



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

# **2024 Annual Report**

## Notice to readers

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

**Printed on April 14, 2025**

**Annual Report URL: <http://mops.twse.com.tw>**

**Spokesperson name, position, phone number, and e-mail**

Name: Wu-Yu Peng

Position: AVP, Auditing Office

Phone number: (02)2961-2112

E-mail: stock@tloong.com.tw

**Deputy Spokesperson name, position, phone number, and e-mail**

Name: Tai-Chen Chen

Position: VP, Finance Department

Phone number: (02)2961-2112

E-mail: stock@tloong.com.tw

**Address and phone numbers of the Company's Head Office and plants**

Head Office: 19F., No.31, Sec. 2, Sanmin Rd., Banqiao Dist., New Taipei City

Tel.: (02) 2961-2112

Taoyuan Plant: No. 859, Fuguo Rd., Xipu Vil., Taoyuan County

Tel.: (03) 323-4111

Changhua Plant: No.11, Gongqu 3rd Rd., Fangyuan Industrial Park, Changhua County

Tel.: (04) 896-8808

**Stock Transfer Agency name, address, URL, and phone number**

Name: CTBC Bank Transfer Agency

Add.: 5F., No. 83, Sec. 1, Chongqing South Rd., Zhongzheng Dist., Taipei City

Tel.: (02) 6636-5566

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

**Name, accounting firm, address, URL, and phone number of the CPAs who duly audited and attested the financial statement for the most recent fiscal year**

Accounting firm: Toppest CPAs & Co.

CPA Name: Hsieh Wan-Li and Chang Wei-Cheng

Add.: 5F., No. 176, Sec. 1, Keelung Rd., Xinyi Dist., Taipei City

URL: <http://www.toppestcpa.com.tw>

Tel.: (02) 2768-7755

**Name of any exchanges where the company's securities are traded overseas and the method by which information on said overseas securities can be accessed**

This Company has not issued any overseas securities

**URL:** <http://www.tloong.com.tw>

## Contents

|           |                                                                                                                                                                                                                                                                           |
|-----------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Chapter 1 | Message to Shareholders                                                                                                                                                                                                                                                   |
| Chapter 2 | Corporate Governance Report                                                                                                                                                                                                                                               |
|           | I. Information about Director(s), President(s), Vice President(s), Assistant Vice President(s), and Department/Branch Head(s):                                                                                                                                            |
|           | II. Remuneration paid to directors, presidents, vice presidents, and the top five executives, in remuneration received, in the most recent year                                                                                                                           |
|           | III. Status of corporate governance operations                                                                                                                                                                                                                            |
|           | IV. Information on professional fees of attesting CPAs                                                                                                                                                                                                                    |
|           | V. Information on replacement of CPA(s)                                                                                                                                                                                                                                   |
|           | VI. Information on position(s) held by the Company's Chairperson, President, or any managerial officer in charge of finance or accounting matters at the accounting firm of its CPA or at an affiliated enterprise of such accounting firm in the most recent fiscal year |
|           | VII. Any transfer of equity interests and pledge of or change in equity interests by a director, supervisor, managerial officer, or shareholder with a stake of more than 10 percent in the most recent year and until to the date of publication of the annual report:   |
|           | VIII. Information about the relationship among the Company's 10 largest shareholders:                                                                                                                                                                                     |
|           | IX. The number of shares and total equity stake held by the Company, the Company's directors, supervisors and managerial officers, and any companies controlled either directly or indirectly by the Company, in a single enterprise                                      |
| Chapter 3 | Fundraising Status                                                                                                                                                                                                                                                        |
|           | I. Capital and issued shares                                                                                                                                                                                                                                              |
|           | II. Corporate bonds                                                                                                                                                                                                                                                       |
|           | III. Preferred shares                                                                                                                                                                                                                                                     |
|           | IV. Global depository receipts                                                                                                                                                                                                                                            |
|           | V. Employee stock warrants, mergers and acquisitions (including mergers, acquisitions, and demergers), and the status of implementation of capital utilization plans.                                                                                                     |
| Chapter 4 | Operational Overview                                                                                                                                                                                                                                                      |
|           | I. Business                                                                                                                                                                                                                                                               |
|           | II. Market, Production and Sales Overview                                                                                                                                                                                                                                 |
|           | III. The number of employees employed for the two most recent fiscal years, and during the current fiscal year up to the date of publication of the annual report, their average years of service, average age, and education levels                                      |
|           | IV. Environment protection expenditure information                                                                                                                                                                                                                        |
|           | V. Labor/management relations                                                                                                                                                                                                                                             |
|           | VI. Information Security Management                                                                                                                                                                                                                                       |
|           | VII. Important contract                                                                                                                                                                                                                                                   |
| Chapter 5 | Review and Analysis of Overview of Finance Status and Performance, and Risk Management                                                                                                                                                                                    |

- I. Financial position
- II. Financial performance
- III. Cash flows
- IV. Impact of any major capital expenditures in the most recent fiscal year on the financial operations of the Company
- V. The company's reinvestment policy for the most recent fiscal year, the main reasons for the profits/losses generated thereby, the plan for improving re-investment profitability, and investment plans for the coming year.
- VI. Risk analysis and assessment
- VII. Other material issues

Chapter 6 Special Notes

- I. Information on affiliated enterprises
- II. Private placement of securities, capital utilization status, and plan implementation status in the most recent fiscal year and during the current fiscal year up to the date of publication of the annual report
- III. Holding or disposal of shares in the company by the company's subsidiaries during the most recent fiscal year and during the current fiscal year up to the date of publication of the annual report
- IV. Other matters requiring supplementary description.
- V. Any material impacts on shareholders' equity or the price of the Company's securities as defined in Article 36, Paragraph 2, Subparagraph 2 of the Securities and Exchange Act in the most recent year and during the current fiscal year up to the date of publication of the annual report

Chapter 1 Message to Shareholders

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)                                                                  | 130,286   | (15,908)  |
| EPS (NT\$)                                                                                                                                | 1.06      | (0.13)    |
| Description: Customers replenished inventory levels, resulting in increased orders, which led to revenue growth and higher profitability. |           |           |

(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) |
|                                                                                                      | EPS (NT\$)                       | 1.06   | (0.13) |
| Description: The increase in revenue resulted in a rise in profits and various profitability ratios. |                                  |        |        |

(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. The Company's future development strategy:**

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

# Chapter 2 Corporate Governance Report

I.Information about Director(s), President(s), Vice President(s), Assistant Vice President(s) (AVP), and Department/Branch Head(s):

(I) Directors information

(1) Director

| April 13, 2025 Unit: shares; % |                                            |                                    |       |                     |                                   |                   |                       |                         |                   |                      |                   |                                                            |                |                                                 |                |                                                             |                                                                                |                                                                                                             |                   |              |             |
|--------------------------------|--------------------------------------------|------------------------------------|-------|---------------------|-----------------------------------|-------------------|-----------------------|-------------------------|-------------------|----------------------|-------------------|------------------------------------------------------------|----------------|-------------------------------------------------|----------------|-------------------------------------------------------------|--------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|-------------------|--------------|-------------|
| Position                       | Nationality or<br>Place of<br>registration | Name                               | Age   | Gender              | Election<br>(Appointment)<br>Date | Term of<br>office | Inauguratio<br>n Date | Shares held at election |                   | Current shareholding |                   | Current Shares Held by Spouse<br>and Children of Minor Age |                | Shareholding Under the Name<br>of A Third Party |                | Major (Academic Degree)<br>Experience                       | Holding other<br>positions of the<br>Company and other<br>companies at present | Other Chiefs, Supervisors or Directors<br>with Spouses, or Relatives Within the<br>Second Degree of Kinship |                   |              | Remarks     |
|                                |                                            |                                    |       |                     |                                   |                   |                       | Number of<br>shares     | Shareholding<br>% | Number of<br>shares  | Shareholding<br>% | Number of<br>shares                                        | Shareholding % | Number of<br>shares                             | Shareholding % |                                                             |                                                                                | Position                                                                                                    | Name              | Relationship |             |
| Chairman                       | R.O.C.                                     | Chih-Chen Yu                       | 71-80 | Male                | 2022.06.16                        | 3 years           | 2018.07.10            | 2,880,396               | 2.39%             | 2,938,003            | 2.39%             | 1,271,254                                                  | 1.04%          | 0                                               | 0              | Chairman of Toung Loong<br>Textile MFG. Co., Ltd.           | Note 1                                                                         | Director                                                                                                    | Ching-Chung<br>Yu | Brothers     | N<br>/<br>A |
| Director                       | R.O.C.                                     | Jung-Chieh Yu                      | 51-60 | Male                | 2022.06.16                        | 3 years           | 2004.06.10            | 6,601,686               | 5.49%             | 6,405,719            | 5.22%             | 124,357                                                    | 0.10%          | 0                                               | 0              | Manager of Toung Loong<br>Textile MFG. Co., Ltd.            | Note 2                                                                         | Director                                                                                                    | Rong-Lih Yu       | Brothers     |             |
| Director                       | R.O.C.                                     | Rong-Lih Yu                        | 51-60 | Male                | 2022.06.16                        | 3 years           | 2007.06.20            | 6,243,230               | 5.19%             | 6,368,094            | 5.19%             | 271,361                                                    | 0.22%          | 0                                               | 0              | President of Toung Loong<br>Textile MFG. Co., Ltd.          | Note 3                                                                         | Director                                                                                                    | Jung-Chieh<br>Yu  | Brothers     |             |
| Director                       | R.O.C.                                     | Ching-Chung Yu                     | 71-80 | Male                | 2022.06.16                        | 3 years           | 2022.06.16            | 1,727,010               | 1.44%             | 1,761,550            | 1.44%             | 255,735                                                    | 0.21%          | 0                                               | 0              | President of Toung Loong<br>Textile MFG. Co., Ltd.          | None                                                                           | Chairman                                                                                                    | Chih-Chen Yu      | Brothers     |             |
| Director                       | R.O.C.                                     | MAO JIA<br>INVESTMENT LTD.         | -     | Corporate<br>entity | 2022.06.16                        | 3 years           | 2007.06.20            | 5,001,989               | 4.16%             | 5,043,028            | 4.11%             | N/A                                                        | N/A            | N/A                                             | N/A            | Section Manager of Toung<br>Loong Textile MFG. Co.,<br>Ltd. | None                                                                           | None                                                                                                        | None              | None         |             |
|                                |                                            | Representative: Chiu-<br>Yueh Chen | 61-70 | Female              |                                   |                   |                       |                         |                   | 2,602                | 0.00%             | 59,830                                                     | 0.05%          | 0                                               | 0              |                                                             |                                                                                | None                                                                                                        | None              | None         |             |
| Director                       | R.O.C.                                     | Siang Hao Investment<br>Co.,LTD.   | -     | Corporate<br>entity | 2022.06.16                        | 3 years           | 2007.06.20            | 1,025,000               | 0.85%             | 1,045,500            | 0.85%             | N/A                                                        | N/A            | N/A                                             | N/A            | Vice President of Toung<br>Loong Textile MFG. Co.,<br>Ltd.  | Vice President of<br>Toung Loong<br>Textile MFG. Co.,<br>Ltd.                  | None                                                                                                        | None              | None         |             |
|                                |                                            | Representative: Kai-<br>Ping Chang | 51-60 | Male                |                                   |                   |                       |                         |                   | 85,144               | 0.07%             | 61,938                                                     | 0.05%          | 0                                               | 0              |                                                             |                                                                                | None                                                                                                        | None              | None         |             |
| Director                       | R.O.C.                                     | Sara Rose<br>International Inc.    | -     | Corporate<br>entity | 2022.06.16                        | 3 years           | 2022.06.16            | 4,800,556               | 3.99%             | 4,970,567            | 4.05%             | N/A                                                        | N/A            | N/A                                             | N/A            | Chairman of Sara Rose<br>International Inc.                 | Chairman of Sara<br>Rose International<br>Inc.                                 | None                                                                                                        | None              | None         |             |
|                                |                                            | Representative: Jing-<br>Woei Jou  | 71-80 | Male                |                                   |                   |                       |                         |                   | 102,524              | 0.08%             | 0                                                          | 0.00%          | 0                                               | 0              |                                                             |                                                                                | None                                                                                                        | None              | None         |             |
| Independent<br>director        | R.O.C.                                     | Hsueh-Tao Wu                       | 71-80 | Male                | 2022.06.16                        | 3 years           | 2014.06.04            | 5,000                   | 0.00%             | 10,100               | 0.01%             | 0                                                          | 0.00%          | 0                                               | 0              | AVP of Taiwan<br>Cooperative Bank                           | None                                                                           | None                                                                                                        | None              | None         |             |
| Independent<br>director        | R.O.C.                                     | Tai-Feng Huang                     | 61-70 | Male                | 2022.06.16                        | 3 years           | 2016.06.07            | 0                       | 0.00%             | 0                    | 0.00%             | 0                                                          | 0.00%          | 0                                               | 0              | Attorney-at-law at Taili<br>Law Firm                        | Attorney-at-law at<br>Taili Law Firm                                           | None                                                                                                        | None              | None         |             |
| Independent<br>director        | R.O.C.                                     | Yu-Te Ma                           | 61-70 | Male                | 2022.06.16                        | 3 years           | 2022.06.16            | 150,000                 | 0.12%             | 106,080              | 0.09%             | 0                                                          | 0.00%          | 0                                               | 0              | Chairman of Mount<br>Electronic Industrial Ltd.             | Chairman of Mount<br>Electronic Industrial<br>Ltd.                             | None                                                                                                        | None              | None         |             |

Note 1: Chairman of Lung Hsiang Hsing, Toung Loong Textile MFG (Vietnam) Co. Ltd., Sarah Global Co., Ltd., Sarah, Sun Beam Global Co.; and Director of Sara Rose International Inc.

Note 2: President of Toung Loong Textile MFG (Vietnam) Co. Ltd.; Director of Toung Loong Textile MFG (Vietnam) Co. Ltd., Sarah Global Co., Ltd., and Sarah

Note 3: President of Toung Loong Textile MFG. Co., Ltd.; Director of Toung Loong Textile MFG (Vietnam) Co. Ltd.

Note 4: Where the same person serves concurrently as the Chairperson and as the President (or an equivalent top executive position), or if the Chairperson is the spouse, or a relative within the first degree of kinship to the person assuming the aforementioned position(s), information pertaining to reasons, reasonableness, necessity, and measures adopted in response to such circumstances shall be disclosed as required.

(2) Major shareholders of a juristic person or major shareholders of a juristic person as the major shareholder:

April 13, 2025

| Name of the corporate shareholder | Major shareholders of the corporate shareholder (shareholding %)                                                                                                                                                                     |
|-----------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Sara Rose International Inc.      | Jing-Woei Jou (49.13%); Wen-Chin Chen (9.76%); Han-Huai Cheng (4.79%); Chin-Chung Yu (4.79%); Ji-Yen-Yen Yu (4.79%); Chih-Chen Yu (4.32%); Jung-Chieh Yu (3.47%); Rong-Lih Yu (3.47%), Rui-Ching Tsai (2.39%), Jia-Hsun Tsai (2.39%) |
| MAO JIA INVESTMENT LTD.           | Yong-Fang Chen (20%); Yong-Chuan Chen (13.21%); Yu-Jen Chen (10%); Hong-Wei Chen (10%); Mei-Ling Song (8.93%); Yao-De Fang (8.32%); Wei-Da Chen (7.71%); Chiu-Yueh Chen (5.89%); Po-Chun Fang (5.64%); Tai-Sheng Fang (5.36%)        |
| Siang Hao Investment Co., LTD.    | Rong-Chi Yu (14%); Hong-Chi Yu (14%); Dian Yu (14%); Shu-Hua Yu (12.5%); Jung-Chieh Yu (12.5%); Shu-Hui Yu (12.5%); Rong-Lih Yu (12.5%); Li-Wen Yeh (5%); Chih-Chen Yu (3)                                                           |

(3) Professional qualifications of directors and supervisors and disclosure of independence information for independent directors:

| Name         | Professional qualifications and experience (Note 1)                                                                                                                                                                                                                                                                                                             | Independence status (Note 2)                | Number of public companies where the person holds the title as independent director |
|--------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|-------------------------------------------------------------------------------------|
| Chih-Chen Yu | Possesses valuable professional experience and competence in the fields of commerce, legal and financial affairs, and business management necessary for company business<br>None of the circumstances laid out in Article 30 of the Company Act applies<br>Chairman of Toung Loong Textile MFG. Co., Ltd.,<br>Toung Loong Textile MFG (Vietnam) Co. Ltd., Sarah | Non-independent director<br>Not applicable. | None                                                                                |

|                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                        |      |
|----------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------|------|
|                | Global Co., Ltd., Lung Hsiang Hsing INT'L Co., Ltd., Sarah International Co.,Ltd., Sun Beam Global Enterprise Co., Ltd., and Heng An Technology Corp., and Director of Sara Rose International Inc.                                                                                                                                                                                                                                                                                                     |                                                        |      |
| Jung-Chieh Yu  | <p>Possesses valuable professional experience and competence in the fields of commerce, legal and financial affairs, and business management necessary for company business</p> <p>None of the circumstances laid out in Article 30 of the Company Act applies</p> <p>Director and President of Toung Loong Textile MFG, Co., Ltd., Director and President of Toung Loong Textile MFG (Vietnam) Co. Ltd.</p> <p>Director of Sarah Global Co., Ltd.</p> <p>Director of SARAH INTERNATIONAL CO., LTD.</p> | <p>Non-independent director</p> <p>Not applicable.</p> | None |
| Rong-Lih Yu    | <p>Possesses valuable professional experience and competence in the fields of commerce, legal and financial affairs, and business management necessary for company business</p> <p>None of the circumstances laid out in Article 30 of the Company Act applies</p> <p>Director and President of Toung Loong Textile MFG. Co., Ltd., Director of Toung Loong Textile MFG (Vietnam) Co. Ltd.</p>                                                                                                          | <p>Non-independent director</p> <p>Not applicable.</p> | None |
| Ching-Chung Yu | <p>Possesses valuable professional experience and competence in the fields of commerce, legal and financial affairs, and business management necessary for company business</p> <p>None of the circumstances laid</p>                                                                                                                                                                                                                                                                                   | <p>Non-independent director</p> <p>Not applicable.</p> | None |

|                                                                           |                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                  |      |
|---------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|
|                                                                           | out in Article 30 of the Company Act applies<br>Director of Sheng Chang Pharmaceutical Co., Ltd.                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                  |      |
| MAO JIA<br>INVESTMENT<br>LTD.<br>Representative:<br>Chiu-Yueh Chen        | Possesses valuable professional experience and competence in the fields of commerce, legal and financial affairs, and business management necessary for company business None of the circumstances laid out in Article 30 of the Company Act applies<br>Director and Section Manager of Toung Loong Textile MFG. Co., Ltd.                                                             | Non-independent director<br>Not applicable.                                                                                                                                                                      | None |
| Siang Hao<br>Investment Co.,<br>LTD.<br>Representative:<br>Kai-Ping Chang | Possesses valuable professional experience and competence in the fields of commerce, legal and financial affairs, and business management necessary for company business None of the circumstances laid out in Article 30 of the Company Act applies<br>Director and Vice President of Toung Loong Textile MFG. Co., Ltd.                                                              | Non-independent director<br>Not applicable.                                                                                                                                                                      | None |
| Sara Rose<br>International Inc.<br>Representative:<br>Jing-Woei Jou       | Possesses valuable professional experience and competence in the fields of commerce, legal and financial affairs, and business management necessary for company business None of the circumstances laid out in Article 30 of the Company Act applies<br>Chairman of Sara Rose International Inc. and Bzyoo International Inc., Director of Ying Pan Investment & Development Co., Ltd. | Non-independent director<br>Not applicable.                                                                                                                                                                      | None |
| Hsueh-Tao Wu<br>(Independent<br>director)                                 | Possesses valuable professional experience and competence in the fields of commerce, legal and financial affairs, and business management necessary for company business None of the circumstances laid                                                                                                                                                                                | In accordance with the provisions of the company's articles of incorporation, directors are elected through a candidate nomination system. When nominating and selecting board members, the company has obtained | None |

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |      |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | out in Article 30 of the Company Act applies<br>Branch Manager, Head Office Director, AVP, and Senior Executive Office of Taiwan Cooperative Bank                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | written statements, work experience records, and familial relationship forms from each director to verify and confirm their independence from the company, their spouses, and relatives within the third degree of kinship. The Company has also verified that the independent directors, during the two years prior to their appointment and throughout their tenure, have met the qualification requirements set forth in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by the Financial Supervisory Commission and Article 14-2 of the Securities and Exchange Act. Moreover, the independent directors have been granted full authority to participate in decision-making and express opinions in accordance with Article 14-3 of the Securities and Exchange Act, thereby independently exercising their relevant powers and functions. |      |
| Tai-Feng Huang<br>(Independent director)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Possesses valuable professional experience and competence in the fields of commerce, legal and financial affairs, and business management necessary for company business A judge, public prosecutor, attorney, certified public accountant, or other professional or technical specialist who has passed a national examination and has been awarded a certificate in a professional capacity that is necessary for company business. None of the circumstances laid out in Article 30 of the Company Act applies<br>Attorney-at-law at Taili Law Firm, Chinese Arbitration Association Consultant<br>Independent Director of Toung Loong Textile MFG. Co., Ltd. and Director of Forward Media Ltd. |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | None |
| Yu-Te Ma<br>(Independent director)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Possesses valuable professional experience and competence in the fields of commerce, legal and financial affairs, and business management necessary for company business None of the circumstances laid out in Article 30 of the Company Act applies<br>Chairman of Mount Electronic Industrial Ltd.                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | None |
| <p>Note 1: Professional qualifications and experience: Description of the professional qualifications and experience of individual directors and supervisors (e.g., required accounting or financial expertise of audit committee members should be demonstrated through a detailed description of accounting or professional backgrounds and relevant work experience; applicability of the conditions specified in Article 30 of the Company Act should also be specified).</p> <p>Note 2: Conformity of independent directors with applicable independence criteria including, but not limited to, the following should also be</p> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |      |

specified: the director himself/herself, his/her spouse, or relatives within the second degree of kinship holding the position of director, supervisor, or employee of this Company or one of its affiliates; number of held shares and the shareholding percentages of the director himself/herself, his/her spouse, or relatives within the second degree of kinship (or under the name of a third party) ; positions (director, supervisor, or employee) held at a company that has a special relationship with this Company (as stipulated in Article 3, Paragraph 1, Subparagraph 5-8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies); received remuneration for business, legal, financial, and accounting services provided to this Company or one of its affiliates within the most recent two years;

