



**TOUNG LOONG TEXTILE MFG.CO.,LTD.**

# **2025 General Shareholders' Meeting Meeting Handbook**

**Date:** June 11, 2025

**Venue:** No. 11, Gongqu 3rd Rd., Fangyuan Industrial Park,  
Fangyuan Township, Changhua County, Taiwan  
(R.O.C.)  
(Changhua Factory of Toung Loong Textile MFG.  
Co., Ltd.)

**Type of meeting:** Physical shareholders' meeting

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# Toung Loong Textile MFG. Co., Ltd.

## 2025 General Shareholders' Meeting Agenda

**Time:** 9 a.m., (Wednesday), June 11, 2025

**Venue:** No. 11, Gongqu 3rd Rd., Fangyuan Industrial Park, Fangyuan Township, Changhua County

**Type of meeting:** Physical shareholders' meeting

### Meeting Agenda:

- I. Call the Meeting to Order
- II. Chairman's Remarks
- III. Reports Items
  - Proposal 1: 2024 business report.
  - Proposal 2: Review of the 2024 final accounting books and statements by the Audit Committee
  - Proposal 3: Distribution of the 2024 employee compensation and remuneration for directors.
  - Proposal 4: Other report items.
- IV. Acknowledgments
  - Proposal 1: 2024 business report and financial statements.
  - Proposal 2: 2024 profit distribution.
- V. Discussion Items
  - Proposal 1: Amendment to the Articles of Incorporation
  - Proposal 2: Amendment to 'Procedures Governing the Acquisition and Disposal of Assets'
  - Proposal 3: Amendment to 'Procedures Governing Loaning of Funds to Others'
  - Proposal 4: Amendment to 'Procedures Governing Endorsements and Guarantees'
- VI. Election Items
  - Director (incl. independent directors) Full Election Proposal
- VII. Other Motions
  - Revocation of the Non-Competition Clause for newly elected directors
- VIII. Special Motions
- IX. Meeting Adjournment

## Report Items

Proposal 1: Subject: Review of the 2024 business report.

Description: Please refer to Attachment 1, Page 6 to 7, of this manual for business report.

Proposal 2: Subject: Review of the 2024 final accounting books and statements by the Audit Committee.

Description: Please refer to Attachment 2, Page 8, of this manual for the audit report of audit committee.

Proposal 3: Subject: Review of distribution of the 2024 employee compensation and remuneration for directors.

Description:

- I. Distribution of employee compensation of NT\$5,200,000 and the remuneration for directors of NT\$5,133,333 in accordance with the Company's Articles of Incorporation, which comply with the book amount.
- II. It is approved by the Remuneration Committee that the distribution of employee remuneration for directors shall be made in cash.

Proposal 4: Other report items :

Subject: Review of the amount of endorsements/ guarantees, and the loaning of funds to others.

Explanation:

- I. The Company's accumulated amount of endorsements/guarantees as of February 28, 2025: NT\$82,050,000.
- II. Loaning of funds to others: None.

## Acknowledgments

Proposal 1 (Submitted by the Board)

Subject: Ratification of the 2024 business report and financial statements.

Explanation:

- I. The 2024 parent company only financial statements and consolidated financial statements were audited by independent auditors Wei-Chen Chang and Wan-Li Hsieh of Toppest CPAs & Co., and an audit report with unqualified opinions has been issued, and submitted together with the business report to the Audit Committee for review. An Audit Committee's Review Report has been issued and submitted to the Company's board of directors for approval. Please ratify it.
- II. For 2024 parent company only financial statements, please refer to Attachment 3 on pages 9 to 18 of this Handbook.
- III. For 2024 consolidated financial statements, please refer to Attachment 4 on pages 19 to 29 of this Handbook.
- IV. For 2024 business report, please refer to Attachment 1 on pages 6 to 7 of this Handbook.

Resolution:

### Proposal 2 (Submitted by the Board)

Subject: Ratification of the 2024 profit distribution.

Explanation:

- I. Proposed distribution of shareholder cash dividends of NT\$85,884,408 (for NT\$ 0.7 per share), calculated until NT\$1, rounding, the total distribution of the abnormal amount of less than NT\$1, shall be included in the company's other income.
- II. The proposal has been reviewed and approved by the audit committee and passed by the board of directors. The Chairman is authorized by the board of directors to be in charge of setting the dividend record date and dividend distribution date, and handling other related matters.
- III. If due to subsequent changes in applicable laws and regulations, adjustments by the competent authority, or changes in the Company's share capital and other factors that affect the number of shares outstanding, which led to changes in the dividend payout ratio, the board of directors shall authorize the chairman to handle adjustments in the dividend payout ratio and other related matters.
- IV. Please refer to Attachment 5 on page 30 of this Handbook for 2024 Earnings Distribution Table.

Resolution:

## Discussion Items

### Proposal 1 (Submitted by the Board)

Subject: Resolution of the amendment to the Articles of Incorporation

Explanation:

- I. In accordance with actual practice and legal requirements, it is proposed to amend certain articles of the Company's Articles of Incorporation.
- II. The comparison table of the amended articles of the 'Articles of Incorporation' has been approved by the 13th meeting of the 21st Board of Directors on March 13, 2025. Please refer to Attachment 6 on page 31 of this Handbook.

Resolution:

### Proposal 2 (Submitted by the Board)

Subject: Resolution of amendment to 'Procedures Governing the Acquisition and Disposal of Assets'

Explanation:

- I. It is proposed to amend certain articles of the Company's 'Procedures Governing the Acquisition and Disposal of Assets' in accordance with practical situations.
- II. The comparison table of the amended articles of the 'Procedures Governing the Acquisition and Disposal of Assets' was approved by the 11th meeting of the 21st Board of Directors on August 13, 2024. Please refer to Attachment 7 on page 32 of this meeting handbook.

Resolution:

### Proposal 3 (Submitted by the Board)

Proposal: Resolution of amendment to ‘Procedures Governing Loaning of Funds to Others’

Explanation:

- I. It is proposed to amend certain articles of the Company's ‘Procedures Governing Loaning of Funds to Others’ in accordance with practical situations.
- II. The comparison table of the amended articles of the ‘Procedures Governing Loaning of Funds to Others’ was approved by the 11th meeting of the 21st Board of Directors on August 13, 2024. Please refer to Attachment 8 on page 33 of this meeting handbook.

Resolution:

### Proposal 4 (Submitted by the Board)

Proposal: Resolution of amendment to ‘Procedures Governing Endorsements and Guarantees’

Explanation:

- I. It is proposed to amend certain articles of the Company's ‘Procedures Governing Endorsements and Guarantees’ in accordance with practical situations.
- II. The comparison table of the amended articles of the ‘Procedures Governing Endorsements and Guarantees’ was approved by the 11th meeting of the 21st Board of Directors on August 13, 2024. Please refer to Attachment 8 on page 34 of this meeting handbook.

Resolution:

## **Election Items**

Subject: Director (incl. independent directors) Full Election Proposal (Submitted by the Board)

Explanation:

- I. The 21st Board of Directors of the Company (including Independent Directors) will complete their term on June 15, 2025. A complete re-election is proposed to coincide with this General Shareholders' Meeting.
- II. According to the Company's Articles of Incorporation, it is proposed to establish eleven Directors (including three Independent Directors), all of whom will be elected through the candidate nomination system.
- III. The newly elected Directors (including Independent Directors) will take office immediately after this General Shareholders' Meeting, with a term from June 11, 2025, to June 10, 2028.
- IV. The list of Director (including Independent Director) candidates nominated by the Board of Directors, along with their education, experience, current positions, and shareholding information, can be found in Attachment 10 on pages 35-36 of this meeting handbook.
- V. Please proceed with the election.

Election results:

## **Other motions**

Subject: Revocation of the Non-Competition Clause for newly elected directors  
(Submitted by the Board)

Explanation:

- I. According to Article 209 of the Company Act, 'If a director conducts business within the Company's business scope for himself or others, the director shall explain the essential content of such conduct to the shareholders' meeting and obtain approval.'
- II. For operational needs, based on investment or other business development considerations, this General Shareholders' Meeting is hereby requested to approve the lifting of non-competition restrictions for newly elected directors.
- III. For details on the non-competition activities of the newly elected directors, please refer to the current positions and concurrent appointments columns in the list of candidates in Attachment 10 on pages 35-36 of this meeting handbook.

Resolution:

## **Special motions**

## **Meeting Adjournment**

# 【Attachment 1】

## Toung Loong Textile MFG. Co., Ltd. Business Report

### I. 2024 Business Results

#### (I).Business Plan Implementation Outcomes:

| Item                                                                                                                    | 2024      | 2023      |
|-------------------------------------------------------------------------------------------------------------------------|-----------|-----------|
| Consolidated operating revenue (NTD thousand)                                                                           | 3,921,876 | 2,818,246 |
| Consolidated operating income (NTD thousand)                                                                            | 128,479   | (9,308)   |
| Consolidated profit before tax (NTD thousand)                                                                           | 168,803   | (12,594)  |
| Consolidated current net profit (NTD thousand)                                                                          | 133,009   | (12,152)  |
| Net income attributable to shareholders of parent company (NTD thousand)                                                | 130,283   | (15,908)  |
| EPS (NT\$)                                                                                                              | 1.06      | (0.13)    |
| Description: Customers replenished inventory, increasing order volume, which led to revenue growth and profit increase. |           |           |

#### (II).Budget Execution:

Pursuant to the ‘Regulations Governing the Publication of Forecast Financial Information of Public Companies,’ the Company did not disclose the financial information in 2024 and was not required to disclose budget execution.

#### (III).Analysis of consolidated financial income, expenses and profitability:

| Item                                                                                            |                                  | 2024   | 2023   |
|-------------------------------------------------------------------------------------------------|----------------------------------|--------|--------|
| Financial structure                                                                             | Debt to assets ratio (%)         | 52.88  | 54.21  |
|                                                                                                 | Long-term funds to PPE ratio (%) | 128.60 | 131.32 |
| Profitability                                                                                   | ROA (%)                          | 2.84   | 0.52   |
|                                                                                                 | ROE (%)                          | 4.91   | (0.45) |
|                                                                                                 | Net profit margin (%)            | 3.39   | (0.43) |
|                                                                                                 | Earnings per Share (%)           | 1.06   | (0.13) |
| Description: The revenue climb has resulted in an increase in profits and better profitability. |                                  |        |        |

#### (IV) Research and development status:

The Company's R&D department continues to develop new products and improve the production process every year to respond to market demand and fashion trends, and cooperate with brands and customers in R&D for a purely market-oriented approach.

## **II. Summary of 2025 Business Plan**

### **(I). Business direction:**

Adhering to our consistent operating philosophy, the Company strengthens market development, researches innovation, and produces and sells high value-added products to meet market demand. Moreover, we are actively implementing rationalization plans to fully utilize the efficiency of existing equipment capacity, strengthening management, improving quality to satisfy customers, and striving to create business growth.

### **(II). Expected sales volume and basis:**

Pursuant to the 'Regulations Governing the Publication of Forecast Financial Information of Public Companies,' the Company did not need to disclose the 2025 financial forecast information.

### **(III). Important production and distribution policies:**

Strengthen R&D capabilities, improve product structure, and develop high value-added products to replace products with low added value and post-processing. Utilizing various automated supporting equipment and the technology and experience accumulated over the long term, we cooperate with downstream partners to develop special fibers. By combining air mingling, draw mingling, and compound mingling technologies, we develop various high-grade leisure and women's knitted fabric yarns with different functions. In collaboration with upstream suppliers of renowned brand raw materials, we develop new materials for apparel brands to use in underwear, leisure, and outdoor sportswear. In this regard, we have already achieved remarkable accomplishments. Recently, the market acceptance of these products has been high. When the economic situation improves slightly, we will timely utilize our equipment capacity to respond to the rapidly changing market demands.

## **III. Future development strategies of the Company**

Based on our existing foundation, the Company will strive to develop new products to lead the market and drive market demand trends. We are also committed to establishing a brand marketing strategy that aligns with international industry trends. We will strengthen the appeal of environmentally friendly, energy-saving, and carbon-reducing products, and develop relevant competitive products to pursue the Company's sustainable and long-term development niche.

## **IV. Impacts of the external competitive environment, regulatory environment and overall business environment**

Due to the intense competition in the international economic situation, all aspects of the operating environment and conditions are in a state of flux and difficult to grasp. The Company belongs to the textile midstream processing industry, and our performance is affected by domestic downstream manufacturers' order intake. Additionally, factors such as increasingly stringent environmental regulations and various management regulations imposed by the competent authorities impact the Company's operating costs. To maintain the company's operations, we will comprehensively evaluate the impact of various environmental factors and make timely and appropriate choices when formulating operational plans and investment decisions.

Chairman: Chih-Chen Yu      Managerial Officer: Rong-Lih Yu      Accounting Manager: Tai-Chen Chen

## **【Attachment 2】**

### **Toung Loong Textile MFG. Co., Ltd.**

#### **Audit report issued by the Audit Committee**

The Board of Directors has prepared and submitted the 2024 Business Report, Parent Company Only and Consolidated Financial Statements, and Earnings Distribution Proposal for the Company. These Parent Company Only and Consolidated Financial Statements have been audited by Chang Wei-Cheng, Hsieh Wan-Li from TOPPEST CPAS & CO. An audit report has been issued upon completion of audit operations. The aforementioned Business Report, Parent Company Only and Consolidated Financial Statements, and Earnings Distribution Proposal have also been reviewed by the Audit Committee. Since no non-conformities were detected in this review, said documents were respectfully submitted for examination pursuant to the provisions set forth in Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

To:

2025 General Shareholders' Meeting of Toung Loong Textile MFG. Co., Ltd.

Toung Loong Textile MFG. Co., Ltd.

Audit Committee convener: Hsueh-Tao Wu

March 13, 2025

## 【Attachment 3】

### **Auditors' Report**

(2024) Shi-Shen No. 006

To: Toung Loong Textile MFG. Co., Ltd.

#### **Audit opinions**

We have audited the Parent Company Only Balance Sheet of Toung Loong Textile MFG. Co., Ltd. as of December 31, 2024 and 2023, as well as the Parent Company Only Comprehensive Income Statement, Parent Company Only Statement of Changes in Shareholders Equity, the Parent Company Only Statement of Cash Flows, and the Notes to Parent Company Only Financial Report (including the summary of significant accounting policies) for the years ended December 31, 2024 and 2023.

In our opinion based on our audit results and the audit report of other independent auditors (please refer to Other Matters), the accompanying parent company only financial statements present fairly, in all material respects, the accompanying parent company only financial position of Toung Loong Textile MFG. Co., Ltd. as of December 31, 2024 and 2023, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

#### **Basis for Opinion**

We were engaged to plan and conduct the audit according to the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Generally Accepted Auditing Standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Unconsolidated Financial Statements section of our report. The personnel of this CPA's accounting firm subject to independence has remained detached and independent from Toung Loong Textile MFG. Co., Ltd. according to the Code of Professional Ethics for CPAs to perform other responsibilities provided by the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Key Audit Matters**

The key audit matters refer to the most critical matters in the audit of Toung Loong Textile MFG. Co., Ltd.'s Parent Company Only Financial Report for 2024, according to the professional judgment of the CPA. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This CPA determined that the key audit matters that must be presented in the audit report are as follows:

##### Assessment of the existence of cash and cash equivalents

For accounting policies concerning cash and cash equivalents, please refer to Note 4(5) of the parent company only financial statements; for the description of cash and cash equivalents accounting items, please refer to Note 6(1) of the parent company only financial statements.

Explanation of key audit matters:

As of December 31, 2024, Toung Loong Textile MFG. Co., Ltd.'s cash and cash equivalents balance was NT\$602,209 thousand, accounting for 11% of the parent company only total assets. Due to the inherent risks associated with cash and cash equivalents, the accountant has identified this as a key audit matter.

Key audit procedures included:

1. Sent confirmation letters to banks and financial institutions regarding bank accounts and special agreements to confirm the existence and rights and obligations of cash and cash equivalents.
2. For year-end bank reconciliation statements, verified the book balances against the general ledger, bank deposit balances against bank statements, passbooks or bank confirmation replies; tested calculation accuracy and examined unusual reconciliation items.
3. The large cash receipts and disbursements were required for business operations and there were no significant or unusual transactions.

### **Other matters - Audits conducted by other certified public accountants**

For the long-term equity investments evaluated using the equity method listed in Toung Loong Textile MFG. Co., Ltd.'s Parent Company Only Financial Report, the financial reports of some investee companies were inspected by other accountants and not checked by this CPA. Therefore, in the CPA's opinion on the Parent Company Only Financial Report, the assessments in the preceding long-term equity investments are based on the audit report of other CPAs. The preceding long-term equity investments accounted for NT\$186,891 thousand and NT\$188,495 thousand for 2024 and as of December 31, 2023, respectively, and accounted for 3% of the total assets. In 2024 and 2023, the income shares from subsidiaries, associated enterprises, and joint ventures recognized using the equity method were NT\$18,910 thousand and NT\$14,888 thousand and accounted for 12% and (71%) of the net profit before tax, respectively. In addition, the 'reinvestment-related information' disclosed in Note 13 (2) of the Parent Company Only Financial Report was compiled based on the investee companies' financial reports inspected by other auditors.

### **Management Level and Governing Units' Responsibilities for Parent Company Only Financial Statements**

Management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for necessary internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

When preparing the Parent Company Only Financial Report, the responsibility of the management level includes evaluating the ability of Toung Loong Textile MFG. Co., Ltd. to continue operating, the disclosure of related matters, and the adoption of the accounting basis for continuing operations; unless the management level intends to liquidate Toung Loong Textile MFG. Co., Ltd., suspend its businesses, or there is no practical alternative to liquidate or terminate its businesses.

The governance units (including the Audit Committee) of Toung Loong Textile MFG. Co., Ltd. are responsible for supervising the financial reporting process.

## **CPA's Parent Company Only Financial Statements Audit Responsibilities**

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable certainty means a high degree of certainty. However, audits performed under the accepted auditing standards cannot guarantee that a material misrepresentation in the individual financial report can be detected. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the unconsolidated financial statements.

This CPA has exercised professional judgment and skepticism when conducting audits under the auditing standards. We also:

1. Identify the risks of significant false representations that may lead to fraud or error for the Parent Company Only Financial Statements, design and implement appropriate countermeasures for the risks found, and acquire sufficient and appropriate audit evidence as the basis for the audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. The CPA must understand the organization's internal control unit being audited to design the appropriate audit procedure. The objective is not to express an opinion on the effectiveness of the internal control unit for Toung Loong Textile MFG. Co., Ltd.
3. Evaluate the appropriateness of the accounting policies adopted by the management level, the rationality of its accounting estimates, and the relevant disclosures.
4. Determine the appropriateness of management's ongoing use of its accounting policies and, based on the audit evidence obtained, whether there is material uncertainty related to events or conditions that may cast significant doubt or concern on the ability of Toung Loong Textile MFG. Co., Ltd. to continue. In case where we consider that such events or circumstances have a material uncertainty, then relevant disclosure of the unconsolidated financial statements are required to be provided in our audit report to allow users of unconsolidated financial statements to be aware of such events or circumstances, or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or circumstances may lead Toung Loong Textile MFG. Co., Ltd. to become unable to continue to operate.
5. Evaluate the overall presentation, structure, and content of the Standalone Financial Report (including related notes) and assess whether the Standalone Financial Report can properly represent the relevant transactions and events.
6. Acquire sufficient and appropriate audit evidence for the financial information of individuals formed within Toung Loong Textile MFG. Co., Ltd. and issue an opinion regarding the Parent Company Only Financial Statements. The CPA is responsible for the guidance, supervision, and execution of the audit case and for forming the audit opinion of Toung Loong Textile MFG. Co., Ltd.

We communicated with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings (including any significant deficiencies in internal control that we identified during our audit).

The CPA has also provided the governance unit with a declaration stating that the personnel of the CPA's accounting firm who are subject to independence have complied with the independence requirements of the Norm of Professional Ethics for Certified Public Accountants of the Republic of China and communicated all relationships and other matters (including security related aspects) that may be considered to affect the accountant's independence with the governance unit.

The matters communicated between the CPA and the governance unit comprised key audit items for the audit of Toung Loong Textile MFG. Co., Ltd.'s 2024 Parent Company Only Financial Report. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

TOPPEST CPAS & CO.

Certified Public Accountant: Wei-Cheng Chang      CPA names: Wan-Li Hsieh

Financial Supervisory Commission  
Approval

Jin-Guan-Zheng-Shen-Zi No.  
1050037432

Financial Supervisory Commission  
Approval

Jin-Guan-Zheng-Shen-Zi No.  
1050037432

March 13, 2025

# Toung Loong Textile MFG. Co., Ltd.

## Parent Company Only Balance Sheet (I)

December 31, 2024 and 2023

Unit: Amounts expressed in thousands of New Taiwan Dollars

| Assets             |                                                  | Note                        | December 31, 2024 |     | December 31, 2023 |     |
|--------------------|--------------------------------------------------|-----------------------------|-------------------|-----|-------------------|-----|
|                    |                                                  |                             | Amount            | %   | Amount            | %   |
| Current asset      |                                                  |                             |                   |     |                   |     |
| 1100               | Cash and cash equivalents                        | 4, 6(1)                     | \$ 602,209        | 11  | \$ 653,465        | 12  |
| 1136               | Financial assets at amortized cost - current     | 4                           | 30,951            | 1   | 48,298            | 1   |
| 1150               | Net value of notes receivable                    | 6, 6(2)                     | 9,223             | -   | 5,236             |     |
| 1170               | Net value of accounts receivable                 | 6, 6(2)                     | 310,607           | 5   | 239,187           | 4   |
| 1180               | Net accounts receivable - Related party          | 4, 7                        | 3,338             | -   | 98                | -   |
| 1200               | Other receivables                                | 4, 6(3)                     | 3,032             | -   | 4,253             | -   |
| 1220               | Current tax assets                               | 4                           | 1,166             | -   | 1,166             | -   |
| 1310               | Net inventory                                    | 4, 5(1), 6(4)               | 1,274,126         | 22  | 1,242,630         | 22  |
| 1410               | Prepayments                                      |                             | 10,705            | -   | 9,138             | -   |
|                    | Total current asset                              |                             | 2,245,357         | 39  | 2,203,471         | 39  |
| Non-current assets |                                                  |                             |                   |     |                   |     |
| 1517               | Financial assets measured at FVTOCI              |                             |                   |     |                   |     |
|                    | Financial asset                                  | 4                           | 89,340            | 2   | 89,340            | 2   |
| 1535               | Non-current financial assets at amortized cost   | 4                           | 84,487            | 2   | 79,127            | 1   |
| 1550               | Investment accounted for using the equity method | 4, 6(5)                     | 266,104           | 5   | 269,020           | 5   |
| 1600               | Property, Plant and Equipment                    | IV, V (2), VI (6), VIII, IX | 2,904,079         | 51  | 2,996,579         | 52  |
| 1755               | Right-of-use asset                               | IV, VI (7)                  | 22,989            | -   | 20,832            | -   |
| 1780               | Intangible Assets                                | 4                           | 346               | -   | 838               | -   |
| 1840               | Deferred tax assets                              | IV, V (3), VI (14)          | 28,288            | -   | 38,033            | 1   |
| 1915               | Prepayments for business facilities              | IX                          | 40,008            | 1   | 8,385             | -   |
| 1920               | Refundable deposits                              |                             | 19,013            | -   | 18,833            | -   |
| 1975               | Net defined benefit asset - current              | IV, V (4), VI (9)           | 10,240            | -   | -                 | -   |
| 1990               | Other non-current assets                         |                             | 16,411            | -   | 15,805            | -   |
|                    | Total non-current asset                          |                             | 3,481,305         | 61  | 3,536,792         | 61  |
| 1XXX Total assets  |                                                  |                             | \$ 5,726,662      | 100 | \$ 5,740,263      | 100 |

Accompanying notes are part of the Parent Company Only Financial Statements  
(please refer to the CPA audit report of Toppest CPAs & Co. dated March 13, 2025)

