transactions of derivatives, main reasons for profit or loss, and future response measures:

1. Engaging in high-risk and high-leverage investments: None.

2. Loaning funds to others: The loaning of funds within the group to others refers to the provision of financial loans between parent and subsidiary companies. It is handled in accordance with the established procedures for loaning funds to others.

3. Endorsement and guarantees: The company's handling of endorsement and guarantees are in accordance with the provision of procedures for endorsement and guarantees of the company. To meet the financing needs of subsidiary companies, the company provides endorsement and guarantees, with the amount not exceeding 40% of the net value in the latest Financial Statement.

4. Derivative trading: The Company has established procedures for handling derivative transactions, which regulate related strategies of foreign exchange operations, and control processes to monitor foreign exchange fluctuations.

(3) Future R&D plans and the estimated amount of R&D expenses to be invested:

1. In response to the low-carbon transition in global industries and the goals on net-zero carbon emissions for the textile industry, the R&D focus is centered on four main pillars "environmental sustainability, safety protection, functional comfort, and technological fashion" as the guiding direction for product development.

Through the implementation of the Sustainable Innovation R&D Construction Project, upgrading R&D systems, introducing international environmental certification assessment tools and a digital product platform. This assists the R&D team in evaluating the environmental impact of new materials during the early stages of product design and development, creating products that meet environmental certification standards. It strengthens the company's green energy product image and expands new application markets for innovative products.

2. The estimated R&D expenses of the Company are 2.0% to 2.5% of revenue.

(4) Impact on the company's financial operations by significant domestic and foreign policies and legal changes and response measures to it:

The company constantly pays attention to significant domestic and foreign policy and legal changes and collects relevant information to provide the management level as references in decision-making. This can help to adjust the company's operational strategies accordingly. In the recent fiscal year, there have been no significant domestic and foreign policy and legal changes that have affected the company's financial operations.

(5) Impact on finance and business of the company by changes in technology (including information security risks) and industry, and response measures to it:

The company continues to research and develop new products and improve customer satisfaction. We also pay attention to industry trends and market information, evaluating their impacts on the company's operations to maintain market competitiveness.

The company regularly reviews and evaluates risk levels related to information security and adopts risk management proposals accordingly.

In the recent fiscal year, changes in technology and the industry have not affected the company's financial operations.

(6) Impact on corporate risk management by changes on corporate image and response measures to it:

The company has been dedicated to maintaining its corporate image for years and complied with the provision of the law. To date, there have been no circumstances that would affect the corporate image of the company.

(7) Expected benefits and potential risks for mergers and acquisitions and response measures to them: N/A

(8) Expected benefits, and potential risks for expanding the factory plant and response measures to them:

The expansion of the factory plant can enhance productivity and the capacity to receive more orders from customers, leading to an increase in revenue and profits and also an opportunity to expand the market share. Once production capacity reaches an economy of scale, the production costs can also be reduced significantly.

When idle capacity is generated, it is still necessary to allocate for depreciation of the factory equipment. This risk will become one of the burdens for the company.

The expansion of production capacity is carried out through meticulous planning of capital expenditure. The management team strictly evaluates its cost-effectiveness and traces its implementation results to assist the company's strategy in long-term development, financial planning, and operational performance.

(9) Risks of the concentration of purchases or sales and response measures to them:

The company has established good cooperative relationships with suppliers, and the supply of main raw materials is provided by at least two suppliers, thus minimizing the risk of concentrated procurement.

Moreover, the company has developed strong partnerships with its top ten customers, which mitigates the risk of sales concentration.

(10) Impacts and risks regarding significant transfer or replacement of shares by directors, supervisors, or major shareholders with shareholding over 10%, and response measures to them:

The Chairman and other directors of the company have long-term participation in decision-making discussions of the company, focusing on core business operations. To date, the company has no significant risks from substantial transfer or replacement of equities.

(11) Impacts and risks from the change of management rights and response measures to them: None

(12) Litigation or non-litigation events: None

(13) Other significant risks and response measures to them:

The company has established emergency response plans and recovery plans for the detection and prevention of business risks, in order to achieve sustainable business operations.

## 7. Other Important Matters: None

### VI. Special Items To Be Included

#### 1. Information related to the company's affiliates:

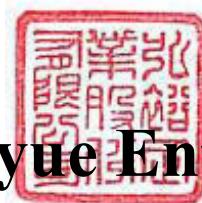
Please refer to Market Observation Post System>Single Company>Download Electronic Documents>Affiliates [https://mopsov.twse.com.tw/mops/web/t57sb01\\_q10](https://mopsov.twse.com.tw/mops/web/t57sb01_q10)

#### 2. Private placement of securities during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None

#### 3. Other matters that require additional description: None

### VII. Any of the Situations Listed in Article 36, Paragraph 3, Subparagraph 2 of The Securities and Exchange Act, Which Might Materially Affect Shareholders' Equity or the Price of the Company's Securities, Has Occurred During the Most Recent Fiscal Year or Up to The Date of Publication of The Annual Report: None

Honmyue Enterprise  
Co., Ltd.



Representative:

Yeh Po-Yu (葉博宇)