(4) Board diversity and independence:

- I. Board diversity: The Company has appointed 10 directors (including 3 independent directors) in line with its business scope and development needs. Their professional backgrounds indicate that they are industry, legal, and management experts. This clearly shows that the board diversity policy of the Company has been effectively implemented. Core policy goals include: 1. The composition of the board of directors shall be determined by taking diversity into consideration and an appropriate policy on diversity, based on the company's business operations, operating dynamics, and development needs, has been formulated and includes, without being limited to, the following two general standards: (1) Basic requirements and values: Gender, age, nationality, and culture (2) Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience. 2. All members of the board shall have the knowledge, skills, and literacy necessary to perform their duties. The board of directors, as a whole, shall possess the following abilities: (1) Ability to make operational judgments (2) Ability to perform accounting and financial analysis (3) Ability to conduct management administration (4) Ability to conduct crisis management (5) Industry knowledge (6) International market perspective (7) Leadership ability (8) Decision-making ability

◆ The composition and professional competence of the Board of Directors is as follows:

| Position | Name          | Basic composition |        |       |                                           | Professional ability |                                   |                          |                   |                     |                                  |                    |                         |
|----------|---------------|-------------------|--------|-------|-------------------------------------------|----------------------|-----------------------------------|--------------------------|-------------------|---------------------|----------------------------------|--------------------|-------------------------|
|          |               | Nationality       | Gender | Age   | Length of tenure of independent directors | Operational judgment | Accounting and financial analysis | Operation and management | Crisis management | Industry experience | International market perspective | Leadership ability | Decision-making ability |
| Director | Chih-Chen Yu  | R.O.C.            | Male   | 71-80 |                                           | V                    | V                                 | V                        | V                 | V                   | V                                | V                  | V                       |
|          | Jung-Chieh Yu | R.O.C.            | Male   | 51-60 |                                           | V                    |                                   | V                        | V                 | V                   | V                                | V                  | V                       |

| Position             | Name           | Basic composition |        |       |                                           | Professional ability |                                   |                          |                   |                     |                                  |                    |                         |
|----------------------|----------------|-------------------|--------|-------|-------------------------------------------|----------------------|-----------------------------------|--------------------------|-------------------|---------------------|----------------------------------|--------------------|-------------------------|
|                      |                | Nationality       | Gender | Age   | Length of tenure of independent directors | Operational judgment | Accounting and financial analysis | Operation and management | Crisis management | Industry experience | International market perspective | Leadership ability | Decision-making ability |
|                      | Rong-Lih Yu    | R.O.C.            | Male   | 51-60 |                                           | V                    |                                   | V                        | V                 | V                   | V                                | V                  | V                       |
|                      | Ching-Chung Yu | R.O.C.            | Male   | 71-80 |                                           | V                    |                                   | V                        | V                 | V                   | V                                | V                  | V                       |
|                      | Chiu-Yueh Chen | R.O.C.            | Female | 61-70 |                                           | V                    | V                                 | V                        | V                 | V                   | V                                | V                  | V                       |
|                      | Kai-Ping Chang | R.O.C.            | Male   | 51-60 |                                           | V                    |                                   | V                        | V                 | V                   | V                                | V                  | V                       |
|                      | Jing-Woei Jou  | R.O.C.            | Male   | 71-80 |                                           | V                    | V                                 | V                        | V                 | V                   | V                                | V                  | V                       |
|                      |                |                   |        |       |                                           |                      |                                   |                          |                   |                     |                                  |                    |                         |
| Independent director | Hsueh-Tao Wu   | R.O.C.            | Male   | 71-80 | 9-12 years                                | V                    | V                                 | V                        | V                 | V                   | V                                | V                  | V                       |
|                      | Tai-Feng Huang | R.O.C.            | Male   | 61-70 | 6 - 9 years                               | V                    |                                   | V                        | V                 | V                   | V                                | V                  | V                       |
|                      | Yu-Te Ma       | R.O.C.            | Male   | 61-70 | Less than 3 years                         | V                    |                                   | V                        | V                 |                     | V                                | V                  | V                       |

II. Board independence: The Board of Directors of this Company is composed of 11 members. The three independent directors account for 27.27% of the board membership, which ensures sufficient independence in the exercise of powers by the board. None of the circumstances laid out in Article 26-3, Paragraph 3 of the Securities and Exchange Act apply to the board members.

◆ The specific management goals and achievements of the Company and the diversity of the Board of Directors are as follows:

| Management objectives                                                                                                                                                              | Achievement status |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|
| In order to achieve gender equality in the composition of the board of directors, one of the directors is female; and at least three seats of independent directors have been set. | ✓                  |
| Diversified professional knowledge and skills                                                                                                                                      | ✓                  |
| Directors concurrently serving as managerial officers do not exceed one-third of the board membership                                                                              | ✓                  |

**(II) President(s), Vice President(s), Assistant Vice President(s), and Department and Branch Head(s):**

April 13, 2025

| Position                   | Nationality | Name           | Gender | Election<br>(Appointment)<br>Date | Shareholding        |                   | Current Shares Held by<br>Spouse and Children of<br>Minor Age |                   | Shareholding Under<br>the Name of A Third<br>Party |                   | Major<br>(Academic<br>Degree)<br>Experience | Holding<br>positions<br>in other<br>companies<br>at present | Managers Within the<br>Second Degree of Kinship |      |              | Remarks<br>(Note 4)<br><br>Not<br>applicable. |
|----------------------------|-------------|----------------|--------|-----------------------------------|---------------------|-------------------|---------------------------------------------------------------|-------------------|----------------------------------------------------|-------------------|---------------------------------------------|-------------------------------------------------------------|-------------------------------------------------|------|--------------|-----------------------------------------------|
|                            |             |                |        |                                   | Number of<br>shares | Shareholding<br>% | Number<br>of shares                                           | Shareholding<br>% | Number<br>of<br>shares                             | Shareholding<br>% |                                             |                                                             | Position                                        | Name | Relationship |                                               |
| President                  | R.O.C.      | Rong-Lih Yu    | Male   | 2019.06.20                        | 6,368,094           | 5.19%             | 271,361                                                       | 0.22%             | 0                                                  | 0                 | College                                     | Note 1                                                      | None                                            | None | None         |                                               |
| Vice President             | R.O.C.      | Tai-Cheng Chen | Male   | 2019.07.01                        | 147,704             | 0.12%             | 0                                                             | 0.00%             | 0                                                  | 0                 | College                                     | Note 2                                                      | None                                            | None | None         |                                               |
| Vice President             | R.O.C.      | Kai-Ping Chang | Male   | 2019.07.01                        | 85,144              | 0.07%             | 61,938                                                        | 0.05%             | 0                                                  | 0                 | College                                     | None                                                        | None                                            | None | None         |                                               |
| AVP,<br>Auditing<br>Office | R.O.C.      | Wu-Yu Peng     | Male   | 1993.02.08                        | 220,014             | 0.18%             | 0                                                             | 0.00%             | 0                                                  | 0                 | College                                     | Note 3                                                      | None                                            | None | None         |                                               |

Note 1: Director of Toung Loong Textile MFG (Vietnam) Co. Ltd.,

Note 2: Director of Sarah Global Co., Ltd., Toung Loong Textile MFG (Vietnam) Co. Ltd., Lung Hsiang Hsing INT'L Co., Ltd., and Sarah International Co., Ltd.

Note 3: Director of Toung Loong Textile MFG (Vietnam) Co. Ltd., SARAH Corporation, Sarah Global Co., Ltd., Lung Hsiang Hsing INT'L Co., Ltd.

Note 4: Where the same person serves concurrently as the President (or an equivalent top executive position), or if the Chairperson is the spouse, or a relative within the first degree of kinship to the person assuming the aforementioned position(s), information pertaining to reasons, reasonableness, necessity, and measures adopted in response to such circumstances shall be disclosed as required.

II. Remuneration paid to directors, presidents, vice presidents, and top five highest-paid executives in the most recent year

1. Remuneration paid to independent and non-independent directors (names and remuneration methods should be clearly specified)

Currency unit: in NT\$ thousand

| Position             | Name                           | Remuneration of Directors |                                                          |                |                                                          |                                             |                                                          |                                                     |                                                          | The sum of A, B, C and D and percentage of net income after tax accounted for by that sum (%) (Note 10) |                              |                                                          |                              | Remuneration in the capacity as employees                |                                                          |                |                                                          |                                             |              |                                                          |              | The sum of A, B, C, D, E, F and G as a percentage of net income after tax (%) (Note 10) |                              |                                                      |                              | Remuneration received from the parent company or reinvested businesses other than the Company's subsidiaries (Note 11) |
|----------------------|--------------------------------|---------------------------|----------------------------------------------------------|----------------|----------------------------------------------------------|---------------------------------------------|----------------------------------------------------------|-----------------------------------------------------|----------------------------------------------------------|---------------------------------------------------------------------------------------------------------|------------------------------|----------------------------------------------------------|------------------------------|----------------------------------------------------------|----------------------------------------------------------|----------------|----------------------------------------------------------|---------------------------------------------|--------------|----------------------------------------------------------|--------------|-----------------------------------------------------------------------------------------|------------------------------|------------------------------------------------------|------------------------------|------------------------------------------------------------------------------------------------------------------------|
|                      |                                | Remuneration (A) (Note 2) |                                                          | Pension (B)    |                                                          | Remuneration paid to directors (C) (Note 3) |                                                          | Compensation for performance of duties (D) (Note 4) |                                                          |                                                                                                         |                              |                                                          |                              | Salaries, bonuses and special disbursements (E) (Note 5) |                                                          | Pension (F)    |                                                          | Remuneration paid to employees (G) (Note 6) |              |                                                          |              |                                                                                         |                              |                                                      |                              |                                                                                                                        |
|                      |                                | Parent Company            | All companies listed in the financial statement (Note 7) | Parent Company | All companies listed in the financial statement (Note 7) | Parent Company                              | All companies listed in the financial statement (Note 7) | Parent Company                                      | All companies listed in the financial statement (Note 7) | Parent Company                                                                                          |                              | All companies listed in the financial statement (Note 7) |                              | Parent Company                                           | All companies listed in the financial statement (Note 7) | Parent Company | All companies listed in the financial statement (Note 7) | Parent Company                              |              | All companies listed in the financial statement (Note 7) |              | Parent Company                                                                          |                              | All companies included into the financial statement. |                              |                                                                                                                        |
|                      |                                |                           |                                                          |                |                                                          |                                             |                                                          |                                                     |                                                          | Total                                                                                                   | Percentage of net income (%) | Total                                                    | Percentage of net income (%) |                                                          |                                                          |                |                                                          | Cash dividends                              | Stock amount | Cash dividends                                           | Stock amount | Total                                                                                   | Percentage of net income (%) | Total                                                | Percentage of net income (%) |                                                                                                                        |
| Chairman             | Chih-Chen Yu                   | 0                         | 0                                                        | 0              | 0                                                        | 800                                         | 800                                                      | 6,139                                               | 6,139                                                    | 6,939                                                                                                   | 5.33%                        | 6939                                                     | 5.33%                        | 0                                                        | 0                                                        | 0              | 0                                                        | 0                                           | 0            | 0                                                        | 0            | 6,939                                                                                   | 5.33%                        | 6,939                                                | 5.33%                        | None                                                                                                                   |
| Director             | Jung-Chieh Yu                  | 0                         | 0                                                        | 0              | 0                                                        | 400                                         | 400                                                      | 340                                                 | 340                                                      | 740                                                                                                     | 0.57%                        | 740                                                      | 0.57%                        | 2,330                                                    | 3,201                                                    | 0              | 0                                                        | 0                                           | 0            | 0                                                        | 0            | 3,070                                                                                   | 2.36%                        | 3,941                                                | 3.02%                        |                                                                                                                        |
| Director             | Rong-Lih Yu                    | 0                         | 0                                                        | 0              | 0                                                        | 800                                         | 800                                                      | 340                                                 | 340                                                      | 1,140                                                                                                   | 0.88%                        | 1140                                                     | 0.88%                        | 3,918                                                    | 3,918                                                    | 0              | 0                                                        | 0                                           | 0            | 0                                                        | 0            | 5,058                                                                                   | 3.88%                        | 5,058                                                | 3.88%                        |                                                                                                                        |
| Director             | Ching-Chung Yu                 | 0                         | 0                                                        | 0              | 0                                                        | 400                                         | 400                                                      | 340                                                 | 340                                                      | 740                                                                                                     | 0.57%                        | 740                                                      | 0.57%                        | 0                                                        | 0                                                        | 0              | 0                                                        | 0                                           | 0            | 0                                                        | 0            | 740                                                                                     | 0.57%                        | 740                                                  | 0.57%                        |                                                                                                                        |
| Director             | MAO JIA INVESTMENT LTD.        | 0                         | 0                                                        | 0              | 0                                                        | 400                                         | 400                                                      | 0                                                   | 0                                                        | 400                                                                                                     | 0.31%                        | 400                                                      | 0.31%                        | 0                                                        | 0                                                        | 0              | 0                                                        | 0                                           | 0            | 0                                                        | 0            | 400                                                                                     | 0.31%                        | 400                                                  | 0.31%                        |                                                                                                                        |
|                      | Representative: Chiu-Yueh Chen | 0                         | 0                                                        | 0              | 0                                                        | 0                                           | 0                                                        | 340                                                 | 340                                                      | 340                                                                                                     | 0.26%                        | 340                                                      | 0.26%                        | 0                                                        | 0                                                        | 0              | 0                                                        | 0                                           | 0            | 0                                                        | 0            | 340                                                                                     | 0.26%                        | 340                                                  | 0.26%                        |                                                                                                                        |
| Director             | Siang Hao Investment Co.,LTD.  | 0                         | 0                                                        | 0              | 0                                                        | 400                                         | 400                                                      | 340                                                 | 340                                                      | 740                                                                                                     | 0.57%                        | 740                                                      | 0.57%                        | 0                                                        | 0                                                        | 0              | 0                                                        | 0                                           | 0            | 0                                                        | 0            | 740                                                                                     | 0.57%                        | 740                                                  | 0.57%                        |                                                                                                                        |
|                      | Representative: Kai-Ping Chang | 0                         | 0                                                        | 0              | 0                                                        | 0                                           | 0                                                        | 0                                                   | 0                                                        | 0                                                                                                       | 0.00%                        | 0                                                        | 0.00%                        | 2,879                                                    | 2,879                                                    | 106            | 106                                                      | 0                                           | 0            | 0                                                        | 0            | 2,985                                                                                   | 2.29%                        | 2,985                                                | 2.29%                        |                                                                                                                        |
| Director             | Sara Rose International Inc.   | 0                         | 0                                                        | 0              | 0                                                        | 400                                         | 400                                                      | 0                                                   | 0                                                        | 400                                                                                                     | 0.31%                        | 400                                                      | 0.31%                        | 0                                                        | 0                                                        | 0              | 0                                                        | 0                                           | 0            | 0                                                        | 0            | 400                                                                                     | 0.31%                        | 400                                                  | 0.31%                        |                                                                                                                        |
|                      | Representative: Jing-Woei Jou  | 0                         | 0                                                        | 0              | 0                                                        | 0                                           | 0                                                        | 340                                                 | 340                                                      | 340                                                                                                     | 0.26%                        | 340                                                      | 0.26%                        | 0                                                        | 0                                                        | 0              | 0                                                        | 0                                           | 0            | 0                                                        | 0            | 340                                                                                     | 0.26%                        | 340                                                  | 0.26%                        |                                                                                                                        |
| Director             | GTO CNC Solutions Corp.        | 0                         | 0                                                        | 0              | 0                                                        | 0                                           | 0                                                        | 0                                                   | 0                                                        | 0                                                                                                       | 0.00%                        | 0                                                        | 0.00%                        | 0                                                        | 0                                                        | 0              | 0                                                        | 0                                           | 0            | 0                                                        | 0            | 0                                                                                       | 0.00%                        | 0                                                    | 0.00%                        |                                                                                                                        |
|                      | Representative: Po-Yang Chen   | 0                         | 0                                                        | 0              | 0                                                        | 333                                         | 333                                                      | 300                                                 | 300                                                      | 633                                                                                                     | 0.49%                        | 633                                                      | 0.49%                        | 0                                                        | 0                                                        | 0              | 0                                                        | 0                                           | 0            | 0                                                        | 0            | 633                                                                                     | 0.49%                        | 633                                                  | 0.49%                        |                                                                                                                        |
| Independent director | Hsueh-Tao Wu                   | 0                         | 0                                                        | 0              | 0                                                        | 400                                         | 400                                                      | 340                                                 | 340                                                      | 740                                                                                                     | 0.57%                        | 740                                                      | 0.57%                        | 0                                                        | 0                                                        | 0              | 0                                                        | 0                                           | 0            | 0                                                        | 0            | 740                                                                                     | 0.57%                        | 740                                                  | 0.57%                        |                                                                                                                        |
| Independent director | Tai-Feng Huang                 | 0                         | 0                                                        | 0              | 0                                                        | 400                                         | 400                                                      | 340                                                 | 340                                                      | 740                                                                                                     | 0.57%                        | 740                                                      | 0.57%                        | 0                                                        | 0                                                        | 0              | 0                                                        | 0                                           | 0            | 0                                                        | 0            | 740                                                                                     | 0.57%                        | 740                                                  | 0.57%                        |                                                                                                                        |
| Independent director | Yu-Te Ma                       | 0                         | 0                                                        | 0              | 0                                                        | 400                                         | 400                                                      | 340                                                 | 340                                                      | 740                                                                                                     | 0.57%                        | 740                                                      | 0.57%                        | 0                                                        | 0                                                        | 0              | 0                                                        | 0                                           | 0            | 0                                                        | 0            | 740                                                                                     | 0.57%                        | 740                                                  | 0.57%                        |                                                                                                                        |

1. Please describe the remuneration payment policies, systems, standards, and structures for independent directors and specify the relevance of factors such as duties and responsibilities, risks, and invested time for the determination of payable remunerations. Independent directors receive monthly payments for performance of duties and compensations are equally distributed among all directors on an annual basis and in line with profitability.

2. Remunerations other than those listed in the table above received by directors for provided services (e.g., directors serve as consultants without employment status at the parent company/companies listed in financial statements/reinvested businesses) in the most recent fiscal year: N/A.

3.Representative of GTO CNC Solutions Corp.: Po-Yang Chen, resigned on October 29, 2024.

Note 1: Director names should be listed separately (for corporate shareholders, the name of the shareholder and its representative should be listed), independent and non-independent directors should be listed separately, and payments should be disclosed in summarized form. Concurrent appointments of directors as President or Vice President should be listed in this table (3-1) or the tables below (3-2-1) and (3-2-2).

Note 2: This refers to director remunerations in the most recent fiscal year (including salaries, special responsibility allowances, severance pay, different bonuses, and incentives).

Note 3: Director compensations approved by the Board of Directors in the most recent fiscal year.

Note 4: This refers to payments associated with the performance of duties by directors in the most recent fiscal year (including transportation and other allowances, special disbursements, accommodation, and dispatch of company vehicles etc.). If housing, cars, or other means of transportation or exclusively personal expenses are provided, the nature and cost of the provided asset, the actual or fair-market-value of the rental, fuel expenses, and other payments should be disclosed. If a driver is assigned, please specify the remuneration paid to the driver (not to be included in the calculation of director compensations).

Note 5: This refers to payment of salaries, special responsibility allowances, severance pay, different bonuses and incentives, transportation allowances, special disbursements and other allowances, or provision of housing or company vehicles for concurrent positions (including President, Vice President, managerial officer, and other positions) held by directors in the most recent fiscal year. If housing, cars, or other means of transportation or exclusively personal expenses are provided, the nature and cost of the provided asset, the actual or fair-market-value of the rental, fuel expenses, and other payments should be disclosed. If a driver is assigned, please specify the remuneration paid to the driver (not to be included in the calculation of director compensations). Other salaries and remunerations listed in "Share-Based Payment" of IFRS2 including employee stock warrants, restricted stock awards, and cash capital increase share subscriptions should be included in the calculation of remunerations.

Note 6: This refers to employee compensations (including stock and cash) received by directors for concurrent positions (including President, Vice President, managerial officer, and other positions) held in the most recent fiscal year. Such compensations distributed upon approval by the Board of Directors in the most recent fiscal year should be disclosed. If estimates are impossible, amounts to be distributed in the current year should be calculated proportionate to actual compensations distributed in the previous year. Such compensations should be indicated in attached table 1-3.

Note 7: Total remunerations paid to directors of the Company by all companies (including this Company) listed in the consolidated financial statement should be disclosed herein.

Note 8: As for total remunerations paid by the Company to each director, the names of directors should be disclosed in the respective remuneration brackets.

Note 9: As for total remunerations paid to each director of the Company by all companies (including this Company) listed in the consolidated financial statement, the names of directors should be disclosed in the respective remuneration brackets.

Note 10: The term "Net Income" refers to the amount specified in the parent company only or an individual financial statement in the most recent fiscal year.