Chairman: Chih-Chen Yu

Manager: Rong-Lih Yu

Accounting Officer: Tai-Chen Chen

**Toung Loong Textile MFG. Co., Ltd.**  
**Parent Company Only Balance Sheet (II)**

December 31, 2024 and 2023

Unit: Amounts expressed in thousands of New Taiwan Dollars

| Liabilities and Shareholders' Equity |                                                         | Note              | December 31, 2024 |     | December 31, 2023 |     |
|--------------------------------------|---------------------------------------------------------|-------------------|-------------------|-----|-------------------|-----|
|                                      |                                                         |                   | Amount            | %   | Amount            | %   |
| Current liabilities                  |                                                         |                   |                   |     |                   |     |
| 2100                                 | Short-term borrowings                                   | VI (8), VIII      | \$ 1,193,685      | 21  | \$ 1,087,027      | 19  |
| 2110                                 | Short-term notes and bills payable                      | VI (8), VIII      | 79,821            | 2   | 99,968            | 2   |
| 2150                                 | Notes payable                                           |                   | 43,526            | 1   | 83,793            | 1   |
| 2170                                 | Accounts payable                                        |                   | 260,365           | 5   | 189,929           | 3   |
| 2200                                 | Other payables                                          |                   | 126,369           | 2   | 87,406            | 2   |
| 2230                                 | Current income tax liabilities                          | 4, 6(14)          | 21,426            | -   | -                 | -   |
| 2280                                 | Lease liabilities - Current                             | IV, VI (7)        | 11,899            | -   | 10,852            | -   |
| 2320                                 | Long-term liabilities due within 1 year                 | VI (8), VIII      | 277,295           | 5   | 264,722           | 5   |
| 2399                                 | Other current liabilities                               |                   | 4,980             | -   | 2,522             | -   |
| Total current liabilities            |                                                         |                   | 2,019,366         | 36  | 1,826,219         | 32  |
| Non-current liabilities              |                                                         |                   |                   |     |                   |     |
| 2540                                 | Long-term borrowings                                    | VI (8), VIII      | 925,907           | 16  | 1,217,850         | 21  |
| 2571                                 | Deferred income tax liabilities - land appreciation tax | 4                 | 28,590            | -   | 28,590            | -   |
| 2572                                 | Deferred income tax liabilities - income tax            | 4, 6(14)          | 43,025            | 1   | 41,648            | 1   |
| 2580                                 | Lease liabilities - Non-current                         | IV, VI (7)        | 11,239            | -   | 10,112            | -   |
| 2640                                 | Net defined benefit liabilities - noncurrent            | IV, V (4), VI (9) | -                 | -   | 1,053             | -   |
| 2645                                 | Deposits received                                       |                   | 114               | -   | 193               | -   |
| Total non-current liabilities        |                                                         |                   | 1,008,875         | 17  | 1,299,446         | 22  |
| 2XXX                                 | Total Liabilities                                       |                   | 3,028,241         | 53  | 3,125,665         | 54  |
|                                      |                                                         |                   |                   |     |                   |     |
| Equity                               |                                                         | 4, 6(10)          |                   |     |                   |     |
| 3100                                 | Capital stock                                           |                   | 1,226,920         | 21  | 1,226,920         | 21  |
| 3200                                 | Additional paid-in capital                              |                   | 167,271           | 3   | 167,271           | 3   |
| Retained earnings                    |                                                         |                   |                   |     |                   |     |
| 3310                                 | Statutory reserves                                      |                   | 591,824           | 10  | 591,824           | 10  |
| 3320                                 | Special reserves                                        |                   | 40,183            | 1   | 40,183            | 1   |
| 3350                                 | Undistributed earnings                                  |                   | 715,285           | 13  | 646,348           | 12  |
| 3440                                 | Other equities                                          |                   | (43,062)          | (1) | (57,948)          | (1) |
| 3XXX                                 | Total shareholders' equity                              |                   | 2,698,421         | 47  | 2,614,598         | 46  |
| 1XXX                                 | Total liabilities and shareholders' equity              |                   | \$ 5,726,662      | 100 | \$ 5,740,263      | 100 |

Accompanying notes are part of the Parent Company Only Financial Statements  
(please refer to the CPA audit report of Toppest CPAs & Co. dated March 13, 2025)

Chairman: Chih-Chen Yu

Manager: Rong-Lih Yu

Accounting Officer: Tai-Chen Chen

**Toung Loong Textile MFG. Co., Ltd.**  
**unconsolidated Statements of Comprehensive Income**  
For the Years Ended December 31, 2024 and 2023

Unit: Amounts expressed in thousands of New Taiwan Dollars  
(Earnings Per Share is in NTD)

| Code | Item                                                                                                                | Note         | 2024         |      | 2023         |      |
|------|---------------------------------------------------------------------------------------------------------------------|--------------|--------------|------|--------------|------|
|      |                                                                                                                     |              | Amount       | %    | Amount       | %    |
| 4000 | Operating revenue                                                                                                   | 4, 6 (11), 7 | \$ 3,690,582 | 100  | \$ 2,602,613 | 100  |
| 5000 | Operating costs                                                                                                     | 6(4)         | (3,416,733)  | (93) | (2,498,143)  | (96) |
| 5900 | Gross profit                                                                                                        |              | 273,849      | 7    | 104,470      | 4    |
|      | Operating expenses                                                                                                  | 6(12), 7     |              |      |              |      |
| 6100 | Selling expenses                                                                                                    |              | (70,599)     | (2)  | (54,236)     | (2)  |
| 6200 | Administrative expenses                                                                                             |              | (85,632)     | (2)  | (71,522)     | (3)  |
| 6300 | R&D expenses                                                                                                        |              | (15,650)     | -    | (15,007)     | -    |
| 6450 | Expected loss (profit) on credit impairment                                                                         | 6, 6(2)      | 286          | -    | 3,631        | -    |
|      | Subtotal of operating expenses                                                                                      |              | (171,595)    | (4)  | (137,134)    | (5)  |
| 6900 | Net operating income (loss)                                                                                         |              | 102,254      | 3    | (32,664)     | (1)  |
|      | Non-operating income and expense                                                                                    |              |              |      |              |      |
| 7100 | Interest revenue                                                                                                    | 4            | 16,700       | -    | 15,281       | 1    |
| 7110 | Rental income                                                                                                       | 4, 7         | 1,939        | -    | 2,494        | -    |
| 7130 | Dividend income                                                                                                     | 4            | 76           | -    | 1,884        | -    |
| 7190 | Other income                                                                                                        | 4, 7         | 30,998       | 1    | 26,162       | 1    |
| 7230 | Net gain on foreign exchange                                                                                        | 4            | 33,059       | 1    | 1,501        | -    |
| 7375 | Parts of profits from the subsidiaries, associated enterprises, and joint ventures recognized via the equity method | 4, 6(5)      | 16,212       | -    | 6,750        | -    |
| 7510 | Interest expenses                                                                                                   |              | (40,783)     | (1)  | (42,381)     | (2)  |
| 7590 | Miscellaneous expenses                                                                                              |              | (17)         | -    | (19)         | -    |
|      | Subtotal of non-operating incomes and expenses                                                                      |              | 58,184       | 1    | 11,672       | -    |
| 7900 | Profit (loss) before tax                                                                                            |              | 160,438      | 4    | (20,992)     | (1)  |
| 7950 | Income tax benefit (expense)                                                                                        | 4, 6(14)     | (30,155)     | -    | 5,084        | -    |
| 8200 | Net income (loss)                                                                                                   |              | 130,283      | 4    | (15,908)     | (1)  |
|      | Other comprehensive income                                                                                          | 6(13)        |              |      |              |      |
|      | Items not reclassified subsequently to profit or loss                                                               |              |              |      |              |      |
| 8311 | Remeasurement of defined benefit programs                                                                           | 6(9)         | 11,805       | -    | 389          | -    |
| 8316 | Unrealized equity instrument profit or loss measured at fair value through other comprehensive income               |              | -            | -    | (14,000)     | (1)  |
| 8349 | Income taxes related to the items not reclassified                                                                  | 6(14)        | (2,361)      | -    | (78)         | -    |
|      | Subtotal of items not subsequently reclassified to income                                                           |              | 9,444        | -    | (13,689)     | (1)  |
|      | Items that may be reclassified subsequently to profit or loss                                                       |              |              |      |              |      |
| 8361 | Exchange differences on translation of the financial statements of foreign operations                               |              | 6,803        | -    | (5,095)      | -    |
| 8399 | Income tax related to items that may be reclassified                                                                | 6(14)        | (1,361)      | -    | 1,019        | -    |
|      | Subtotal of Items that may be reclassified subsequently to income                                                   |              | 5,442        | -    | (4,076)      | -    |
|      | Other comprehensive income in the current period (net amount after tax)                                             |              | 14,886       | -    | (17,765)     | (1)  |
| 8500 | Total comprehensive income in the current period                                                                    |              | \$ 145,169   | 4    | \$ (33,673)  | (2)  |
|      | Earnings per Share                                                                                                  | 6(15)        |              |      |              |      |
| 9750 | Basic earnings (losses) per share                                                                                   |              | \$ 1.06      |      | \$ (0.13)    |      |

Accompanying notes are part of the Parent Company Only Financial Statements  
(please refer to the CPA audit report of Toppest CPAs & Co. dated March 13, 2025)

Chairman: Chih-Chen Yu

Manager: Rong-Lih Yu

Accounting Officer: Tai-Chen Chen

# Toung Loong Textile MFG. Co., Ltd.

## Unconsolidated Statement of Changes in Equity

For the Years Ended December 31, 2024 and 2023

Unit: Amounts expressed in thousands of New Taiwan Dollars

| Change Items                           | Common share capital | Additional paid-in capital | Retained earnings  |                  |                        | Other items of equity                                                                 |                                                                                                      |                                           | Total equity        |
|----------------------------------------|----------------------|----------------------------|--------------------|------------------|------------------------|---------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|-------------------------------------------|---------------------|
|                                        |                      |                            | Statutory reserves | Special reserves | Undistributed earnings | Exchange differences on translation of the financial statements of foreign operations | Unrealized financial assets profit or loss measured at fair value through other comprehensive income | Remeasurement of defined benefit programs |                     |
| Balance as of January 1, 2023          | \$ 1,226,920         | \$ 167,271                 | \$ 575,067         | \$ 70,101        | \$ 734,979             | \$ (7,234)                                                                            | \$ 7,255                                                                                             | \$ (40,204)                               | \$ 2,734,155        |
| 2022 surplus distribution:             |                      |                            |                    |                  |                        |                                                                                       |                                                                                                      |                                           |                     |
| Appropriated statutory surplus reserve | -                    | -                          | 16,757             | -                | (16,757)               | -                                                                                     | -                                                                                                    | -                                         | -                   |
| Reversal of special reserve            | -                    | -                          |                    | (29,918)         | 29,918                 | -                                                                                     | -                                                                                                    | -                                         | -                   |
| Distribution of cash dividends         | -                    | -                          | -                  | -                | (85,884)               | -                                                                                     | -                                                                                                    | -                                         | (85,884)            |
| Net (loss) for 2023                    | -                    | -                          | -                  | -                | (15,908)               | -                                                                                     | -                                                                                                    | -                                         | (15,908)            |
| Other comprehensive income for 2023    | -                    | -                          | -                  | -                | -                      | (4,076)                                                                               | (14,000)                                                                                             | 311                                       | (17,765)            |
| Balance as of December 31, 2023        | 1,226,920            | 167,271                    | 591,824            | 40,183           | 646,348                | (11,310)                                                                              | (6,745)                                                                                              | (39,893)                                  | 2,614,598           |
| 2023 surplus distribution:             |                      |                            |                    |                  |                        |                                                                                       |                                                                                                      |                                           |                     |
| Distribution of cash dividends         | -                    | -                          | -                  | -                | (61,346)               | -                                                                                     | -                                                                                                    | -                                         | (61,346)            |
| Net profit for 2024                    | -                    | -                          | -                  | -                | 130,283                | -                                                                                     | -                                                                                                    | -                                         | 130,283             |
| Other comprehensive income for 2024    | -                    | -                          | -                  | -                | -                      | 5,442                                                                                 | -                                                                                                    | 9,444                                     | 14,886              |
| Balance as of December 31, 2024        | <u>\$ 1,226,920</u>  | <u>\$ 167,271</u>          | <u>\$ 591,824</u>  | <u>\$ 40,183</u> | <u>\$ 715,285</u>      | <u>\$ (5,868)</u>                                                                     | <u>\$ (6,745)</u>                                                                                    | <u>\$ (30,449)</u>                        | <u>\$ 2,698,421</u> |

Accompanying notes are part of the Parent Company Only Financial Statements

(please refer to the CPA audit report of Toppest CPAs & Co. dated March 13, 2025)

Chairman: Chih-Chen Yu

Manager: Rong-Lih Yu

Accounting Officer: Tai-Chen Chen

**Toung Loong Textile MFG. Co., Ltd.**  
**Parent Company Only Statement of Cash Flows**

For the Years Ended December 31, 2024 and 2023

Unit: Amounts expressed in thousands of New Taiwan Dollars

| Item                                                                                                                           | 2024           | 2023           |
|--------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|
| <b>Cash flows from operating activities:</b>                                                                                   |                |                |
| Profit (loss) before tax for the period                                                                                        | \$ 160,438     | \$ (20,992)    |
| <b>Adjustment items:</b>                                                                                                       |                |                |
| Revenue expense items that do not affect cash flow                                                                             |                |                |
| Depreciation expense                                                                                                           | 315,779        | 341,738        |
| Amortization cost                                                                                                              | 4,060          | 4,133          |
| Anticipated credit impairment loss (profit) amount                                                                             | (286)          | (3,631)        |
| Interest expenses                                                                                                              | 40,783         | 42,381         |
| Interest revenue                                                                                                               | (16,700)       | (15,281)       |
| Dividend income                                                                                                                | (76)           | (1,884)        |
| Shares of losses (profits) from subsidiaries, associated enterprises, and joint ventures accounted for under the equity method | (16,212)       | (6,750)        |
| <b>Assets related to business activities / changes in liabilities</b>                                                          |                |                |
| Decrease (Increase) of notes receivable                                                                                        | (3,987)        | (2,603)        |
| Accounts receivable (increase) decrease                                                                                        | (71,134)       | (5,012)        |
| (Increase) decrease in accounts receivable - associates                                                                        | (3,240)        | 3,583          |
| Decrease (Increase) of other receivables                                                                                       | 1,167          | 1,445          |
| Inventory (increase) decrease                                                                                                  | (31,496)       | 198,244        |
| Prepayments (increase) decrease                                                                                                | (1,567)        | (888)          |
| Increase (decrease) of net defined benefit assets                                                                              | 512            | -              |
| Increase (decrease) of notes receivables                                                                                       | (40,267)       | 36,145         |
| Increase (decrease) of accounts receivables                                                                                    | 70,436         | 24,496         |
| Increase (decrease) of other receivables                                                                                       | 37,737         | (60,969)       |
| Increase (decrease) of other current liabilities                                                                               | 2,458          | (1,593)        |
| Increase (decrease) of net defined benefit liabilities                                                                         | -              | 565            |
| <b>Cash in(out)-flows generated by business operation</b>                                                                      | <b>448,405</b> | <b>533,127</b> |
| Interest received                                                                                                              | 16,754         | 15,150         |
| Dividends received                                                                                                             | 26,007         | 18,164         |
| Interest paid                                                                                                                  | (40,409)       | (41,925)       |
| Income tax paid                                                                                                                | (1,329)        | (42,998)       |
| <b>Net cash inflow (outflow) from operating activities</b>                                                                     | <b>449,428</b> | <b>481,518</b> |

(Continued next page)

Accompanying notes are part of the Parent Company Only Financial Statements  
(please refer to the CPA audit report of Toppest CPAs & Co. dated March 13, 2025)

Chairman: Chih-Chen Yu

Manager: Rong-Lih Yu

Accounting Officer: Tai-Chen Chen

**Toung Loong Textile MFG. Co., Ltd.**  
**Parent Company Only Statement of Cash Flows**

For the Years Ended December 31, 2024 and 2023

Unit: Amounts expressed in thousands of New Taiwan Dollars

(Previous Page)

| Item                                                                       | 2024       | 2023       |
|----------------------------------------------------------------------------|------------|------------|
| <b>Cash flows from investing activities:</b>                               |            |            |
| (Increase) decrease in financial assets measured at amortized cost         | 11,987     | (17,206)   |
| Acquisition of property, plant and equipment                               | (209,399)  | (352,110)  |
| (Increase) decrease in refundable deposits                                 | (180)      | 502        |
| Acquisition of Intangible Assets                                           | (196)      | (186)      |
| (Increase) decrease in the other noncurrent assets                         | (3,978)    | (5,333)    |
| (Increase) decrease of prepayments for equipment                           | (31,623)   | 95,038     |
| Net cash inflow (outflow) from investing activities                        | (233,389)  | (279,295)  |
| <b>Cash flows from financing activities</b>                                |            |            |
| (Increase) decrease in short-term borrowings                               | 106,658    | (288,601)  |
| (Increase) decrease in short-term notes payable                            | (20,147)   | 20,160     |
| Borrowing (repaying) long-term loans                                       | (279,370)  | 258,524    |
| Increase (decrease) in refundable deposits                                 | (79)       | -          |
| Cash dividends paid                                                        | (61,346)   | (85,884)   |
| Repaid principal of lease                                                  | (13,011)   | (10,690)   |
| Net cash inflow (outflow) from financing activities                        | (267,295)  | (106,491)  |
| Net increase (decrease) in cash and equivalent cash for the current period | (51,256)   | 95,732     |
| Cash and cash equivalents at the beginning of the year                     | 653,465    | 557,733    |
| Cash and cash equivalents at the end of the year                           | \$ 602,209 | \$ 653,465 |

Accompanying notes are part of the Parent Company Only Financial Statements

(please refer to the CPA audit report of Toppest CPAs & Co. dated March 13, 2025)

Chairman: Chih-Chen Yu

Manager: Rong-Lih Yu

Accounting Officer: Tai-Chen Chen

## **【Attachment 4】**

# **Declaration**

**In 2024 (from January 1, 2024 to December 31, 2024), the related entities that are required to be included in the preparation of the consolidated financial statements of the Company, under the ‘Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises’ are the same as those defined in International Financial Reporting Standards (IFRS) No. 10 ‘Consolidated Financial Statements.’ In addition, the information which shall be disclosed in the consolidated financial statements of affiliated companies is included in the consolidated financial statements of the parent company. Consequently, there will be no separate preparation of consolidated financial statements of affiliated companies.**

**Declared by**

**Company name: Toung Loong Textile MFG. Co., Ltd.**

**Representative: Chih-Chen Yu**

**March 13, 2025**

## **Auditors' Report**

(2024) Shi-Shen No. 007

To: Toung Loong Textile MFG. Co., Ltd.

### **Audit opinions**

We have reviewed the Consolidated Balance Sheet as of December 31, 2024 and 2023, as well as the Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement, and the notes to the Consolidated Financial Report (including the summary of material accounting policies) for the years ended December 31, 2024 and 2023 for Toung Loong Textile MFG. Co., Ltd. and its subsidiaries.

In our opinion, based on our audit result and the audit reports presented by other accountants (please refer to additional information section), all the material items prepared in these consolidated financial reports are according to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), interpretations, and interpretation announcements recognized and promulgated by the Financial Supervisory Commission (FSC). Therefore, they can properly express the consolidated financial status of Toung Loong Textile MFG. Co., Ltd. and its Subsidiaries as of December 31, 2024 and 2023, and the consolidated financial performance and cash flows for the years ended December 31, 2024 and 2023.

### **Basis for Opinion**

We were engaged to plan and conduct the audit according to the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Generally Accepted Auditing Standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. The personnel of this CPA's accounting firm subject to independence has remained detached and independent from Toung Loong Textile MFG. Co., Ltd. and its subsidiaries according to the Code of Professional Ethics for CPAs to perform other responsibilities provided by the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

The key audit matters refer to the most critical matters in the consolidated financial report audit of Toung Loong Textile MFG. Co., Ltd. and its subsidiaries for 2024, according to the professional judgment of the CPA. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This CPA determined that the key audit matters that must be presented in the audit report are as follows:

#### Assessment of the existence of cash and cash equivalents

For accounting policies concerning cash and cash equivalents, please refer to Note 4(6) of the consolidated financial statements; for the description of cash and cash equivalents accounting items, please refer to Note 6(1) of the consolidated financial statements.

Explanation of key audit matters:

As of December 31, 2024, Toung Loong Textile MFG. Co., Ltd. and its subsidiaries' cash and cash equivalents balance was NT\$707,850 thousand, accounting for 12% of the consolidated total assets. Due to the inherent risks associated with cash and cash equivalents, the accountant has identified this as a key audit matter.

Key audit procedures included:

1. Sent confirmation letters to banks and financial institutions regarding bank accounts and special agreements to confirm the existence and rights and obligations of cash and cash equivalents.
2. For year-end bank reconciliation statements, verified the book balances against the general ledger, bank deposit balances against bank statements, passbooks or bank confirmation replies; tested calculation accuracy and examined unusual reconciliation items.
3. The large cash receipts and disbursements were required for business operations and there were no significant or unusual transactions.

#### **Other Matters**

The financial reports of some subsidiaries included in the consolidated financial report of Toung Loong Textile MFG. Co., Ltd. and its subsidiaries have not been inspected by our CPAs and were audited by other CPAs. Therefore, in the our opinion on the consolidated financial report, the amount listed in the preceding subsidiaries' financial report is based on the audit report of other CPAs. The total assets as of December 31, 2024 and 2023, were NT\$273,527 thousand and NT\$271,199 thousand, accounting for 4.68% and 4.65% of the total consolidated assets, respectively. The net operating income in 2024 and 2023 were NT\$234,978 thousand and NT\$215,014 thousand, accounting for 5.99% and 7.63% of the consolidated net operating income, respectively. In addition, the 'reinvestment-related information' disclosed in Note 13 (2) of the Consolidated Financial Report was compiled based on the subsidiaries' financial report based on other auditors' reports.

Toung Loong Textile MFG. Co., Ltd. has prepared the Parent Company Only Financial Statements for 2024 and 2023. We have issued an audit report with unqualified opinions and other sections on record for reference.

#### **Management Level and Governing Units' Responsibilities for Consolidated Financial Report**

Management is responsible for the preparation and fair presentation of the consolidated financial statements according to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the IFRS, IAS, IFRIC, and SIC recognized and promulgated by the FSC and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The responsibilities of the management level during the formulation of the Consolidated Financial Report include evaluating Toung Loong Textile MFG. and its subsidiaries' ability to continue its operations, disclosure of the relevant matters, and adopting the accounting basis for continual operation unless the management level intends to liquidate Toung Loong Textile MFG. and its subsidiaries, stop its operations, or there is no other practical option except settlement or liquidation.

The governance units (including the Audit Committee) of Toung Loong Textile MFG. Co., Ltd. and its subsidiaries are responsible for supervising the financial reporting process.

### **CPA's Consolidated Financial Report Audit Responsibilities**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable certainty means a high degree of certainty. However, audits performed under auditing standards cannot guarantee that a material misrepresentation in the consolidated financial report can be detected. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

This CPA has exercised professional judgment and skepticism when conducting audits under the auditing standards. We also:

1. Identify and assess the risks of material misstatement of the Consolidated Financial Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. The CPA must understand the organization's internal control unit being audited to design the appropriate audit procedure under the circumstances. The objective is not to express an opinion on the effectiveness of the internal control unit for Toung Loong Textile MFG. Co., Ltd. and its subsidiaries.
3. Evaluate the appropriateness of the accounting policies adopted by the management level, the rationality of its accounting estimates, and the relevant disclosures.
4. Determine the appropriateness of management's ongoing use of its accounting policies and, based on the audit evidence obtained, whether there is material uncertainty related to events or conditions that may cast significant doubt or concern on the ability of Toung Loong Textile MFG. Co., Ltd. and its shareholdings to continue. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or circumstances may lead Toung Loong Textile MFG. Co., Ltd. and its subsidiaries to become unable to continue to operate.