Note 11: a. In this field, remunerations received by directors from companies (reinvested businesses or the parent company) other than the Company's subsidiaries should be clearly specified (please specify "None" if no such remunerations have been received)

b. If directors have received such remunerations from reinvested businesses or the parent company, the total amount should be included in field I of the remuneration bracket table and the field should be renamed to "Parent Company and all Reinvested Businesses".

c. The term "Remuneration" refers to remunerations and compensations (employee, director, and supervisor compensations) and payments associated with the performance of duties received by directors of the Company for concurrent appointments as director, supervisor, or managerial officer at a reinvested business or the parent company.

\* Remunerations disclosed in this table differ from the term "income" as defined in the Income Tax Act. This table solely serves the purpose of information disclosure and

2. Remuneration paid to President(s) and Vice President(s) (names and remuneration methods should be clearly specified)

Currency unit: in NT\$ thousand

| Position       | Name           | Salary (A) (Note 2) |                                                          | Pension (B)    |                                                          | Bonuses and special disbursements (C) (Note 3) |                                                          | Employee compensations (D) (Note 4) |              |                                                          |              | The sum of A, B, C and D and percentage of net income after tax accounted for by that sum (%) (Note 8) |                              |                                                      |                              | Remuneration received from the parent company other or reinvested businesses than the Company's subsidiaries (Note 9) |
|----------------|----------------|---------------------|----------------------------------------------------------|----------------|----------------------------------------------------------|------------------------------------------------|----------------------------------------------------------|-------------------------------------|--------------|----------------------------------------------------------|--------------|--------------------------------------------------------------------------------------------------------|------------------------------|------------------------------------------------------|------------------------------|-----------------------------------------------------------------------------------------------------------------------|
|                |                | Parent Company      | All companies listed in the financial statement (Note 5) | Parent Company | All companies listed in the financial statement (Note 5) | Parent Company                                 | All companies listed in the financial statement (Note 5) | Parent Company                      |              | All companies listed in the financial statement (Note 5) |              | Parent Company                                                                                         |                              | All companies included into the financial statement. |                              |                                                                                                                       |
|                |                |                     |                                                          |                |                                                          |                                                |                                                          | Cash dividends                      | Stock amount | Cash dividends                                           | Stock amount | Total                                                                                                  | Percentage of net income (%) | Total                                                | Percentage of net income (%) |                                                                                                                       |
| President      | Rong-Lih Yu    | 2,473               | 2,473                                                    | 0              | 0                                                        | 1,445                                          | 1,445                                                    | 0                                   | 0            | 0                                                        | 0            | 3,918                                                                                                  | 3.01%                        | 3,918                                                | 3.01%                        | None                                                                                                                  |
| Vice President | Tai-Chen Chen  | 2,175               | 3,012                                                    | 0              | 0                                                        | 896                                            | 896                                                      | 0                                   | 0            | 0                                                        | 0            | 3,071                                                                                                  | 2.36%                        | 3,908                                                | 3.00%                        |                                                                                                                       |
| Vice President | Kai-Ping Chang | 1,787               | 1,787                                                    | 106            | 106                                                      | 1,092                                          | 1,092                                                    | 0                                   | 0            | 0                                                        | 0            | 2,985                                                                                                  | 2.29%                        | 2,985                                                | 2.29%                        |                                                                                                                       |

Note 1: President and Vice President names should be listed separately and payments should be disclosed in summarized form. Concurrent appointments of directors as President or Vice President should be listed in this table (1-1) or (1-2-1) and (1-2-2).

Note 2: Salaries, special responsibility allowances, and severance pay received by President(s) and Vice President(s) in the most recent fiscal year.

Note 3: Received bonuses and incentives, transportation allowances, special disbursements and other allowances, housing or company vehicles provided to, or other remunerations paid to President(s) or Vice President(s) in the most recent fiscal year. If housing, cars, or other means of transportation or exclusively personal expenses are provided, the nature and cost of the provided asset, the actual or fair-market-value of the rental, fuel expenses, and other payments should be disclosed. If a driver is assigned, please specify the remuneration paid to the driver (not to be included in the calculation of director compensations). Other salaries and remunerations listed in "Share-Based Payment" of IFRS2 including employee stock warrants, restricted stock awards, and cash capital increase share subscriptions should be included in the calculation of remunerations.

Note 4: Employee compensations (including stock and cash) received by President(s) and Vice President(s) upon approval by the Board of Directors in the most recent fiscal year. If estimates are impossible, amounts to be distributed in the current year should be calculated proportionate to actual compensations distributed in the previous year. Such compensations should be indicated in attached table 1-3.

Note 5: Total remunerations paid to President(s) and Vice President(s) of the Company by all companies (including this Company) listed in the consolidated financial statement should be disclosed herein.

Note 6: As for total remunerations paid by the Company to each President and Vice President, the names of President(s) and Vice President(s) should be disclosed in the respective remuneration brackets.

Note 7: As for total remunerations paid to each President and Vice President of the Company by all companies (including this Company) listed in the consolidated financial statement, the names of President(s) and Vice President(s) should be disclosed in the respective remuneration brackets.

Note 8: The term "Net Income" refers to the amount specified in the parent company only or an individual financial statement in the most recent fiscal year.

Note 9: a. In this field, remunerations received by President(s) and Vice President(s) from companies (reinvested businesses or the parent company) other than the Company's subsidiaries should be clearly specified (please specify "None" if no such remunerations have been received).

b. If President(s) and Vice President(s) have received such remunerations from reinvested businesses or the parent company, the total amount should be included in field E of the remuneration bracket table and the field should be renamed to "Parent Company and all Reinvested Businesses".

c. The term "Remuneration" refers to remunerations and compensations (employee, director, and supervisor compensations) and payments associated with the performance of duties received by President(s) and Vice President(s) of the Company for concurrent appointments as director, supervisor, or managerial officer at a reinvested business or the parent company.

\* Remunerations disclosed in this table differ from the term "income" as defined in the Income Tax Act. This table solely serves the purpose of information disclosure and cannot be used for taxation purposes.

3. Remuneration paid to the five highest-paid executives of the Company (names and remuneration methods should be clearly specified) (Note 1)

Currency unit: in NT\$ thousand

| Position                       | Name           | Salary (A) (Note 2) |                                                          | Pension (B)    |                                                          | Bonuses and special disbursements (C) (Note 3) |                                                          | Employee compensations (D) (Note 4) |              |                                                          |              | The sum of A, B, C and D and percentage of net income after tax accounted for by that sum (%) (Note 6) |                              |                                                      |                              | Remuneration received from the parent company other or reinvested businesses than the Company's subsidiaries (Note 7) |
|--------------------------------|----------------|---------------------|----------------------------------------------------------|----------------|----------------------------------------------------------|------------------------------------------------|----------------------------------------------------------|-------------------------------------|--------------|----------------------------------------------------------|--------------|--------------------------------------------------------------------------------------------------------|------------------------------|------------------------------------------------------|------------------------------|-----------------------------------------------------------------------------------------------------------------------|
|                                |                | Parent Company      | All companies listed in the financial statement (Note 5) | Parent Company | All companies listed in the financial statement (Note 5) | Parent Company                                 | All companies listed in the financial statement (Note 5) | Parent Company                      |              | All companies listed in the financial statement (Note 5) |              | Parent Company                                                                                         |                              | All companies included into the financial statement. |                              |                                                                                                                       |
|                                |                |                     |                                                          |                |                                                          |                                                |                                                          | Cash dividends                      | Stock amount | Cash dividends                                           | Stock amount | Total                                                                                                  | Percentage of net income (%) | Total                                                | Percentage of net income (%) |                                                                                                                       |
| President                      | Rong-Lih Yu    | 2,473               | 2,473                                                    | 0              | 0                                                        | 1,445                                          | 1,445                                                    | 0                                   | 0            | 0                                                        | 0            | 3,918                                                                                                  | 3.01%                        | 3,918                                                | 3.01%                        | None                                                                                                                  |
| Vice President                 | Tai-Chen Chen  | 2,175               | 3,012                                                    | 0              | 0                                                        | 896                                            | 896                                                      | 0                                   | 0            | 0                                                        | 0            | 3,071                                                                                                  | 2.36%                        | 3,908                                                | 3.00%                        |                                                                                                                       |
| Vice President                 | Kai-Ping Chang | 1,787               | 1,787                                                    | 106            | 106                                                      | 1,092                                          | 1,092                                                    | 0                                   | 0            | 0                                                        | 0            | 2,985                                                                                                  | 2.29%                        | 2,985                                                | 2.29%                        |                                                                                                                       |
| Assistant Vice President (AVP) | Wu-Yu Peng     | 2,013               | 2,849                                                    | 0              | 0                                                        | 740                                            | 740                                                      | 0                                   | 0            | 0                                                        | 0            | 2,753                                                                                                  | 2.11%                        | 3,589                                                | 2.75%                        |                                                                                                                       |

Note 1: The term executive in "Five Highest-paid Executives" refers to managerial officers defined in accordance with the applicable scope and standards laid out in Official Letter Tai-Cai-Zheng-San-Zi No.0920001301 issued by the Securities and Futures Commission of the Ministry of Financial Affairs on March 27, 2003. These five executives are identified and ranked in order of earned remuneration received, by managerial officers from all companies listed in the consolidated financial statements, based on the sum of salaries (A), pension payments (B), bonuses and special disbursements (C), and employee compensations (D). If a director concurrently serves as one of these five executives, it should be indicated in this table and the table above (1-1).

Note 2: Salaries, special responsibility allowances, and severance pay of the aforementioned five highest-paid executives in the most recent fiscal year.

Note 3: Received bonuses and incentives, transportation allowances, special disbursements and other allowances, housing or company vehicles provided to, or other remunerations paid to five highest-paid executives in the most recent fiscal year. If housing, cars, or other means of transportation or exclusively personal expenses are provided, the nature and cost of the provided asset, the actual or fair-market-value of the rental, fuel expenses, and other payments should be disclosed. If a driver is assigned, please specify the remuneration paid to the driver (not to be included in the calculation of director compensations). Other salaries and remunerations listed in "Share-Based Payment" of IFRS2 including employee stock warrants, restricted stock awards, and cash capital increase share subscriptions should be included in the calculation of remunerations.

Note 4: Employee compensations (including stock and cash) received by the top five highest-paid executives upon approval by the Board of Directors in the most recent fiscal year. If estimates are impossible, amounts to be distributed in the current year should be calculated proportionate to actual compensations distributed in the previous year. Such compensations should be indicated in attached table 1-3.

Note 5: Total remunerations paid to the five highest-paid executives of the Company by all companies (including this Company) listed in the consolidated financial statement should be disclosed herein.

Note 6: The term "Net Income" refers to the amount specified in the parent company only or an individual financial statement in the most recent fiscal year.

Note 7: a. In this field, remunerations received by the five highest-paid executives from companies (reinvested businesses or the parent company) other than the Company's subsidiaries should be clearly specified (please specify "None" if no such remunerations have been received)

b. The term "Remuneration" refers to remunerations and compensations (employee, director, and supervisor compensations) and payments associated with the performance of duties received by the five highest-paid executives of the Company for concurrent appointments as director, supervisor, or managerial officer at a reinvested business or the parent company.

\* Remunerations disclosed in this table differ from the term "income" as defined in the Income Tax Act. This table solely serves the purpose of information disclosure and cannot be used for taxation purposes.

**(IV) Compensations distributed to managerial officers, and the status of distribution: None**

**(V) Analysis of the remuneration paid to directors, supervisors, presidents and vice presidents by the Company and companies listed in the consolidated financial statements as a percentage of net income within the most recent two (2) years, and description of remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk:**

- I. 2023: The total remuneration paid accounted for -115.9% of the net profit after tax in the individual financial report. All companies in the consolidated statement this year ; Total remuneration paid accounts for -126.04% of net income after tax in individual financial reports.  
2024: The total remuneration paid accounted for 20.67% of the net profit after tax in the individual financial report. All companies in the consolidated statement this year ; Total remuneration paid accounts for 21.99% of net income after tax in individual financial reports.
- II. The policies, standards and components of remuneration, the procedures for determining remuneration, and their linkage to operating performance and future risks:
- (I) Policies, standards, and packages for payment of remuneration:
1. Regarding the remuneration of the Company's directors, in accordance with Article 19 of the Company's Articles of Incorporation, regardless of whether the Company operates at a profit or loss, they may be paid remuneration for their services. The board of directors is authorized to determine their remuneration based on their level of participation in the Company's operations and with reference to the usual standards in the same industry. If the Company has earnings, in accordance with Article 30 of the Company's Articles of Incorporation, an amount equivalent to less than 5% of the current year's earnings shall be distributed as remuneration to directors. The Company regularly evaluates directors' remuneration in accordance with the "Procedures for Performance Evaluation of the Board of Directors," and the relevant performance evaluation and the reasonableness of the remuneration have been reviewed by the Remuneration Committee and the Board of Directors.
  2. The remuneration for the Company's managers is clearly stipulated in the "Regulations for Managing Remuneration of Directors and Managers", including various work allowances and bonuses, to sympathize with and reward employees for their hard work and dedication. Relevant bonuses are also granted based on the Company's annual operating performance, financial status, operating conditions, and individual work performance. Additionally, if the Company makes a profit in a given year, in accordance with Article 30 of the Company's Articles of Incorporation, 1% or more of the profit shall be allocated as employee compensation. The Company uses the results of its performance appraisal system as a reference basis for granting manager bonuses. The performance evaluation items for managers consist of financial indicators and non-financial indicators, and the remuneration system will be reviewed in a timely manner according to actual operating conditions and relevant laws and regulations.
  3. As stipulated in the organizational rules of the Remuneration Committee, the composition of remuneration paid by the Company includes cash compensation, stock options, stock dividends, retirement benefits or severance payments, various allowances, and other substantive incentive measures, which are consistent with the items related to directors' and managers' remuneration that should be recorded in the annual report of a public company.
- (II) Procedures for determining remuneration:
1. To regularly evaluate the remuneration of directors and managers, the Company bases its assessments on the "Board of Directors Performance Evaluation Measures" for directors, and the performance appraisal results applied to managers and employees for managers. The evaluations are then submitted to the board of directors for approval. To fully reflect the achievement of operational performance indicators, the performance measurement standards for directors are based on the company's annual operational indicators related to operations, governance, and financial results. The performance appraisal for managers evaluates their main work responsibilities, including operational safety management, supervision of financial plan implementation, revenue management, promotion of independent maintenance capabilities, strengthening internal controls, implementation of quality assurance and management, and other performance objectives.

2. The self-evaluation results of the board of directors, directors, and functional committee members this year all significantly exceeded the standards. In this year's manager performance evaluation results, all managers' performances have achieved the target.
3. The performance evaluations and reasonableness of remuneration for the Company's directors and managers are regularly assessed and reviewed annually by the Remuneration Committee and the board of directors. In addition to considering individual performance and contributions to the Company, the overall operational performance of the company, future industry risks and development trends are also taken into account. The remuneration system is reviewed in a timely manner according to actual operating conditions and relevant laws and regulations. Furthermore, after comprehensively considering current corporate governance trends, reasonable remuneration is provided to strike a balance between the Company's sustainable operations and risk management. The actual amount of remuneration to directors and managers paid this year is reviewed by the Remuneration Committee and submitted to the Board of Directors for approval.

(III) Correlation with operating performance and future risks:

1. The review of the payment standards and system related to the Company's remuneration policy is mainly based on the overall operation of the Company, and the performance achievement rate and contribution are reviewed to improve the overall organizational efficiency of the Board of Directors and management departments. In addition, reference is made to the remuneration standards in the industry to ensure that the remuneration of the Company's management is competitive in the industry, in order to retain outstanding management talents.
2. The Company's managerial officers' performance targets are combined with "risk control" to ensure that possible risks within the scope of duties are managed and prevented. The results of the appraisal and rating based on the actual performance are linked to all relevant human resources and related remuneration policies . The key decisions of the Company's management are made after balanced consideration of various risk factors. The performance of the relevant decisions is reflected in the Company's profitability and the management's compensation is related to the performance of risk control.

### III. Status of corporate governance operations

#### (I) State of board operations

(1) Information pertaining to board operations: The board convened 4 times (A) in the most recent year (2024). Director and supervisor attendance was as follows:

| Position             | Name (Note 1)                                                   | Number of attended meetings (B) | Attendance by proxy | Actual attendance rate in % (B/A) (Note 2) | Remarks                                                                                                    |
|----------------------|-----------------------------------------------------------------|---------------------------------|---------------------|--------------------------------------------|------------------------------------------------------------------------------------------------------------|
| Chairman             | Chih-Chen Yu                                                    | 4                               | 0                   | 100%                                       | Re-elected on June 16, 2022                                                                                |
| Director             | Rong-Lih Yu                                                     | 4                               | 0                   | 100%                                       |                                                                                                            |
| Director             | Jung-Chieh Yu                                                   | 4                               | 0                   | 100%                                       |                                                                                                            |
| Director             | MAO JIA INVESTMENT LTD.<br>Representative: Chiu-Yueh Chen       | 2                               | 0                   | 50%                                        |                                                                                                            |
| Director             | Siang Hao Investment Co.,LTD.<br>Representative: Kai-Ping Chang | 3                               | 1                   | 75%                                        |                                                                                                            |
| Director             | Ching-Chung Yu                                                  | 4                               | 0                   | 100%                                       | Newly elected on June 16, 2022                                                                             |
| Director             | Sara Rose International Inc.<br>Representative: Jing-Woei Jou   | 4                               | 0                   | 100%                                       |                                                                                                            |
| Director             | GTO CNC Solutions Corp.<br>Representative: Po-Yang Chen         | 0                               | 0                   | 0%                                         | Newly elected on June 16, 2022<br>Resigned on October 29, 2024 (required to attend three meetings in 2024) |
| Independent director | Hsueh-Tao Wu                                                    | 4                               | 0                   | 100%                                       | Re-elected on June 16, 2022                                                                                |
| Independent director | Tai-Feng Huang                                                  | 4                               | 0                   | 100%                                       |                                                                                                            |
| Independent director | Yu-Te Ma                                                        | 4                               | 0                   | 100%                                       | Newly elected on June 16, 2022                                                                             |

Note 1: Where directors and supervisors are juridical persons, the names of the juridical person shareholders and their representatives shall be disclosed.

Note 2: (1) Where a director or supervisor resigns before the end of the fiscal year, the date of his/her resignation shall be indicated in the ‘Remarks’ Column. His/her actual attendance rate (%) shall be calculated on the basis of the number of meetings called and the actual number of meetings he/she attended while still in office. (2) If a board and supervisor election is scheduled before the end of the fiscal year, both the former and new directors and supervisors shall be listed, and it should be specified in the Remarks Column whether such directors and supervisors are former, newly elected, or re-elected board members, and the election date should be indicated. Actual attendance rates (%) shall be calculated on the basis of the number of meetings called and actual number of meetings he/she attended, while still in office.

(2)Other notes:

I. If one of the following conditions applies to the operations of the Board of Directors, the date and term of the board meeting, the content of the motions, the opinions of the Independent Directors, and the responses by the Company to the opinions of the independent directors shall be specified:

(I) Matters specified in Article 14-3 of the Securities and Exchange Act: N/A.

(II) Other board resolutions for which dissenting or qualified opinions of independent directors are on record or written statements have been issued:

N/A.

II. In the event of recusal of directors from motions that involve a conflict of interest, the names of recused directors, the content of the motions, the reasons for recusal, and the participation in voting shall be specified: N/A

| Name of Director                | Proposal                                                                                                                                                                                                                                                                                           | Reasons for recusal                                   | Participation in voting                              |
|---------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------|------------------------------------------------------|
| Rong-Lih Yu ,<br>Kai-Ping Chang | 1. 2024 Dragonboat Festival Bonus Distribution Proposal for Managerial Officers<br>2. 2024 Moon Festival Bonus Distribution Proposal for Managerial Officers<br>3. 2024 managers' year-end bonus distribution and the provision for directors', supervisors' and employees' remuneration for 2025. | Personal conflict of interest with regard to a motion | Recusal from participation in discussions and voting |

III. Board evaluations: The Rules for Performance Evaluation of the Board of Directors prescribe annual performance evaluations for the Board of Directors, the board members, the Remuneration Committee, and the Audit Committee. The results of internal performance evaluations must be provided prior to the end of the first quarter of the following year. The results of the 2024 performance evaluations for the Board of Directors, the board members, the Remuneration Committee, and the Audit Committee were reported to the board in the meeting on March 13, 2025.

| Evaluation cycle | Evaluation period | Evaluation scope                                                                       | Evaluation method                                                                                                                |
|------------------|-------------------|----------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|
| Annually         | 2024              | Individual board members, the whole board, the Remuneration Committee, Audit Committee | Board member self-evaluation, Board internal evaluation, Remuneration Committee self-evaluation, Audit Committee self-evaluation |

Evaluation contents

- I. Board performance evaluations must include the following five dimensions: participation in company operations, quality of the board decision quality, composition and structure of the board of directors, election and continuing education of the directors, and internal control.
- II. Board member performance evaluations must include the following six dimensions: alignment of the goals and missions of the company, awareness of the duties of a director, participation in company operations, management of internal relationship and communication, the director's professionalism and continuing education, and internal control.
- III. Remuneration Committee evaluations must include the following five dimensions: participation in company operations, awareness of the duties of the Remuneration Committee, enhancement of the Remuneration Committee decision quality, Remuneration Committee composition and election of committee members, and internal control.

I. Enhancement of board of director functions in the current and the most recent year (e.g. establishment of an Audit Committee, improvement of information transparency etc.), and evaluation of implementation conditions:

1. The Company has established rules of procedure for Board meetings, appointed independent directors, and formed an Audit Committee to guide Board operations and improve corporate governance.
2. The Company has established a Remuneration Committee to evaluate the remuneration policies and

systems for the Company's directors and managers, and to provide recommendations to the Board as reference for decision-making.

3. After a Board meeting approves financial reports, the Company immediately announces these Board-approved financial reports, ensuring that financial and business information relevant to shareholders' interests are disclosed in the most timely manner, significantly enhancing information transparency. Material financial and business information is regularly or irregularly made public.
4. The election of directors adopts a candidate nomination system, employing fair, just, and open election procedures to select board members with the highest professional qualifications.

II. Succession planning for board members and key management members:

(I) Succession planning and operation of the Board of Directors:

1. The Company's Articles of Incorporation explicitly stipulates that the election of directors shall fully adopt the candidate nomination system. Furthermore, the "Corporate Governance Best Practice Principles" and "Rules Governing the Election of Directors" clearly specify that the composition of the Board of Directors should consider diversity, and diversity guidelines should be formulated based on the Company's operations, business model, and development needs. These guidelines include, but are not limited to, basic qualifications and values, and professional knowledge and skills.

The structure of the Company's Board of Directors is determined by considering the scale of business development and the shareholding status of major shareholders, weighing practical operational needs.

2. The Company's ongoing director succession plan maintains a database of potential director candidates based on the following criteria:

- ① Integrity, responsibility, innovation, and decision-making ability in alignment with the Company's core values, along with professional knowledge and skills that contribute to corporate management. The addition of such members is expected to continuously provide the Company with a diverse Board that meets our needs.
- ② Having relevant industry experience related to the company's business operations.
- ③ The overall expertise of the Board of Directors should cover areas including corporate strategy and management, accounting and taxation, finance, and legal affairs.
- ④ The company has established a list of director candidates that must meet qualification reviews and related regulations to ensure that when a director vacancy occurs or an increase is planned, suitable new director candidates are effectively identified and selected.

3. The company has established a "Board Performance Evaluation Method" that uses performance evaluation metrics to confirm effective board operations and evaluate directors' performance. Currently, the directors possess diverse and complementary professional capabilities. Three of these directors concurrently hold top executive positions. The current framework including board composition and professional background of individual members will be maintained in the future. Independent director successors must possess valuable professional experience and competence in the fields of commerce, legal and financial affairs, and business management necessary for company business. The Company will therefore select industry professionals as independent director candidates.

(II) The company regularly conducts employee performance evaluations to identify employees with potential. We actively train and develop talent through internal senior executives' years of leadership experience, passing down the company's organizational culture and leadership practices in operational management.

1. The Company's management team is responsible for internal operational management. Each management level has designated deputies in place.
2. Key management personnel, in addition to possessing necessary professional skills and experience, must share values and business philosophies that align with the Company's corporate management principles. To develop key management personnel and their deputies, the Company arranges for their participation in regular important internal management

meetings for practical training. Additionally, executives participate in annual strategy meetings for practical sharing and exchange of ideas.

3. The company conducts annual employee performance evaluations through daily observation and performance assessments to understand areas for improvement, individual development needs, and company expectations. The evaluation results serve as a reference for future succession planning.
4. Matters related to director and supervisor training: N/A.

**(II) Audit Committee's participation in Board operation:**

The Company formed its first Audit Committee on June 16, 2022. The committee is composed of the three independent directors.

The Audit Committee has the following supervisory functions:

- I. Adequate financial reporting
- II. Appointment, dismissal, independence, and performance of certified public accountants
- III. Effective implementation of internal control
- IV. Compliance with applicable laws and regulations
- V. Management and control of existing or potential risks

The Audit Committee convened 4 times in the most recent year (A). Independent director attendance was as follows:

| Position             | Name           | Actual attendance (B) | Attendance by proxy | Actual attendance rate (%) (B/A) | Remarks                        |
|----------------------|----------------|-----------------------|---------------------|----------------------------------|--------------------------------|
| Independent director | Hsueh-Tao Wu   | 4                     | 0                   | 100%                             | Re-elected on June 16, 2022    |
| Independent director | Tai-Feng Huang | 4                     | 0                   | 100%                             |                                |
| Independent director | Yu-Te Ma       | 4                     | 0                   | 100%                             | Newly elected on June 16, 2022 |

Other notes:

- I. If one of the following conditions applies to the operations of the Audit Committee, the date and term of the Audit Committee meeting, the content of the motions, the dissenting or qualified opinions of the Independent Directors, the content of major proposals, the Audit Committee resolutions, and the responses by the Company to the opinions of the Audit Committee members shall be specified:
  - (1) Matters listed in Article 14-5 of the Securities and Exchange Act: In 2024 and up until the printing date of the annual report, the Audit Committee convened 5 meetings, with the resolution contents as stated in (Note 1). All resolutions of the Audit Committee were agreed upon and passed by all attending members of the Audit Committee before being reported to the Board of Directors.
  - (2) Other resolutions not approved by the Audit Committee but adopted by two-thirds or more of the Board members: N/A.
- II. In the event of recusal of directors from motions that involve a conflict of interest, the names of recused independent directors, the content of the motions, the reasons for recusal, and the participation in voting shall be specified: N/A.
- III. Communication between independent directors, internal auditing officer, and CPAs (e.g., items, methods, and results of communication concerning the Company's financial and business status): (Note 2)
- IV. Audit Committee-related information can be accessed on the corporate website via the following path: Investor Relations > Corporate Governance > Other Committees/Audit Committee.

Note 1: Audit Committee operations and key resolutions for 2024 and up to the annual report publication date.

| Meeting date                                                                                                                                                                                                                                                                 | Important resolution matters                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| March 13, 2024                                                                                                                                                                                                                                                               | <ol style="list-style-type: none"> <li>1. The Company's 2023 business report and financial reports.</li> <li>2. Report on the actual implementation of the Company's internal audit plan.</li> <li>3. 2023 surplus distribution.</li> <li>4. The Company's 2023 self-assessment on the design of internal control system and declaration of the effectiveness of the implementation was completed, and the "Declaration of Effectiveness" was issued.</li> <li>5. Summary of the 2024 business plan.</li> <li>6. The Company evaluated the independence and suitability of the CPAs, and recommended the appointment.</li> </ol>                                                                                               |
| May 7, 2024                                                                                                                                                                                                                                                                  | <ol style="list-style-type: none"> <li>1. Report on the actual implementation of the Company's internal audit plan.</li> <li>2. 2024 Q1 Financial Statement</li> <li>3. Amendment to the "International Control System".</li> </ol>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| August 13, 2024                                                                                                                                                                                                                                                              | <ol style="list-style-type: none"> <li>1. Report on the actual implementation of the Company's internal audit plan.</li> <li>2. 2024 Q2 Financial Statement</li> <li>3. Amendment to the "Endorsement and Guarantee Procedures", "Procedures for Lending Funds to Others", "Procedures for Acquisition or Disposal of Assets".</li> <li>4. Establishment of the "Sustainable Development Best Practice Principles" and "Corporate Governance Best Practice Principles".</li> <li>5. Amendment to the "Internal Control System for Management of Sustainability Information".</li> </ol>                                                                                                                                        |
| November 12, 2024                                                                                                                                                                                                                                                            | <ol style="list-style-type: none"> <li>1. Report on the actual implementation of the Company's internal audit plan.</li> <li>2. 2024 Q3 Financial Statement</li> <li>3. Reporting of the 2025 Audit Plan.</li> <li>4. Amendment to the "Internal Control System for Information Security Inspection".</li> </ol>                                                                                                                                                                                                                                                                                                                                                                                                               |
| March 13, 2025                                                                                                                                                                                                                                                               | <ol style="list-style-type: none"> <li>1. The Company's 2024 business report and financial reports.</li> <li>2. Report on the actual implementation of the Company's internal audit plan.</li> <li>3. 2024 surplus distribution.</li> <li>4. The Company's 2024 self-assessment on the design of internal control system and declaration of the effectiveness of the implementation was completed, and the "Declaration of Effectiveness" was issued.</li> <li>5. Summary of the 2025 business plan.</li> <li>6. Approval of revocation of the Non-Competition Clause for newly elected directors.</li> <li>7. The Company evaluated the independence and suitability of the CPAs, and recommended the appointment.</li> </ol> |
| <p>Resolutions: Approved as proposed based on the results of discussions of all committee members in attendance</p> <p>The Company's handling of the Audit Committee's opinions: submitted to the Company's Board of Directors, and approved by all attending directors.</p> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |

Note 2: Communication between independent directors, internal auditing officer, and CPAs:

● Communication between the Audit Committee (independent directors) and internal auditing officer:

I. Communication method

(1) The internal auditing officer submits the audit and tracking report to the Audit Committee members for review within the month following completion and reports the status of audit operations in Audit Committee and Board of Directors' Meetings.

- (2) The chief auditor communicates and discusses the Company's internal audit execution status and internal control operations with each independent director through telephone calls and meetings. Furthermore, at least twice a year, without the presence of general directors and management levels, the chief auditor holds communication meetings with the Audit Committee to discuss matters related to the implementation of the internal audit and internal control systems.

## II. Excerpt of communication items in 20224

| Date              | Communication items                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Communication/implementation results                                                |
|-------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|
| March 13, 2024    | <ol style="list-style-type: none"> <li>1. In 2023, the Company self-assessed the internal control system and issued the "Declaration of Internal Control System".</li> <li>2. Amendments to the "Rules of Procedure for Board of Directors Meetings" and "Audit Committee Charter".</li> </ol>                                                                                                                                                                                                                        | Approved unanimously by the Audit Committee and reported to the Board of Directors. |
| May 7, 2024       | <ol style="list-style-type: none"> <li>1. 2024 internal audit plan implementation report.</li> <li>2. Amendment to the "Internal Control System".</li> </ol>                                                                                                                                                                                                                                                                                                                                                          | Approved unanimously by the Audit Committee and reported to the Board of Directors. |
| August 13, 2024   | <ol style="list-style-type: none"> <li>1. 2024 internal audit plan implementation report.</li> <li>2. Amendment to the "Endorsement and Guarantee Procedures", "Procedures for Lending Funds to Others", "Procedures for Acquisition or Disposal of Assets".</li> <li>3. Establishment of the "Sustainable Development Best Practice Principles" and "Corporate Governance Best Practice Principles".</li> <li>4. Amendment to the "Internal Control System for Management of Sustainability Information".</li> </ol> | Approved unanimously by the Audit Committee and reported to the Board of Directors. |
| November 12, 2024 | <ol style="list-style-type: none"> <li>1. Reporting of the 2025 Audit Plan.</li> <li>2. Amendment to the "Internal Control System for Information Security Inspection".</li> </ol>                                                                                                                                                                                                                                                                                                                                    | Approved unanimously by the Audit Committee and reported to the Board of Directors. |
| March 13, 2025    | <ol style="list-style-type: none"> <li>1. 2025 internal audit plan implementation report.</li> <li>2. In 2024, the Company self-assessed the internal control system and issued the "Declaration of Internal Control System".</li> <li>3. Approval of the amendment to the Articles of Incorporation.</li> </ol>                                                                                                                                                                                                      | Approved unanimously by the Audit Committee and reported to the Board of Directors. |

### ● Communication between the Audit Committee (independent directors) and CPAs:

- I. Communication method: The Audit Committee is composed of all independent directors. The CPAs hold at least two communication meetings with the Audit Committee each year. The Company's financial status and the review of financial statements are reported to the independent directors during the meetings to conduct sufficient communication.

II. Excerpt of communication items in 2024:

| Date              | Communication items                                                                                                                                                                                                                                                                                                                                                                               | Communication/implementation results                                                |
|-------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|
| March 13, 2024    | <p>I. Proposal for review of 2023 Business Report and Financial Statements.<br/>Detailed description of the audit scope, process, results, and key audit items for the 2023 Financial Statement by the CPAs.<br/>The CPAs answered the questions raised by independent directors.</p> <p>II. 2023 earnings distribution.<br/>The CPAs answered the questions raised by independent directors.</p> | Approved unanimously by the Audit Committee and reported to the Board of Directors. |
| May 7, 2024       | <p>I. 2024 Q1 Financial Statement<br/>The CPAs explained and communicated with the independent directors about the financial statements of Q1 2024.</p>                                                                                                                                                                                                                                           | Approved unanimously by the Audit Committee and reported to the Board of Directors. |
| August 13, 2024   | <p>I. 2024 Q2 Financial Statement<br/>The CPAs explained and communicated with the independent directors about the contents of financial statements of Q2 2024.</p>                                                                                                                                                                                                                               | Approved unanimously by the Audit Committee and reported to the Board of Directors. |
| November 12, 2024 | <p>I. 2024 Q3 Financial Statement<br/>The CPAs explained and communicated with the independent directors about the contents of financial statements of Q3 2024.</p>                                                                                                                                                                                                                               | Approved unanimously by the Audit Committee and reported to the Board of Directors. |
| March 13, 2025    | <p>I. Proposal for review of 2024 Business Report and Financial Statements.<br/>Detailed description of the audit scope, process, results, and key audit items for the 2024 Financial Statement by the CPAs. The CPAs answered the questions raised by independent directors.</p> <p>II. 2024 earnings distribution.<br/>The CPAs answered the questions raised by independent directors.</p>     | Approved unanimously by the Audit Committee and reported to the Board of Directors. |

**(III) Status of Corporate Governance, and any non-conformity with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and reasons thereof:**

| Items under <u>evaluation</u>                                                                                                                                                                | Status ( <u>Note</u> ) |           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Any nonconformity with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and reasons thereof |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|-----------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                              | <u>Yes</u>             | <u>No</u> | <u>Summary</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                              |
| I. Has the Company formulated and disclosed Corporate Governance Best Practice Principles pursuant to Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies?          | V                      |           | The Company's Board of Directors approved the establishment of "Corporate Governance Best Practice Principles" on August 13, 2024. The full text is disclosed on the company's official website.                                                                                                                                                                                                                                                                                                                 | Not applicable.                                                                                                              |
| II. Equity structure and shareholders' equity                                                                                                                                                | V                      |           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | The Company handles relevant matters in conformity with legal regulations and non-conformities are not present.              |
| (I) Has the Company defined internal operating procedures to deal with shareholder recommendations, inquiries, disputes, and litigation, and have such procedures been properly implemented? |                        |           | The Company has appointed a stock agency to handle stock-related matters, and has designated spokespersons, deputy spokespersons and other designated personnel as the window to handle shareholders' suggestions, doubts and disputes. There is also an investor section and contact window on the Company's website, where dedicated personnel are responsible for responding to shareholders' opinions.                                                                                                       |                                                                                                                              |
| (II) Does the Company retain a register of major shareholders who have controlling power and of parties with ultimate control over those major shareholders?                                 | V                      |           | The directors and major shareholders of the Company report changes in shareholdings on a monthly basis. The Company retains at all times a register of major shareholders who have controlling power.                                                                                                                                                                                                                                                                                                            |                                                                                                                              |
| (III) Has the Company established and implemented risk control and firewall mechanisms between the Company and its affiliates?                                                               | V                      |           | The Company has regulations in place to manage the related party transaction management, endorsement and guarantee, and loaning of funds between the Company and its affiliates. These regulations are implemented in accordance with the internal control system and related supervision operations. The Company and its affiliated entities maintain independence, with each controlling their own finances. Appropriate risk management mechanisms and firewalls have been properly established between them. |                                                                                                                              |
| (IV) Has the Company adopted internal rules prohibiting company insiders from trading securities using information not disclosed to the market?                                              | V                      |           | The Company has formulated Procedures for the Prevention of Insider Trading to regulate such transactions. The Company prohibits insiders from using undisclosed information to trade securities in the market, and the                                                                                                                                                                                                                                                                                          |                                                                                                                              |

| Items under <u>evaluation</u>                                                                                                                                                                        | Status ( <u>Note</u> ) |           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Any nonconformity with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and reasons thereof |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|-----------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                      | <u>Yes</u>             | <u>No</u> | <u>Summary</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                              |
|                                                                                                                                                                                                      |                        |           | Company does not regularly promote related regulations to insiders.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                              |
| III. The organization of Board of Directors and its duties:<br>(I) Has the Board of Directors formulated a diversity policy and concrete management objectives and are they effectively implemented? | V                      |           | 1. The Company has appointed 11 directors (including 3 independent directors) in line with its business scope and development needs. Their professional backgrounds indicate that they are industry, legal, and management experts. This clearly shows that the board diversity policy of the Company has been effectively implemented. Core policy goals include: 1. The composition of the board of directors shall be determined by taking diversity into consideration and an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs be formulated and include, without being limited to, the following two general standards:<br>(1) Basic requirements and values: Gender, age, nationality, and culture<br>(2) Professional knowledge and skills:<br>A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience.<br>In addition to the professionalism and diversity of directors, the Company has set specific management goals for the diversity of the Board of Directors and implemented them.<br>2. For the diversity policy of the Board of Directors and its implementation, please refer to Page 6 to Page 7 of this annual report. | The Company handles relevant matters in conformity with legal regulations and non-conformities are not present.              |
| (II) Has the Company voluntarily and duly set up functional committees other than a Remuneration Committee and Audit Committee?                                                                      | V                      |           | The Company has duly set up a Remuneration Committee and Audit Committee. In the future, other functional committees will be formed as required in accordance with legal regulations and actual development needs.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | The Company handles relevant matters in conformity with legal regulations and non-conformities are not present.              |

| Items under <u>evaluation</u>                                                                                                                                                                                                                                                                                                                                                | Status ( <u>Note</u> ) |           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Any nonconformity with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and reasons thereof |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|-----------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                                                                                                                                                                              | <u>Yes</u>             | <u>No</u> | <u>Summary</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                              |
| (III) Has the Company formulated Rules for Performance Evaluation of Board of Directors and evaluation methods? Are performance evaluations conducted regularly on an annual basis? Are the results reported to the Board of Directors and are they used as a reference in determining compensation for individual directors, their nomination, and additional office terms? | V                      |           | The Company has established the "Board of Directors' Performance Evaluation Regulations". It is stipulated that the Board of Directors shall conduct an internal performance evaluation of the Board of Directors, using internal questionnaires, at least once a year. The evaluation scope includes the performance evaluation of the Board of Directors as a whole, of individual Board members, and of functional committees. The Board of Directors, the board members, the Audit Committee, and the Remuneration Committee for this year. After the questionnaires are collected, suggestions from directors and evaluation results will be submitted to the Board of Directors for review. (Please refer to page 15 of this annual report for details). The performance evaluation results for the 2024 fiscal year were reported to the Board of Directors on March 13, 2025. These performance evaluation results will serve as reference for the selection or nomination of directors, and the performance evaluation results of directors and functional committee members will be used as reference for determining their individual remuneration. |                                                                                                                              |
| (IV) Does the Company have the independence of the certified public accountant(s) evaluated regularly?                                                                                                                                                                                                                                                                       | V                      |           | The Company currently does not have any CPA who has conducted audits continuously for seven or more years. In addition to internal assessments, the Company also considers whether the CPA's professional practice standards regarding independence requirements and the self-regulatory standards of their accounting firm meet the Company's independence and competency review criteria.<br>The Company evaluates the independence of its CPAs once a year and submits the results to the Audit Committee and Board of Directors for review and approval (Note 1).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                              |
| IV. Has the TWSE/TPEX listed company assigned an adequate number of corporate governance                                                                                                                                                                                                                                                                                     | V                      |           | On May 11, 2023, the Company's board of directors appointed Vice President and Chief Accounting Officer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | The Company handles relevant matters in conformity with legal                                                                |

| Items under <u>evaluation</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Status ( <u>Note</u> ) |           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Any nonconformity with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and reasons thereof |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|-----------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | <u>Yes</u>             | <u>No</u> | <u>Summary</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                              |
| personnel with appropriate qualifications and has a chief corporate governance officer been designated as the most senior officer in charge of corporate governance affairs (including, but not limited to, furnishing information required for business execution by directors and supervisors, assisting directors and supervisors with legal compliance, handling matters related to board meetings and shareholders meetings according to the law, and producing minutes of board meetings and shareholders meetings). |                        |           | Chen Tai-Cheng as the Corporate Governance Officer, responsible for corporate governance-related affairs. This includes handling matters related to the board of directors, audit committee, remuneration committee, and shareholders' meetings in accordance with the law; assisting directors with onboarding and continuing education; providing directors with necessary information for performing their duties; and assisting directors in complying with laws and regulations. The Corporate Governance Officer assists the Chairman and committees in handling matters related to the Board of Directors, Audit Committee, Remuneration Committee, and annual shareholders' meetings. The Officer provides directors with information on continuing education, provides directors with necessary information for performing their duties, handles directors' requests promptly, and provides support to directors in exercising their duties. Please refer to Note 2 for the information on the continuing education of the Corporate Governance Officer of the current year. | regulations and non-conformities are not present.                                                                            |
| V. Has the Company established channels for communications with the stakeholders (including, but not limited to, shareholders, employees, customers, and suppliers), and set up a section for stakeholders on the official website of the Company with adequate responses to key CSR issues of concern to stakeholders?                                                                                                                                                                                                    | V                      |           | The Company has set up a Stakeholders Section on the Company's website. The website also has spokespersons and contact information of various sales windows to appropriately respond to important corporate social responsibility issues that stakeholders are concerned about. Stakeholders can also communicate with the Company through this channel to understand the Company's operations to maintain their interests.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Smooth communication channels are in place and non-conformities are not present.                                             |
| VI. Has the Company engaged a professional shareholder services agent to handle shareholders meeting matters?                                                                                                                                                                                                                                                                                                                                                                                                              | V                      |           | The Company has engaged CTBC Bank Transfer Agency to handle relevant matters.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | The Company handles relevant matters in conformity with legal regulations and non-conformities are not present.              |
| VII. Disclosure of information                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | V                      |           | Financial, business, and corporate governance information is                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | The Company handles relevant                                                                                                 |