5. Evaluate the consolidated financial report's overall presentation, structure, and content (including related notes) and assess whether the consolidated financial report can properly represent the relevant transactions and events.
6. Obtained sufficient and appropriate audit evidence for Toung Loong Textile MFG. Co., Ltd. and its subsidiaries' individual financial information to express an opinion on its consolidated financial report. The CPA is responsible for the guidance, supervision, and execution of the audit case and for forming the audit opinion of Toung Loong Textile MFG. Co., Ltd. and its subsidiaries.

We communicated with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings (including any significant deficiencies in internal control that we identified during our audit).

The CPA has also provided the governance unit with a declaration stating that the personnel of the CPA's accounting firm who are subject to independence have complied with the independence requirements of the Norm of Professional Ethics for Certified Public Accountants of the Republic of China and communicated all relationships and other matters (including security related aspects) that may be considered to affect the accountant's independence with the governance unit.

The matters communicated between the CPA and the governance unit comprised key audit items for the audit of Toung Loong Textile MFG. Co., Ltd. and its subsidiaries' 2024 consolidated financial report. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

TOPPEST CPAS & CO.

Certified Public Accountant: Wei-Cheng CPA names: Wan-Li Hsieh  
Chang

Financial Supervisory Commission  
Approval

Jin-Guan-Zheng-Shen-Zi No.  
1050037432

Financial Supervisory Commission  
Approval

Jin-Guan-Zheng-Shen-Zi No.  
1050037432

March 13, 2025

# Toung Loong Textile MFG. Co., Ltd. and its Subsidiaries

## Consolidated Balance Sheet (I)

December 31, 2024 and 2023

Unit: Amounts expressed in thousands of New Taiwan Dollars

| Assets             |                                                                                | Note                | December 31, 2024 |     | December 31, 2023 |     |
|--------------------|--------------------------------------------------------------------------------|---------------------|-------------------|-----|-------------------|-----|
|                    |                                                                                |                     | Amount            | %   | Amount            | %   |
| Current asset      |                                                                                |                     |                   |     |                   |     |
| 1100               | Cash and cash equivalents                                                      | 4, 6(1)             | \$ 707,850        | 12  | \$ 700,623        | 12  |
| 1136               | Financial assets at amortized cost - current                                   | 4                   | 30,951            | 1   | 48,298            | 1   |
| 1150               | Net value of notes receivable                                                  | 6, 6(2)             | 9,226             | -   | 5,236             | -   |
| 1170               | Net value of accounts receivable                                               | 6, 6(2)             | 352,334           | 6   | 265,784           | 5   |
| 1200               | Other receivables                                                              | 4, 6(3)             | 3,410             | -   | 6,954             | -   |
| 1220               | Current tax assets                                                             | 4                   | 1,982             | -   | 1,681             | -   |
| 1310               | Net inventory                                                                  | 4, 5(1), 6(4)       | 1,367,857         | 24  | 1,340,527         | 23  |
| 1410               | Prepayments                                                                    |                     | 14,059            | -   | 20,999            | -   |
| 1476               | Other financial assets - current                                               | 4                   | 45,437            | 1   | 89,194            | 2   |
|                    | Total current asset                                                            |                     | 2,533,106         | 44  | 2,479,296         | 43  |
| Non-current assets |                                                                                |                     |                   |     |                   |     |
| 1517               | Financial assets at fair value through other comprehensive income- non-current | 4                   | 90,603            | 1   | 90,603            | 1   |
| 1535               | Non-current financial assets at amortized cost                                 | 4                   | 84,487            | 1   | 79,127            | 1   |
| 1550               | Investment accounted for using the equity method                               | 4                   | 1,716             | -   | 4,466             | -   |
| 1600               | Property, Plant and Equipment                                                  | 4, 5(2), 6(5), 8, 9 | 2,941,985         | 50  | 3,021,886         | 52  |
| 1755               | Right-of-use asset                                                             | 4, 6(6), 8          | 35,594            | 1   | 33,763            | 1   |
| 1760               | Net Investment Property                                                        | 4                   | 35,047            | 1   | 33,008            | 1   |
| 1780               | Intangible Assets                                                              | 4                   | 418               | -   | 936               | -   |
| 1840               | Deferred tax assets                                                            | 4, 5(3), 6(13)      | 30,083            | 1   | 39,867            | 1   |
| 1915               | Prepayments for business facilities                                            | IX                  | 40,008            | 1   | 8,385             | -   |
| 1920               | Refundable deposits                                                            |                     | 19,026            | -   | 18,892            | -   |
| 1975               | Net defined benefit asset - current                                            | 4, 5(4), 6(8)       | 10,240            | -   | -                 | -   |
| 1990               | Other noncurrent assets - others                                               |                     | 19,262            | -   | 18,100            | -   |
|                    | Total non-current asset                                                        |                     | 3,308,469         | 56  | 3,349,033         | 57  |
|                    |                                                                                |                     |                   |     |                   |     |
| 1XXX               | Total assets                                                                   |                     | \$ 5,841,575      | 100 | \$ 5,828,329      | 100 |

Accompanying notes are part of the Parent Company Only Financial Statements  
(please refer to the CPA audit report of Toppest CPAs & Co. dated March 13, 2025)

Chairman: Chih-Chen Yu

Manager: Rong-Lih Yu

Accounting Officer: Tai-Chen Chen

# Toung Loong Textile MFG. Co., Ltd. and its Subsidiaries

## Consolidated Balance Sheet (II)

December 31, 2024 and 2023

Unit: Amounts expressed in thousands of New Taiwan Dollars

| Shareholders' Equity                      |                                                         | Note          | December 31, 2024 |     | December 31, 2023 |     |
|-------------------------------------------|---------------------------------------------------------|---------------|-------------------|-----|-------------------|-----|
|                                           |                                                         |               | Amount            | %   | Amount            | %   |
| Current liabilities                       |                                                         |               |                   |     |                   |     |
| 2100                                      | Short-term borrowings                                   | 6(7), 8       | \$ 1,193,685      | 21  | \$ 1,112,386      | 19  |
| 2110                                      | Short-term notes and bills payable                      | 6(7), 8       | 79,821            | 2   | 99,968            | 2   |
| 2150                                      | Notes payable                                           |               | 43,571            | 1   | 83,976            | 1   |
| 2170                                      | Accounts payable                                        |               | 266,290           | 5   | 189,321           | 3   |
| 2200                                      | Other payables                                          |               | 134,164           | 2   | 94,428            | 2   |
| 2230                                      | Current income tax liabilities                          | 4, 6(13)      | 23,435            | -   | 1,578             | -   |
| 2280                                      | Lease liabilities - Current                             | 4, 6(6)       | 11,899            | -   | 10,852            | -   |
| 2320                                      | Long-term liabilities due within 1 year                 | 6(7), 8       | 277,295           | 5   | 264,722           | 5   |
| 2399                                      | Other current liabilities - Others                      |               | 28,153            | -   | 2,741             | -   |
| Total current liabilities                 |                                                         |               | 2,058,313         | 36  | 1,859,972         | 32  |
| Non-current liabilities                   |                                                         |               |                   |     |                   |     |
| 2540                                      | Long-term borrowings                                    | 6(7), 8       | 925,907           | 16  | 1,217,850         | 21  |
| 2571                                      | Deferred income tax liabilities - land appreciation tax | 4             | 28,591            | -   | 28,591            | -   |
| 2572                                      | Deferred income tax liabilities - income tax            | 4, 6(13)      | 43,133            | 1   | 41,648            | 1   |
| 2580                                      | Lease liabilities - Non-current                         | 4, 6(6)       | 11,239            | -   | 10,112            | -   |
| 2640                                      | Net defined benefit liabilities - noncurrent            | 4, 5(4), 6(8) | -                 | -   | 1,053             | -   |
| 2645                                      | Deposits received                                       |               | 21,937            | -   | 193               | -   |
| Total non-current liabilities             |                                                         |               | 1,030,807         | 17  | 1,299,447         | 22  |
| 2XXX                                      | Total Liabilities                                       |               | 3,089,120         | 53  | 3,159,419         | 54  |
| Equity attributable to the parent company |                                                         |               |                   |     |                   |     |
| 3100                                      | Share capital                                           | 6(9)          | 1,226,920         | 21  | 1,226,920         | 21  |
| 3200                                      | Additional paid-in capital                              |               | 167,271           | 3   | 167,271           | 3   |
| 3300                                      | Retained earnings                                       | 4             |                   |     |                   |     |
| 3310                                      | Statutory reserves                                      |               | 591,824           | 10  | 591,824           | 10  |
| 3320                                      | Special reserves                                        |               | 40,183            | 1   | 40,183            | 1   |
| 3350                                      | Undistributed earnings                                  |               | 715,285           | 12  | 646,348           | 11  |
| 3400                                      | Other equities                                          | 4             | (43,062)          | (1) | (57,948)          | (1) |
| Total equity of the parent company        |                                                         |               | 2,698,421         | 46  | 2,614,598         | 45  |
| 36XX                                      | Non-controlling interest                                | 6(9)          | 54,034            | 1   | 54,312            | 1   |
| 3XXX                                      | Total equity                                            |               | 2,752,455         | 47  | 2,668,910         | 46  |
| 1XXX                                      | Total liabilities and equities                          |               | \$ 5,841,575      | 100 | \$ 5,828,329      | 100 |

Accompanying notes are part of the Parent Company Only Financial Statements  
(please refer to the CPA audit report of Toppest CPAs & Co. dated March 13, 2025)

Chairman: Chih-Chen Yu

Manager: Rong-Lih Yu

Accounting Officer: Tai-Chen Chen

# Toung Loong Textile MFG. Co., Ltd. and its Subsidiaries

## Consolidated Statements of Comprehensive Income

For the Years Ended December 31, 2024 and 2023

Unit: Amounts expressed in thousands of New Taiwan Dollars

(Earnings Per Share is in NTD)

| Code | Item                                                                                                  | Note         | 2024         |      | 2023         |      |
|------|-------------------------------------------------------------------------------------------------------|--------------|--------------|------|--------------|------|
|      |                                                                                                       |              | Amount       | %    | Amount       | %    |
| 4000 | Operating revenue                                                                                     | 4, 6 (10), 7 | \$ 3,921,876 | 100  | \$ 2,818,246 | 100  |
| 5000 | Operating costs                                                                                       | 6(4)         | (3,582,310)  | (92) | (2,646,635)  | (94) |
| 5900 | Gross profit                                                                                          |              | 339,566      | 8    | 171,611      | 6    |
|      | Operating expenses                                                                                    | 6(11), 7     |              |      |              |      |
| 6100 | Selling expenses                                                                                      |              | (90,247)     | (2)  | (78,431)     | (2)  |
| 6200 | Administrative expenses                                                                               |              | (105,476)    | (3)  | (91,112)     | (3)  |
| 6300 | R&D expenses                                                                                          |              | (15,650)     | -    | (15,007)     | (1)  |
| 6450 | Expected loss (profit) on credit impairment                                                           | 6, 6(2)      | 286          | -    | 3,631        | -    |
|      | Subtotal of operating expenses                                                                        |              | (211,087)    | (5)  | (180,919)    | (6)  |
| 6900 | Net operating income (loss)                                                                           |              | 128,479      | 3    | (9,308)      | -    |
|      | Non-operating income and expense                                                                      |              |              |      |              |      |
| 7100 | Interest revenue                                                                                      | 4            | 20,537       | -    | 20,230       | 1    |
| 7110 | Rental income                                                                                         | 4, 7         | 2,080        | -    | 3,613        | -    |
| 7130 | Dividend income                                                                                       | 4            | 705          | -    | 2,580        | -    |
| 7190 | Other income                                                                                          | 4            | 28,462       | 1    | 21,505       | 1    |
| 7210 | Gains on disposals of property, plant and equipment                                                   | 4            | -            | -    | 28           | -    |
| 7230 | Net gain on foreign exchange                                                                          | 4            | 34,741       | 1    | 1,394        | -    |
| 7510 | Interest expenses                                                                                     |              | (41,707)     | (1)  | (43,000)     | (2)  |
| 7590 | Miscellaneous expenses                                                                                |              | (1,493)      | -    | (496)        | -    |
| 7770 | Shares of losses of associates and joint ventures accounted for using the equity method               | 4            | (3,001)      | -    | (9,140)      | -    |
|      | Subtotal of non-operating incomes and expenses                                                        |              | 40,324       | 1    | (3,286)      | -    |
| 7900 | Profit (loss) before tax                                                                              |              | 168,803      | 4    | (12,594)     | -    |
| 7950 | Income tax benefit (expense)                                                                          | 4, 6(13)     | (35,794)     | (1)  | 442          | -    |
| 8200 | Net income (loss)                                                                                     |              | 133,009      | 3    | (12,152)     | -    |
|      | Other comprehensive income                                                                            | 6(12)        |              |      |              |      |
|      | Items not reclassified subsequently to profit or loss                                                 |              |              |      |              |      |
| 8311 | Remeasurement of defined benefit programs                                                             | 6(8)         | 11,805       | -    | 389          | -    |
| 8316 | Unrealized equity instrument profit or loss measured at fair value through other comprehensive income |              | -            | -    | (14,000)     | (1)  |
| 8349 | Income taxes related to the items not re-classified                                                   | 6(13)        | (2,361)      | -    | (78)         | -    |
|      | Subtotal of items not subsequently reclassified to income                                             |              | 9,444        | -    | (13,689)     | (1)  |
|      | Items that may be reclassified subsequently to profit or loss                                         |              |              |      |              |      |
| 8361 | Exchange differences on translation of the financial statements of foreign operations                 | 4            | 7,877        | -    | (6,440)      | -    |
| 8399 | Income tax related to items that may be reclassified                                                  | 6(13)        | (1,361)      | -    | 1,019        | -    |
|      | Subtotal of Items that may be reclassified subsequently to income                                     |              | 6,516        | -    | (5,421)      | -    |
|      | Other comprehensive income in the current period (net amount after tax)                               |              | 15,960       | -    | (19,110)     | (1)  |
| 8500 | Total comprehensive income in the current period                                                      |              | \$ 148,969   | 3    | \$ (31,262)  | (1)  |
|      | Net income attributable to:                                                                           |              |              |      |              |      |
| 8610 | Owners of the parent company                                                                          |              | \$ 130,283   | 3    | \$ (15,908)  | -    |
| 8620 | Non-controlling interest                                                                              |              | 2,726        | -    | 3,756        | -    |
|      | Total                                                                                                 |              | \$ 133,009   | 3    | \$ (12,152)  | -    |
|      | Total comprehensive income attributable to:                                                           |              |              |      |              |      |
| 8710 | Owners of the parent company                                                                          |              | \$ 145,169   | 3    | \$ (33,673)  | (1)  |
| 8720 | Non-controlling interest                                                                              |              | 3,800        | -    | 2,411        | -    |
|      | Total                                                                                                 |              | \$ 148,969   | 3    | \$ (31,262)  | (1)  |
|      | Earnings per Share                                                                                    | 6(14)        |              |      |              |      |
| 9750 | Basic earnings (losses) per share                                                                     |              | \$ 1.06      |      | \$ (0.13)    |      |

Accompanying notes are part of the Parent Company Only Financial Statements  
(please refer to the CPA audit report of Toppest CPAs & Co. dated March 13, 2025)

Chairman: Chih-Chen Yu

Manager: Rong-Lih Yu

Accounting Officer: Tai-Chen Chen

# Toung Loong Textile MFG. Co., Ltd. and its Subsidiaries

## Consolidated Statement of Changes in Equity

For the Years Ended December 31, 2024 and 2023

Unit: Amounts expressed in thousands of New Taiwan Dollars

| Change Items                           | Common share capital | Additional paid-in capital | Retained earnings  |                  |                        | Other items of equity                                                                 |                                                                                                      |                                           | Total               | Non-controlling interest | Total equity        |
|----------------------------------------|----------------------|----------------------------|--------------------|------------------|------------------------|---------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|-------------------------------------------|---------------------|--------------------------|---------------------|
|                                        |                      |                            | Statutory reserves | Special reserves | Undistributed earnings | Exchange differences on translation of the financial statements of foreign operations | Unrealized financial assets profit or loss measured at fair value through other comprehensive income | Remeasurement of defined benefit programs |                     |                          |                     |
| Balance as of January 1, 2023          | \$ 1,226,920         | \$ 167,271                 | \$ 575,067         | \$ 70,101        | \$ 734,979             | \$ (7,234)                                                                            | \$ 7,255                                                                                             | \$ (40,204)                               | \$ 2,734,155        | \$ 57,037                | \$ 2,791,192        |
| 2022 surplus distribution:             |                      |                            |                    |                  |                        |                                                                                       |                                                                                                      |                                           |                     |                          |                     |
| Appropriated statutory surplus reserve | -                    | -                          | 16,757             | -                | (16,757)               | -                                                                                     | -                                                                                                    | -                                         | -                   | -                        | -                   |
| Reversal of special reserve            | -                    | -                          | -                  | (29,918)         | 29,918                 | -                                                                                     | -                                                                                                    | -                                         | -                   | -                        | -                   |
| Distribution of cash dividends         | -                    | -                          | -                  | -                | (85,884)               | -                                                                                     | -                                                                                                    | -                                         | (85,884)            | -                        | (85,884)            |
| Net (loss) for 2023                    | -                    | -                          | -                  | -                | (15,908)               | -                                                                                     | -                                                                                                    | -                                         | (15,908)            | 3,756                    | (12,152)            |
| Other comprehensive income for 2023    | -                    | -                          | -                  | -                | -                      | (4,076)                                                                               | (14,000)                                                                                             | 311                                       | (17,765)            | (1,345)                  | (19,110)            |
| Subsidiary's cash dividends paid       | -                    | -                          | -                  | -                | -                      | -                                                                                     | -                                                                                                    | -                                         | -                   | (5,136)                  | (5,136)             |
| Balance as of December 31, 2023        | 1,226,920            | 167,271                    | 591,824            | 40,183           | 646,348                | (11,310)                                                                              | (6,745)                                                                                              | (39,893)                                  | 2,614,598           | 54,312                   | 2,668,910           |
| 2023 surplus distribution:             |                      |                            |                    |                  |                        |                                                                                       |                                                                                                      |                                           |                     |                          |                     |
| Distribution of cash dividends         | -                    | -                          | -                  | -                | (61,346)               | -                                                                                     | -                                                                                                    | -                                         | (61,346)            | -                        | (61,346)            |
| Net profit for 2024                    | -                    | -                          | -                  | -                | 130,283                | -                                                                                     | -                                                                                                    | -                                         | 130,283             | 2,726                    | 133,009             |
| Other comprehensive income for 2024    | -                    | -                          | -                  | -                | -                      | 5,442                                                                                 | -                                                                                                    | 9,444                                     | 14,886              | 1,074                    | 15,960              |
| Subsidiary's cash dividends paid       | -                    | -                          | -                  | -                | -                      | -                                                                                     | -                                                                                                    | -                                         | -                   | (4,078)                  | (4,078)             |
| Balance as of December 31, 2024        | <u>\$ 1,226,920</u>  | <u>\$ 167,271</u>          | <u>\$ 591,824</u>  | <u>\$ 40,183</u> | <u>\$ 715,285</u>      | <u>\$ (5,868)</u>                                                                     | <u>\$ (6,745)</u>                                                                                    | <u>\$ (30,449)</u>                        | <u>\$ 2,698,421</u> | <u>\$ 54,034</u>         | <u>\$ 2,752,455</u> |

Accompanying notes are part of the Parent Company Only Financial Statements

(please refer to the CPA audit report of Toppest CPAs & Co. dated March 13, 2025)

Chairman: Chih-Chen Yu

Manager: Rong-Lih Yu

Accounting Officer: Tai-Chen Chen

# Toung Loong Textile MFG. Co., Ltd. and its Subsidiaries

## Consolidated Cash Flow Statement

For the Years Ended December 31, 2024 and 2023

Unit: Amounts expressed in thousands of New Taiwan Dollars

| Item                                                                           | 2024           | 2023           |
|--------------------------------------------------------------------------------|----------------|----------------|
| <b>Cash flows from operating activities:</b>                                   |                |                |
| Profit (loss) before tax for the period                                        | \$ 168,803     | \$ (12,594)    |
| <b>Adjustment items:</b>                                                       |                |                |
| Revenue expense items that do not affect cash flow                             |                |                |
| Depreciation expense                                                           | 323,817        | 350,762        |
| Amortization cost                                                              | 5,195          | 4,824          |
| Anticipated credit impairment loss (profit) amount                             | (286)          | (3,631)        |
| Interest expenses                                                              | 41,707         | 43,000         |
| Interest revenue                                                               | (20,537)       | (20,230)       |
| Dividend income                                                                | (705)          | (2,580)        |
| Shares of losses (gains) of associates accounted for using the equity method   | 3,001          | 9,140          |
| Losses (profits) from disposal and scrapping of property, plant, and equipment | -              | (28)           |
| <b>Assets related to business activities / changes in liabilities</b>          |                |                |
| Decrease (Increase) of notes receivable                                        | (3,990)        | (2,567)        |
| Accounts receivable (increase) decrease                                        | (86,264)       | 3,973          |
| Decrease (Increase) of other receivables                                       | 3,465          | (779)          |
| Inventory (increase) decrease                                                  | (27,329)       | 213,809        |
| Prepayments (increase) decrease                                                | 6,940          | (9,055)        |
| Increase (decrease) of net defined benefit assets                              | 512            | -              |
| Increase (decrease) of notes receivables                                       | (40,405)       | 36,062         |
| Increase (decrease) of accounts receivables                                    | 76,969         | 19,023         |
| Increase (decrease) of other receivables                                       | 38,510         | (62,899)       |
| Increase (decrease) of other current liabilities                               | 25,412         | (1,648)        |
| Increase (decrease) of net defined benefit liabilities                         | -              | 565            |
| <b>Cash in(out)-flows generated by business operation</b>                      | <b>514,815</b> | <b>565,147</b> |
| Interest received                                                              | 20,616         | 20,095         |
| Dividends received                                                             | 705            | 2,580          |
| Interest paid                                                                  | (41,333)       | (42,544)       |
| Income tax paid                                                                | (6,691)        | (48,962)       |
| <b>Net cash inflow (outflow) from operating activities</b>                     | <b>488,112</b> | <b>496,316</b> |

(Continued next page)

Accompanying notes are part of the Parent Company Only Financial Statements

(please refer to the CPA audit report of Toppest CPAs & Co. dated March 13, 2025)

Chairman: Chih-Chen Yu

Manager: Rong-Lih Yu

Accounting Officer: Tai-Chen Chen

# Toung Loong Textile MFG. Co., Ltd. and its Subsidiaries

## Consolidated Cash Flow Statement

For the Years Ended December 31, 2024 and 2023

Unit: Amounts expressed in thousands of New Taiwan Dollars

| (Previous Page) |                                                                            |            |            |
|-----------------|----------------------------------------------------------------------------|------------|------------|
|                 | Item                                                                       | 2024       | 2023       |
|                 | Cash flows from investing activities:                                      |            |            |
|                 | (Increase) decrease in financial assets measured at amortized cost         | 11,987     | (17,206)   |
|                 | (Increase) decrease in other financial assets                              | 43,757     | (51,851)   |
|                 | Acquisition of property, plant and equipment                               | (228,797)  | (356,007)  |
|                 | Disposal of property, plant and equipment                                  | -          | 28         |
|                 | (Increase) decrease of prepayments for equipment                           | (31,623)   | 95,038     |
|                 | (Increase) decrease in refundable deposits                                 | (134)      | 505        |
|                 | Acquisition of Intangible Assets                                           | (196)      | (185)      |
|                 | (Increase) decrease in the other noncurrent assets                         | (5,602)    | (6,772)    |
|                 | Net cash inflow (outflow) from investing activities                        | (210,608)  | (336,450)  |
|                 | Cash flows from financing activities                                       |            |            |
|                 | (Increase) decrease in short-term borrowings                               | 81,299     | (266,798)  |
|                 | (Increase) decrease in short-term notes payable                            | (20,147)   | 20,159     |
|                 | Borrowing (repaying) long-term loans                                       | (279,370)  | 258,524    |
|                 | (Increase) decrease in refundable deposits                                 | 21,744     | -          |
|                 | Cash dividends paid                                                        | (61,346)   | (85,884)   |
|                 | Change in non-controlling interests                                        | (4,078)    | (5,136)    |
|                 | Repaid principal of lease                                                  | (13,011)   | (10,690)   |
|                 | Net cash inflow (outflow) from financing activities                        | (274,909)  | (89,825)   |
|                 | Effect of exchange rate changes on cash and cash equivalents               | 4,632      | (5,543)    |
|                 | Net increase (decrease) in cash and equivalent cash for the current period | 7,227      | 64,498     |
|                 | Cash and cash equivalents at the beginning of the year                     | 700,623    | 636,125    |
|                 | Cash and cash equivalents at the end of the year                           | \$ 707,850 | \$ 700,623 |