| Items under <u>evaluation</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Status ( <u>Note</u> ) |           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Any nonconformity with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and reasons thereof |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|-----------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <u>Yes</u>             | <u>No</u> | <u>Summary</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                              |
| (I) Has the Company set up a website for the disclosure of financial, business, and corporate governance information?                                                                                                                                                                                                                                                                                                                                                                                                                                  |                        |           | duly disclosed on the designated corporate website at. Business information is updated on an ongoing basis. Financial and business information is also regularly updated in the investor section of the website.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | matters in conformity with legal regulations and non-conformities are not present.                                           |
| (II) Has the Company adopted other methods of information disclosure (e.g. creation of an English-language website, designation of dedicated personnel for the gathering and disclosure of relevant information, proper implementation of a spokesperson system, and posting of investor conference proceedings on the Company website)?                                                                                                                                                                                                               | V                      |           | <ol style="list-style-type: none"> <li>1. The Company has a spokesperson system in place and publicly discloses relevant financial and business information. Other information disclosures can be accessed via the Market Observation Post System of Taiwan Stock Exchange at .</li> <li>2. The process of institutional investor conference and relevant information are also disclosed on the Company's website.</li> </ol>                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                              |
| (III) Does the Company publish and report its annual financial report within two months after the end of a fiscal year, and does it publish and report its financial reports for the first, second and third quarters as well as its operating status for each month within the prescribed time limit?                                                                                                                                                                                                                                                 |                        | V         | <ol style="list-style-type: none"> <li>1. According to the current regulations, the annual financial statements are announced and reported within 75 days after the end of the fiscal year.</li> <li>2. 2024 Q1, Q2 and Q3 financial statements and the monthly operating status of each month were announced within the prescribed time limit.</li> </ol>                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                              |
| VIII. Does the Company provide other important information conducive to a better understanding of the status of corporate governance (including, but not limited to, the state of employees' rights and interests, concern for employees, investor relations, supplier relations, stakeholder rights, continuing education for directors and supervisors, implementation of risk management policy and risk assessment criteria, implementation of customer policies, and liability insurance purchased by the Company for directors and supervisors)? | V                      |           | <p>The Company organizes investor conferences as required to provide adequate descriptions of the status of corporate governance in a timely manner.</p> <ol style="list-style-type: none"> <li>1. Employee Rights and Employee Care: The company treats all employees equally and fairly regardless of gender, nationality, ethnicity, or beliefs when hiring. Every employee is legally enrolled in labor insurance, national health insurance, and employee group insurance. Retirement funds are also contributed in accordance with the law, and an Employee Welfare Committee is established to provide various welfare subsidies. In addition, we comply with safety and health-related laws and regulations to provide a good working environment to protect and protect the rights</li> </ol> | The Company handles relevant matters in conformity with legal regulations and non-conformities are not present.              |

| Items under <u>evaluation</u> | Status ( <u>Note</u> ) |           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Any nonconformity with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and reasons thereof |
|-------------------------------|------------------------|-----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|
|                               | <u>Yes</u>             | <u>No</u> | <u>Summary</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                              |
|                               |                        |           | <p>and interests of employees.</p> <p>2. Investor relations: Through the Market Observation Post System and the Company's website, investors are provided with a clear understanding of the Company's operations. The Company has also appointed a spokesperson to take charge of the Company's external communication, and the stock affairs agency to assist shareholders and investors to ask the Company's related questions.</p> <p>3. Supplier relations: The Company maintains positive relations and partnerships with its suppliers, and has established effective communication channels to facilitate long-term cooperation.</p> <p>4. Stakeholders' rights: The Company maintains a good dialogue with stakeholders by providing communication channels. Stakeholders can also leave messages on the Company's website and contact the Company directly.</p> <p>5. Directors' Continuing Education: The Company periodically notifies directors to participate in relevant professional development courses to comply with the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies" regarding required training hours and scope.</p> <p>6. Implementation of Risk Management Policies and Risk Measurement Standards: The Company's major operating policies, fund lending, endorsements/guarantees, bank loans, and other major proposals are all evaluated by the responsible units and implemented in accordance with the resolutions of the Board of Directors. The Audit Office draws up the</p> |                                                                                                                              |

| Items under <u>evaluation</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Status ( <u>Note</u> ) |           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Any nonconformity with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and reasons thereof |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|-----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | <u>Yes</u>             | <u>No</u> | <u>Summary</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                              |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                        |           | <p>annual audit plan and implements it to achieve supervision.</p> <p>7. Implementation of customer policy: The Company continues to improve R&amp;D in response to today's important environmental issues, in order to reduce the burden on the environment. Committed to quality improvement and professional technology upgrades, rapid development and production, real-time full communication with customers, and review and improvement in the production and marketing meetings based on customers' questions from time to time.</p> <p>8. The purchase of liability insurance for directors: the company purchases liability insurance for all directors to protect directors against risks arising from the performance of their duties. The Company shall report to the Board of Directors for approval and disclose it on the Market Observation Post System.</p> |                                                                                                                              |
| <p>IX. Please describe successfully completed corrective actions and measures adopted for identified priority items and pending improvements in response to the corporate governance evaluation result released by the Corporate Governance Center of Taiwan Stock Exchange Corporation in the most recent year: with a view to establishing a sound corporate governance and independent director system, the Company fully complies with the provisions set forth in the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies to fulfill the functions of independent directors in the field of board and company operations and optimize governance practices and performance.</p> |                        |           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                              |

Note 1:

**Toung Loong Textile MFG. Co., Ltd.**  
Evaluation Form for the Independence and Competency of CPAs  
Feb 27, 2025

(1) According to No. 10 "Integrity, Objectivity and Independence" of Code of Ethics for Professionals, the assessment is as follows:

| Independence |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Independence status |    |
|--------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|----|
| Item No.     | Explanation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Yes                 | No |
| 1            | The CPAs appointed by the Company shall recuse themselves and shall not accept any matters that may cause direct or material indirect interests to them that may affect their impartiality and independence.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | V                   |    |
| 2            | An audit or review of financial statements is intended to provide a wide range of potential users with a high to moderate degree of assurance, but not absolute assurance. In addition to material independence, it is more important for the CPAs to maintain independence in form. Therefore, do the members of the audit service team, other co-practicing accountants, the firm and its affiliates maintain independence from the Company?                                                                                                                                                                                                                                                                                                                                                                | V                   |    |
| 3            | Do the CPAs appointed by the Company have the following information:<br>(1) Integrity: CPAs shall perform professional services with integrity and rigor.<br>(2) Objectivity: Accountants should maintain a fair and objective attitude when performing professional services, and at the same time avoid conflicts of interest that affect their independence.<br>(3) Independence: When performing the audit or review of the financial statements, the CPAs should maintain an detached position in form and substance and impartially state their opinions.                                                                                                                                                                                                                                               | V                   |    |
| 4            | The independence of the CPAs is closely related to integrity, fairness and objectivity. Is there any lack or loss of independence at the time of appointment, which in turn affects the position of integrity, fairness and objectivity.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | V                   |    |
| 5            | Whether the independence of the accountant is affected by self-interest, self-assessment, defense, familiarity and coercion?                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | V                   |    |
| 6            | Independence is affected by self-interest, which means that the financial interest is obtained through the Company, or a conflict of interest occurs with the Company due to other conflicts of interest. Does it produce any of the following effects:<br>(1) Has a direct or material indirect financial interest in the Company.<br>(2) There is financing or guarantee with the Company or its directors and supervisors.<br>(3) Consider the possibility of loss of the Company.<br>(4) Having a close business relationship with the Company.<br>(5) There is a potential employment relationship with the Company.<br>(6) Contingent fees related to the audit of the Company.                                                                                                                         | V                   |    |
| 7            | Independence may be affected by self-assessment. The reports issued or judgments made by the accountant when providing non-audit services serve as important bases for the audit conclusions during the process of auditing or reviewing financial information. Or, if an audit team member has previously served as a director or supervisor of the Company, or has held a position that directly and significantly influenced the audit engagement. Does it produce any of the following effects:<br>(1) Members of the audit service team are currently directors, supervisors, managers, or positions that have a significant impact on the audits of the Company or in the most recent two years.<br>(2) Non-audit services provided to the Company will directly affect important items of audit cases. | V                   |    |
| 8            | Independence is affected by the defense, which means that the members of the                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | V                   |    |

| Independence |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Independence status |    |
|--------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|----|
| Item No.     | Explanation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Yes                 | No |
|              | audit service team become the defenders of the Company's position or opinion, causing their objectivity to be questioned. Does it produce any of the following effects:<br>(1) Promote or broker the shares or other securities issued by the Company.<br>(2) Serving as the defender of the Company, or representing the Company in coordinating conflicts with other third parties.                                                                                                                                                                                                                                                                                                                                                                                                       |                     |    |
| 9            | The impact of familiarity on independence means that the close relationship with the directors, supervisors and managers of the company may cause the CPAs or members of the audit service team to pay too much attention to or sympathize with the interests of the company. Does it produce any of the following effects:<br>(1) Has a family relationship with the Company's directors, supervisors, managers, or personnel who have a significant impact on the audit.<br>(2) A co-practicing accountant within one year after resignation serving as a director, supervisor, or manager in the Company, or in a position that has a significant influence on the audit case.<br>(3) Receiving gifts or gifts of great value from the Company, its directors, supervisors, or managers. | V                   |    |
| 10           | The impact of coercion on independence means that members of the audit service team have suffered or felt intimidation from the Company, preventing them from maintaining objectivity and clarifying professional doubts. Does it produce any of the following effects:<br>(1) Require the CPAs to accept the management's improper selection of accounting policies or improper disclosure in the financial statements.<br>(2) Put pressure on the accountants to unduly reduce the audit work that should be performed in order to reduce the audit fees.                                                                                                                                                                                                                                 | V                   |    |
| 11           | The accounting firm and audit service team members have a responsibility to maintain independence. When maintaining independence, they should consider whether the work performed affects independence and whether measures can be taken to eliminate such impact or reduce it to an acceptable level.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | V                   |    |
| 12           | When a significant impact on independence is identified, the Company, the accounting firm, and the audit service team members should adopt appropriate measures to eliminate this impact or reduce it to an acceptable level, and document the conclusion reached.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | V                   |    |
| 13           | If the Company, firm, or audit service members do not take any measures, or if the measures taken cannot effectively eliminate the impact on independence or reduce it to an acceptable level, the CPA should be replaced to maintain independence.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | V                   |    |

(2) Assessment of suitability

| Adaptability |                                                                                                                                                                                                                                                                                           | Evaluation |    |
|--------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|----|
| Item No.     | Explanation                                                                                                                                                                                                                                                                               | Yes        | No |
| 1            | Whether they are qualified as accountants to perform accountant services.                                                                                                                                                                                                                 | V          |    |
| 2            | No disciplinary actions taken by the competent authority and the Institute of Certified Public Accountants, or disciplinary actions taken in accordance with Article 37, Paragraph 3 of the Securities and Exchange Act.                                                                  | V          |    |
| 3            | Possesses knowledge of the relevant industry of the Company.                                                                                                                                                                                                                              | V          |    |
| 4            | Whether the audit of the financial statements is carried out in accordance with the generally accepted auditing standards and the Rules Governing Auditing and Attestation of Financial Statements by CPAs, and whether the financial reports are issued according to the audit schedule. | V          |    |
| 5            | Is there any unfair competition in the industry and commerce by not taking advantage of the status of an accountant?                                                                                                                                                                      | V          |    |
| 6            | Whether the latest announcement of changes in accounting, auditing and other relevant laws and regulations is proactively provided to the management, and the material differences are fully discussed and communicated.                                                                  | V          |    |

Note 2:

Continuing education of Corporate Governance Officer in 2024:

| Date of continuing education | Organizer                                          | Course name                                                                                                                                                         | Number of hours |
|------------------------------|----------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|
| 2024/3/21                    | ROC Accounting Research and Development Foundation | Employee fraud: legal responsibilities and internal control/audit practices                                                                                         | 3               |
| 2024/3/22                    | ROC Accounting Research and Development Foundation | Using "Risk Management" to drive corporate sustainability                                                                                                           | 3               |
| 2024/4/12                    | ROC Accounting Research and Development Foundation | Practical analysis of the latest "Annual Report Preparation" ESG sustainability policies, regulations, and net-zero carbon emissions impact on financial statements | 3               |

#### (IV) Information about Remuneration Committee members and state of committee operations

##### (1) Information about Remuneration Committee members

| Status                              | Qualification  | Professional qualifications and experience                                                                                  | Independence status<br>(Note 1) | Number of independent directorships<br>concurrently held at other public<br>companies |
|-------------------------------------|----------------|-----------------------------------------------------------------------------------------------------------------------------|---------------------------------|---------------------------------------------------------------------------------------|
|                                     | Name           |                                                                                                                             |                                 |                                                                                       |
| Independent directors<br>(convener) | Hsueh-Tao Wu   | Please refer to page 4-7 for information on directors' professional qualifications and independent directors' independence. | Independence status             | 0                                                                                     |
| Independent directors               | Tai-Feng Huang | Please refer to page 4-7 for information on directors' professional qualifications and independent directors' independence. | Independence status             | 0                                                                                     |
| Independent directors               | Yu-Te Ma       | Please refer to page 4-7 for information on directors' professional qualifications and independent directors' independence. | Independence status             | 0                                                                                     |

Note 1. Meets relevant independence criteria: the Company's independent director himself/herself, his/her spouse, or relatives within the second degree of kinship not serving as directors, supervisors, or employees of this Company or one of its affiliates;

They have not served as a director, supervisor, or employee of a company that has a specific relationship with the Company. The independent directors themselves, their spouses, and relatives within the second degree of kinship have not provided commercial, legal, financial, accounting, or other services to the company or its affiliated enterprises and received remuneration in the past two years.

##### (2) Information about the state of Remuneration Committee operations:

1. The Company's Remuneration Committee consists of three (3) members.
2. Term of office of committee members: June 16 2022 to June 16, 2025.

In 2024 and up to the publication date of the annual report, the Remuneration Committee held 4 meetings "A". The qualifications and attendance of members are as follows:

| Position                                                                                                                                                                                                                                                                                                                                                                                                                                            | Name           | Actual attendance (B) | Attendance by proxy | Actual attendance rate<br>(%)<br>(B/A)<br>(Note 1) | Remarks                                         |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|-----------------------|---------------------|----------------------------------------------------|-------------------------------------------------|
| Convener                                                                                                                                                                                                                                                                                                                                                                                                                                            | Hsueh-Tao Wu   | 4                     | 0                   | 100%                                               | Re-appointed after election on June 16, 2022    |
| Member                                                                                                                                                                                                                                                                                                                                                                                                                                              | Tai-Feng Huang | 4                     | 0                   | 100%                                               | Re-appointed after election on June 16, 2022    |
| Member                                                                                                                                                                                                                                                                                                                                                                                                                                              | Yu-Te Ma       | 4                     | 0                   | 100%                                               | Newly appointed after election on June 16, 2022 |
| Other notes:                                                                                                                                                                                                                                                                                                                                                                                                                                        |                |                       |                     |                                                    |                                                 |
| I. If the Board of Directors does not adopt, or amends, the Remuneration Committee's suggestions, please specify the meeting date, term, contents of motion, resolution of the board of directors, and the Company's handling of the Remuneration Committee's opinions (If the remuneration approved by the Board of Directors is higher than that suggested by the Remuneration Committee, please specify the deviation and reasons thereof): N/A. |                |                       |                     |                                                    |                                                 |
| II. For resolution(s) adopted by the Remuneration Committee with the Committee members voicing dissenting or qualified opinions on the record or in writing, please state the meeting date, term, contents of motion, opinions of all members and the Company's handling of said opinions: N/A.                                                                                                                                                     |                |                       |                     |                                                    |                                                 |

3. Responsibilities of the Remuneration Committee: This committee is responsible for assisting the Board of Directors in considering factors such as the Company's operating performance, individual performance, industry standards, and future risks. The committee shall submit recommendations to the Board of Directors for discussion and fulfill the following duties:

- I. Establish and regularly review the policies, systems, standards, and structures for performance evaluation and remuneration of directors and managers.
- II. Develop performance evaluation and remuneration policies and related measures for the Company's directors and managers, and conduct regular assessments.

● Remuneration Committee Meeting Information:

| Date              | Proposal                                                                                                                                                    | Resolution Result      | The Company's handling of the Committee's opinions |
|-------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|----------------------------------------------------|
| March 13, 2024    | 1. Proposal for 2023 distribution of remuneration to employees and directors.                                                                               | Passed by all members. | Submitted to the board of directors for approval.  |
| May 7, 2024       | 1. Director compensation for performance of duties.<br>2. 2024 Dragonboat Festival Bonus Distribution Proposal for Managerial Officers                      | Passed by all members. | Submitted to the board of directors for approval.  |
| August 13, 2024   | 1. 2024 Moon Festival Bonus Distribution Proposal for Managerial Officers.                                                                                  | Passed by all members. | Submitted to the board of directors for approval.  |
| November 12, 2024 | 1. Approval of the 2024 Year-end Bonus Distribution Proposal for Managerial Officers and the 2025 Director and Employee Remuneration Appropriation Proposal | Passed by all members. | Submitted to the board of directors for approval.  |
| March 13, 2025    | 1. Proposal for 2024 distribution of remuneration to employees and directors.                                                                               | Passed by all members. | Submitted to the board of directors for approval.  |

(3) Information pertaining to the nomination committee members and the state of committee operations: N/A due to the fact that the Company has not set up a nomination committee

**(V) Implementation status of sustainable development promotion, any non-conformity with Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and reasons thereof:**

| Promotion item:                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Status (Note 1) |    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Any non-conformity with Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and reasons thereof: |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Yes             | No | Summary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                               |
| I. Has the Company <u>established a governance framework for the promotion of sustainable development</u> ? Has an exclusively (or concurrently) dedicated unit in charge of promotion of sustainable development been set up? Has the board authorized the top management level to handle relevant matters? What is the state of board supervision?<br><b>(Listed companies should specify the implementation status without providing information on compliance or explanations)</b> | V               |    | The Company has been implementing social responsibility concepts and prioritizing environmental and corporate governance issues related to its operations since its inception. In 2023, a Sustainability Task Force was formed to implement corporate governance, foster environmental sustainability, maintain social welfare, enhance disclosure of CSR-related information, formulate sustainable development policies, systems, management approaches, and concrete promotion plans, convene regular meetings, organize discussions on material issues on a non-scheduled basis as required, conduct performance reviews, and plan future work priorities. The Board of Directors urges the management team to make adjustments as required and functional committees reinforce adjustment efforts in line with the opinions of the board. | The Company handles relevant matters in conformity with legal regulations and non-conformities are not present.               |
| II. <u>Does the Company conduct risk assessments for environmental, social, and corporate governance issues associated with the Company's operations based on</u>                                                                                                                                                                                                                                                                                                                      |                 | V  | (I) The President's Office, the Management Department, and plant environmental safety units jointly promote corporate social responsibility in the Company. In view of the principle of operational materiality, the relevant risk management policies or strategies are as follows:<br>1. Environment: We are committed to establishing production processes that                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | The Company handles relevant matters in conformity with legal regulations and non-conformities are                            |

| Promotion item:                                                                                                                                                                                                                         | Status (Note 1) |    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Any non-conformity with Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and reasons thereof: |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                                         | Yes             | No | Summary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                               |
| <u>materiality principles and have risk management policies or strategies been formulated?</u> (Note 2) <b>(Listed companies should specify the implementation status without providing information on compliance or explanations.)</b> |                 |    | <p>comply with regulations and conserve resources. Through the implementation of industrial hygiene management and systematized management cycles, we effectively reduce pollutant emissions to achieve environmental friendliness.</p> <p>2. Society: Improving occupational safety and health management is listed as a key priority. Relevant management policies include continuously improving the work environment. On-site supervisors regularly inspect the behavior and working environment of employees and contractor personnel. Fire safety and occupational safety education and training are conducted annually to enhance employees' safety awareness and emergency response capabilities.</p> <p>3. Corporate governance:</p> <p>(a) Implement internal control to ensure that all the Company's personnel and operations comply with relevant laws and regulations. (b) Arrange continuing education courses for directors and update directors on the latest laws and policies. The directors' liability insurance is purchased annually to protect directors against litigation or claims. (c) Establish various communication channels with investors. A spokesperson is responsible for the unified response and active communication to reduce misunderstandings.</p> | not present.                                                                                                                  |
| III. <u>Environmental</u> issues<br>(I) Does the Company have an appropriate environmental management system in place in                                                                                                                | V               |    | <p>The Company is deeply committed to improvements at the source and enhancement of resource usage efficiency to achieve the goals of raw material and waste reduction. In addition, waste water reclamation and waste gas treatment equipment has been installed to facilitate recycling, reuse, and mitigation of environmental impacts.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | <p>The Company handles relevant matters in conformity with legal regulations and</p>                                          |

| Promotion item:                                                                                                                                                                                                   | Status (Note 1) |    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Any non-conformity with Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and reasons thereof: |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                   | Yes             | No | Summary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                               |
| accordance with its industry characteristics?                                                                                                                                                                     |                 |    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | non-conformities are not present.                                                                                             |
| (II) Is the Company committed to enhancing its resource utilization efficiency and using recycled materials with low environmental impacts?                                                                       | V               |    | <p>In the field of promotion of ESH concepts, the Company abides by national ESH-related laws and standards, acquires and maintains ISO certifications such as ISO-14001 Environmental Management System and ISO-50001 Energy Management System, and duly submits reports as required.</p> <ol style="list-style-type: none"> <li>1. Cooperate with the government's energy-saving policy, replace unsuitable equipment and review the production process, and actively develop low-carbon products to meet future needs.</li> <li>2. Introduce solar energy projects to expand the utilization of renewable energy.</li> </ol> <p>For solar power generation data, please refer to: <u>Solar Energy Monitoring System, Changhua Plant, Toung Loong.</u></p>          | The Company handles relevant matters in conformity with legal regulations and non-conformities are not present.               |
| (III) Does the Company assess current and future potential risks and opportunities for the Company associated with climate change and have contingency measures been adopted to deal with climate-related issues? | V               |    | <p>Dedicated environmental safety units set up in each plant area are responsible for the implementation and execution of ESH-related tasks. They formulate energy conservation and carbon reduction strategies and adopt various energy conservation measures in line with the impact of operating activities. This includes turning off unnecessary lights, AC temperature controls in summer, and effective utilization of energy to minimize the impact of the Company's operations on the natural environment.</p> <p>The Company's Sustainability Report Working Group, based on the TCFD recommended framework, discloses the potential current and future risks and opportunities that climate change poses to the business, along with the corresponding</p> | The Company handles relevant matters in conformity with legal regulations and non-conformities are not present.               |

| Promotion item:                                                                                                                                                                                                                                             | Status (Note 1) |    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Any non-conformity with Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and reasons thereof: |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                                                             | Yes             | No | Summary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                               |
|                                                                                                                                                                                                                                                             |                 |    | <p>response measures:</p> <ol style="list-style-type: none"> <li>Carbon tax/renewable energy regulations/greenhouse gas laws and regulations: The Company may incur penalties and increase costs, and will participate in the government's energy-saving programs and gradually replace high-energy-consuming equipment with low-energy-consuming equipment.</li> <li>Lack of water and power: They will affect production in the long run. We carefully monitor the implementation of various energy-saving measures and establish an emergency response system.</li> </ol>                                                                                                                                                                                                                                                                        |                                                                                                                               |
| (IV) Has the Company recorded total GHG emissions, water consumption, and total waste generated over the past two years and has it adopted energy conservation and carbon reduction, GHG reduction, water conservation, or other waste management policies? | V               |    | <p>The Company, committed to environmentally friendly business practices and protecting the planet, continually monitors and compiles statistics on greenhouse gas emissions, water consumption, and total waste volume for effective environmental management while actively engaging in sustainability initiatives.</p> <p>The Company has passed the certification audits for ISO-14001 Environmental Management System and ISO-50001 Energy Management System in line with government regulations and brand requirements and has taken the initiative in energy and waste reduction and setting of relevant targets. The company annually compiles statistics on greenhouse gas emissions, water consumption, and total waste volume, establishes relevant reduction measures, and discloses this information in its sustainability report.</p> | The implementation of applicable norms and regulations is reinforced in line with the requirements of future system adoption. |

| Promotion item:                                                                                                                                        | Status (Note 1) |             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |             |  | Any non-conformity with Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and reasons thereof: |                                                                                                    |      |  |      |  |          |         |         |         |         |                |        |         |        |         |  |      |  |      |  |          |           |             |           |             |                |        |        |        |        |  |      |  |      |  |          |          |         |          |         |                |     |   |     |   |  |
|--------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|-------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|--|-------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|------|--|------|--|----------|---------|---------|---------|---------|----------------|--------|---------|--------|---------|--|------|--|------|--|----------|-----------|-------------|-----------|-------------|----------------|--------|--------|--------|--------|--|------|--|------|--|----------|----------|---------|----------|---------|----------------|-----|---|-----|---|--|
|                                                                                                                                                        | Yes             | No          | Summary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |             |  |                                                                                                                               |                                                                                                    |      |  |      |  |          |         |         |         |         |                |        |         |        |         |  |      |  |      |  |          |           |             |           |             |                |        |        |        |        |  |      |  |      |  |          |          |         |          |         |                |     |   |     |   |  |
|                                                                                                                                                        |                 |             | <div>(1) Greenhouse gas emissions for the past 2 years: Unit: metric tons CO2/year:<table><tr><td></td><td colspan="2">2023</td><td colspan="2">2024</td></tr><tr><td>Category</td><td>Scope 1</td><td>Scope 2</td><td>Scope 1</td><td>Scope 2</td></tr><tr><td>Parent Company</td><td>5946.8</td><td>30367.6</td><td>6971.7</td><td>46119.9</td></tr></table></div> <div>(2) Water consumption for the past 2 years: Unit: metric tons/year<table><tr><td></td><td colspan="2">2023</td><td colspan="2">2024</td></tr><tr><td>Category</td><td>Tap water</td><td>Groundwater</td><td>Tap water</td><td>Groundwater</td></tr><tr><td>Parent Company</td><td>222541</td><td>374117</td><td>247681</td><td>523138</td></tr></table></div> <div>(3) Total weight of waste for the past 2 years: Unit: metric tons/year<table><tr><td></td><td colspan="2">2023</td><td colspan="2">2024</td></tr><tr><td>Category</td><td>Harmless</td><td>Harmful</td><td>Harmless</td><td>Harmful</td></tr><tr><td>Parent Company</td><td>686</td><td>0</td><td>604</td><td>0</td></tr></table></div> <div>● The 2023 data has been verified by a third party, and the 2024 data is expected to be verified by a third party in June 2025.</div> |             |  |                                                                                                                               |                                                                                                    | 2023 |  | 2024 |  | Category | Scope 1 | Scope 2 | Scope 1 | Scope 2 | Parent Company | 5946.8 | 30367.6 | 6971.7 | 46119.9 |  | 2023 |  | 2024 |  | Category | Tap water | Groundwater | Tap water | Groundwater | Parent Company | 222541 | 374117 | 247681 | 523138 |  | 2023 |  | 2024 |  | Category | Harmless | Harmful | Harmless | Harmful | Parent Company | 686 | 0 | 604 | 0 |  |
|                                                                                                                                                        | 2023            |             | 2024                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |             |  |                                                                                                                               |                                                                                                    |      |  |      |  |          |         |         |         |         |                |        |         |        |         |  |      |  |      |  |          |           |             |           |             |                |        |        |        |        |  |      |  |      |  |          |          |         |          |         |                |     |   |     |   |  |
| Category                                                                                                                                               | Scope 1         | Scope 2     | Scope 1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Scope 2     |  |                                                                                                                               |                                                                                                    |      |  |      |  |          |         |         |         |         |                |        |         |        |         |  |      |  |      |  |          |           |             |           |             |                |        |        |        |        |  |      |  |      |  |          |          |         |          |         |                |     |   |     |   |  |
| Parent Company                                                                                                                                         | 5946.8          | 30367.6     | 6971.7                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 46119.9     |  |                                                                                                                               |                                                                                                    |      |  |      |  |          |         |         |         |         |                |        |         |        |         |  |      |  |      |  |          |           |             |           |             |                |        |        |        |        |  |      |  |      |  |          |          |         |          |         |                |     |   |     |   |  |
|                                                                                                                                                        | 2023            |             | 2024                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |             |  |                                                                                                                               |                                                                                                    |      |  |      |  |          |         |         |         |         |                |        |         |        |         |  |      |  |      |  |          |           |             |           |             |                |        |        |        |        |  |      |  |      |  |          |          |         |          |         |                |     |   |     |   |  |
| Category                                                                                                                                               | Tap water       | Groundwater | Tap water                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Groundwater |  |                                                                                                                               |                                                                                                    |      |  |      |  |          |         |         |         |         |                |        |         |        |         |  |      |  |      |  |          |           |             |           |             |                |        |        |        |        |  |      |  |      |  |          |          |         |          |         |                |     |   |     |   |  |
| Parent Company                                                                                                                                         | 222541          | 374117      | 247681                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 523138      |  |                                                                                                                               |                                                                                                    |      |  |      |  |          |         |         |         |         |                |        |         |        |         |  |      |  |      |  |          |           |             |           |             |                |        |        |        |        |  |      |  |      |  |          |          |         |          |         |                |     |   |     |   |  |
|                                                                                                                                                        | 2023            |             | 2024                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |             |  |                                                                                                                               |                                                                                                    |      |  |      |  |          |         |         |         |         |                |        |         |        |         |  |      |  |      |  |          |           |             |           |             |                |        |        |        |        |  |      |  |      |  |          |          |         |          |         |                |     |   |     |   |  |
| Category                                                                                                                                               | Harmless        | Harmful     | Harmless                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Harmful     |  |                                                                                                                               |                                                                                                    |      |  |      |  |          |         |         |         |         |                |        |         |        |         |  |      |  |      |  |          |           |             |           |             |                |        |        |        |        |  |      |  |      |  |          |          |         |          |         |                |     |   |     |   |  |
| Parent Company                                                                                                                                         | 686             | 0           | 604                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 0           |  |                                                                                                                               |                                                                                                    |      |  |      |  |          |         |         |         |         |                |        |         |        |         |  |      |  |      |  |          |           |             |           |             |                |        |        |        |        |  |      |  |      |  |          |          |         |          |         |                |     |   |     |   |  |
| IV. Social issues<br>(I) Has the Company stipulated relevant management policies and procedures in accordance with applicable laws and regulations and | V               |             | The Company has set up a special section on its website dedicated to human rights policies. It fully complies with local laws and regulations at its operating sites all over the world. Every active employee is treated with utmost respect in accordance with internationally recognized human rights standards set out in the International Bill of Human Rights, ILO Declaration on Fundamental Principles and Rights at Work, social                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |             |  |                                                                                                                               | The Company handles relevant matters in conformity with legal regulations and non-conformities are |      |  |      |  |          |         |         |         |         |                |        |         |        |         |  |      |  |      |  |          |           |             |           |             |                |        |        |        |        |  |      |  |      |  |          |          |         |          |         |                |     |   |     |   |  |

| Promotion item:                                                                                                                                                                                                                | Status (Note 1) |    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Any non-conformity with Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and reasons thereof: |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                                | Yes             | No | Summary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                               |
| international conventions on human rights?                                                                                                                                                                                     |                 |    | responsibility standards and systems, and local laws and regulations. Most importantly, the Company has established a management mechanism in the policy and management dimensions to safeguard the human rights of its employees. Human rights policies applicable to units at all levels of the Company are implemented in accordance with adopted approaches. In addition, management plans and implementation approaches associated with human rights issues are enhanced and implemented on an ongoing basis (see Note 3).                                                       | not present.                                                                                                                  |
| (II) Has the Company adopted and implemented reasonable employee benefit measures (including compensation, leaves, and other benefits) and are business performance or results adequately reflected in employee compensations? | V               |    | The Company has adopted various employee benefit measures (including compensations and leaves) and formed an Employee Welfare Committee pursuant to applicable provisions set forth in the Labor Standards Act. It distributes bonuses and shares profits with its employees as an incentive measure based on business performance on the three major festivals (Chinese New Year, Dragonboat Festival, Moon Festival).                                                                                                                                                               |                                                                                                                               |
| (III) Does the Company provide its employees with a safe and healthy work environment and does it offer safety and health education to its employees on a regular basis?                                                       | V               |    | The Company is committed to providing employees with a safe and healthy work environment. Workplace environmental monitoring is conducted to protect employees from hazards of harmful substances in the workplace and to provide workers with a healthy and comfortable working environment. In accordance with fire safety regulations, a comprehensive fire protection system is installed, including alarm systems, firefighting systems, evacuation systems, and fire extinguishers. Professional fire safety engineers are engaged annually to conduct fire safety inspections. |                                                                                                                               |

| Promotion item:                                                                                                                                                                                                                                                                                                                                       | Status (Note 1) |    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Any non-conformity with Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and reasons thereof: |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                                                                                                                                                       | Yes             | No | Summary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                               |
| (IV) Has the Company established an effective career competency development and training program for its employees?                                                                                                                                                                                                                                   | V               |    | The Company arranges off-the-job training programs organized by various organizations and institutions for its employees in line with their professional expertise on a non-scheduled basis to enhance their career competencies. Orientation training for new hires aims to reinforce hazard awareness and hazard prevention concepts.                                                                                                                                                                                  |                                                                                                                               |
| (V) Does the Company comply with applicable laws and international standards governing customer safety and health concerns associated with products and services and customer privacy, marketing, and labeling <u>issues</u> ? Has it adopted relevant policies and grievance procedures to protect consumer <u>or customer</u> rights and interests? | V               |    | The Company's products do not sell directly to consumers. The main sales targets are brand companies. The products provided must comply with relevant laws and regulations from R&D procurement to production in order to protect consumer rights. In case of customer complaints, the Company asks questions through the brand owners to understand the status of consumer complaints. We maintain good communication with them and provide transparent, effective and comprehensive handling of products and services. | The Company handles relevant matters in conformity with legal regulations and non-conformities are not present.               |
| (VI) Has the Company formulated a supplier management policy, does it require its suppliers to abide by applicable norms and regulations in the fields of environmental safety, occupational health and safety, and labor rights, and is this policy                                                                                                  | V               |    | The Company requires that all products comply to ISO14001, Oeko-Tex, Standard 100, ISO9001, ISO50001, OHSAS18001, CNS15506, GRS, and BLUESIGN certification standards. All raw materials provided by suppliers must be free from hazardous substances. In addition, the Company's inspection personnel implement rigorous controls to ensure product safety. Step-by-step communication with suppliers is combined with stipulation of relevant provisions in contracts. (Note 4)                                        | The Company handles relevant matters in conformity with legal regulations and non-conformities are not present.               |

| Promotion item:                                                                                                                                                                                                                                                                                                                                                                             | Status (Note 1) |    |                                                                                                                                                                                                                                                                                                                                                                                                         | Any non-conformity with Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and reasons thereof: |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                                                                                                                                                                                             | Yes             | No | Summary                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                               |
| properly implemented?                                                                                                                                                                                                                                                                                                                                                                       |                 |    |                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                               |
| V. Does the Company prepare <u>Sustainability Reports</u> and other comparable reports to disclose non-financial information with reference to universal international report preparation principles or guidelines? Have the aforementioned reports been assured or verified by third-party certification bodies?                                                                           |                 | V  | The Company publishes its Sustainability Report annually, prepared in accordance with the GRI Standards 2021 published by the Global Reporting Initiative (GRI). The annual reporting frequency ensures we can continuously track and disclose the Company's progress and challenges in environmental, social, and governance (ESG) aspects. The next report is expected to be released in August 2025. | The Company handles relevant matters in conformity with legal regulations and non-conformities are not present.               |
| VI. If the Company has adopted sustainable development principles in accordance with <u>Sustainable Development</u> Best Practice Principles for TWSE/TPEX Listed Companies, please describe relevant operations and discrepancies: The deliberation and formulation of sustainable development best practice principles and relevant rules and regulations is currently still in progress. |                 |    |                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                               |
| VII. Other important information conducive to a better understanding of the Company's <u>efforts in the promotion of sustainable development</u> : N/A                                                                                                                                                                                                                                      |                 |    |                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                               |

Note 1: If “Yes” is selected in the table above, a concrete description of adopted policies, strategies, and measures as well as their implementation status should be provided; if “No” is selected, please explain discrepancies and reasons in the “Non-conformity with Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons thereof” column and describe planned policies, strategies, and measures. With regard to the implementation of items I and II, TWSE/TPEX Listed Companies should describe the sustainable development-based governance and supervision framework including, but not limited to, management approach, strategy, and goal formulation and review measures. In addition, the Company should describe risk management policies and strategies for environmental, social, and corporate governance issues related to its operations and their assessment status.

Note 2: The term “Materiality Principles” refers to material impacts of environmental, social, and corporate governance issues on the Company’s investors and other stakeholders.

Note 3:

| Implementation approaches                                                                 | Concrete achievements                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|-------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. Provision of a safe and healthy work environment                                       | <ol style="list-style-type: none"> <li>1. Adoption of TLT ESH and Energy Policy and ongoing improvement of work environments in accordance with the occupational health and safety management system</li> <li>2. Adoption of the ISO 45001 Occupational Health and Safety Management System, review of occupational health and safety management, and prevention of work-related injuries and diseases</li> <li>3. Investment in equipment replacement and improvement of work environments</li> <li>4. Ensured maintenance of high-quality, comfortable work environments and regular environmental monitoring</li> <li>5. Construction of a basketball court and fitness center and provision of diversified fitness equipment for employees</li> </ol> |
| 2. Elimination of unlawful discrimination and guarantee of equal employment opportunities | <ol style="list-style-type: none"> <li>1. Education on non-discrimination in employment</li> <li>2. Maintenance of gender equality in employment, formulation of sexual harassment prevention guidelines, and setting up of grievance channels</li> <li>3. Guarantee of employment opportunities for locals prior to hiring of foreign migrant workers</li> <li>4. Strict compliance with non-discrimination principles laid out in the Employment Service Act during the application process</li> <li>5. Implementation of zero placement fee policy for migrant workers</li> </ol>                                                                                                                                                                      |
| 3. Prohibition of child labor                                                             | <ol style="list-style-type: none"> <li>1. Formulation and implementation of relevant internal regulations in line with the minimum work age prescribed in Taiwanese labor laws</li> <li>2. Verification of the actual age of the applicant by checking identification documents issued by government agencies during the hiring process</li> <li>3. In case of doubts during the interview process, age-related questions are asked to confirm conformity to minimum work age requirements</li> </ol>                                                                                                                                                                                                                                                     |
| 4. Legal working hour management                                                          | <ol style="list-style-type: none"> <li>1. Adoption of swipe cards and a facial recognition system to record daily attendance and working hours.</li> <li>2. Bell ringing to remind employees of the end of their workday</li> </ol>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 5. Concern for the mental and physical well-being and work-life balance of employees      | <ol style="list-style-type: none"> <li>1. Hiring of nursing personnel and signing of contracts with physicians of designated hospitals for labor health checks and protection measures as required by law</li> <li>2. Execution of annual health plans, review of employee health check results, and tracking of anomalies</li> <li>3. Organize a variety of health promotion activities and trainings to enrich employees' lives and help employees achieve optimal physical and mental health.</li> </ol>                                                                                                                                                                                                                                               |
| 6. Implementation of employee training and competency development                         | <ol style="list-style-type: none"> <li>1. Organization of various competency-related training programs</li> <li>2. Provision of external training channels and subsidies and encouragement of employee participation</li> </ol>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| 7. Regular inspection and assessment of relevant                                          | <ol style="list-style-type: none"> <li>1. The Company conducts ongoing assessments of the effects of management measures adopted by the Company in response to identified risks associated</li> </ol>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |

| Implementation approaches   | Concrete achievements                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|-----------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| systems and accomplishments | <p>with human rights issues and carries out corresponding adjustment of these measures in line with assessment results to facilitate risk control and mitigation and safeguard human rights in all issue dimensions.</p> <p>2. Human rights policies are implemented in all plant areas in line with the norms, standards, and requirements set out in the Code of Ethical Conduct of the branded manufacturer. Conformity to the human rights policy formulated by the Company is confirmed to safeguard the mental and physical well-being and rights and interests of its employees.</p> |

Note 4: Most recent validity period of acquired certificates

| Certificate | Most recent validity period |
|-------------|-----------------------------|
| ISO-14001   | 2027/01/01                  |
| ISO-27001   | 2027/02/28                  |
| ISO-50001   | 2026/11/14                  |
| ISO-45001   | 2027/01/22                  |
| ISO-9001    | 2026/05/27                  |
| GRS 4.0     | 2025/05/12                  |
| BLUESIGH    | 2027/04/22                  |

## (VI) Company climate-related information

### 1. Implementation of climate-related information

| Item                                                                                                                                                                                                         | Implementation status                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. Description of the Board of Directors' and management's oversight and governance of climate-related risks and opportunities.                                                                              | The Company established a "Sustainability Promotion Team" approved by the Board of Directors on March 13, 2023. This committee consists of department heads who meet regularly each year and convene additional meetings as needed to discuss material issues. Formulating sustainable development policies, systems, relevant management guidelines, and specific implementation plans to respond to climate change and international development trends, as well as to achieve sustainable development. |
| 2. Describe how the identified climate risks and opportunities affect the company's business, strategy, and finances in the short, medium, and long term.                                                    | In the short term, climate risks and opportunities do not have particularly significant impacts on the company, but in the long term, the influence of climate issues will inevitably increase year by year. The medium and long-term goals remain focused on reducing energy consumption and continuing energy conservation, to coexist and prosper with the environment.                                                                                                                                |
| 3. Describe the financial impacts of extreme climate events and transition actions.                                                                                                                          | Extreme climate-induced events may damage company equipment and, in severe cases, could lead to work stoppages; greenhouse gas cap-and-trade systems and carbon fees (taxes) will increase operational costs, thereby affecting company profits.                                                                                                                                                                                                                                                          |
| 4. Describe how the climate risk identification, assessment, and management processes are integrated into the overall risk management system.                                                                | Based on industry requirements and assessment of potential climate risk impacts, the Company formulates and plans executable items, implements these initiatives, and regularly reviews, tracks, and adjusts for improvement. This enables the Company to better respond to various risks, reduce losses, and enhance robustness and sustainability.                                                                                                                                                      |
| 5. If scenario analysis is used to assess resilience to climate change risks, please describe the scenarios, parameters, assumptions, analysis factors, and major financial impacts used.                    | Under evaluation.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 6. If there is a transition plan for managing climate-related risks, please describe the content of the plan and the indicators and targets used to identify and manage physical risks and transition risks. | Under evaluation.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 7. If internal carbon pricing is used as a planning tool, the                                                                                                                                                | The Company does not use internal carbon pricing as a planning tool.                                                                                                                                                                                                                                                                                                                                                                                                                                      |

|                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                            |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| basis of price formulation should be stated.                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                            |
| 8. If climate-related targets have been set, please describe the activities covered, greenhouse gas emission scopes, planning timeline, annual progress toward achievement, and other information. If carbon offsets or Renewable Energy Certificates (RECs) are used to achieve related targets, please describe the source and quantity of the offset carbon reduction credits or the quantity of Renewable Energy Certificates (RECs). | Regarding climate-related targets, these are still under assessment and planning.                                                                                                                                                                                                                                                                                          |
| 9. Greenhouse gas inventory and assurance status                                                                                                                                                                                                                                                                                                                                                                                          | <p>(1) Greenhouse Gas Inventory Information: The Company will disclose greenhouse gas inventory information in 2026.</p> <p>(2) Greenhouse Gas Assurance Information: Complete assurance information will be disclosed in 2028.</p> <p>(3) Greenhouse Gas Reduction Targets, Strategies, and Specific Action Plans: These are currently under assessment and planning.</p> |

**(VII) Status of ethical business management implementation and any non-conformity with Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and reasons thereof:**