Accompanying notes are part of the Parent Company Only Financial Statements  
(please refer to the CPA audit report of Toppest CPAs & Co. dated March 13, 2025)

Chairman: Chih-Chen Yu

Manager: Rong-Lih Yu

Accounting Officer: Tai-Chen Chen

## 【Attachment 5】

Toung Loong Textile MFG. Co., Ltd.  
Earnings Distribution Table  
2024

Unit: NT\$

| Item                                                                                                                | Amount      |              |
|---------------------------------------------------------------------------------------------------------------------|-------------|--------------|
|                                                                                                                     | Subtotal    | Total        |
| Unappropriated retained earnings of previous years                                                                  |             | 585,001,834  |
| Add : net profit after tax for the year                                                                             | 130,283,197 |              |
| Unappropriated retained earnings other than net profit in the current period                                        | -           |              |
| Net profit for the current period plus unappropriated retained earnings other than net profit in the current period |             | 130,283,197  |
| Less: provision for legal reserve                                                                                   |             | (13,028,320) |
| ppropriated special surplus reserve                                                                                 |             | (2,879,142)  |
| Distributable net profit                                                                                            |             | 699,377,569  |
| Distribution items                                                                                                  |             |              |
| Cash dividends (NT\$0.7 per share)                                                                                  |             | (85,884,408) |
| Undistributed retained earnings at the end of the period                                                            |             | 613,493,161  |

Chairman: Chih-Chen Yu

Managerial Officer: Rong-Lih Yu

Accounting Manager: Tai-Chen Chen

## 【Attachment 6】

### Toung Loong Textile MFG. Co., Ltd.

#### Comparison table of amended articles of Articles of Incorporation

| Amended articles                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Current articles                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Explanation                                                                                   |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|
| <p>Article 30:<br/>The Company shall distribute no less than 1% of the current year's profit as employee remuneration and no more than 5% as remuneration for directors and supervisors. However, the Company shall first make up for any accumulated losses, if there are any. <b><u>Of the above-mentioned employee remuneration, no less than 20% should be allocated for distribution to entry-level employees.</u></b></p> <p>The preceding 'profitability of the year' refers to the remaining profit from pre-tax profit less employee, and director remunerations.</p> <p>A company may, by a resolution adopted by a majority vote at a meeting of board of directors attended by two-thirds of the total number of directors, ratify the distribution proposal for employees' compensation and the remuneration for directors; and in addition thereto, a report of such distribution shall be submitted to the shareholders' meeting.</p> <p>Employee remuneration can be made in stock or cash, and the recipients may include employees of subordinate companies who meet certain conditions.</p> <p>If the Company's annual closing shows profits, tax payments should first be made, followed by offsetting accumulated losses from previous years, then 10% shall be set aside as legal reserve, and special reserve shall be appropriated or reversed according to laws or regulations of the competent authority. If there is still profit remaining, a plan to distribute the balance plus</p> | <p>Article 30:<br/>The Company shall distribute no less than 1% of the current year's profit as employee remuneration and no more than 5% as remuneration for directors and supervisors. However, the Company shall first make up for any accumulated losses, if there are any.</p> <p>The preceding 'profitability of the year' refers to the remaining profit from pre-tax profit less employee, and director remunerations.</p> <p>A company may, by a resolution adopted by a majority vote at a meeting of board of directors attended by two-thirds of the total number of directors, ratify the distribution proposal for employees' compensation and the remuneration for directors; and in addition thereto, a report of such distribution shall be submitted to the shareholders' meeting.</p> <p>Employee remuneration can be made in stock or cash, and the recipients may include employees of subordinate companies who meet certain conditions.</p> <p>If the Company's annual closing shows profits, tax payments should first be made, followed by offsetting accumulated losses from previous years, then 10% shall be set aside as legal reserve, and special reserve shall be appropriated or reversed according to laws or regulations of the competent authority. If there is still profit remaining, a plan to distribute the balance plus any accumulated undistributed earnings from previous years shall be proposed by the Board of Directors and submitted to the shareholders' meeting for</p> | <p>Amended in accordance with Article 14, Paragraph 6 of the Securities and Exchange Act.</p> |

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                     |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------|
| <p>any accumulated undistributed earnings from previous years shall be proposed by the Board of Directors and submitted to the shareholders' meeting for resolution and distribution.</p> <p>The Company's dividend policy is formulated by the Board of Directors to take into consideration the Company's historical profits, current and future investment environment, capital requirements, domestic and international competition, capital budget and other factors, while balancing shareholder interests, dividend balance, and the Company's long-term financial planning. Each year, the Board of Directors shall prepare a proposal in accordance with the law and submit it to the shareholders' meeting for resolution.</p> <p>The Company distributes shareholder dividends on an annual basis equivalent to at least 50% of after-tax earnings subject to deduction of accumulated losses in the respective year. Earnings may be distributed in the form of cash or stock dividends. The amount of distributed cash dividends shall be no less than 30% of the total dividends distributed in the respective year.</p> | <p>resolution and distribution.</p> <p>The Company's dividend policy is formulated by the Board of Directors to take into consideration the Company's historical profits, current and future investment environment, capital requirements, domestic and international competition, capital budget and other factors, while balancing shareholder interests, dividend balance, and the Company's long-term financial planning. Each year, the Board of Directors shall prepare a proposal in accordance with the law and submit it to the shareholders' meeting for resolution.</p> <p>The Company distributes shareholder dividends on an annual basis equivalent to at least 50% of after-tax earnings subject to deduction of accumulated losses in the respective year. Earnings may be distributed in the form of cash or stock dividends. The amount of distributed cash dividends shall be no less than 30% of the total dividends distributed in the respective year.</p> |                                                     |
| <p>Chapter 7 Supplementary Provisions</p> <p>Article 33:<br/>The Articles of Incorporation was formulated on August 14, 1961<br/>1st amendment on August 16, 1965<br/>(omitted)</p> <p>36th amendment on June 16, 2022</p> <p><b><u>37th amendment on June 11, 2025</u></b></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <p>Chapter 7 Supplementary Provisions</p> <p>Article 33:<br/>The Articles of Incorporation was formulated on August 14, 1961<br/>1st amendment on August 16, 1965<br/>(omitted)</p> <p>36th amendment on June 16, 2022</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | <p>Amended to include revision number and date.</p> |

## 【Attachment 7】

### Toung Loong Textile MFG. Co., Ltd.

#### Comparison Table of Amended Articles of Procedures Governing Acquisition or Disposal of Assets

| Amended articles                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Current articles                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Explanation                                                          |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|
| <p>VIII. Control and Management of Subsidiaries' Acquisition or Disposal of Assets:</p> <p>(II) The Company's subsidiaries shall handle the acquisition or disposal of assets in accordance with their respective Internal Control System and 'Procedures Governing the Acquisition and Disposal of Assets,' and shall submit a written summary report to the Company before the 5th day of each month regarding any acquisition or disposal of assets in the previous month with a single transaction amount, or accumulated transactions of the same nature, amounting to NT\$10 million or more, as well as the status of derivatives trading as of the end of the previous month. The Company's audit unit shall include the operations relating to subsidiaries' acquisition or disposal of assets as one of its audit items, and the audit findings shall be listed as a required item in the audit business reports to the Board of Directors and the Audit Committee.</p> | <p>VIII. Control and Management of Subsidiaries' Acquisition or Disposal of Assets:</p> <p>(II) The Company's subsidiaries shall handle the acquisition or disposal of assets in accordance with their respective Internal Control System and 'Procedures Governing the Acquisition and Disposal of Assets,' and shall submit a written summary report to the Company before the 5th day of each month regarding any acquisition or disposal of assets in the previous month with a single transaction amount, or accumulated transactions of the same nature, amounting to NT\$10 million or more, as well as the status of derivatives trading as of the end of the previous month. The Company's audit unit shall include the operations relating to subsidiaries' acquisition or disposal of assets as one of its monthly audit items, and the audit findings shall be listed as a required item in the audit business reports to the Board of Directors and the Audit Committee.</p> | <p>Amended according to the Company's actual operational status.</p> |

## 【Attachment 8】

### Toung Loong Textile MFG. Co., Ltd.

#### Comparison Table of Amended Articles of Procedures Governing Loaning of Funds to Others

| Amended articles                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Current articles                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Explanation                                                          |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|
| <p>Article 9: Control Procedures Governing Subsidiaries' Fund Lending</p> <p>(II) When a subsidiary of the Company provides funds to others, it shall comply with its own 'Internal Control System' and 'Procedures Governing Loaning of Funds to Others.' The subsidiary shall submit a written report to the Company before the 5th of each month, summarizing the balance, recipients, and terms of fund lending activities from the previous month. The Company's audit of fund lending operations to others shall be included as one of the audit items, and the audit findings shall be listed as a necessary item in reports to the Board of Directors and the Audit Committee regarding audit operations.</p> | <p>Article 9: Control for Subsidiaries' Fund Lending Procedures</p> <p>(II) When a subsidiary of the Company provides funds to others, it shall comply with its own 'Internal Control System' and 'Procedures Governing Loaning of Funds to Others.' The subsidiary shall submit a written report to the Company before the 5th of each month, summarizing the balance, recipients, and terms of fund lending activities from the previous month. The Company's audit unit shall include the lending of funds by subsidiaries to others as one of its monthly audit items, and the audit findings shall be listed as a required item in the audit business reports to the Board of Directors and the Audit Committee.</p> | <p>Amended according to the Company's actual operational status.</p> |

## 【Attachment 9】

### Toung Loong Textile MFG. Co., Ltd.

#### Comparison Table of Amended Articles of Procedures Governing Endorsements and Guarantees

| Amended articles                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Current articles                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Explanation                                       |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------|
| <p>Seven. Control Procedures Governing Subsidiaries' Endorsements and Guarantees</p> <p>II. When a subsidiary of the Company provides endorsements and guarantees, it shall comply with its own 'Internal Control System' and 'Procedures Governing Endorsements and Guarantees.' The subsidiary shall submit a written report to the Company before the 5th of each month, summarizing the balance, recipients, and terms of endorsements and guarantees from the previous month. The Company's audit unit shall include the subsidiaries' endorsements and guarantees as one of its audit items, and the audit findings shall be listed as a required item in the audit business reports to the Board of Directors and the Audit Committee.</p> | <p>Seven. Control Procedures Governing Subsidiaries' Endorsements and Guarantees</p> <p>II. When a subsidiary of the Company provides endorsements and guarantees, it shall comply with its own 'Internal Control System' and 'Procedures Governing Endorsements and Guarantees.' The subsidiary shall submit a written report to the Company before the 5th of each month, summarizing the balance, recipients, and terms of endorsements and guarantees from the previous month. The Company's audit unit shall include the subsidiaries' endorsements and guarantees as one of its monthly audit items, and the audit findings shall be listed as a required item in the audit business reports to the Board of Directors and the Audit Committee.</p> | Amended according to the Company's actual status. |
| <p>Twelve. Other Matters</p> <p>I. This Procedure shall be agreed by more than one-half of all the members of the Audit Committee and approved by the Board of Directors, then submitted to the Shareholders' Meeting for consent before implementation. The same applies when amendments are made. If any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the dissenting opinions of the director to the Audit Committee.</p> <p>II. When submitting this Procedure to the Board of Directors for discussion pursuant to the preceding paragraph, the opinions</p>                                                                                                                | <p>Twelve. Other Matters</p> <p><b><del>I. The status of endorsements and guarantees provided by the Company and its subsidiaries during each fiscal year and related matters shall be reported to the General Shareholders' Meeting of the following year for reference.</del></b></p> <p>H. This Procedure shall be agreed by more than one-half of all the members of the Audit Committee and approved by the Board of Directors, then submitted to the Shareholders' Meeting for consent before implementation. The same applies when amendments are made. If any director expresses dissent and it is contained in the minutes or a written statement,</p>                                                                                           | Amended according to the Company's actual status. |

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |  |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| <p>of each independent director shall be fully considered, and their consent or objection and the reasons thereof shall be recorded in the meeting minutes.</p> <p>III. If the Company does not intend to make endorsements or provide guarantees for others, it may be exempt from establishing the Procedures Governing Endorsements and Guarantees after approval by the Board of Directors. Should the Company subsequently wish to provide endorsements or guarantees, it shall still comply with the preceding two paragraphs.</p> <p>IV. If the matter set out in Paragraph 2 has not been approved by more than one-half of all the members of the Audit Committee, it may be implemented with the approval of more than two-thirds of all directors, and the resolution of the Audit Committee shall be recorded in the meeting minutes of the Board of Directors. The terms ‘all members of the Audit Committee’ in Paragraph 2 and ‘all directors’ in the preceding paragraph shall be calculated based on the actual number of persons currently holding those positions.</p> | <p>the Company shall submit the dissenting opinions of the director to the Audit Committee.</p> <p>III. When submitting this Procedure to the Board of Directors for discussion pursuant to the preceding paragraph, the opinions of each independent director shall be fully considered, and their consent or objection and the reasons thereof shall be recorded in the meeting minutes.</p> <p>IV. If the Company does not intend to make endorsements or provide guarantees for others, it may be exempt from establishing the Procedures Governing Endorsements and Guarantees after approval by the Board of Directors. Should the Company subsequently wish to provide endorsements or guarantees, it shall still comply with the preceding two paragraphs.</p> <p>V. If the matter set out in Paragraph 2 has not been approved by more than one-half of all the members of the Audit Committee, it may be implemented with the approval of more than two-thirds of all directors, and the resolution of the Audit Committee shall be recorded in the meeting minutes of the Board of Directors. The terms ‘all members of the Audit Committee’ in Paragraph 2 and ‘all directors’ in the preceding paragraph shall be calculated based on the actual number of persons currently holding those positions.</p> |  |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|

## 【Attachment 10】

### Toung Loong Textile MFG. Co., Ltd.

#### Candidate list of 22 th term of Directors

| Name                                                             | Education background                                                     | Experience                                                        | Current position and concurrent appointments                                                                                                                                                                                                                                                                                                                                        | Shares held                                                                   |
|------------------------------------------------------------------|--------------------------------------------------------------------------|-------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------|
| Chih-Chen Yu                                                     | Department of Chemical Engineering, Tamkang University                   | Chairman of Toung Loong Textile MFG. Co., Ltd.                    | Chairman of Toung Loong Textile MFG. Co., Ltd.<br>Chairman of Toung Loong Textile MFG (Vietnam) Co. Ltd.,<br>Chairman of Sarah Global Co., Ltd.<br>Chairman of Lung Hsiang Hsing INT'L Co.<br>Chairman of SARAH INTERNATIONAL CO., LTD.<br>Chairman of SUN BEAM GLOBAL ENTERPRISE CO., LTD.<br>Director of Sara Rose International Inc.<br>Chairman of Heng An Technology Co., Ltd. | 2,938,003                                                                     |
| Jung-Chieh Yu                                                    | Nangang Vocational High School                                           | Manager of Toung Loong Textile MFG. Co., Ltd.                     | Director of Toung Loong Textile MFG. Co., Ltd.<br>Director of Toung Loong Textile MFG (Vietnam) Co. Ltd.,<br>President of Toung Loong Textile MFG (Vietnam) Co. Ltd.<br>Director of Sarah Global Co., Ltd.<br>Director of SARAH INTERNATIONAL CO., LTD.                                                                                                                             | 6,405,719                                                                     |
| Rong-Lih Yu                                                      | Lunghwa University of Science and Technology                             | President of Toung Loong Textile MFG. Co., Ltd.                   | Director of Toung Loong Textile MFG. Co., Ltd.<br>President of Toung Loong Textile MFG. Co., Ltd.<br>Director of Toung Loong Textile MFG (Vietnam) Co. Ltd.,                                                                                                                                                                                                                        | 6,368,094                                                                     |
| Jung-Chun Yu                                                     | University of Pittsburgh                                                 | Manager, Production and Sales, Toung Loong Textile MFG. Co., Ltd. | Manager, Production and Sales, Toung Loong Textile MFG. Co., Ltd.                                                                                                                                                                                                                                                                                                                   | 1,906,125                                                                     |
| Representative of MAO JIA INVESTMENT LTD.: Chiu-Yueh Chen        | National Taipei University of Business                                   | Section Manager of Toung Loong Textile MFG. Co., Ltd.             | Director of Toung Loong Textile MFG. Co., Ltd.<br>Chairman of MAO JIA INVESTMENT LTD.                                                                                                                                                                                                                                                                                               | Institutional shareholding: 5,043,028<br>Representative shareholding: 2,602   |
| Representative of Siang Hao Investment Co., LTD.: Kai-Ping Chang | Department of Textiles and Clothing, Fu Jen Catholic University          | Vice President of Toung Loong Textile MFG. Co., Ltd.              | Director of Toung Loong Textile MFG. Co., Ltd.<br>Vice President of Toung Loong Textile MFG. Co., Ltd.                                                                                                                                                                                                                                                                              | Institutional shareholding: 1,045,500<br>Representative shareholding: 85,144  |
| Representative of Joinco Investment Ltd.: Tai-Hsing Chen         | Department of Mechanical Engineering, Nan Jeon University of Engineering | Plant Director of Toung Loong Textile MFG. Co., Ltd.              | Plant Director of Toung Loong Textile MFG. Co., Ltd.                                                                                                                                                                                                                                                                                                                                | Institutional shareholding: 1,045,500<br>Representative shareholding: 19,380  |
| Representative of Sara Rose International Inc.: Jing-Woei Jou    | Department of Cooperative Economics, Tamkang University                  | Chairman of Sara Rose International Inc.                          | Director of Toung Loong Textile MFG. Co., Ltd.<br>Chairman of Sara Rose International Inc.<br>Director of Inn Pen Investment Development Co., Ltd.                                                                                                                                                                                                                                  | Institutional shareholding: 4,970,567<br>Representative shareholding: 102,524 |

Toung Loong Textile MFG. Co., Ltd.  
Candidate list of 22 th term of Independent directors

| Name           | Education background                                        | Experience                                                                                                                                                                                                                                                                                                                                                                             | Current position and concurrent appointments                                                                                                                                                                                  | Shares held | Reasons for continuing the nomination of independent directors who have served for three consecutive terms                                                                                                                                                                |
|----------------|-------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Tai-Feng Huang | Soochow University Department of Law                        | <ol style="list-style-type: none"> <li>1. Attorney-at-law at Taili Law Firm</li> <li>2. Consultant, Chinese Arbitration Association</li> <li>3. Arbitrator, Chinese Arbitration Association</li> </ol>                                                                                                                                                                                 | <p>Attorney-at-law at Taili Law Firm</p> <p>Consultant, Chinese Arbitration Association</p> <p>Independent Director of Toung Loong Textile MFG. Co., Ltd.</p> <p>Director of Forward Media</p> <p>Director of Honyi Group</p> | 0           | In consideration of the candidate's expertise and relevant work experience, which are necessary for the Company's business and will clearly provide significant benefits to the Company, the candidate is therefore nominated again as an independent director candidate. |
| Yu-Te Ma       | Department of Tourism, Chinese Culture University           | <ol style="list-style-type: none"> <li>1. Person in charge, Mount Electronic Industrial Ltd.</li> <li>2. Vice President of Administration and Business, LIGHTCHIP Technology Co., Ltd.</li> <li>3. Executive Director of Pu Tei Technology Co., Ltd</li> <li>4. Manager, Yumark Group</li> <li>5. Manager, Taiwan Powco Ltd.</li> <li>6. Salesperson, Yuan Fa Hardware Ltd.</li> </ol> | <p>Chairman of Mount Electronic Industrial Ltd.</p> <p>Independent Director of Toung Loong Textile MFG. Co., Ltd.</p>                                                                                                         | 106,080     | Not applicable.                                                                                                                                                                                                                                                           |
| Hung-Tai Cheng | Master of Financial Management, National Central University | <ol style="list-style-type: none"> <li>1. CFO of ENNOWELL Co., Ltd.</li> <li>2. Vice President, Concord Securities Group</li> </ol>                                                                                                                                                                                                                                                    | ENNOWELL Co., Ltd. CFO                                                                                                                                                                                                        | 0           | Not applicable.                                                                                                                                                                                                                                                           |

## 【Appendix 1】

# The Articles of Incorporation of Toungh Loong Textile Manufacturing Co., Ltd.

### Chapter I General Provisions

- Article 1: The Company was established in accordance with the Company Act, named as Toungh Loong Textile Manufacturing Co., Ltd.
- Article 2: The Company is located in New Taipei City, and may establish manufacturing plants or branches within or outside the territory of the Republic of China, if necessary, subject to the resolution of the Board of Directors.
- Article 3: The Company's main businesses are as follows:
1. C301010 Spinning of Yarn
  2. C302010 Weaving of Textiles
  3. C303010 Manufacture of Non-woven Fabrics
  4. C305010 Printing, Dyeing, and Finishing
  5. C306010 Wearing Apparel
  6. C307010 Clothing Accessories
  7. C399990 Other Textile and Products Manufacturing
  8. C801120 Manufacture of Man-made Fibers
  9. F104110 Wholesale of Cloths, Garments, Shoes, Hats, Umbrellas and Clothing Accessories
  10. F204110 Retail Sale of Cloths, Garments, Shoes, Hats, Umbrellas and Clothing Accessories
  11. F401010 International Trade
  12. H703090 Real Estate Business
  13. H703100 Real Estate Leasing
  14. JE01010 Rental and Leasing
  15. ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval
- Article 3-1: The Company may provide endorsements/guarantees due to business needs; the Company's investment may exceed 40% of paid-in capital, which shall be executed by the Board pursuant to authority granted.
- Article 4: The Company's public announcement shall be in compliance with Article 28 of the Company Act.

### Chapter II Shareholding

- Article 5: The Company's total capital is NT\$1.72 billion, which consists of 172 million shares. The share are issued at a nominal value of NT\$10 per share, and may be issued in installments.
- Article 6: The share certificates shall be in registered form, affixed with the signatures or personal seals of the director representing the company, and shall be duly certified or authenticated by the bank which is competent to certify shares under the laws before issuance thereof.  
The Company may be exempted from printing any share certificate for the shares issued, but shall register the issued shares with a centralized securities depository enterprise. The same shall apply for the issuance of other securities.
- Article 7: To issue employee stock warrants with exercise price lower than the market price on the issue date, or to transfer shares to employees at less than the average actual share repurchase price, an issuer is required to obtain the consent of at least two-thirds of the voting rights represented at a shareholders meeting attended by shareholders representing a majority of the total issued shares.
- Article 8: Qualification requirements of employees, including the employees of parents or subsidiaries of the company meeting certain specific requirements, are entitled to receive the Company's shares buy back and employee stock warrants; to subscribe for newly issued shares; and to receive restricted stock for employees. The board of directors are authorized to formulate relevant rules and regulations.

- Article 9: The share transfer registration is suspended within 60 days prior to the shareholders meeting, 30 days prior to the special shareholders meeting, or 5 days prior to the record date for the distribution of dividends, bonuses or other interests.
- Article 10: Unless otherwise stipulated by securities laws and regulations, the Company's stock affairs shall be handled in accordance with the Regulations Governing the Administration of Shareholder Services of Public Companies.  
If the shareholder request for replacement or reissuance of stock certificate when it was lost or for other reasons, the company may impose a charge on production costs and stamp duties in its discretion.

### **Chapter III Shareholders Meeting**

- Article 11: Shareholders' meeting shall be of two kinds: Regular meeting of shareholders, and special meeting of shareholders. The regular meeting of shareholders is to be held at least once every year within six months after close of each fiscal year, and a notice shall be given to each shareholder no later than 30 days prior to the scheduled meeting date. The special meeting of shareholders is to be held when necessary, and a notice shall be given to each shareholder no later than 15 days prior to the scheduled meeting date.  
The notice set forth in the preceding paragraph shall inform shareholders of the date, venue and purpose of the meeting.  
The Company's shareholders' meetings can be held by means of visual communication network or other methods promulgated by the competent authority.
- Article 12: If a shareholder is unable to attend the shareholders meeting for any cause, a proxy may be appointed to attend the shareholders' meeting in his/her/its behalf by executing a power of attorney, which shall be handled in accordance with the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies.
- Article 13: (Deleted)
- Article 14: For a shareholders' meeting convened by the board of directors, the Chairman shall preside the meeting. In case the chairman of the board of directors is on leave or absent or can not exercise his power and authority for any cause, it shall be handled in accordance with Article 208 of the Company Act.
- Article 15: Unless otherwise provided by law or regulation, the Company's shareholders meetings shall be convened in accordance with rules of procedures for the Company's shareholders meetings.
- Article 16: Except in the circumstances otherwise provided for in the Company Act, the Company's shareholder shall have one voting power in respect of each share in his/her/its possession. Resolutions at a shareholders' meeting shall, unless otherwise provided for in the Company Act, be adopted by a majority vote of the shareholders present, who represent more than one-half of the total number of voting shares.
- Article 17: Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting.  
The preparation and distribution of the minutes of shareholders' meeting as required in the preceding Paragraph may be effected in accordance with the Company Act.

### **Chapter IV Board of Directors and Audit Committee**

- Article 18: The Company's board of directors has 7-11 directors who shall be elected by the shareholders' meeting from among the persons with disposing capacity. The candidate nomination system was adopted for the election of directors. The term of office of a director shall not exceed three years; but he/she may be eligible for re-election.  
The Company's independent directors in the preceding article shall be at least two in number and no less than one-fifth of the total number of directors, with independent and non-independent directors elected at the same time, but in separately calculated numbers. The independent directors' professional qualifications, shareholding, part-time job restrictions, nomination and appointment methods and other matters to be observed shall be handled in accordance with the relevant provisions of the competent securities authority.
- Article 19: The board of directors is composed of one or more directors. The board of directors shall elect a chairman of the board directors from among the directors by a majority vote at a meeting attended by over two-thirds of the directors. The Chairman shall internally preside the shareholders' meeting and board of directors meeting, and shall externally represent the Company. In case the chairman of the board of directors is on leave or absent or can not exercise his power and authority for any cause, it shall be handled in accordance with Article 208 of the Company Act.  
In case a meeting of the board of directors is proceeded via visual communication network, then the directors taking part in such a visual communication meeting shall be deemed to have attended the meeting in person.  
No matter whether the Company has generated profits or encountered loss from its operations, the remuneration for directors shall be paid for performing their executive duties, and the board of directors are authorized to set the amount of remuneration paid to board members according to their degree of participation in the Company's operations, and with reference to industry standards. If the Company earned profits, it shall be distributed in accordance with Article 30.
- Article 19-1:(Deleted)

Article 20: The functional duties and power of the board of directors are as follows:

1. Appointment or removal of a major managerial officer.
2. Decision-making of business plans.
3. Review of budgets and settlement of accounts.
4. The earnings distribution or loss off-setting proposals.
5. The establishment, adjustment and cancellation of the Company's major organizations, and the approval of important regulations and rules.
6. Approval of major contracts.
7. Approval of other major affairs.

Article 21: Unless otherwise provided for in the Company Act, resolutions of the Board of Directors shall be adopted by a majority of the directors at a meeting attended by a majority of the directors. Except as otherwise provided in the Company Act, the board of directors meeting is convened and chaired by the chairperson of the board. In the case of emergency, a meeting of the board of directors may be convened at any time. In calling a meeting of the board of directors, a notice shall be given to each director in writing, by e-mail or by facsimile.

If attendance in person is not possible, they may appoint another director to attend as their proxy. However, a proxy may accept a proxy from one person only. Other matters shall be handled in accordance with the Company Act.

Article 22: Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes, the attendance list bearing the signatures of shareholders present at the meeting, and the powers of attorney of the proxies shall be kept by the company.

Article 23: (Deleted)

Article 24: (Deleted)

Article 25: The board of directors may establish functional committees according to relevant laws and regulations or business needs.

The Company has established an audit committee since the 21st term of the board of directors, and the provisions regarding supervisors in the Company Act, Securities and Exchange Act and other laws and regulations shall apply mutatis mutandis to the audit committee.

#### **Chapter V Mangers**

Article 26: The Company has one managerial personnel, which shall be in charge of all business decisions by resolution of the board of directors. Unless otherwise approved by a majority vote of the directors at a meeting of the board of directors, the Company's managerial personnel shall not concurrently act as a managerial personnel of another company.

Article 27: Appointment and discharge and the remuneration of the managerial personnel shall be handled in accordance with the Company Act.

#### **Chapter VI Accounting**

Article 28: The Company's fiscal year starts from January 1 and ends on December 31.

Article 29: At the close of each fiscal year, the Company shall prepare the following statements and records to be submitted to the general meeting of shareholders for ratification:

1. Business report.
2. Financial statements.
3. The surplus earning distribution or loss off-setting proposals.

Article 30: The Company shall allocate more than 1% of profits earned in the current fiscal year as employee compensation, and set aside no more than 5% of profits earned for the remuneration of directors. However, the company's accumulated losses shall have been covered.

The profits earned in the current fiscal year in the preceding paragraph refers to pre-tax profit before deducting the distribution of employee compensation and director's remuneration.

A company may, by a resolution adopted by a majority vote at a meeting of board of directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation and the remuneration for directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

Employee compensation may be distributed by way of cash or shares. Qualification requirements of employees include the employees of the subordinate company meeting certain specific requirements.

If after the annual closing of books there is a profit, the Company shall, after its losses have been covered and all taxes and dues have been paid and at the time of allocating surplus profits, first set aside ten percent of such profits as a legal reserve. The special reserves shall be set aside or reversed in accordance with the laws or regulations of the competent authority. If there is still balance and accumulated undistributed surplus, the board of directors shall make a surplus distribution proposal. Surplus profit shall be distributed by resolution of the shareholders' meeting.

The Company's dividend policy is based on the historical surplus earnings, current and future investment environment, capital needs, domestic and foreign competition and capital budget, taking into account the shareholder interests, and the balance between dividends and the Company's long-term financial planning. The dividend policy is submitted on an annual basis by the board of directors to the shareholders' meeting for resolution according to relevant laws. The Company shall allocate no less than 50% of the profits after deducting accumulated losses from prior years to shareholders. Distribution of profits may be made by way of a cash dividend or stock dividend; provided, however, the ratio for cash dividend shall be not less than 30% of the total distribution.

## **Chapter VII Supplementary Provisions**

Article 31: The Company organizational rules and work rules shall be formulated separately.

Article 32: The unresolved issues in the Articles of Incorporation shall be handled in accordance with the Company Act and other relevant laws.

Article 33: The Articles of Incorporation was formulated on August 14, 1961

1st amendment on August 16, 1965

2nd amendment on March 7, 1967

3rd amendment on November 24, 1968

4th amendment on July 25, 1974

5th amendment on February 4, 1975

6th amendment on April 13, 1975

7th amendment on November 1, 1975

8th amendment on June 22, 1976

9th amendment on November 1, 1976

10th amendment on May 30, 1981

11th amendment on July 15, 1981

12th amendment on July 10, 1982

13th amendment on September 24, 1984

14th amendment on June 24, 1985

15th amendment on June 12, 1986

16th amendment on September 7, 1988

17th amendment on August 30, 1989  
18th amendment on June 27, 1992  
19th amendment on June 10, 1993  
20th amendment on June 8, 1994  
21st amendment on September 15, 1994  
22nd amendment on May 30, 1995  
23rd amendment on June 10, 1996  
24th amendment on May 8, 1997  
25th amendment on May 5, 1998  
26th amendment on May 30, 2000  
27th amendment on June 20, 2001  
28th amendment on June 18, 2002  
29th amendment on June 20, 2007  
30th amendment on June 17, 2010  
31st amendment on June 13, 2012  
32nd amendment on June 11, 2013  
33rd amendment on June 7, 2016  
34th amendment on June 7, 2017  
35th amendment on July 28, 2021  
36th amendment on June 16, 2022

TOUNG LOONG TEXTILE MFG. CO., LTD.

Chairman: Chih-Chen Yu

## 【Appendix 2】

### TOUNG LOONG TEXTILE MFG. CO., LTD. Rules of Procedure of Shareholders' Meeting

Approved by the Shareholders' Meeting on June 16, 2022

#### Article 1

To establish a strong governance system and sound supervisory capabilities for this Company's shareholders meetings, and to strengthen management capabilities, these Rules are adopted pursuant to the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.

#### Article 2

The rules of procedure for shareholders' meetings of the Company, except as otherwise provided by law, regulation, or the Company's articles of incorporation, shall be handled according to these Rules.

#### Article 3

Unless otherwise provided by law or regulation, this Company's shareholders meetings shall be convened by the Board of Directors.

The Company shall prepare an electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. The Company shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders meeting or before 15 days before the date of the special shareholders meeting.

The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.

Prior to the date for issuance of notice of a shareholders meeting, this Company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions. At the shareholders meeting the Board of Directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

#### Article 4

For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by this Company and stating the scope of the proxy's authorization.

A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to this Company before five days before the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.

After a proxy form has been delivered to this Company, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to this Company before two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

If, after a proxy form is delivered to this Company, a shareholder wishes to attend the shareholders meeting online, a written notice of proxy cancellation shall be submitted to this Company two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

#### Article 5

The venue for a shareholders meeting shall be the premises of this Company, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.

The restrictions on the place of the meeting shall not apply when this Company convenes a virtual-only shareholders meeting.

#### Article 6

This Company shall specify in its shareholders meeting notices the time during which attendance registrations for shareholders, solicitors and proxies (collectively 'shareholders') will be accepted, the place to register for attendance, and other matters for attention.

The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations. For virtual shareholders meetings, shareholders may begin to register on the virtual meeting platform 30 minutes before the meeting starts. Shareholders completing registration will be deemed as attend the shareholders meeting in person.

Shareholders shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. This Company may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.

This Company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.

This Company shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors or supervisors, pre-printed ballots shall also be furnished.

When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders' meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it at the meeting.

In the case of virtual shareholders' meeting, shareholders wishing to attend the virtual meeting shall register with the Company on two days before the meeting.

In the case of virtual shareholders' meeting, the Company shall upload the meeting handbook, annual report and other meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.

#### **Article 6-1**

To convene a virtual shareholders meeting, this Company shall include the follow particulars in the shareholders meeting notice:

1. How shareholders attend the virtual meeting and exercise their rights .
2. Actions to be taken if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events, at least covering the following particulars:
  - (1) To what time the meeting is postponed or from what time the meeting will resume if the above obstruction continues and cannot be removed, and the date to which the meeting is postponed or on which the meeting will resume .
  - (2) Shareholders not having registered to attend the affected virtual shareholders meeting shall not attend the postponed or resumed session.
  - (3) In case of a hybrid shareholders meeting, when the virtual meeting cannot be continued, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders meeting online, meets the minimum legal requirement for a shareholder meeting, then the shareholders meeting shall continue. The shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, and the shareholders attending the virtual meeting online shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders meeting.
  - (4) Actions to be taken if the outcome of all proposals have been announced and extraordinary motion has not been carried out.
3. To convene a virtual-only shareholders meeting, appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online shall be specified.

#### **Article 7**

If a shareholders meeting is convened by the Board of Directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairperson shall appoint one of the managing directors to act as chair, or, if there are no managing directors, one of the directors shall be appointed to act as chair. Where the chairperson does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair.

If a shareholders' meeting is convened by a party with power to convene but other than the Board of Directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

The Company may appoint its attorneys, certified public accountants or other related personnel as non-voting participants at shareholders' meetings.

#### **Article 8**

The Company, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures.

Where a shareholders meeting is held online, this Company shall keep records of shareholder registration, sign-in, check-in, questions raised, votes cast and results of votes counted by this Company, and continuously audio and video record, without interruption, the proceedings of the virtual meeting from beginning to end.

The information and audio and video recording in the preceding paragraph shall be properly kept by this Company during the entirety of its existence, and copies of the audio and video recording shall be provided to and kept by the party appointed to handle matters of the virtual meeting.

#### **Article 9**

Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in, and the shares checked in on the virtual meeting platform, plus the number of shares whose voting rights are exercised by correspondence or electronically.

The chair shall call the meeting to order at the appointed meeting time and disclose information concerning the number of nonvoting shares and number of shares represented by shareholders attending the meeting.

However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned. In the event of a virtual shareholders meeting, this Company shall also declare the meeting adjourned at the virtual meeting platform.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within one month. In the event of a virtual shareholders meeting, shareholders intending to attend the meeting online shall re-register to the Company in accordance with Article 6.

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.

#### **Article 10**

If a shareholders meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. Votes shall be cast on each separate proposal in the agenda (including extraordinary motions and amendments to the original proposals set out in the agenda). The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.

The provisions of the preceding paragraph shall apply to shareholders' meetings convened by a party other than the Board of Directors with necessary authority.

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the Board of Directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed, call for a vote, and schedule sufficient time for voting.

#### **Article 11**

Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance pass number), and account name. The order in which shareholders speak will be set by the chair.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and each speech may not exceed five (5) minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained both the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.

When a legal person shareholder appoints two or more representatives to attend a shareholders' meeting, only one of the appointed representatives may speak on the same proposal.

Once an attending shareholder has spoken, the chair may respond in person or direct the relevant personnel to respond.

Where a virtual shareholders meeting is convened, shareholders attending the virtual meeting online may raise questions in writing at the virtual meeting platform from the chair declaring the meeting open until the chair declaring the meeting adjourned. No more than two questions for the same proposal may be raised. Each question shall contain no more than 200 words. The regulations in paragraphs 1 to 5 do not apply.

#### **Article 12**

Voting at a shareholders meeting shall be calculated based the number of shares.

With respect to resolutions of shareholders meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship may prejudice the interests of the Company, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed three percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

### **Article 13**

Shareholders shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of The Company Act.

When this Company holds a shareholders meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. Shareholders voting by correspondence or electronically shall be considered to have attended in person. They shall however be considered to have abstained from voting on extraordinary motions or amendments to the original proposal during that shareholders' meeting.

A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to this Company before two days before the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, this however does not apply if a declaration was made revoking the previous declaration.

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person or online, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to this Company, by the same means by which the voting rights were exercised, before two business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders' meeting, the voting rights exercised by the proxy in the meeting shall prevail.

Except as otherwise provided in the Company Act and in this Company's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.

When there is an amendment or an alternative to a proposal, they shall be presented together with the original proposal and voted on in the order decided by the chair. If one of the proposals is passed then the other proposals shall be considered to have been rejected and further voting unnecessary.

Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Company.

Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

When this Company convenes a virtual shareholders meeting, after the chair declares the meeting open, shareholders attending the meeting online shall cast votes on proposals and elections on the virtual meeting platform before the chair announces the voting session ends or will be deemed abstained from voting.

In the event of virtual shareholders' meeting, votes shall be counted at once after the chair announces the voting session ends, and results of votes and elections shall be announced immediately.

When this Company convenes a hybrid shareholders meeting, if shareholders who have registered to attend the meeting online in accordance with Article 6 decide to attend the physical shareholders meeting in person, they shall revoke their registration two days before the shareholders meeting in the same manner as they registered. If their registration is not revoked within the time limit, they may only attend the shareholders meeting online.

When shareholders exercise voting rights by correspondence or electronic means, unless they have withdrawn the declaration of intent and attended the shareholders meeting online, except for extraordinary motions, they will not exercise voting rights on the original proposals or make any amendments to the original proposals or exercise voting rights on amendments to the original proposal.

### **Article 14**

The election of directors or supervisors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by this Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and supervisors and the numbers of votes with which they were elected.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

### **Article 15**

Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in an electronic format.

The Company may disseminate meeting minutes by announcing details over MOPS.

The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results (including the number of voting rights), and disclose the number of voting rights won by each candidate in the event of an election of directors or supervisors. The minutes shall be retained for the duration of the existence of this Company.

Where a virtual shareholders meeting is convened, in addition to the particulars to be included in the meeting minutes as described in the preceding paragraph, the start time and end time of the shareholders meeting, how the meeting is convened, the chair's and secretary's name, and actions to be taken in the event of disruption to the virtual meeting platform or participation in the meeting online due to natural disasters, accidents or other force majeure events, and how issues are dealt with shall also be included in the minutes.

When convening a virtual-only shareholders' meeting, other than compliance with the requirements in the preceding paragraph, the Company shall specify in the meeting minutes alternative measures available to shareholders with difficulties in attending a virtual-only shareholders meeting online.

#### **Article 16**

On the day of the shareholders' meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation, the number of shares represented by proxies and the number of shares represented by shareholders attending the meeting by correspondence or electronic means, and shall make an express disclosure of the same at the place of the shareholders meeting. In the event a virtual shareholders meeting, this Company shall upload the above meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting. During this Company's virtual shareholders meeting, when the meeting is called to order, the total number of shares represented at the meeting shall be disclosed on the virtual meeting platform. The same shall apply whenever the total number of shares represented at the meeting and a new tally of votes is released during the meeting.

If matters put to a resolution at a shareholders' meeting constitute material information under the applicable laws or regulations or under Taiwan Stock Exchange Corporation (or Taipei Exchange Market) regulations, the Company shall upload the content of such resolution to the MOPS within the prescribed time period.

#### **Article 17**

Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.

The chair may direct proctors or security personnel to help maintain order at the meeting place.

When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word 'Proctor.'

At the place of a shareholders meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by the Company, the chair may prevent the shareholder from doing so.

When a shareholder violates the rules of procedure and defies the chair's corrections, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.

#### **Article 18**

When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders' meeting may adopt a resolution to resume the meeting at another venue.

A resolution may be adopted at a shareholders meeting to defer or resume the meeting within 5 days, in according with Article 182 of The Company Act.

#### **Article 19**

In the event of virtual shareholders' meeting, the Company shall disclose real-time results of votes and election immediately after the end of the voting session on the virtual meeting platform according to the regulations, and this disclosure shall continue at least 15 minutes after the chair has announced the meeting adjourned.

#### **Article 20**

When this Company convenes a virtual-only shareholders meeting, both the chair and secretary shall be in the same location.

## **Article 21**

In the event of a virtual shareholders meeting, if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events before the chair has announced the meeting adjourned, and the obstruction continues for more than 30 minutes, the meeting shall be postponed to or resumed on another date within five days, in which case Article 182 of the Company Act shall not apply.

For a meeting to be postponed or resumed as described in the preceding paragraph, shareholders who have not registered to participate in the affected shareholders meeting online shall not attend the postponed or resumed session.

For a meeting to be postponed or resumed according to the provisions, the number of shares represented by, and voting rights and election rights exercised by the shareholders who have registered to participate in the affected shareholders meeting and have successfully signed in the meeting, but do not attend the postpone or resumed session, at the affected shareholders meeting, shall be counted towards the total number of shares, number of voting rights and number of election rights represented at the postponed or resumed session.

During a postponed or resumed session of a shareholders meeting held according to the provisions, no further discussion or resolution is required for proposals for which votes have been cast and counted and results have been announced, or list of elected directors and supervisors.

When this Company convenes a hybrid shareholders meeting, and the virtual meeting cannot continue, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders meeting online, still meets the minimum legal requirement for a shareholder meeting, then the shareholders meeting shall continue, and not postponement or resumption thereof is required.

Under the circumstances where a meeting should continue as in the preceding paragraph, the shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, provided these shareholders shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders meeting.

When postponing or resuming a meeting according to the provisions, this Company shall handle the preparatory work based on the date of the original shareholders meeting in accordance with the requirements listed under Article 44-20, paragraph 7 of the Regulations Governing the Administration of Shareholder Services of Public Companies.

For dates or period set forth under Article 12, second half, and Article 13, paragraph 3 of Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies, and Article 44-5, paragraph 2, Article 44-15, and Article 44-17, paragraph 1 of the Regulations Governing the Administration of Shareholder Services of Public Companies, the Company shall handle the matter based on the date of the shareholders meeting that is postponed or resumed according to the provisions.

## **Article 22**

When convening a virtual-only shareholders' meeting, the Company shall provide appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online.

## **Article 23**

These Rules shall take effect after having been submitted to and approved by a shareholders meeting. Subsequent amendments thereto shall be effected in the same manner.

## **【Appendix 3】**

### **Toung Loong Textile MFG. Co., Ltd.**

#### **Directors Election Procedures**

Approved by the Shareholders' Meeting on June 16, 2022

##### **Article 1**

Election of Directors of the Company shall be conducted in accordance with these Procedures, except as otherwise provided by laws and regulations or the Articles of Incorporation of the Company.

##### **Article 2**

The qualifications and election of Independent Directors of the Company shall comply with the 'Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies' and relevant laws and regulations.

##### **Article 3**

In case the number of Directors falls below five due to the dismissal of a Director for any reason, the Company shall hold an election for the vacated position at the next shareholders' meeting. However, if the number of vacancies reaches one-third of the total number of Directors specified in the Articles of Incorporation, the Company shall convene a special shareholders' meeting within 60 days from the date of occurrence to hold a by-election.

In case the number of Independent Directors falls below the requirements of Article 14-2 of the Securities and Exchange Act due to the dismissal of an Independent Director for any reason, the Company shall hold an election for the vacated position at the next shareholders' meeting. When all Independent Directors have been dismissed, the Company shall convene a special shareholders' meeting within 60 days from the date of occurrence to hold a by-election.

##### **Article 4**

The election of Directors of the Company shall adopt the cumulative voting method. Each share shall have voting rights equivalent to the number of Directors to be elected, and the voting rights may be exercised to elect one candidate or be allocated among several candidates.

##### **Article 5**

The Board of Directors shall prepare ballots equal to the number of Directors to be elected, mark the number of voting rights on each ballot, and distribute them to the shareholders present at the shareholders' meeting. The name of the voter may be represented by the attendance card number printed on the ballot.

##### **Article 6**

Directors are elected according to the seats specified in the Articles of Incorporation, with separate calculations of electoral rights for independent and non-independent directors. Those receiving the highest proportion of electoral rights represented by the ballots shall be elected in sequence. If two or more persons receive the same number of votes and this exceeds the specified number of positions, the persons with the same number of votes shall draw lots to decide who will be elected. The meeting chairman shall draw lots on behalf of any party not present.

##### **Article 7**

If a candidate is a shareholder, voters must fill in the candidate's account name and account number in the 'candidate' column of the ballot; for non-shareholder candidates, the candidate's name and ID document number should be filled in. However, when a government or corporate shareholder is a candidate, the ballot should list the name of that government or corporate entity in the candidate account name field, and may also include the name of its representative. If there are several representatives, the names of each representative should be filled in separately.

**Article 8**

Before the election begins, the meeting chairman shall appoint ballot supervisors and counters to perform relevant duties, though the ballot supervisors must be shareholders. The ballot box for the election shall be prepared by the Board of Directors and publicly inspected by the ballot supervisors before voting begins.

**Article 9**

Ballots shall be deemed invalid under any of the following circumstances:

- (I) Ballots not prepared by the Board of Directors.
- (II) Blank ballots placed in the ballot box.
- (III) Illegible writing or ballots with alterations.
- (IV) If the candidate is a shareholder, the account name and shareholder account number do not match the shareholder registry; if the candidate is not a shareholder, the name and ID document number do not match upon verification.
- (V) Except for completing the name of the candidate (or candidate's name) or shareholder account number (ID number) and allocated voting rights, any ballots with additional text.
- (VI) Ballots that do not specify the candidate's name (or household name) or shareholder account number (identification document number).
- (VII) Ballots that list two or more candidates.