1. The Company has established a sound system of rules and regulations based on a business philosophy characterized by righteousness and accountability. It strictly abides by applicable laws and instructions of competent authorities. Law-based administration represents the fundamental spirit of ethical business management as implemented by the Company in all its internal management operations and business activities.
2. The Company has adopted an effective accounting and internal control system which is fully implemented to ensure ethical business management.

| Items under evaluation                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Status <u>(Note)</u> |           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Any nonconformity to the Ethical Business Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof: |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|-----------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <u>Yes</u>           | <u>No</u> | <u>Summary</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                         |
| I. Establish ethical business policies and programs                                                                                                                                                                                                                                                                                                                                                                                                                                            |                      | V         | The Company has formulated work rules which explicitly state that employees shall not utilize their powers of office to seek any illegal gains, accept improper entertainment, gifts, or kickbacks, or embezzle company funds. The goal is to eliminate impacts of unethical behavior on business relations or transactions.                                                                                                                                                                                                                                                                                                                                   | The Company handles relevant matters in conformity with legal regulations and non-conformities are not present.         |
| (I) Has the Company adopted an ethical business management policy which has been ratified by its Board of Directors and are ethical management policies and practices explicitly stated in its Articles of Incorporation or external correspondence? Are the Board of Directors and top management actively committed to fulfilling this commitment?                                                                                                                                           |                      |           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                         |
| (II) Has the Company established an assessment mechanism for unethical conduct risks and does it conduct regular analyses and assessments of operating activities within its business scope that are characterized by high risks of such conduct? Has it formulated prevention programs for such conduct that at least include the seven preventive measures stipulated in Article 7, Paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies? |                      | V         | The Company strictly abides by relevant provisions set forth in the Company Act, the Securities and Exchange Act, the Business Entity Accounting Act, the Political Donations Act, the Anti-Corruption Act, the Government Procurement Act, the Act on Recusal of Public Servants Due to Conflicts of Interest, and other applicable laws. Internal rules and regulations governing audits and internal control clearly stipulate that employees must comply with such provisions. The Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies serve as the main reference for the implementation of ethical business management. |                                                                                                                         |

| Items under evaluation                                                                                                                                                                                                                             | Status <u>(Note)</u> |           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Any nonconformity to the Ethical Business Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof: |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|-----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                                                    | <u>Yes</u>           | <u>No</u> | <u>Summary</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                         |
| (III) Has the Company explicitly stipulated operating procedures, conduct guidelines, disciplinary measures, and a grievance system in such prevention programs and are such programs fully implemented and regularly reviewed and revised?        |                      | V         | The Company has established a sound corporate governance and risk control mechanism paired with a comprehensive set of rules and regulations to prevent the occurrence of unethical conduct and create a sustainable development-oriented business environment.                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                         |
| II. Implementation of ethical business practices<br>(I) Does the Company evaluate the integrity of all counterparties it has business dealings with? Does it stipulate ethical conduct provisions in agreements it signs with such counterparties? | V                    |           | The Company verifies the authenticity of transaction partners through the website of the Ministry of Economic Affairs' Department of Commerce to confirm their business integrity during transactions and procurement processes. Reports on the current status of customers and suppliers are delivered in business and management meetings. If it is detected that transaction counterparties are involved in unethical conduct, rigorous controls of credit transactions are implemented immediately and a clear understanding of current risk exposure is obtained. The necessity of termination of business transactions with such customers is carefully assessed. | The Company handles relevant matters in conformity with legal regulations and non-conformities are not present.         |

| Items under evaluation                                                                                                                                                                                                                                                                                                                   | Status <u>(Note)</u> |           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Any nonconformity to the Ethical Business Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof: |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|-----------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                                                                                                                                          | <u>Yes</u>           | <u>No</u> | <u>Summary</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                         |
| (II) Has the Company formed a dedicated unit subordinate to the Board of Directors in charge of ethical corporate management and does it report its ethical management policies, programs for prevention of unethical conduct, and supervision implementation status to the Board of Directors on a regular basis (at least one a year)? |                      | V         | The Company has not yet set up a dedicated unit to promote corporate integrity management. Preventive measures in the field of ethical business management are effectively implemented. In addition, a designated section for stakeholders has been set up on the website to provide a communication channel on illegal and unethical conduct for employees, investors, and other stakeholders. No ethical management violations were detected, no internal whistleblower reports were received, and no legal proceedings were initiated due to such violations.                                                                                                                                                                         |                                                                                                                         |
| (III) Has the Company adopted policies to prevent conflicts of interest? Does it provide and properly implement adequate channels for communication?                                                                                                                                                                                     |                      | V         | The Company clearly stipulates in its Regulations Governing Procedure for Board of Directors Meetings that where a director or a juristic person that the director represents is an interested party in relation to one of the following agenda items, the director shall state the important aspects of the interested party relationship at the respective meeting. That director shall not participate in discussion or voting on that agenda item and shall recuse himself or herself from the discussion or the voting on the item. Said director may also not exercise voting rights as proxy for another director.<br><br>In addition, the Company provides appropriate channels of communication to prevent unethical behaviors. |                                                                                                                         |

| Items under evaluation                                                                                                                                                                                                                                                                                                                                                                                                                    | Status <u>(Note)</u> |           |                                                                                                                                                                                                                                                                                                  | Any nonconformity to the Ethical Business Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof: |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|-----------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                                                                                                                                                                                                                                           | <u>Yes</u>           | <u>No</u> | <u>Summary</u>                                                                                                                                                                                                                                                                                   |                                                                                                                         |
| (IV) Has the Company adopted an effective accounting and internal control system to facilitate implementation of ethical business practices? Do internal auditing units of the Company formulate audit plans based on the results of unethical conduct risk assessments? Is compliance with the aforementioned programs for prevention of unethical conduct audited based on such plans or has a CPA been engaged to conduct such audits? | V                    |           | The Company has a rigorous accounting system and dedicated, independent auditing unit in place. This unit conducts various internal audits in accordance with annual audit plans. All final account statements are audited by a CPA to ensure their fairness and impartiality.                   |                                                                                                                         |
| (V) Does the Company organize ethical business management-related internal or external training on a regular basis?                                                                                                                                                                                                                                                                                                                       | V                    |           | The Company educates its employees on ethical corporate management concepts in diverse meetings on a non-scheduled basis. In the future, it is planned to organize relevant training programs in accordance with actual needs.                                                                   |                                                                                                                         |
| III. Reporting of misconducts<br>(I) Has the Company established a clearly formulated reporting and incentive system and convenient whistleblowing channels? Has the Company assigned dedicated personnel to investigate the reported misconducts?                                                                                                                                                                                        | V                    |           | The Company has stipulated performance appraisal and reward & penalty rules. Where employees violate ethical management regulations, competent department heads jointly deliberate reward and disciplinary measures. Employees are notified of the content of such measures via personnel order. | The Company handles relevant matters in conformity with legal regulations and non-conformities are not present.         |

| Items under evaluation                                                                                                                                                                                                                                           | Status <u>(Note)</u> |           |                                                                                                                                                                                                                                                                                                                                                                                      | Any nonconformity to the Ethical Business Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof: |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|-----------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                                                                  | <u>Yes</u>           | <u>No</u> | <u>Summary</u>                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                         |
| (II) Has the Company adopted standard operating procedures for the investigation of reported misconduct? Has the Company prescribed follow-up measures and a confidentiality mechanism after completion of investigations?                                       | V                    |           | Where the Company detects that staff members are involved in unethical conduct, perpetrators are immediately ordered to stop such conduct upon verification of violations. Such matters are handled in an adequate manner to protect the right, interests, and reputation of the Company. If deemed necessary, the Company seeks compensation for damages through legal proceedings. |                                                                                                                         |
| (III) Has the Company adequate measures in place to protect whistleblowers against retaliation as a result of whistleblowing?                                                                                                                                    | V                    |           | The Company maintains strict confidentiality of investigation contents and results to safeguard employee rights and interests. Adequate measures are adopted to protect whistleblowers against retaliation.                                                                                                                                                                          |                                                                                                                         |
| IV. Strengthening information disclosure<br>(I) Has the Company disclosed its ethical management principles and implementation results on its website and Market Observation Post System (MOPS)?                                                                 |                      | V         | Implementation of ethical corporate management and measures adopted by the Company are disclosed in the annual report.                                                                                                                                                                                                                                                               | The Company handles relevant matters in conformity with legal regulations and non-conformities are not present.         |
| V. If the Company has adopted ethical corporate management best practice principles in accordance with the “Corporate Social Responsibility Best Practice Principles for TWSE /TPEX Listed Companies, please describe relevant operations and discrepancies: N/A |                      |           |                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                         |

| Items under evaluation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Status <u>(Note)</u> |           |                | Any nonconformity to the Ethical Business Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof: |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|-----------|----------------|-------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | <u>Yes</u>           | <u>No</u> | <u>Summary</u> |                                                                                                                         |
| VI. Other important information that is helpful to understand the Company's ethical corporate management operation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                      |           |                |                                                                                                                         |
| 1. The Company has established "Operating Procedures for Preventing Insider Trading" that clearly stipulate that directors, managers, and employees shall not disclose any material inside information they have knowledge of to others. They shall not inquire about or collect the company's undisclosed material inside information that is unrelated to their duties from those who are aware of such information. They are also prohibited from disclosing to others any material inside information of the Company that they become aware of not due to the execution of their duties. In addition, the Company will provide relevant information to the insiders from time to time. |                      |           |                |                                                                                                                         |
| 2. Integrity and integrity are deeply embedded in the Company's corporate ethics and culture. The Company constantly observes changes in the business environment, and revises the Ethical Corporate Management Best Practice Principles and operating procedures in line with government policy reviews.                                                                                                                                                                                                                                                                                                                                                                                  |                      |           |                |                                                                                                                         |

Note: Descriptions must be provided in the summary column regardless of whether “Yes” or “No” has been selected.

**(VIII) Other important information conducive to a better understanding of the Company’s status of corporate governance: N/A.**

## (IX) Implementation status of the internal control system

### 1. Internal Control Declaration:

Toung Loong Textile MFG. Co., Ltd.

Declaration of International Control System

Date: March 13, 2025

The following declaration is made based on the results of the 2024 self-assessment of the Company's internal control system:

- I. The Company is fully aware that the Board of Directors and the management are responsible for the establishment, implementation, and maintenance of the internal control system and it is established accordingly. The purpose of this system is to provide reasonable assurance in terms of the effectiveness and efficiency of operations (including profitability, performance and asset security etc.), reliable, timely and transparent reporting, and compliance with relevant laws and regulations.
- II. The internal control system is designed with inherent limitations. No matter how perfect the internal control system is, it can only provide a reasonable assurance to the fulfillment of the three objectives referred to above. Moreover, the effectiveness of the internal control system could be affected by the changes of environment and circumstances. The Company's internal control system is designed with a self-monitoring mechanism; therefore, corrective actions will be activated upon identifying any nonconformity.
- III. The Company has assessed the effectiveness of the internal control system design and implementation in accordance with the criteria provided in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as "the Regulations"). The internal control judgment criteria defined in "the Regulations" consist of the following five essential components of internal control depending on the management control process: (1) environment control, (2) risk assessment, (3) control process, (4) information and communication, and (5) supervision. Each element is then divided into a sub-category. Please refer to "the Regulations" for details.
- IV. The Company has implemented the criteria of the internal control system referred to above to facilitate assessment of the effectiveness of internal control system design and implementation.
- V. Based on the results of the assessment, the Company finally confirmed the effectiveness of the design and implementation of our internal control system as of December 31, 2024 (including supervision and management of subsidiaries) in the fields of a clear understanding of the effectiveness and efficiency of operations in terms of goal achievement, reliability, timeliness, and transparency of reports, and compliance with relevant laws, norms, and regulations. This system provides reasonable assurance that the above objectives have been achieved.
- VI. The Declaration of Internal Control System is the main content of the Company's annual report and prospectus published. Any false and concealment of the published contents referred to above involves the liability illustrated in Article 20, Article 32, Article 171, and Article 174 of the Securities and Exchange Act.
- VII. The Declaration of Internal Control System was adopted unanimously at the Board meeting on March 13, 2025 with ten directors in attendance. The contents of the declaration have been accepted without objection.

Toung Loong Textile MFG. Co., Ltd.

Chairman: Chih-Chen Yu

President: Rong-Lih Yu

### 2. The internal control audit report issued by the CPA engaged to conduct an internal control audit, if any: N/A

**(X) Major resolutions from shareholders' meetings or the Board of Directors during the most recent fiscal year or the current fiscal year up to the date of publication of this annual report**

- I. Major resolutions adopted by shareholders attending the shareholders' meeting on June 13, 2024 and their implementation status:
1. Ratification of the 2023 parent company only financial statement, consolidated financial statement, and business report.  
Implementation status: Approved by resolution
  2. Acknowledgment of 2023 surplus distribution.  
Implementation status: Setting of August 10, 2024 as the distribution base date and completion on August 30, 2024. (cash dividend of NT\$0.5 per share)
- II. Major board resolutions in 2024 up to the date of publication of this annual report
- (1) Board of Directors Meeting on March 13, 2024
1. Approval of the report on the remuneration distributed to employees and directors/supervisors in 2023
  2. Ratification of the 2023 business report and financial statements.
  3. Approval of the 2023 Earnings Distribution Proposal.
  4. The Company has completed the evaluation of the effectiveness of the design and implementation of the 2023 Internal Control System and has issued an "Effective Declaration".
  5. Approved the 2024 business plan summary.
  6. Approved the amendments to the "Rules of Procedure for Board of Directors Meetings" and "Audit Committee Charter".
  7. Approval of matters pertaining to the convening of the 2024 Shareholders' Meeting
  8. Approved the independence and suitability of the Company's CPAs, and recommended the appointment.
- Implementation status: Handled in accordance with board resolutions and reported to the 2024 Shareholders' Meeting for ratification and resolution
- (2) Board of Directors Meeting on May 7, 2024
1. Approved the financial statements for the first quarter of 2024.
  2. Approval of amendment to the "International Control System".
  3. Approval of director compensation for performance of duties.
  4. Approval of 2024 Dragonboat Festival bonus distribution proposal for managers.
- Implementation status: Carried out in accordance with board resolution
- (3) Board of Directors Meeting on August 13, 2024
1. Approval of the financial statements for the second quarter of 2024.
  2. Approval of 2024 Moon Festival Bonus Distribution Proposal for Managerial Officers.
  3. Approval of the amendment to "Endorsement and Guarantee Procedures", "Procedures for Lending Funds to Others", "Procedures for Acquisition or Disposal of Assets".
  4. Approval of the amendment to "Sustainable Development Best Practice Principles" and "Corporate Governance Best Practice Principles".
  5. Approval of the amendment to "Internal Control System for Management of Sustainability Information".
- Implementation status: the 3rd proposal is waiting for board resolution.
- (4) Board of Directors Meeting on November 12, 2024
1. Approved the financial statements for the third quarter of 2024.
  2. Approval of 2025 Audit Plan.
  3. Approval of amendment to "Declaration of International Control System".
  4. Approval of the 2024 Year-end Bonus Distribution Proposal for Managerial Officers and 2025 Director, Supervisor, and Employee Remuneration Appropriation Proposal
- Implementation status: Carried out in accordance with board resolution
- (5) Board of Directors Meeting on March 13, 2025
1. Approval of the report on the remuneration distributed to employees and directors/supervisors in

2024

2. Ratification of the 2024 business report and financial statements.
3. Approval of the 2024 Earnings Distribution Proposal.
4. The Company has completed the evaluation of the effectiveness of the design and implementation of the 2024 Internal Control System and has issued an "Effective Declaration".
5. Approval of the amendment to the Articles of Incorporation
6. Approval of the Director (incl. independent directors) Election Proposal
7. Approval of the proposal for processing of shareholder motions by shareholders' meetings and the processing of the list of director and independent director candidates nominated by shareholders in 2025.
8. Approval of the list of director and independent director candidates nominated by the shareholders' meeting
9. Approval of revocation of the Non-Competition Clause for newly elected directors
10. Approval of matters pertaining to the convening of the 2025 Shareholders' Meeting
11. Approved the independence and suitability of the Company's CPAs, and recommended the appointment.
12. Approved the 2025 business plan summary.

Implementation status: Proposals 1–10 are yet to be acknowledged, resolved or reported by the shareholders' meeting of 2025. The rest of the proposals have been handled in accordance with the resolutions of the board of directors.

**(XI) Recorded or written statements made by any director or supervisor expressing dissent to major resolutions adopted by the Board of Directors during the most recent year and during the current fiscal year up to the date of publication of this annual report: N/A.**

#### **IV. Information on professional fees of attesting CPAs**

Unit: Amounts expressed in thousands of New Taiwan Dollars

| Firm Name          | CPA Name                            | Duration of Audit | Audit Fee | Non-Audit Fee | Total   |
|--------------------|-------------------------------------|-------------------|-----------|---------------|---------|
| TOPPEST CPAS & CO. | Hsieh Wan-Li,<br>Chang<br>Wei-Cheng | 20240101~20241231 | 2,900     | 70.8          | 2,970.8 |

Note: Non-audit services: non-managerial full-time employee salary information, business tax certification, etc.

- (I) If the non-audit fees paid to the CPA, accounting firm of the CPA, and their affiliates accounts for twenty-five percent or more of the audit fees, the company shall disclose the audit and non-audit fees as well as the contents of the non-audit services: N/A.
- (II) Where audit fees decrease in the year of replacement of accounting firm compared to the year prior to replacement, total audit fees before and after replacement, and reasons of replacement shall be specified: N/A.
- (III) Where audit fees decrease by 10% or more compared to the previous year, the actual difference, percentage, and reasons thereof shall be specified: N/A.

#### **V. Information on replacement of CPA(s):**

- (I) Former CPA: N/A
- (II) Succeeding CPA: N/A
- (III) The former CPA's written response to the provisions set forth in Article 10, Subparagraph 6, Items 1 & 2-3 herein: N/A

**VI. Names, titles, and position(s) held by the Company's Chairperson, President, or any managerial officer in charge of financial or accounting matters at the accounting firm of its CPA or at an affiliated enterprise of such accounting firm in the most recent fiscal year shall be disclosed. The term "Affiliates of the Accounting Firm of the CPA" shall refer to companies/ organizations in which**

**CPAs of the accounting firm hold a majority stake or a majority of the director positions or companies/organizations listed as affiliates in publicly disclosed or released information: N/A**

**VII. Directors, supervisors, managerial officers, or shareholders with a stake of more than 10 percent have not transferred equity interests or changed their equity pledges in the most recent year and the current fiscal year up to the date of publication of the annual report:**

| Position               | Name                                                            | 2024                             |                                       | As of April 13 of the current year |                                       |
|------------------------|-----------------------------------------------------------------|----------------------------------|---------------------------------------|------------------------------------|---------------------------------------|
|                        |                                                                 | Shareholding increase (decrease) | Increase (decrease) in shares pledged | Shareholding increase (decrease)   | Increase (decrease) in shares pledged |
| Chairman               | Chih-Chen Yu                                                    | 0                                | 0                                     | 0                                  | 0                                     |
| Director               | Ching-Chung Yu                                                  | 0                                | 0                                     | 0                                  | 0                                     |
| Director               | Representative of Sara Rose International Inc.: Jing-Woei Jou   | 74,000                           | 0                                     | 0                                  | 0                                     |
| Director               | Representative of Ju Cun Hong Co., Ltd.: Po-Yang Chen           | 0                                | 0                                     | 0                                  | 0                                     |
| Director               | Jung-Chieh Yu                                                   | -142,000                         | 0                                     | 0                                  | 0                                     |
| Director and President | Rong-Lih Yu                                                     | 0                                | 0                                     | 0                                  | 0                                     |
| Director               | Representative of MAO JIA INVESTMENT LTD.: Chiu-Yueh Chen       | 0                                | 0                                     | 0                                  | 0                                     |
| Director               | Representative of Siang Hao Investment Co.,LTD.: Kai-Ping Chang | 0                                | 0                                     | 0                                  | 0                                     |
| Independent director   | Hsueh-Tao Wu                                                    | 0                                | 0                                     | 5,000                              | 0                                     |
| Independent director   | Yu-Te Ma                                                        | 0                                | 0                                     | 0                                  | 0                                     |
| Independent director   | Tai-Feng Huang                                                  | 0                                | 0                                     | 0                                  | 0                                     |
| Vice President         | Tai-Chen Chen                                                   | 0                                | 0                                     | 0                                  | 0                                     |
| Vice President         | Kai-Ping Chang                                                  | 0                                | 0                                     | 0                                  | 0                                     |
| AVP, Auditing Office   | Wu-Yu Peng                                                      | 0                                | 0                                     | 0                                  | 0                                     |

Note 1: Shareholders holding more than 10% of the total shares of the Company shall be identified as major shareholders and listed separately.

Note 2: If the counterparty of the equity transfer or equity pledge is a related party, the following table shall be filled out.

● Information on equity transfer where the counterparty is a related party:

| Name<br>(Note 1) | Reason<br>for share<br>transfer<br>(Note 2) | Transaction<br>date | Counterparty<br>of transaction | The relationship<br>between the<br>counterparty and the<br>Company, its<br>directors, supervisors,<br>managers and<br>shareholders holding<br>more than 10% of the<br>shares | Number of<br>shares | Transaction<br>price |
|------------------|---------------------------------------------|---------------------|--------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|----------------------|
| Jung-Chieh<br>Yu | As a gift                                   | 2024/04/01          | Hui-Wen<br>Yang                | spouse                                                                                                                                                                       | 38,600              | 23.20                |
| Jung-Chieh<br>Yu | As a gift                                   | 2024/04/01          | Ching-Cheng<br>Yu              | child                                                                                                                                                                        | 103,400             | 23.20                |

Note 1: List the names of directors, supervisors, managers, and shareholders holding more than 10% of the shares.