**Article 10**

The counting of votes shall be conducted immediately after voting is completed, and the results shall be announced by the meeting chairman on the spot.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

**Article 11**

Any matters not specified in these Procedures shall be handled in accordance with the Company Act, the Company's Articles of Incorporation, and other relevant laws and regulations.

**Article 12**

These Procedures shall be implemented after approval by the Shareholders' Meeting, and the same shall apply when amendments are made.

## 【Appendix 4】

### **Toung Loong Textile MFG. Co., Ltd.** **Procedures Governing Endorsements and Guarantees**

Approved by the Shareholders' Meeting on June 16, 2022

#### One. Purpose

To strengthen the financial management of endorsements and guarantees and reduce operational risks, these Procedures are established in accordance with the 'Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies.'

#### Two. Scope of Application

The endorsements and guarantees referred to in these Procedures include:

- I. Financing endorsements/guarantees:
  - (I) Discounting of commercial paper.
  - (II) Endorsements or guarantees made for the financing purposes of other companies.
  - (III) Issuance of separate negotiable instruments to non-financial enterprises as security for the Company's financing purposes.
- II. Customs endorsements/guarantees: Endorsements or guarantees made for the Company or other companies with respect to customs matters.
- III. Other Endorsements and Guarantees  
Other endorsements or guarantee matters that cannot be classified under the previous two categories.

If the Company provides movable or immovable property as collateral, pledge, or mortgage for another company's borrowing, such arrangements shall also be handled in accordance with these Procedures.

#### Three. Eligible Parties for Endorsements and Guarantees

The Company's endorsements and guarantees shall be limited to the following companies, except for mutual guarantees between contractors based on construction project requirements or between joint builders as specified in contracts, or endorsements and guarantees made by all contributing shareholders according to their shareholding ratios for investee companies due to mutual investment relationships, or joint guarantees among industry peers providing performance guarantees for pre-sale housing sales contracts in accordance with Consumer Protection Law regulations: Companies in which the Company directly or indirectly holds 90% or more of the voting shares may provide endorsements and guarantees for each other, and the amount shall not exceed 10% of the Company's net worth. However, this restriction shall not apply to endorsements and guarantees between companies in which the Company directly or indirectly holds 100% of the voting shares.

- I. Companies with which the Company has business relations
  - II. Companies in which the Company directly or indirectly holds more than 50% of the voting shares
  - III. Companies that directly or indirectly hold more than 50% of the voting shares in the Company
- The term 'contribution' in the preceding paragraph refers to capital contributions made directly by the Company or through companies in which the Company holds 100% of the voting shares.

#### Four. Limits of Endorsements and Guarantees

The total amount of endorsements and guarantees provided by the Company to external parties shall not exceed 49% of the Company's net worth as stated in its latest financial statements audited by a certified public accountant. The amount of endorsement and guarantee provided to a single enterprise shall not exceed 40% of the Company's net worth as stated in its latest financial statements audited by a certified public accountant. Furthermore, the total amount of external endorsements and guarantees provided by the Company and its subsidiaries as a whole shall not exceed 49% of the Company's net worth as stated in its latest financial statements audited by a certified public accountant. The amount of endorsements and guarantees provided to a single enterprise shall not exceed 40% of the Company's net worth as stated in its latest financial statements audited by a certified public accountant. If the total amount of endorsements and guarantees that the Company and its subsidiaries are permitted to make reaches 50% or more of the Company's net worth, an explanation of the necessity and reasonableness shall be provided at the General Shareholders' Meeting.

Due to business relationships, the amount of endorsements and guarantees made by the Company to a single enterprise, in addition to being subject to the restrictions in the preceding paragraph, shall be equivalent to the higher of the purchase or sales amount between the Company and the enterprise in the most recent year or in the current year up to the time when the endorsement or guarantee is made.

#### Five. Procedures Governing Endorsements and Guarantees

- I. When processing endorsements and guarantees, the Finance Department shall review the application from the endorsement and guarantee recipient, examining whether their qualifications and amounts comply with the provisions of these Procedures and whether they have reached the standards requiring public announcement and reporting. The Finance Department shall also submit the review and evaluation results as specified in Section VI of these Procedures to the Chairman for approval, and then present them to the Board of Directors for discussion and approval. If the amount is still within the authorized limit, the Chairman may provide direct approval based on the credit level and financial condition of the endorsement and guarantee recipient, and report to the next Board of Directors meeting afterward for ratification.  
Prior to making any endorsements or guarantees pursuant to Article 3, Paragraph 1, subsidiaries in which the Company directly or indirectly holds more than ninety percent of the voting shares shall report to the Board of Directors of the Company for resolution before proceeding. However, this restriction shall not apply to endorsements and guarantees made between companies in which the Company directly or indirectly holds one hundred percent of the voting shares.
- II. The Finance Department shall establish a memorandum book for endorsement and guarantee matters. After the endorsement or guarantee is approved by the Board of Directors or the Chairman, in addition to applying for the seal according to the specified procedures, the Finance Department shall record in detail the endorsement or guarantee recipient, amount, date of Board of Directors approval or Chairman's decision, date of endorsement or guarantee, and the items to be carefully evaluated in accordance with the provisions of this Procedure shall be recorded for reference. The relevant bills, contracts and other documents shall also be photocopies of the custody.
- III. Internal audit personnel shall audit the endorsement and guarantee procedures and their implementation quarterly and prepare written records. If any material violations are found, the Audit Committee shall be notified in writing immediately.
- IV. The Finance Department shall prepare a detailed list of the endorsements and guarantees made and canceled each month for the purpose of control, tracking, and public announcement. It shall also evaluate and recognize contingent losses from endorsements and guarantees on a quarterly basis, disclose endorsement and guarantee information in the financial reports, and provide relevant information to the certifying accountants.
- V. In case of changes in circumstances that cause the endorsement or guarantee recipient to no longer comply with these Procedures, or the amount to exceed the limit, or if the endorsement or guarantee recipient is a subsidiary whose net worth is less than half of its paid-in capital, the Finance Department shall establish an improvement plan and submit it to the Audit Committee. The improvement shall be completed according to the planned schedule. For a subsidiary whose stock has no par value or a par value other than NT\$10, the calculation of paid-in capital shall be based on the sum of share capital plus capital surplus - premium on capital stock.
- VI. Before the expiration date of the endorsement guarantee, the Finance Department shall proactively notify the guaranteed enterprise to recover the guarantee notes retained by the bank or creditor institution, and cancel the contracts related to the endorsement guarantee.

#### Six. Detailed Review Procedures

When processing endorsements and guarantees, the Finance Department shall conduct a review and evaluation of the following matters, and make a record:

- (I) Understand the relationship between the endorsement guarantee recipient and the Company, the purpose and use of the loan, its relevance to the Company's business or its operational importance to the Company, together with the Company's endorsement guarantee limit and current balance, to evaluate its necessity and reasonableness.
- (II) Obtain relevant information such as annual reports and financial statements of the endorsement guarantee recipient, analyze the recipient's operations, financial and credit status, and sources of repayment, to measure the possible risks.
- (III) Analyze the current ratio of the Company's endorsement guarantee balance to the Company's net worth, liquidity and cash flow status, as well as the review results of (I) and (II), to evaluate the impact on the Company's operational risks, financial status and shareholders' equity.
- (IV) Based on the nature of the guarantee, the credit status of the guaranteed party, and the evaluation results of (I) through (III), assess whether to require the guaranteed party to provide appropriate collateral, and evaluate quarterly whether the value of the collateral is commensurate with the endorsement guarantee balance. When necessary, the guaranteed party may be required to provide additional collateral.

#### Seven. Control Procedures Governing Subsidiaries' Endorsements and Guarantees

- I. The Company's subsidiaries shall also establish the 'Procedures Governing Endorsements and Guarantees' in accordance with the 'Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies,' which shall be approved by the subsidiary's Board of Directors, submitted to each supervisor, and reported to the shareholders' meeting for approval. The same procedure shall be followed when amendments are made.

- II. When a subsidiary of the Company provides endorsements and guarantees, it shall comply with its own 'Internal Control System' and 'Procedures Governing Endorsements and Guarantees.' The subsidiary shall submit a written report to the Company before the 5th of each month, summarizing the balance, recipients, and terms of endorsements and guarantees from the previous month. The Company's audit unit shall include the endorsements and guarantees of subsidiaries as one of its monthly audit items, and the audit findings shall be listed as a required item in the audit business reports to the Board of Directors and the Audit Committee.
- III. If the Company's subsidiary is not a domestic public company, and its balance of endorsements/guarantees reaches the standards requiring public announcement and reporting as specified in Paragraph 2 of these Procedures, it shall notify the Company on the date of occurrence, and the Company shall make a public announcement and report on the designated website in accordance with regulations.

#### Eight. Decision-Making and Authorization Levels

- I. When the Company makes endorsements/guarantees, it shall follow the procedures specified in Article 5 of these Procedures and it shall be approved by the Board of Directors. However, to accommodate timing requirements, the Board of Directors authorizes the Chairman to make decisions first when the total amount does not exceed 40% of the Company's net worth in the most recent financial statements audited and certified by an accountant, and the amount for a single enterprise does 20% of the Company's net worth in the most recent financial statements audited and certified by an accountant, and then report to the next Board of Directors meeting for ratification.
- II. If the Company's endorsements and guarantees exceed the limit set in these Procedures due to business needs and meet the conditions stipulated in the Company's Procedures Governing Endorsements and Guarantees, it shall be approved by the Board of Directors, and more than half of the directors shall provide joint guarantees for possible losses arising from the excess. Subsequently, these Procedures shall be amended and submitted to the shareholders' meeting for ratification. If the shareholders' meeting does not approve, the Company shall establish a plan to eliminate the excess within a specific period.

#### Nine. Custody and Procedures of Seals

- I. The Company shall use the corporate seal registered with the Ministry of Economic Affairs as the dedicated seal for endorsements and guarantees. This seal shall be kept separately by the Chairman and the Financial Officer. When the seal custodian changes, the seal under custody shall be included in the handover.
- II. After the endorsement or guarantee is approved by the Board of Directors or the Chairman, the Finance Department shall complete an 'Application Form for Seal Usage' along with the approval records and endorsement/guarantee contracts or promissory notes. These documents must be approved by the Financial Officer before proceeding to the seal custodian for stamping.
- III. When using the seal, the seal administrator must verify the existence of approval records, confirm that the 'Application Form for Seal Usage' has been approved by the Financial Officer, and ensure that the documents submitted for seal application match the approved documents before applying the seal.
- IV. When providing guarantees to foreign companies, the letter of guarantee issued by the Company shall be signed by the Chairman or the President as authorized by the Board of Directors.

#### Ten. Public Announcement and Reporting Procedures

- I. By the tenth day of each month, the Finance Department shall submit the previous month's endorsement and guarantee balances of the Company and its subsidiaries to the Accounting Department, which shall make monthly public announcements and reports on the website designated by the competent authority within the prescribed time limit, along with the monthly revenue.
- II. In addition to the monthly announcement and reporting of the endorsement and guarantee balance, when the Company and its subsidiaries have endorsement and guarantee amounts reaching one of the following standards, the Finance Department shall immediately provide relevant materials to notify the Accounting Department to make an announcement and report it within two days from the date of occurrence of the fact. The date of occurrence refers to the date of transaction signing, payment date, Board of Directors resolution date, or any other date that can determine the transaction counterparty and transaction amount:
  - (I) The total amount of endorsements and guarantees reaches 50% or more of the Company's net worth in the most recent financial statements.
  - (II) The amount of endorsements and guarantees to a single enterprise reaches 20% or more of the Company's net worth in the most recent financial statements.

- (III) The amount of endorsements and guarantees to a single enterprise reaches NT\$10 million or more, and the aggregate amount of endorsements and guarantees, investments accounted for using equity method, and balance of loans to such enterprise reaches 30% or more of the Company's net worth in the most recent financial statements.
- (IV) The amount of newly added endorsements and guarantees of the Company or its subsidiaries reaches NT\$30 million or more and reaches 5% or more of the Company's net worth in the most recent financial statements.

#### XI. Penalties

When the relevant personnel of the Company in charge of endorsements and guarantees violate the 'Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies' promulgated by the competent authority or these Procedures, they shall be handled according to the following provisions based on the severity of the violation. The violation record will be used as a reference for the annual individual performance evaluation.

- I. Violation of approval authority: First-time violators shall be given a verbal warning; repeat offenders shall be given a written warning and required to participate in the Company's internal control system training course; cumulative violators or those with serious circumstances shall be transferred to another position.
- II. Violation of review procedure: First-time violators shall be given a verbal warning; repeat offenders shall be given a written warning and required to participate in the Company's internal control system training course; cumulative violators or those with serious circumstances shall be transferred to another position.
- III. Violation of public announcement and reporting: First-time violators shall be given a verbal warning; repeat offenders shall be given a written warning; cumulative violators or those with serious circumstances shall be transferred to another position.
- V. The supervisors of personnel who violate the regulations shall also be subject to punishment, unless they can reasonably explain the measures taken to prevent such violations already in place and how to improve them.
- VI. If the Board of Directors or a director violate relevant regulations and resolutions of the shareholders' meeting while executing business, the Audit Committee shall, in accordance with Article 14-4 of the Securities and Exchange Act, which applies mutatis mutandis to Article 218-2 of the Company Act, notify the Board of Directors or directors to cease such actions.

#### Twelve. Other Matters

- I. The status of endorsements and guarantees provided by the Company and its subsidiaries during each fiscal year and related matters shall be reported to the General Shareholders' Meeting of the following year for reference.
- II. This Procedure shall be agreed by more than one-half of all the members of the Audit Committee and approved by the Board of Directors, then submitted to the Shareholders' Meeting for consent before implementation. The same applies when amendments are made. If any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the dissenting opinions of the director to the Audit Committee.
- III. When submitting this Procedure to the Board of Directors for discussion pursuant to the preceding paragraph, the opinions of each independent director shall be fully considered, and their consent or objection and the reasons thereof shall be recorded in the meeting minutes.
- IV. If the Company does not intend to make endorsements or provide guarantees for others, it may be exempt from establishing the Procedures Governing Endorsements and Guarantees after approval by the Board of Directors. Should the Company subsequently wish to provide endorsements or guarantees, it shall still comply with the preceding two paragraphs.
- V. If the matter set out in Paragraph 2 has not been approved by more than one-half of all the members of the Audit Committee, it may be implemented with the approval of more than two-thirds of all directors, and the resolution of the Audit Committee shall be recorded in the meeting minutes of the Board of Directors.  
The terms 'all members of the Audit Committee' in Paragraph 2 and 'all directors' in the preceding paragraph shall be calculated based on the actual number of persons currently holding those positions.

## 【Appendix 5】

### **Toung Loong Textile MFG. Co., Ltd.** **Procedures Governing Loaning of Funds to Others**

Approved by the Shareholders' Meeting on June 16, 2022

Article 1: The Company's Procedures Governing Loaning of Funds to Others shall be handled in accordance with the provisions of these Procedures.

Article 2: The Company may loan funds to others under one of the following circumstances, provided that where funds are loaned for the purpose of business investment in accordance with Article 3, Paragraph 2 of the Regulations Governing the Review and Handling of Outward Investments and Technical Cooperation of the Ministry of Economic Affairs, this restriction shall not apply:

(I) Companies or firms having business transactions with the Company.

(II) Companies or firms in need of short-term financing.

The so-called short-term refers to a period of one year or one business cycle (whichever is longer).

Article 3: When the Company engages in loaning of funds for business purposes, the principle shall be that the business transactions have already occurred, and the amount of the loan shall be equivalent to the higher amount of either the purchases or sales between the Company and the borrower in the most recent year or in the current year up to the time of the fund loan.

For short-term financing necessity, the loaning of funds shall be limited to the following circumstances:

(I) When the Company's investee companies accounted for under the equity method needs to repay bank loans, purchase equipment, or requires working capital.

(II) Companies indirectly owned by the Company with more than fifty percent of shares that need to repay bank loans, purchase equipment, or require working capital.

(III) Companies directly or indirectly owned by the Company with more than fifty percent of shares that need funds for reinvestment, and such reinvestment business is related to the Company's business operations and beneficial to the Company's future business development.

Article 4: Total Amount of Fund Lending and Limit for Each Borrower

The total amount of funds lent by the Company to others shall not exceed forty percent of the net worth of the Company as stated in its latest financial statements audited or reviewed by accountants. The limit for each borrower is set separately according to the reason for lending as follows:

1. For those who have business dealings with the Company, the individual lending amount shall not exceed the higher of the purchase or sales amount between the Company and the borrower in the most recent year or in the current year up to the time of lending.

2. For those who need short-term financing, the individual lending amount shall not exceed twenty percent of the Company's net worth as stated in its most recent financial statements audited or reviewed by accountants.

The lending of funds between foreign companies in which the Company directly or indirectly holds 100% of the voting shares, or the lending of funds to the Company from foreign companies in which the Company directly or indirectly holds 100% of the voting shares, are not subject to this restriction; however, each subsidiary should still establish its own lending limits and terms.

When the person in charge of the Company violates the provisions of Paragraph 1 and the proviso of the preceding paragraph, they shall be jointly and severally liable with the borrower for repayment; if the Company suffers any damages, they shall also be liable for compensation.

Article 5: Loaning of Funds

(I) Operating Procedures

1. The Company's loaning of funds or short-term financing shall be implemented after being reviewed by the responsible department of the Company, approved by the Chairman, and submitted to the Board of Directors for resolution. Proposals on the loaning of funds between the Company and its parent company or subsidiaries, or between its subsidiaries, shall be submitted to the Board of Directors for resolution pursuant to the preceding paragraph, and the Chairman may be authorized to lend funds to the same borrower in installments or to use revolving credit within a certain amount resolved by the Board of Directors and within a period not exceeding one year. The 'certain amount' referred to in the preceding paragraph, except in compliance with Article 4, Paragraph 2, shall not exceed 10 percent of the net worth as stated in the latest financial statements of the Company or its subsidiaries when authorizing loans of funds to a single enterprise.

2. The Finance Department shall establish a memorandum book for matters relating to fund lending. After the Board of Directors' passes the resolution to authorize the loaning of funds, details including the borrower, amount, date of Board approval, date of fund disbursement, and matters that should be carefully evaluated according to the review procedures shall be recorded in the memorandum book.
3. Internal audit personnel shall audit the procedures Governing Loaning of Funds to Others and their implementation quarterly and prepare written records. If any material violations are found, the Audit Committee shall be notified in writing immediately.
4. The finance department shall prepare detailed statements on funds loaned to others and loans that have been canceled during each month to facilitate control, tracking, and public announcements. The finance department shall also evaluate and provide adequate allowance for doubtful accounts on a quarterly basis, and disclose information regarding the loaning of funds in financial reports and provide relevant information to the certifying accountant.
5. In the event of changes in circumstances that result in the borrower no longer meeting the requirements set forth in these Procedures or exceeding the lending limit, the finance department shall establish an improvement plan, submit the relevant improvement plan to the Audit Committee, and complete the improvements according to the scheduled timeline.

## (II) Review Procedures

1. When the Company processes applications for the loaning of funds, the company or firm applying for the loan shall first provide relevant financial information and a written explanation of the purpose of the loan.
2. After receiving an application, the responsible department shall investigate and evaluate the necessity and reasonableness of the loan, whether the borrower has a direct (indirect) business relationship with the Company, the financial condition, solvency, creditworthiness, profitability, and purpose of the loan for the borrower's business, and consider the impact of the total amount of the Company's loans on the Company's operational risk, financial condition, and shareholders' equity. The department shall then prepare a written report for submission to the Board of Directors for review.
3. When processing loans of funds or short-term financing, the Company shall obtain promissory notes of an equivalent amount as collateral. When necessary, the Company shall register mortgages on movable or immovable property, and evaluate the value of the collateral on a quarterly basis to determine whether it is commensurate with the outstanding loan balance. Additional collateral shall be provided when necessary. For credit guarantees, if the debtor provides a personal or corporate guarantee from an individual or enterprise with sufficient financial capability and credit, instead of providing collateral, the Board of Directors may process the case based on the examination report from the responsible department. When a company acts as guarantor, attention should be paid to whether its articles of incorporation include provisions allowing it to provide guarantees.

## Article 6: Loan Period and Interest Calculation Method

Any borrower obtaining funds from the Company shall be limited to a term of one year. The interest on funds loaned by the Company shall not be lower than the minimum interest rate of the Company's short-term borrowings from financial institutions and shall be calculated monthly. In special circumstances, adjustments may be made based on actual needs upon approval by the Board of Directors.

## Article 7: Subsequent Control Measures for Loaned Amounts and Procedures for Handling Overdue Debts

After each loan is disbursed, the Finance Department shall regularly monitor changes in the financial status, business operations, and relevant credit conditions of the borrower and their guarantor, as well as changes in the value of collateral, and maintain written records. When material changes occur, immediate reporting to the President and relevant responsible units is required for prompt handling.

When the borrower repays the loan at maturity or prepays before maturity, the borrower shall clear both the principal and all interest payable. Only after complete repayment can the promissory note be returned to the borrower or the mortgage cancellation procedures be processed.

If the borrower is unable to repay at maturity and requires an extension, a request must be submitted in advance and approved by the Board of Directors; violators will be subject to legal disposition and claims against their provided collateral or guarantors by the Company.

#### Article 8: Public Announcement and Reporting Procedures

- (I) Before the tenth day of each month, the Finance Department shall submit the previous month's balance of funds loaned by the Company and its subsidiaries to the Accounting Department, and handle the public announcement and reporting on a monthly basis within the prescribed time limit along with the sales amount.
- (II) In addition to monthly announcements of the balance of loans, when the Company and its subsidiaries' balance of loans reaches one of the following standards, the Finance Department shall immediately provide relevant materials to notify the Accounting Department to make a public announcement within two days of the date of occurrence. The date of occurrence refers to the contract signing date, payment date, Board of Directors resolution date, or any other date that can determine the loan recipient or endorsement/guarantee recipient and amount, whichever occurs first:
  - 1. When the balance of loans reaches 20% or more of the Company's net worth as shown in its most recent financial statements.
  - 2. When the balance of loans to a single enterprise reaches 10% or more of the Company's net worth as shown in its most recent financial statements.
  - 3. When the Company or its subsidiaries increase their loans by NT\$10 million or more and the amount reaches 2% or more of the Company's net worth as shown in its most recent financial statements.

#### Article 9: Control Procedures Governing Subsidiaries' Fund Lending

- (I) The Company's subsidiaries shall also establish the 'Procedures Governing Loaning Funds to Others' in accordance with the 'Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies,' which shall be approved by the subsidiary's Board of Directors, submitted to each supervisor, and reported to the shareholders' meeting for approval. The same procedure shall be followed when amendments are made.
- (II) When a subsidiary of the Company provides funds to others, it shall comply with its own 'Internal Control System' and 'Procedures Governing Loaning of Funds to Others.' The subsidiary shall submit a written report to the Company before the 5th of each month, summarizing the balance, recipients, and terms of fund lending activities from the previous month. The Company's audit unit shall include the lending of funds by subsidiaries to others as one of its monthly audit items, and the audit findings shall be listed as a required item in the audit business reports to the Board of Directors and the Audit Committee.
- (III) If the Company's subsidiary is not a domestic public company, and its loan balance reaches a standard requiring public announcement and reporting as specified in Paragraph 2 of Article 8, it shall notify the Company on the date of occurrence, and the Company shall make the public announcement and report on the designated website in accordance with regulations.

#### Article 10: Penalties

When the relevant personnel of the Company in charge of loaning of funds violate the 'Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies' promulgated by the competent authority or these Procedures, they shall be handled according to the following provisions based on the severity of the violation. The violation record will be used as a reference for the annual individual performance evaluation.

- (I) Violation of approval authority: First-time violators shall be given a verbal warning; repeat offenders shall be given a written warning and required to participate in the Company's internal control system training course; cumulative violators or those with serious circumstances shall be transferred to another position.
- (II) Violation of review procedure: First-time violators shall be given a verbal warning; repeat offenders shall be given a written warning and required to participate in the Company's internal control system training course; cumulative violators or those with serious circumstances shall be transferred to another position.

- (III) Violation of public announcement and reporting: First-time violators shall be given a verbal warning; repeat offenders shall be given a written warning; cumulative violators or those with serious circumstances shall be transferred to another position.
- (IV) The supervisors of personnel who violate the regulations shall also be subject to punishment) unless they can reasonably explain the measures taken to prevent such violations already in place and how to improve them.
- (V) If the Board of Directors or a director violates relevant regulations and resolutions of the shareholders' meeting while executing business, the Audit Committee shall, in accordance with Article 14-4 of the Securities and Exchange Act, which applies mutatis mutandis to Article 218-2 of the Company Act, notify the Board of Directors or directors to cease such actions.

Article 11: This Procedure shall be agreed by more than one-half of all the members of the Audit Committee and approved by the Board of Directors, then submitted to the Shareholders' Meeting for consent before implementation. The same applies when amendments are made. If any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the dissenting opinions of the director to the Audit Committee.

When submitting this Procedure to the Board of Directors for discussion pursuant to the preceding paragraph, the opinions of each independent director shall be fully considered, and their consent or objection and the reasons thereof shall be recorded in the meeting minutes.

If the Company does not intend to make endorsements or provide guarantees for others, it may be exempt from establishing the Procedures Governing Endorsements and Guarantees after approval by the Board of Directors. Should the Company subsequently wish to loan funds to others, it shall still comply with the preceding two paragraphs.

If the matter set out in Paragraph 1 has not been approved by more than one-half of all the members of the Audit Committee, it may be implemented with the approval of more than two-thirds of all directors, and the resolution of the Audit Committee shall be recorded in the meeting minutes of the Board of Directors.

The terms 'all members of the Audit Committee' in Paragraph 1 and 'all directors' in the preceding paragraph shall be calculated based on the actual number of persons currently holding those positions.

## 【Appendix 6】

# Toung Loong Textile MFG. Co., Ltd. Procedures Governing the Acquisition and Disposal of Assets

Approved by the Shareholders' Meeting on June 16, 2022

### Chapter 1 General Provisions

#### I. Purpose and Legal Basis:

To strengthen asset management and implement information transparency, these Procedures are amended pursuant to Article 36-1 of the Securities and Exchange Act and the directives issued by the Financial Supervisory Commission of the Executive Yuan.

#### II. Scope of Assets:

- (I) Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing funds, depositary receipts, subscription (sale) warrants, beneficiary securities, asset-backed securities, etc.
- (II) Real estate (including land, houses and buildings, investment properties, inventories of construction industry) and equipment.
- (III) Membership certificates.
- (IV) Intangible assets such as patents, copyrights, trademarks, and franchise rights.
- (V) Right-of-use asset
- (VI) Claims against financial institutions (including receivables, negotiated bills discounted and loans, and collections).
- (VII) Derivatives: referring to forward contracts, options contracts, futures contracts, leverage margin contracts, swap contracts, combinations of the above contracts, or combined contracts or structured products with embedded derivatives whose value is derived from specific interest rates, financial instrument prices, commodity prices, exchange rates, price or rate indices, credit ratings or credit indices, or other variables.  
So-called forward contracts exclude insurance contracts, performance contracts, after-sales service contracts, long-term lease contracts, and long-term purchase (sales) contracts.
- (VIII) Assets acquired or disposed of through legal merger, demerger, acquisition, or share transfer: Refers to assets acquired or disposed of through merger, demerger, or acquisition in accordance with the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institutions Merger Act, or other laws, or shares acquired through issuance of new shares pursuant to Article 156-3 of the Company Act (hereinafter referred to as share transfer).
- (IX) Other important assets.

#### III. Evaluation procedures:

- (I) The Company's acquisition or disposal of long-term or short-term securities investments or derivatives transactions shall be conducted by the Finance Department, which shall perform relevant benefit analyses and evaluate possible risks; acquisition or disposal of real property and other assets shall require each department to draft capital expenditure plans in advance to evaluate the feasibility based on the purpose of acquisition or disposal, expected benefits, etc.; if acquiring real property from a related party, the Company shall also evaluate the reasonableness of transaction conditions in accordance with Chapter 2 of these Procedures.
- (II) When the Company acquires or disposes of securities, it shall obtain the most recent financial statements of the target company audited or reviewed by an accountant prior to the date of occurrence as reference for evaluating the transaction price. Furthermore, if the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, the Company shall engage an accountant prior to the date of occurrence to provide an opinion regarding the reasonableness of the transaction price. However, this restriction shall not apply when such securities have active market public quotations or where the Financial Supervisory Commission prescribes otherwise. For the Company's acquisition or disposal of intangible assets or right-of-use assets thereof or memberships with transaction amounts reaching 20% of the Company's paid-in capital or NT\$300 million or more, except for transactions with domestic government agencies, the Company shall engage an accountant to render an opinion on the reasonableness of the transaction price prior to the date of occurrence.

- (III) For acquisition or disposal of real property and other fixed assets with amounts reaching 20% of the Company's paid-in capital or NT\$300 million or more, the Company shall, prior to the date of occurrence, obtain an appraisal report from an objective and impartial professional appraiser, and proceed in accordance with the asset appraisal procedures prescribed in these Procedures.
- (IV) For mergers, demergers, acquisitions, or share transfers conducted by the Company, prior to convening the Board of Directors meeting for resolution, the Company shall engage accountants, attorneys-at-law, or securities underwriters to provide opinions on the reasonableness of the share exchange ratio, acquisition price, or cash or other property distributed to shareholders, which shall be submitted to the Board of Directors for discussion and approval.
- (V) The methods and reference bases for determining the prices for acquisition or disposal of assets by the Company shall, in addition to the aforementioned professional appraisals and opinions from relevant experts such as accountants, be handled according to the following circumstances:
  - 1. For acquisition or disposal of securities already traded on the centralized securities exchange market or the Taipei Exchange, the price shall be determined based on the prevailing equity or bond prices.
  - 2. For acquisition or disposal of securities not traded on stock exchange markets or the Taipei Exchange, factors such as net worth per share, technical and profitability capabilities, future development potential, market interest rates, bond coupon rates, and debtor creditworthiness should be considered, and negotiated with reference to the most recent transaction prices.
  - 3. For acquiring or disposing of memberships, the benefits they can generate should be considered, with reference to the most recent transaction prices; for acquiring or disposing of intangible assets such as patents, copyrights, trademarks, and franchise rights, international or market practices, usable life, and impact on the Company's technology and business operations should be considered.
  - 4. For acquiring or disposing of real estate and other fixed assets, reference should be made to published current value, assessed current value, actual transaction prices of neighboring real estate, book value, supplier quotations, etc. If acquiring real estate from related parties, calculations should first be made according to the methods stipulated in Chapter Two of these Procedures to evaluate whether the transaction price is reasonable.
  - 5. When engaging in derivative product transactions, reference should be made to futures market trading conditions, exchange rate and interest rate trends, etc.
  - 6. When processing mergers, demergers, acquisitions, or share transfers, consideration should be given to business nature, net worth per share, asset value, technical and profitability capabilities, production capacity, and future growth potential, etc.
- (VI) For the calculation of the transaction amount mentioned above, it should be handled in accordance with V. Public Announcement and Reporting Procedures (I). The term 'within one year' refers to the one-year period preceding the date of occurrence of the current transaction, calculated retrospectively. The portion for which an appraisal report from a professional appraiser or a CPA opinion has been obtained in accordance with these Procedures may be excluded from the calculation.

#### IV. Operating Procedures:

##### (I) Authorization Limits and Levels

- 1. Securities: The President is authorized to conduct transactions within the limits set forth in Article 7 of these Procedures. If the transaction meets the public announcement and reporting standards stipulated in Article 5, it must be reported to the Chairman for approval on the following day and submitted to the next Board of Directors meeting for ratification. However, if the Company acquires or disposes of stocks, corporate bonds, or private placement securities that are not traded on stock exchanges or the Taipei Exchange, and the transaction amount reaches the threshold requiring public announcement and reporting, such transactions shall only be conducted after obtaining approval from the Board of Directors. In addition, investments in China shall be made only after obtaining shareholders' approval or after the shareholders meeting authorizes the Board of Directors to execute the investment, and after applying for and receiving approval from the Investment Commission of the Ministry of Economic Affairs.
- 2. Derivative commodity trading
  - (1) Hedging transactions: Based on the company's sales volume and changes in risk positions, personnel designated by the Chairman may conduct transactions with single or cumulative positions of US\$1 million or below (including equivalent currencies). For transactions exceeding US\$1 million, approval from the Chairman must be obtained before proceeding.
  - (2) Non-hedging transactions: To reduce risks, transactions with single or cumulative positions of US\$1 million or below (including equivalent currencies) must be approved by the Chairman. Transactions exceeding US\$1 million must be approved by the Board of Directors before proceeding with related transactions.

- (3) To ensure that the Company's authorization aligns with the bank's corresponding supervision and management, authorized trading personnel must inform the bank.
- (4) Derivative transactions conducted in accordance with the aforementioned authorization shall be reported to the Board of Directors after the fact.
3. Acquisition of real property from related parties: Relevant materials shall be prepared in accordance with Chapter Two of these Procedures, and shall first be approved by more than half of all Audit Committee members and submitted to the Board of Directors for resolution before proceeding.
4. Merger, demerger, acquisition, or transfer of shares: The relevant procedures shall be carried out and relevant materials shall be prepared in accordance with Chapter Four of these Procedures. Among these, mergers, demergers, and acquisitions must be approved by a resolution of the shareholders' meeting before proceeding, except when exempted from convening a shareholders' meeting for resolution under other laws. In addition, the transfer of shares shall be conducted after approval by the Board of Directors.
5. Others: Transactions shall be handled according to the operating procedures specified in the internal control system and authorization limits. For transactions reaching the public announcement and reporting standards specified in Article 5, except for the acquisition or disposal of machinery and equipment for business use which may be subsequently submitted to the Board of Directors for ratification, all other transactions must first be approved by resolution of the Board of Directors. If the transaction falls under Article 185 of the Company Act, it shall be first approved by a resolution of the shareholders' meeting.

## (II) Implementation Units and Transaction Process

The Company's implementation units for long and short-term securities investments and derivatives transactions are the Finance and Accounting Department and personnel designated by the Chairman; for real estate and other assets, the implementation units are the using departments and related responsible units; for mergers, demergers, acquisitions, or transfer of shares, the implementation units shall be designated by the Chairman. After the acquisition or disposal of assets has been evaluated and approved according to regulations, the implementation unit shall proceed with contracting, payment and collection, delivery, and acceptance processes, and handle relevant operational procedures according to the internal control system based on the nature of the assets. In addition, the acquisition of real estate from related parties, engagement in derivatives transactions, and mergers, demergers, acquisitions, or transfer of shares shall be conducted in accordance with Chapters 2-4 of these Procedures.

## V. Public Announcement and Reporting Procedures:

- (I) When the Company acquires or disposes of assets in any of the following circumstances, it shall, according to the nature of the transaction, publicly announce and report the relevant information on the website designated by the competent authority within two days of the date of occurrence of the event, in the format and with the content prescribed in the appendices (as shown in Appendices 2-8).
  1. Acquisition or disposal of real property or right-of-use assets from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets from or to a related party where the transaction amount reaches 20% of the Company's paid-in capital, 10% of the Company's total assets, or NT\$300 million or more. However, this shall not apply to trading of domestic government bonds, bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
  2. Merger, demerger, acquisition, or transfer of shares.
  3. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set forth in Article 14, Chapter 3 of these Procedures.
  4. Acquisition or disposal of equipment or right-of-use assets held for operating purposes, the transaction counterparty is not a related party, and the transaction amount meets one of the following criteria:
    - (1) Where the paid-in capital is less than NT\$10 billion and the transaction amount reaches NT\$500 million or more.
    - (2) Where the paid-in capital is NT\$10 billion or more and the transaction amount reaches NT\$1 billion or more.

5. Acquisition of real estate through self-owned land commissioned construction, leased land commissioned construction, joint construction and sharing of building units, joint construction and distribution of profits, or joint construction and separate sale, where the trading counterparty is not a related party and the transaction amount the Company expects to invest is NT\$500 million or more.
6. Asset transactions other than those referred to in the preceding five subparagraphs, disposal of receivables by a financial institution, or investments in the mainland China area; provided, however, that the following circumstances shall not apply:
  - (1) Trading of domestic government bonds or foreign government bonds with a credit rating not lower than the sovereign rating of Taiwan.
  - (2) Securities trading by investment professionals on securities exchanges or over-the-counter markets, or subscription of foreign government bonds or ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription or redemption of exchange traded notes, or securities acquired or disposed of by a securities firm for underwriting business needs or in its capacity as an advisory recommending securities firm for an emerging stock company, in accordance with the regulations of the Taipei Exchange.
  - (3) Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
- (II) Transaction amount as referred to in the preceding paragraph shall be calculated in accordance with the following methods:
  1. The amount of each transaction.
  2. The cumulative amount of transactions with the same counterparty to acquire or dispose of assets of the same nature within one year.
  3. The cumulative amount of real estate or right-of-use assets acquired or disposed of (acquisition and disposal are accumulated separately) under the same development project within one year.
  4. The cumulative amount of the same securities acquired or disposed of (acquisition and disposal are accumulated separately) within one year.
- (III) The term 'within one year' as mentioned in the preceding paragraph refers to the period preceding the date of occurrence of the current transaction, calculated retrospectively for one year. Items that have already been publicly announced in accordance with the 'Regulations Governing the Acquisition and Disposal of Assets by Public Companies' need not be counted again.
- (IV) The Company shall, by the 10th day of each month, enter information regarding derivative transactions conducted by the Company and its subsidiaries that are not domestic public companies up to the end of the previous month into the information reporting website designated by the competent authority in the format prescribed in the attached table.
- (V) When the Company's public announcement required by regulations contains an error or omission that requires correction, the Company shall, within two days of the date of becoming aware of the error or omission, publicly announce and report all items again.
- (VI) Following the public announcement and filing of transactions pursuant to the preceding paragraphs (I) to (V), in the case of any of the following circumstances, the relevant information shall be publicly announced and filed on the website designated by the competent authority within 2 days commencing immediately from the date of occurrence of the fact:
  1. Change, termination, or rescission of a contract signed in regard to the original transaction.
  2. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
  3. Change to the originally publicly announced and filed information.

#### VI. Procedures for Asset Appraisal:

In acquiring or disposing of real property, equipment, or right-of-use assets thereof, where the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a domestic government agency, engaging in construction on its own land, engaging in construction on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser (for required documentation details, please refer to Attachment 1) and shall further comply with the following provisions. However, where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or accountant's opinion.

- (I) When a specific price, set price, or special price must be used as a reference basis for the transaction price due to special circumstances, such transaction shall first be approved by resolution of the Board of Directors. The same procedure applies to any subsequent changes in transaction terms.
- (II) For transactions with amounts reaching NT\$1 billion or more, appraisals from at least two professional appraisers shall be obtained.

- (III) Where the appraisal results from professional appraisers have any of the following circumstances, unless all appraisal results for acquiring assets are higher than the transaction amount, or all appraisal results for disposing of assets are lower than the transaction amount, an accountant shall be engaged to provide a specific opinion on the reason for the discrepancy and the appropriateness of the transaction price:
  - 1. The difference between the appraisal result and the transaction amount is 20% or more of the transaction amount.
  - 2. Where the difference between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount.
- (IV) The date of the appraisal report issued by a professional appraiser and the date of the contract establishment shall not exceed three months. However, if the same published current value is applicable and the period does not exceed six months, the original professional appraiser may issue a supplementary opinion.
- (V) When the Company is in the construction industry, except for using a limited price, specific price, or special price as a reference basis for transaction price, if there is a legitimate reason for not obtaining an appraisal report promptly, the appraisal report shall be obtained within two weeks from the date of the occurrence of the event, and the accountant's opinion referred to in paragraph (III) shall be obtained within two weeks from the date of obtaining the appraisal report.

#### VII. Investment Scope and Amount:

In addition to acquiring assets for business use, the Company and the Company's subsidiaries may also invest in real estate not for business use and securities, with the following limitations on investment amounts. When calculating items (IV) and (V), investments in which the Company participates in the establishment or serves as a director, and intends to hold long-term, may be excluded from the calculation.

- (I) The total amount of real estate not for business use shall not exceed 100% of the Company's share capital; subsidiaries shall not exceed 200% of their share capital.
- (II) The total amount of securities shall not exceed 100% of the Company's share capital; subsidiaries shall not exceed 200% of their share capital.
- (III) The limit of individual invested securities shall not exceed 100% of the Company's share capital; subsidiaries shall not exceed 200% of their share capital.
- (IV) The net investment of the Company and its subsidiaries in a single listed or over-the-counter company shall not exceed 10% of the net worth of each company according to its most recent financial statement.
- (V) The combined investment shareholdings of the Company and its subsidiaries in a single listed or over-the-counter company shall not exceed 10% of the total issued shares of that single listed or over-the-counter company.

#### VIII. Control and Management of Subsidiaries' Acquisition or Disposal of Assets:

- (I) The Company's subsidiaries shall also establish their own 'Procedures Governing the Acquisition and Disposal of Assets' in accordance with regulations, which shall be approved by the subsidiary's Board of Directors, submitted to each supervisor, and reported to the shareholders' meeting for approval. The same procedure shall apply to any amendments.
- (II) The Company's subsidiaries shall handle the acquisition or disposal of assets in accordance with their respective Internal Control System and 'Procedures Governing the Acquisition and Disposal of Assets,' and shall submit a written summary report to the Company before the 5th day of each month regarding any acquisition or disposal of assets in the previous month with a single transaction amount, or accumulated transactions of the same nature, amounting to NT\$10 million or more, as well as the status of derivatives trading as of the end of the previous month. The Company's audit unit shall include the subsidiaries' acquisition or disposal of assets operations as one of its monthly audit items, and the audit findings shall be listed as a required item in the audit business reports to the Board of Directors and the Audit Committee.
- (III) If a subsidiary of the Company is not a public company, and the assets it acquires or disposes of meet the announcement and reporting standards, it shall notify the Company on the date of the occurrence, and the Company shall make the announcement and report on the designated website in accordance with regulations.  
The announcement and reporting standards regarding the provisions of reaching 20% of the paid-in capital or 10% of total assets shall be based on the paid-in capital or total assets of the public company.

## IX. Penalties:

When the relevant personnel of the Company who are responsible for the acquisition or disposal of assets violate the 'Regulations Governing the Acquisition and Disposal of Assets by Public Companies' promulgated by the competent authority or these Procedures, they shall be handled according to the following provisions, depending on the severity of the violation. The violation record will be used as a reference for the annual individual performance evaluation.

- (I) Violation of approval authority: First-time violators shall be given a verbal warning; repeat offenders shall be given a written warning and required to participate in the Company's internal control system training course; cumulative violators or those with serious circumstances shall be transferred to another position.
- (II) Violation of evaluation procedure: First-time violators shall be given a verbal warning; repeat offenders shall be given a written warning and required to participate in the Company's internal control system training course; cumulative violators or those with serious circumstances shall be transferred to another position.
- (III) Violation of public announcement and reporting: First-time violators shall be given a verbal warning; repeat offenders shall be given a written warning; cumulative violators or those with serious circumstances shall be transferred to another position.
- (IV) The supervisors of personnel who violate the regulations shall also be subject to punishment unless they can reasonably explain the measures taken to prevent such violations already in place and how to improve them.
- (V) If the Board of Directors or a director violates relevant regulations and resolutions of the shareholders' meeting while executing business, the Audit Committee shall, in accordance with Article 14-4 of the Securities and Exchange Act, which applies mutatis mutandis to Article 218-2 of the Company Act, notify the Board of Directors or directors to cease such actions.

## Chapter 2 Related Party Transactions

### X. Recognition Basis:

When the Company acquires or disposes of real property from or to a related party, including purchases or exchanges, in addition to following the relevant resolution procedures and evaluating the reasonableness of transaction terms as stipulated in the preceding section and this section, if the transaction amount reaches 10% or more of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or an opinion from an accountant in accordance with the provisions of the preceding section. The calculation of the transaction amount referred to in the preceding paragraph shall be conducted in accordance with Article 3, Evaluation Procedures, Paragraph (VI). The recognition of related parties shall be in accordance with International Accounting Standards No. 24. When making such recognition, attention shall be paid not only to the legal form but also to the substance of the relationship.

### XI. Resolution Procedures:

When the Company obtains from or disposes of real property or right-of-use assets thereof to a related party, or obtains from or disposes of assets other than real property or right-of-use assets thereof with a related party and the transaction amount reaches 20% of the Company's paid-in capital, 10% of total assets, or NT\$300 million or more, except for trading of domestic government bonds, bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the responsible department shall submit the following information for approval by more than half of all Audit Committee members and for resolution by the Board of Directors before signing the transaction contract and making payment:

- (I) The purpose, necessity, and expected benefits of the acquisition or disposal of real property or right-of-use assets thereof.
- (II) The reason for selecting the related party as a transaction counterparty.
- (III) With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding the reasonableness of the preliminary transaction terms in accordance with the provisions of Articles 12 and 13.
- (IV) The date when the related party originally acquired the real property, the original acquisition price, the transaction counterparty, and that counterparty's relationship with the Company and the related party.
- (V) Monthly cash flow forecasts for the year commencing from the anticipated month of signing the contract, and evaluation of the necessity of the transaction and reasonableness of the utilization of funds.
- (VI) An appraisal report from a professional appraiser or an opinion from an accountant obtained in accordance with the preceding article.

(VII) Restrictions and Other Important Terms of This Transaction

The calculation of the transaction amount in the first and preceding items shall be conducted in accordance with the provisions of Chapter 5, Announcement and Reporting Procedures, Item 1. The term 'within one year' refers to the one-year period preceding the date of occurrence of the current transaction, retroactively calculated. Portions already submitted to and approved by the shareholders' meeting, the Board of Directors, and acknowledged by the Audit Committee need not be counted again. When a public company engages in the following transactions with its parent company, subsidiaries, or subsidiaries in which it directly or indirectly holds 100% of the issued shares or total capital, the Board of Directors may authorize the Chairman to make decisions within a certain limit in accordance with Chapter 4, Operating Procedures, Item (I), and subsequently report to the next meeting of the Board of Directors for ratification:

- I. Acquisition or disposal of equipment or right-of-use assets for business use.
- II. Acquisition or disposal of right-of-use assets of real property for business use.

For companies that have established independent directors, when a matter is submitted to the Board of Directors for discussion pursuant to Paragraph 1, the opinions of each independent director shall be fully considered. If an independent director has any dissenting or qualified opinion, it shall be recorded in the meeting minutes of the Board of Directors.

For companies that have established an Audit Committee, matters requiring supervisors' acknowledgment under Paragraph 1 shall first be approved by more than half of all Audit Committee members and then submitted to the Board of Directors for resolution. The provisions of Paragraphs 4 and 5 of Article 27 shall apply mutatis mutandis.

If the Company or a subsidiary that is not a domestic public company engages in a transaction under Article 15, Paragraph 1 of the 'Regulations Governing the Acquisition and Disposal of Assets by Public Companies' with a transaction amount reaching 10% or more of the Company's total assets, the Company shall submit all information listed in Paragraph 1 to the shareholders' meeting for approval before signing the transaction contract and making payment. However, this restriction does not apply to transactions between the Company and its parent company or subsidiaries, or transactions between subsidiaries.

XII. Evaluation of the reasonableness of transaction terms:

When the Company acquires real property or right-of-use assets from a related party, it shall evaluate the reasonableness of the transaction costs by the following methods and engage a certified public accountant to review the evaluation and express a specific opinion, except in the following situations: the related party acquired the real property or right-of-use assets through inheritance or as a gift; more than five years have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets to the signing date of this transaction; the real property is acquired through signing a joint construction contract with the related party, or through engaging a related party to build real property, either on the Company's own land or on leased land; or the Company and its parent company, subsidiaries, or subsidiaries in which it directly or indirectly holds 100% of the issued shares or total capital, acquire right-of-use assets for business use.

- (I) The transaction price with related parties plus necessary interest costs on funds and costs legally borne by the buyer. The necessary interest costs on funds shall be calculated based on the weighted average interest rate of the borrowings in the year when the company acquired the asset; however, it shall not exceed the maximum borrowing interest rate for non-financial industries announced by the Ministry of Finance.
- (II) If the related party has previously mortgaged the target asset to a financial institution, the total lending assessment value of the financial institution for that target asset; provided that the actual accumulated lending amount from the financial institution for the target asset shall reach at least 70% of the total lending assessment value and the lending period exceeds one year. However, this shall not apply if the financial institution and party to the transaction are related parties.
- (III) When land and buildings of the same target are purchased or leased jointly, the transaction costs for the land and buildings may be evaluated separately using any of the methods listed in the preceding items (I) or (II).

XIII. Procedures to Be Followed When the Calculated Transaction Cost is Lower than the Transaction Price:

When the transaction cost evaluated according to the preceding article is lower than the transaction price, except in the following circumstances where objective evidence can be provided and concrete and reasonable opinions can be obtained from professional real estate appraisers and accountants, the procedures in the third paragraph shall be followed.

- (I) If a related party acquires raw land or leased land and then builds on it, they may provide evidence of one of the following conditions:
  1. The raw land is appraised according to the method stipulated in the preceding article, and the building is calculated based on the related party's construction cost plus reasonable construction profit. This total sum exceeds the actual transaction price. The term 'reasonable construction profit' shall be based on the lower of either the average gross profit margin of the related party's construction department over the most recent three years or the most recent construction industry gross profit margin announced by the Ministry of Finance.
  2. Other transaction cases involving the same target property on other floors or in the neighboring area within one year, which are not between related parties, with similar area and transaction conditions comparable after reasonable evaluation of floor or area price differences according to real estate purchase, sale, or lease practices.
- (II) The Company provides evidence that the transaction conditions of the real estate purchased from a related party or the right-of-use assets acquired through leasing are comparable to other transaction cases not involving related parties in the neighboring area within one year and with similar areas.

The aforementioned neighboring transaction cases principle refers to those in the same or adjacent block and within a radius not exceeding 500 meters from the transaction target property or with similar announced present value; the principle of similar area refers to transaction cases of unrelated parties with an area not less than 50% of the transaction target property; the principle of within one year is calculated by using the date of the actual acquisition of the real property or right-of-use assets as the base date, and tracing back one year.

If the Company acquires real property or right-of-use assets from a related party, and the results of the cost assessment conducted in accordance with the preceding article are all lower than the transaction price, and none of the circumstances mentioned in Paragraph 1 of this article exists, the following matters shall be handled:

- (I) The difference between the transaction price of the real property or right-of-use assets and the assessed cost shall be set aside as a special reserve in accordance with Article 41, Paragraph 1 of the Securities and Exchange Act, and shall not be distributed or used for capital increase and issuance of new shares. The special reserve set aside shall not be utilized until the assets purchased or leased at a high price have recognized a decline in value or have been disposed of or the lease terminated, or appropriate compensation has been made or the status quo ante has been restored, or there is other evidence confirming there were no unreasonable occurrences, and the competent authority has given its consent.
- (II) Supervisors shall handle the matter in accordance with Article 218 of the Company Act. For companies that have established an Audit Committee in accordance with the regulations, the first part of this subparagraph shall apply mutatis mutandis to the independent director members of the Audit Committee.
- (III) The handling of items (1) and (2) shall be reported to the shareholders' meeting, and the detailed content of the transaction shall be disclosed in the annual report and prospectus.

### Chapter 3 **Control of Derivative commodity trading**

#### XIV. Principles and Guidelines:

- (I) Transaction Types: The Company may engage in derivative products including forward contracts, options, interest rate and exchange rate swaps, futures, and complex contracts composed of the aforementioned products. For other commodity transactions, they may only be conducted after a resolution is passed by the Board of Directors.
- (II) Operating or hedging strategies: The Company's derivative transactions are categorized as either hedging-purpose or non-hedging-purpose (i.e., trading-purpose) transactions. The strategy should primarily aim to avoid business risks, and the selection of transaction products should mainly focus on hedging the risks arising from the Company's business operations in terms of foreign exchange income, expenditures, assets, or liabilities.  
As a result of changing objective environment conditions, the Company selects appropriate timing to engage in 'non-hedging transactions' of derivative products, with the aim of increasing non-operating income or reducing non-operating losses for the Company. Furthermore, transaction counterparties should, whenever possible, be selected from financial institutions that have business relationships with the Company to avoid credit risk. Before entering into transactions, the Company must clearly define whether they are hedging operations or financial operations aimed at pursuing investment returns, to serve as the basis for accounting entries.
- (III) Transaction limits:
  1. Hedging Transactions: The upper limit for hedging shall be the net foreign exchange position after consolidating assets and liabilities (including anticipated future net positions).
  2. Non-hedging Transactions: Shall not exceed USD 1.5 million. Prior to execution, trading personnel must submit a foreign exchange trend analysis report detailing foreign exchange market trend analysis and recommended operational approaches. Transactions may only be conducted after approval.

- (IV) Maximum loss limit for total and individual contracts
  1. Hedging Transactions: As hedging transactions are conducted based on the Company's actual needs, the risks have been evaluated and controlled in advance. The loss limit for individual contracts is set at US\$500,000, and the total loss limit for all contracts is set at US\$1,000,000.
  2. Non-hedging Transactions: After establishing a position, stop-loss points should be set to prevent excess losses. The stop-loss point shall not exceed 10% of the transaction contract amount. The total accumulated annual loss shall not exceed US\$300,000.
- (V) Division of responsibilities
  1. Trading Personnel: The personnel executing derivative product transactions for the Company, appointed by the Chairman. Responsible for formulating trading strategies within authorized scope, executing trading instructions, disclosing future trading risks, and providing real-time information to relevant departments for reference.
  2. Accounting Department: Responsible for confirming transactions, making entries according to relevant regulations, preserving transaction records, regularly conducting fair market valuation of positions held, providing this information to trading specialists, and disclosing derivative-related matters in financial statements.
  3. Finance Department: Responsible for settlement matters related to derivative transactions.
- (VI) Performance Evaluation Guidelines
  1. Hedging transactions: Performance evaluation is based on the difference between the Company's book value exchange (interest) rate costs and the profit/loss generated from derivative financial transactions. Evaluation must be conducted at least twice a month, with performance results submitted to management for reference.
  2. Special purpose transactions  
Performance evaluation is based on actual profit and loss generated. Evaluation must be conducted at least once a week, with performance results submitted to management for reference.

XV. Risk Management Measures:

The Company's risk management scope and risk management measures to be adopted for derivative transactions are as follows:

- (I) Credit Risk Consideration: Counterparties for transactions should be selected from financial institutions and futures brokers that have good reputation in dealings with the Company and can provide professional information.
- (II) Market Risk Consideration: The potential losses from future market price fluctuations of derivative products are unpredictable; therefore, after positions are established, stop-loss points must be strictly adhered to.
- (III) Liquidity Risk Consideration: To ensure the liquidity of transaction products, the institutions conducting the transactions must have adequate equipment, information, and trading capabilities to execute transactions in any market.
- (IV) Operational Risk Consideration: Authorization limits and operational procedures must be strictly followed to avoid operational risks.
- (V) Legal Risk Consideration: Any contractual documents signed with financial institutions should use standardized international documents whenever possible to avoid legal risks.
- (VI) Product Risk Consideration: Internal traders should possess complete and accurate professional knowledge regarding the derivative products being traded to avoid losses resulting from misuse of derivative products.
- (VII) Consideration of cash settlement risk: Authorized traders must strictly adhere to the authorized limit, and regularly monitor the company's cash flow to ensure sufficient cash is available for settlement.
- (VIII) Trading personnel and confirmation/settlement operation personnel must not concurrently hold both positions.
- (IX) Confirmation personnel shall regularly reconcile with correspondent banks or request confirmation letters, and constantly verify whether the total transaction amount exceeds the limit specified in these Procedures.
- (X) Personnel responsible for risk measurement, supervision, and control shall be from a department different from the personnel described in item (I), and shall report to the Board of Directors or to senior executives who do not have responsibility for trading or position decisions.
- (XI) Positions held should be evaluated at least once a week. However, for hedging transactions conducted for business needs, evaluations should be performed at least twice a month. The evaluation reports shall be submitted to senior executives authorized by the Board of Directors.

**XVI. Internal Audit System:**

- (I) The Company's internal auditors shall periodically assess the appropriateness of internal controls for derivative transactions, and shall audit the compliance with operational procedures of the derivatives trading department on a monthly basis and prepare an audit report. If any material violations are discovered, the internal auditors shall immediately report to the Chairman and the senior executive designated by the Board of Directors, and notify the Audit Committee in writing.
- (II) The Company's auditors shall include derivative transactions in the audit plan, and report the previous year's annual audit plan implementation to the competent authority before the end of February of the following year. Furthermore, the improvement status of any abnormal matters shall be reported to the competent authority for reference no later than the end of May of the following year.
- (III) Where the Company has appointed Independent Directors, the matters to be notified to Supervisors in accordance with the preceding paragraph shall also be notified in writing to the Independent Directors. Where an Audit Committee has been established, the provisions regarding Supervisors in the preceding paragraph shall apply mutatis mutandis to the Audit Committee.

**XVII. Regular Assessment Methods and Handling of Abnormal Situations:**

- (I) Derivative transactions shall be evaluated on a monthly or weekly basis, and the monthly or weekly profit and loss as well as open non-hedging positions shall be summarized and presented to the senior executives authorized by the Board of Directors and the Chairman as reference for performance assessment and risk measurement.
- (II) The designated senior executives appointed by the Company's Board of Directors shall constantly monitor and control the risks associated with derivatives transactions. The Board of Directors shall also evaluate whether the performance of derivatives transactions complies with the established business strategies and whether the risks assumed are within the Company's acceptable risk tolerance range.
- (III) Senior executives authorized by the Board of Directors shall manage derivatives transactions in accordance with the following principles:
  - 1. Regularly evaluate whether the current risk management measures are appropriate and ensure compliance with the 'Regulations Governing the Acquisition and Disposal of Assets' stipulated by the competent authority and the relevant provisions of these Procedures.
  - 2. Monitor transactions and profit/loss conditions; when abnormalities are discovered, necessary countermeasures shall be taken and immediately reported to the Board of Directors.

When the Company engages in derivatives transactions and authorizes relevant personnel to handle such transactions in accordance with the established procedures for derivatives transactions, these shall be subsequently reported to the nearest Board of Directors meeting.

- (IV) The Company shall establish a reference book for derivatives transactions, which shall record in detail the types and amounts of derivatives transactions, the dates of approval by the Board of Directors, regular monthly or weekly evaluation reports, and the regular assessment items of the Board of Directors and senior executives authorized by the Board of Directors.

**Chapter 4. Merger, demerger, acquisition, or transfer of**

- XVIII. For mergers, demergers, acquisitions, or transfer of shares conducted by the Company, prior to convening the Board of Directors meeting for resolution, the Company shall engage accountants, attorneys-at-law, or securities underwriters to provide opinions on the reasonableness of the share exchange ratio, acquisition price, or cash or other property distributed to shareholders, which shall be submitted to the Board of Directors for discussion and approval. However, a company merging with its directly or indirectly wholly-owned subsidiaries, or mergers occurring between its directly or indirectly wholly-owned subsidiaries, may be exempted from obtaining the aforementioned expert's opinion on reasonableness.

- XIX. When the Company conducts a merger, demerger, or acquisition, it shall prepare a public document for shareholders containing important provisions and related matters before the shareholders' meeting, which shall be delivered to shareholders along with the expert opinions mentioned in the preceding article and the notice of the shareholders' meeting, to serve as reference for whether to approve the merger, demerger, or acquisition. However, this limitation does not apply to cases where, according to other laws, the shareholders' meeting is not required to resolve on the merger, demerger, or acquisition. If the shareholders' meeting of any company participating in the merger, demerger, or acquisition cannot be convened, fails to pass a resolution, or the proposal is rejected by the shareholders' meeting, the Company shall immediately make a public announcement explaining the reason, subsequent measures, and the estimated date for reconvening the shareholders' meeting.

XX. Unless otherwise specified by other laws or approved in advance by the competent authority, when the Company participates in a merger, demerger, or acquisition, it shall convene a Board of Directors meeting and shareholders' meeting on the same day as the other participating companies to resolve matters relating to the merger, demerger, or acquisition; when participating in a share transfer, it shall convene a Board of Directors meeting on the same day as the other participating companies.

A company participating in a merger, demerger, acquisition, or share transfer, that is listed on the stock exchange or whose stock is traded over the counter at securities firms, shall keep available for inspection for five years the complete written records of the following information:

- I. Basic personnel information: Including all persons involved in the planning or implementation of the merger, demerger, acquisition, or share transfer plan before public disclosure, their titles, names, and ID card numbers (or passport numbers for foreigners).
- II. Important dates: Including the dates of signing letters of intent or memoranda, engaging financial or legal advisors, signing contracts, and Board of Directors meetings.
- III. Important documents and minutes: Including the plans for the merger, demerger, acquisition, or share transfer, letters of intent or memoranda, important contracts, and Board of Directors meeting minutes.

Companies listed on the stock exchange or companies whose stock is traded over the counter at securities firms that participate in a merger, demerger, acquisition, or share transfer shall, within two days from the date of the Board of Directors resolution, report the information in Subparagraphs 1 and 2 of the preceding paragraph to the competent authority for reference via the Internet information system in the prescribed format.

Where a company participating in a merger, demerger, acquisition, or share transfer is neither listed on the stock exchange nor has its stock traded over the counter at securities firms, the company that is listed on the stock exchange or whose stock is traded over the counter at securities firms shall sign an agreement with such company and handle the matter in accordance with Paragraphs 2 and 3.

XXI. Exchange Ratio and Acquisition Price:

The exchange ratio or acquisition price for merger, demerger, acquisition, or share transfer shall not be arbitrarily changed except in the following circumstances:

- (I) Conducting cash capital increases, issuing convertible bonds, distributing stock dividends, issuing corporate bonds with warrants, preferred shares with warrants, stock warrants, and other equity securities.
- (II) Disposing of major company assets or other actions that affect the company's financial and business operations.
- (III) Occurrence of major disasters, significant technological changes, or other events affecting shareholders' equity or securities prices.
- (IV) Adjustments due to legal treasury stock repurchases by any party participating in the merger, demerger, acquisition, or share transfer.
- (V) Changes in the number of entities or subjects participating in the merger, demerger, acquisition, or share transfer.
- (VI) Other conditions stipulated in the contract that permit changes and have been publicly disclosed.

XXII. Matters to Be Specified in Merger, Demerger, Acquisition, or Share Transfer Agreements:

When the Company participates in a merger, demerger, acquisition, or share transfer, the agreement shall specify the rights and obligations of the participating companies, the circumstances under which the share exchange ratio or acquisition price may be altered as mentioned in the preceding article, and shall include the following matters:

- (I) Breach of contract handling.
- (II) Principles for handling equity securities previously issued by, or treasury shares repurchased by, any company that is to be dissolved or demerged.
- (III) The quantity of treasury shares that participating companies may legally purchase after the base date for calculating the share exchange ratio, and the principles for handling such shares.
- (IV) Methods for handling any increase or decrease in the number of participating entities or companies.
- (V) Expected implementation schedule and anticipated completion dates.
- (VI) Scheduled procedures, including the anticipated date for convening a shareholders' meeting in accordance with relevant laws and regulations, in the event that the plan is not completed by the deadline.

- XXIII. Other Matters to Note When the Company Participates in a Merger, Demerger, Acquisition, or Transfer of Shares:
- (I) Persons who participate in or are privy to a merger, demerger, acquisition, or transfer of shares shall issue a written confidentiality undertaking, and shall not disclose the contents of the plan externally prior to the public announcement of information, nor shall they trade in the stock or other equity securities of any company related to the plan in their own name or under the name of another person.
  - (II) After the public announcement of a merger, demerger, acquisition, or transfer of shares, if the Company intends to carry out another merger, demerger, acquisition, or transfer of shares with another company, all procedures or legal actions completed in the original case shall be carried out again, except when the number of participating companies decreases and the shareholders' meeting has resolved and authorized the Board of Directors to alter the scope of authorization, in which case the Company may be exempted from calling another shareholders' meeting to resolve the matter anew.
  - (III) If a company participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the Company shall sign an agreement with it and handle the matter in accordance with Article 21 of these Procedures and the preceding two subparagraphs.

## **Chapter 5 Other Important Matters**

- XXIV. The Company shall keep the relevant contracts, meeting minutes, registration books, appraisal reports, and opinions of accountants, attorneys-at-law, or securities underwriters related to the acquisition or disposal of assets at the Company. Unless otherwise stipulated by other laws, these documents shall be kept for at least five years.
- XXV. The professional appraisers and their appraisal personnel, accountants, attorneys-at-law, or securities underwriters from whom the Company obtains appraisal reports or opinions shall meet the following requirements:
- I. Have not been sentenced to a fixed term of imprisonment of more than one year for violations of the Securities and Exchange Act, Company Act, Banking Act, Insurance Act, Financial Holding Company Act, Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this restriction shall not apply to those who have completed their prison term, probation, or have been pardoned for at least three years.
  - II. Not be a related party or de facto related party to any of the parties to the transaction.
  - III. If the Company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal personnel shall not be related parties or de facto related parties to one another.
- When the relevant personnel issue appraisal reports or opinion statements, they shall comply with the self-regulatory norms of their respective industry associations and observe the following:
- I. Prior to accepting an engagement, they shall carefully evaluate their own professional capability, practical experience, and independence.
  - II. When executing an engagement, they shall properly plan and implement appropriate operational procedures to form conclusions and issue reports or opinion statements accordingly; and shall document in detail the procedures performed, data collected, and conclusions reached in the working papers of the case.
  - III. With respect to the data sources, parameters, and information used, they shall evaluate the appropriateness and reasonableness of each item to serve as the basis for issuing appraisal reports or opinion statements.
  - IV. Declarations shall include matters such as the professional competence and independence of relevant personnel, the assessment that the information used is appropriate and reasonable, and compliance with relevant laws and regulations.
- XXVI. When the Company acquires or disposes of assets requiring approval from the Board of Directors according to these Procedures or other legal provisions, if any director expresses objection and it is recorded or submitted in writing, the Company shall submit the director's objection information to the Audit Committee.

For companies that have established independent directors in accordance with regulations, when reporting acquisition or disposal of asset transactions to the Board of Directors for discussion as required by the preceding paragraph, the opinions of each independent director shall be fully considered. If an independent director expresses objection or reservation, it shall be recorded in the minutes of the Board meeting.

For companies that have established an Audit Committee in accordance with regulations, major asset or derivative transactions shall be approved by more than half of all Audit Committee members and submitted to the Board of Directors for resolution, with Article 27, Paragraphs 4 and 5 applying *mutatis mutandis*.

XXVII. If any director expresses dissent and it is contained in the minutes or a written statement, the dissenting opinions of the director shall be submitted to the Audit Committee.

For companies that have established independent directors in accordance with regulations, when reporting acquisition or disposal of asset processing procedures to the Board of Directors for discussion as required by the preceding paragraph, the opinions of each independent director shall be fully considered. If an independent director expresses objection or reservation, it shall be recorded in the minutes of the Board meeting.

For companies that have established the Audit Committee in accordance with regulations, the establishment or amendment of the Procedures Governing the Acquisition and Disposal of Assets shall be approved by more than half of all Audit Committee members, passed by the Board of Directors, and then submitted to the Shareholders' Meeting for approval before implementation.

If the matter set out in the previous paragraph has not been approved by more than one-half of all the members of the Audit Committee, it may be implemented with the approval of more than two-thirds of all directors, and the resolution of the Audit Committee shall be recorded in the meeting minutes of the Board of Directors.

The terms 'all members of the Audit Committee' in Paragraph 3 and 'all directors' in the preceding paragraph shall be calculated based on the actual number of persons currently holding those positions.

XXVIII: For companies that have established an Audit Committee in accordance with regulations, the provisions concerning Supervisors in Articles 11, 26, 27, and Article 16, Paragraph 1 shall apply *mutatis mutandis* to the Audit Committee.

For companies that have established an Audit Committee in accordance with regulations, the provisions of Article 13, Paragraph 3, Subparagraph 2 shall apply *mutatis mutandis* to the independent director members of the Audit Committee.

XXIX: The calculation of ten percent of total assets as mentioned in these Procedures shall be based on the total assets stated in the most recent parent company only or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers. For a company with no par value shares or shares with a par value other than NT\$10, the transaction threshold of 20% of the paid-in capital shall be calculated as 10% of equity attributable to owners of the parent company.

## 【Appendix 7】

# TOUNG LOONG TEXTILE MFG. CO., LTD.

## Shareholdings of Directors

1. Total shares issued as of the book closure date April 13, 2025: 122,692,012 shares.
2. The minimum required combined shareholding of all directors by law is 8,000,000 shares.
3. The shareholdings of directors as of the book closure date April 13, 2025 are as follows:

Record date: April 13, 2025

| Position                                                                                                                                                                                                                                                                                                                                                                                    | Name                                                                   | Date elected | Current shareholding |                   |               |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------|--------------|----------------------|-------------------|---------------|
|                                                                                                                                                                                                                                                                                                                                                                                             |                                                                        |              | Stock Type           | Number of shares  | Percentage %  |
| Chairman                                                                                                                                                                                                                                                                                                                                                                                    | Chih-Chen Yu                                                           | 2022.6.16    | Common shares        | 2,938,003         | 2.39%         |
| Director                                                                                                                                                                                                                                                                                                                                                                                    | Ching-Chung Yu                                                         | 2022.6.16    | Common shares        | 1,761,550         | 1.44%         |
| Director                                                                                                                                                                                                                                                                                                                                                                                    | Jung-Chieh Yu                                                          | 2022.6.16    | Common shares        | 6,405,719         | 5.22%         |
| Director                                                                                                                                                                                                                                                                                                                                                                                    | Rong-Lih Yu                                                            | 2022.6.16    | Common shares        | 6,368,094         | 5.19%         |
| Director                                                                                                                                                                                                                                                                                                                                                                                    | Mao Jia Investment Ltd.<br>Representative:<br>Chiu-Yueh Chen           | 2022.6.16    | Common shares        | 5,043,028         | 4.11%         |
| Director                                                                                                                                                                                                                                                                                                                                                                                    | Siang Hao Investment Co.,<br>LTD.<br>Representative:<br>Kai-Ping Chang | 2022.6.16    | Common shares        | 1,045,500         | 0.85%         |
| Director                                                                                                                                                                                                                                                                                                                                                                                    | Sara Rose International Inc.<br>Representative:<br>Jing-Woei Jou       | 2022.6.16    | Common shares        | 4,970,567         | 4.05%         |
| Independent director                                                                                                                                                                                                                                                                                                                                                                        | Hsueh-Tao Wu                                                           | 2022.6.16    | Common shares        | 10,100            | 0%            |
| Independent director                                                                                                                                                                                                                                                                                                                                                                        | Tai-Feng Huang                                                         | 2022.6.16    | Common shares        | 0                 | 0%            |
| Independent director                                                                                                                                                                                                                                                                                                                                                                        | Yu-Te Ma                                                               | 2022.6.16    | Common shares        | 106,080           | 0%            |
| Total                                                                                                                                                                                                                                                                                                                                                                                       |                                                                        |              |                      | <b>28,532,461</b> | <b>23.25%</b> |
| <p>The total number of shares held by directors as of the book closure date was 28,532,461 shares (23.25% of the total shares of the Company)</p> <p>©The number of shares held by supervisors shall not be applicable since the Company has set up an Audit Committee.</p> <p>©The total number of shares held by directors does not include the shares held by independent directors.</p> |                                                                        |              |                      |                   |               |