Note 2: Fill in whether it is acquisition or disposal

● Information on equity pledge where the counterparty is a related party:

| Name<br>(Note 1) | Reasons<br>for the<br>change<br>in<br>pledged<br>shares<br>(Note 2) | Date<br>of<br>change | Counterparty<br>of<br>transaction | The<br>relationship<br>between the<br>counterparty<br>and the<br>Company, its<br>directors,<br>supervisors,<br>managers and<br>shareholders<br>holding more<br>than 10% of<br>the shares | Percentage<br>of<br>Ownership | Collateralization<br>ratio | Amount of<br>pledge<br>(redemption) |
|------------------|---------------------------------------------------------------------|----------------------|-----------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|----------------------------|-------------------------------------|
| None             |                                                                     |                      |                                   |                                                                                                                                                                                          |                               |                            |                                     |

Note 1: List the names of directors, supervisors, managers, and shareholders holding more than 10% of the shares.

Note 2: List pledge or redemption.

**VIII. Information about the relationship among the Company's 10 largest shareholders:**

| Name (Note 1)                                             | Own shareholding |                | Current Shares Held by Spouse and Children of Minor Age |                | Total shareholding Under the Name of A Third Party |                | TITLES/NAMES AND NATURE OF RELATIONSHIP OF TOP 10 SHAREHOLDERS WHO ARE RELATED PARTIES, SPOUSES, OR RELATIVES WITHIN THE SECOND DEGREE OF KINSHIP (NOTE 3) |                                               | Remarks |
|-----------------------------------------------------------|------------------|----------------|---------------------------------------------------------|----------------|----------------------------------------------------|----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|---------|
|                                                           | Shares           | Shareholding % | Number of shares                                        | Shareholding % | Number of shares                                   | Shareholding % | Name                                                                                                                                                       | Relationship                                  | None    |
| Jung-Chieh Yu                                             | 6,405,719        | 5.22%          | 124,357                                                 | 0.10%          | 0                                                  | 0.00%          | Rong-Lih Yu, Shu-Hui Yu, Shu-Hua Yu                                                                                                                        | Relatives within the second degree of kinship |         |
| Rong-Lih Yu                                               | 6,368,094        | 5.19%          | 271,361                                                 | 0.22%          | 0                                                  | 0.00%          | Jung-Chieh Yu, Shu-Hui Yu, Shu-Hua Yu                                                                                                                      | Relatives within the second degree of kinship |         |
| MAO JIA INVESTMENT LTD.                                   | 5,043,028        | 4.11%          | 0                                                       | 0.00%          | 0                                                  | 0.00%          | None                                                                                                                                                       | None                                          |         |
| Representative of MAO JIA INVESTMENT LTD.: Chiu-Yueh Chen | 2,602            | 0.00%          | 59,830                                                  | 0.05%          | 0                                                  | 0.00%          | None                                                                                                                                                       | None                                          |         |
| Sara Rose International Inc.                              | 4,970,567        | 4.05%          | 0                                                       | 0.00%          | 0                                                  | 0.00%          | None                                                                                                                                                       | None                                          |         |

| Name (Note 1)                                                                      | Own shareholding |                | Current Shares Held by Spouse and Children of Minor Age |                | Total shareholding Under the Name of A Third Party |                | TITLES/NAMES AND NATURE OF RELATIONSHIP OF TOP 10 SHAREHOLDERS WHO ARE RELATED PARTIES, SPOUSES, OR RELATIVES WITHIN THE SECOND DEGREE OF KINSHIP (NOTE 3) |                                               | Remarks |
|------------------------------------------------------------------------------------|------------------|----------------|---------------------------------------------------------|----------------|----------------------------------------------------|----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|---------|
|                                                                                    | Shares           | Shareholding % | Number of shares                                        | Shareholding % | Number of shares                                   | Shareholding % | Name                                                                                                                                                       | Relationship                                  | None    |
| Representative of Sara Rose International Inc. - Jing-Woei Jou                     | 102,524          | 0.08%          | 0                                                       | 0.00%          | 0                                                  | 0.00%          | None                                                                                                                                                       | None                                          |         |
| Trust account for employee shareholdings of Toung Loong Textile MFG at China Trust | 4,357,405        | 3.55%          | 0                                                       | 0.00%          | 0                                                  | 0.00%          | None                                                                                                                                                       | None                                          |         |
| Han-huai Cheng                                                                     | 3,395,468        | 2.77%          | 0                                                       | 0.00%          | 0                                                  | 0.00%          | None                                                                                                                                                       | None                                          |         |
| Chih-Chen Yu                                                                       | 2,938,003        | 2.39%          | 1,271,254                                               | 1.04%          | 0                                                  | 0.00%          | None                                                                                                                                                       | None                                          |         |
| GTO CNC Solutions Corp.                                                            | 2,820,100        | 2.30%          | 0                                                       | 0.00%          | 0                                                  | 0.00%          | None                                                                                                                                                       | None                                          |         |
| Representative of GTO CNC Solutions Corp. - Hsu-Ju Wen                             | 7,000            | 0.00%          | 0                                                       | 0.00%          | 0                                                  | 0.00%          | None                                                                                                                                                       | None                                          |         |
| Shu-Hua Yu                                                                         | 2,168,283        | 1.77%          | 0                                                       | 0.00%          | 0                                                  | 0.00%          | Jung-Chieh Yu, Rong-Lih Yu, Shu-Hua Yu                                                                                                                     | Relatives within the second degree of kinship |         |

| Name (Note 1) | Own shareholding |                | Current Shares Held by Spouse and Children of Minor Age |                | Total shareholding Under the Name of A Third Party |                | TITLES/NAMES AND NATURE OF RELATIONSHIP OF TOP 10 SHAREHOLDERS WHO ARE RELATED PARTIES, SPOUSES, OR RELATIVES WITHIN THE SECOND DEGREE OF KINSHIP (NOTE 3) |                                               | Remarks |
|---------------|------------------|----------------|---------------------------------------------------------|----------------|----------------------------------------------------|----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|---------|
|               | Shares           | Shareholding % | Number of shares                                        | Shareholding % | Number of shares                                   | Shareholding % | Name                                                                                                                                                       | Relationship                                  | None    |
| Shu-Hua Yu    | 2,057,361        | 1.68%          | 0                                                       | 0.00%          | 0                                                  | 0.00%          | Jung-Chieh Yu,<br>Rong-Lih Yu,<br>Shu-Hui Yu                                                                                                               | Relatives within the second degree of kinship |         |

Note 1: The top 10 shareholders should all be listed (for corporate shareholders, the name of the shareholder and its representative should be listed).

Note 2: Equity stakes are calculated based on shareholdings of the executive himself/herself, his/her spouse, his/her minor children, or under the name of a third party.

Note 3: Relationships between shareholders listed above (including juridical persons and natural persons) must be disclosed pursuant to the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

**IX. The number of shares and total equity stake held by the Company, the Company's directors, supervisors and managerial officers, and any companies controlled either directly or indirectly by the Company, in a single enterprise**

Units: Shares; %

| Reinvested businesses                      | Invested by the Company |                | Invested by directors, supervisors, managers, and entities controlled by the Company directly or indirectly |                | Combined investment |                |
|--------------------------------------------|-------------------------|----------------|-------------------------------------------------------------------------------------------------------------|----------------|---------------------|----------------|
|                                            | Number of shares        | Shareholding % | Number of shares                                                                                            | Shareholding % | Number of shares    | Shareholding % |
| Sarah Global Co., Ltd.                     | 2,000,000               | 100%           | 0                                                                                                           | 0%             | 2,000,000           | 100%           |
| Lung Hsiang Hsing INT'L Co.                | 1,600,000               | 66.67%         | 0                                                                                                           | 0%             | 1,600,000           | 66.67%         |
| Toung Loong Textile MFG (Vietnam) Co. Ltd. | Not applicable.         | 66.67%         | 0                                                                                                           | 0%             | 0                   | 66.67%         |
| SUN BEAM GLOBAL ENTERPRISE CO., LTD.       | 5,000                   | 100%           | 0                                                                                                           | 0%             | 5,000               | 100%           |
| Sarah International Co., Ltd.              | Not applicable.         | 100%           | 0                                                                                                           | 0%             | 0                   | 100%           |

Note: Investments are accounted for using the equity method

## Chapter 3 Fundraising Status

### I. Capital and issued shares

#### (I) Source of Capital

| Year/Month | Issue price | Authorized capital stock |               | Paid-in capital  |               | Remarks                                                     |             |                                                                   |                                                            |
|------------|-------------|--------------------------|---------------|------------------|---------------|-------------------------------------------------------------|-------------|-------------------------------------------------------------------|------------------------------------------------------------|
|            |             | Number of Shares         | Amount        | Number of Shares | Amount        | Source of Capital Stock                                     |             | Offsetting of share payments through any property other than cash | Others                                                     |
| 1993.03    | 10          | 30,000,000               | 300,000,000   | 30,000,000       | 300,000,000   | Cash capital increase                                       | 46,500,000  | 0                                                                 | December 28, 1992<br>As per Jing (81)-Shang No. 126949     |
|            |             |                          |               |                  |               | Capital increase through capitalization of earnings         | 55,575,000  |                                                                   |                                                            |
|            |             |                          |               |                  |               | Capital increase through capitalization of capital reserves | 2,925,000   |                                                                   |                                                            |
|            |             |                          |               |                  |               |                                                             |             |                                                                   |                                                            |
| 1994.06    | 10          | 36,000,000               | 360,000,000   | 36,000,000       | 360,000,000   | Cash capital increase                                       | 30,000,000  | 0                                                                 | December 14, 1993<br>As per Jing (82)-Shang No. 124382     |
|            |             |                          |               |                  |               | Capital increase through capitalization of earnings         | 27,000,000  |                                                                   |                                                            |
|            |             |                          |               |                  |               | Capital increase through capitalization of capital reserves | 3,000,000   |                                                                   |                                                            |
|            |             |                          |               |                  |               |                                                             |             |                                                                   |                                                            |
| 1994.09    | 10          | 41,760,000               | 417,600,000   | 41,760,000       | 417,600,000   | Capital increase through capitalization of earnings         | 21,600,000  | 0                                                                 | September 22, 1994<br>As per Jing (83)-Shang No. 113590    |
|            |             |                          |               |                  |               | Capital increase through capitalization of capital reserves | 36,000,000  |                                                                   |                                                            |
| 1995.01    | 10          | 43,760,000               | 437,600,000   | 43,760,000       | 437,600,000   | Cash capital increase                                       | 20,000,000  | 0                                                                 | January 16, 1995<br>As per Jing (84)-Shang No. 118641      |
| 1996.01    | 10          | 44,854,000               | 448,540,000   | 44,854,000       | 448,540,000   | Capital increase through capitalization of capital reserves | 10,940,000  | 0                                                                 | January 9, 1996<br>As per Jing (85)-Shang No. 120136       |
| 1997.01    | 10          | 69,339,400               | 693,394,000   | 69,339,400       | 693,394,000   | Cash capital increase                                       | 200,000,000 | 0                                                                 | January 25, 1997<br>As per Jing (86)-Shang No. 101246      |
|            |             |                          |               |                  |               | Capital increase through capitalization of capital reserves | 44,854,000  |                                                                   |                                                            |
| 1997.01    | 10          | 120,000,000              | 1,200,000,000 | 113,207,280      | 1,132,072,800 | Cash capital increase                                       | 300,000,000 | 0                                                                 | October 18, 1997<br>As per Jing (86)-Shang No. 120478      |
|            |             |                          |               |                  |               | Capital increase through capitalization of earnings         | 69,339,400  |                                                                   |                                                            |
|            |             |                          |               |                  |               | Capital increase through capitalization of capital reserves | 69,339,400  |                                                                   |                                                            |
| 1998.08    | 10          | 172,000,000              | 1,720,000,000 | 133,584,590      | 1,335,845,900 | Capital increase through capitalization of earnings         | 74,716,800  | 0                                                                 | August 20, 1998<br>As per Jing (087)-Shang No. 087122631   |
|            |             |                          |               |                  |               | Capital increase through capitalization of capital reserves | 129,056,300 |                                                                   |                                                            |
| 1999.11    | 10          | 172,000,000              | 1,720,000,000 | 140,263,820      | 1,402,638,200 | Capital increase through capitalization of capital reserves | 66,792,300  | 0                                                                 | November 25, 1999<br>As per Jing (088)-Shang No. 088142535 |
| 2000.12    | 10          | 172,000,000              | 1,720,000,000 | 145,173,060      | 1,451,730,600 | Capital increase through capitalization of capital reserves | 49,092,400  | 0                                                                 | December 21, 2000<br>As per Jing (089)-Shang No. 089147462 |

| Year/Month | Issue price | Authorized capital stock |               | Paid-in capital  |               | Remarks                                                         |                                                                   |                                                                                                          |
|------------|-------------|--------------------------|---------------|------------------|---------------|-----------------------------------------------------------------|-------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|
|            |             | Number of Shares         | Amount        | Number of Shares | Amount        | Source of Capital Stock                                         | Offsetting of share payments through any property other than cash | Others                                                                                                   |
| 2006.06    | 10          | 172,000,000              | 1,720,000,000 | 120,286,286      | 1,202,862,860 | Concise, consolidated elimination of treasury stock 248,867,740 | 0                                                                 | July 25, 2006<br>As per Jing-Shou-Shang-Zi No. 09501160450 issued by the Ministry of Economic Affairs    |
| 2022.07    | 10          | 172,000,000              | 1,720,000,000 | 122,692,012      | 1,226,920,120 | Capital increase through capitalization of earnings 240,572,260 | 0                                                                 | October 17, 2022<br>As per Jing-Shou-Shang-Zi No. 11101183290 issued by the Ministry of Economic Affairs |

| Type of share | Authorized capital stock  |                 |             | Remarks |
|---------------|---------------------------|-----------------|-------------|---------|
|               | Outstanding shares (Note) | Unissued shares | Total       |         |
| Common shares | 122,692,012               | 49,307,988      | 172,000,000 |         |

Note: Please specify whether such shares belong to TWSE- or TPEx-listed companies (restricted trading on the stock or OTC market should be indicated).

**Information on summary reporting system: N/A**

**(II) List of Major Shareholders April 13, 2025**

| Shares<br>Name of major shareholder                                                | Shares held | Shareholding ratios |
|------------------------------------------------------------------------------------|-------------|---------------------|
| Jung-Chieh Yu                                                                      | 6,405,719   | 5.22%               |
| Rong-Lih Yu                                                                        | 6,368,094   | 5.19%               |
| MAO JIA INVESTMENT LTD.                                                            | 5,043,028   | 4.11%               |
| Sara Rose International Inc.                                                       | 4,896,567   | 3.99%               |
| Trust account for employee shareholdings of Toung Loong Textile MFG at China Trust | 4,003,276   | 3.26%               |
| GTO CNC Solutions Corp.                                                            | 3,830,100   | 3.12%               |
| Han-huai Cheng                                                                     | 3,385,468   | 2.76%               |
| Chih-Chen Yu                                                                       | 2,938,003   | 2.39%               |
| Shu-Hua Yu                                                                         | 2,178,283   | 1.78%               |
| Shu-Hua Yu                                                                         | 2,143,361   | 1.75%               |

**(III) Dividend Policy and the Status of Implementation**

1. Dividend policy as stipulated in the Articles of Incorporation: The dividend policy shall be duly formulated by the Board of Directors and submitted to a shareholders' meeting for resolution on an annual basis in accordance with cumulative earnings, the current and future investment environment, capital needs, domestic and international competition, and capital budgeting with equal emphasis on shareholders' interest, equalization of dividends, and long-term financial planning of the Company. 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 form of cash or stock dividends. The amount of distributed cash dividends shall be at least equivalent to 30% of the total dividends distributed in the respective year.
2. Dividend distribution as proposed by the Shareholders' Meeting: It is planned to distribute cash dividends of NT\$0.7 per share subject to a resolution adopted by the Shareholders' Meeting on June 11, 2025. After approval by resolution of the Shareholders' Meeting, the Board of Directors will be authorized to set an ex-dividend base date.

**(IV) Effect on the Company's operating performance and earnings per share of the proposed issuance of bonus shares at the current shareholders' meeting: Circumstances of the issuance of bonus shares.****(V) Remuneration to employees and directors:**

1. The percentages or ranges with respect to employee and director profit-sharing compensation, as set forth in the company's Articles of Incorporation: Compensations payable to employees and directors shall equal or exceed 1% and 5%, respectively, of the profits in the respective year.
2. The basis for estimating the amount of employee and director profit-sharing compensation, for calculating the number of shares to be distributed as employee

profit-sharing compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period: Listed as gains/losses subject to shareholders' meeting resolution.

3. Distribution of profit-sharing compensation approved by the board of directors:

- (1) Amount of employee remuneration and directors' remuneration to be distributed in cash or stock: Employee remuneration: NT\$5,200 thousand; Directors' remuneration: NT\$5,133 thousand.
- (2) The amount of any employee profit-sharing compensation distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total employee profit-sharing compensation: N/A.

1. The actual distribution of employee, director, and supervisor profit-sharing compensation for the previous fiscal year (indicating the number of shares, monetary amount, and stock price), and, any discrepancy between the actual distribution and the estimated distribution, the reason for such discrepancy, and accounting treatment: No distributions of remuneration to employees and directors were made in the previous year.

**(VI) Status of the Company repurchasing its own shares:** N/A.

**II. Handling of corporate bonds:** N/A.

**III. Handling of preferred shares:** N/A.

**IV. Handling of global depository receipts:** N/A.

**V. Handling of employee stock warrants and restricted stock awards:** N/A.

**VI. Handling of mergers and acquisitions or issuance of new shares due to acquisition of shares of another company:** N/A.

**VII. Capital utilization plan implementation status:**

1. As of the quarter preceding the annual report publication date, there were no incomplete securities issuances or private placements, nor any completed within the last three years whose planned benefits have not yet materialized.
2. Implementation status: N/A

## Chapter 4 Operational Overview

### I. Business

#### (I) Business Scope:

##### 1. Main Business Scope

1. Spinning of Yarn 2. Weaving of Textiles 3. Manufacture of Non-woven Fabrics 4. Printing, Dyeing, and Finishing 5. Wearing Apparel 6. Clothing Accessories 7. Other Textile and Products Manufacturing 8. Manufacture of Man-made Fibers 9. Wholesale of Cloths, Garments, Shoes, Hats, Umbrellas and Clothing Accessories 10. Retail Sale of Cloths, Garments, Shoes, Hats, Umbrellas and Clothing Accessories 11. International Trade

##### 2. Proportion of Business (percentage of sales volume)

(1) Fabric yarn: 88.69%

(2) Others: 11.31%

##### 3. Current Products (Services) of the Company

(1) Sewing thread

① Zipper thread, ② SP thread, ③ polyester thread, ④ nylon thread, and ⑤ bonded thread

(2) Fabric yarn

① Velcro yarn ② ATY (air-textured yarn) ③ Textured yarn ④ Yarn for weaving

##### 4. New Products (Services) To Be Developed

(1) Nylon 66 super fine pre-dyed textured yarn for women's apparel, fashion and casual wear.

(2) Two different or homogeneous fibers are hybridized by air-jet texturing processes and interwoven with downstream interwoven elastic fiber to make wrinkle-proof, light and shiny stretch fabric for sports and leisure fabrics.

(3) Polyester superfine dyed yarn with moisture wicking and quick drying function, used in sports and sleep underwear fabrics, currently promoted in brand name leisure series.

(4) DTY is used with Lycra® cover to make air covered yarn (ACY) with elastic properties, which can be used in lingerie and sports and leisure products.

(5) Use of recycled PET bottles as raw material to reduce the use of petroleum and CO<sub>2</sub> emissions, and produce an environmentally friendly series of pre-dyed yarn products, which are used in famous sports brands and contribute to global environmental protection.

#### (II) Industry Overview:

##### 1. Overview and development of industry

Taiwan's textile industry is facing a fully liberalized global market with the elimination of import quotas. In addition to fierce competition from general products, the huge expansion of production capacity in Mainland China has exerted a formidable pressure on the supply side of the industry. In addition to strengthening the R&D and upgrading of differentiated products, it is more important for Taiwan's textile industry to explore new competitive markets to increase market opportunities.

Although Taiwan's chemical fiber industry still plays a pivotal role in the globalization of the

fiber industry, due to the rapid expansion of chemical fiber production capacity in Mainland China, India, etc., Taiwan's chemical fiber industry has been actively developing functional and differentiated products in recent years, and has significantly improved the quality of chemical fiber products, which allows Taiwan's chemical fiber products to still enjoy a good reputation in the Chinese market. In the face of global competition, Taiwan's chemical fiber industry needs to actively integrate the upstream, midstream and downstream supply chains to jointly develop new markets so as to make its products more competitive in the global textile market.

## 2. **Correlation between up-stream, mid-stream and down-stream of the industry**

With the rising price of oil, the chemical fiber industry in Taiwan is facing a gradual increase in production costs, but the downstream manufacturers are unable to fully respond to the increase in cost, which indirectly affects the profitability of the industry. This has compelled the Company focus more on the development of pre-dyed yarn and other products that offer added value to the fiber. The Company is also working with its downstream partners in strategic alliances to face the global competition in the industry. Taiwan's chemical fiber textiles are still the most important part of the garment fiber market, and are the world's major suppliers of polyester and nylon fibers. Although the Company is in the secondary processing part of the industry chain, we are constantly developing into niche markets, adopting special processing technologies and cooperating with our downstream partners in design and weaving development, so that we can still achieve steady growth in the raw material market amidst competition.

## 3. **Various Development Trends and Competitive Landscape of Products**

Currently, the development trend of chemical fiber products is mostly towards the development of functional fiber, lightweight and special textured composite fiber products. Most of the functional textile products in the market are still developed by the upstream changes of the raw fibers, and the competition is increasing, but the trend is moving towards the secondary processing to effect more variations, which can ensure higher added value for chemical fiber products.

### (III) **Technology and R&D Overview:**

#### 1. **Research and Development Expenses and Successfully Developed Technologies or Products as of the Latest Fiscal Year and Printing Date of This Annual Report**

Currency unit: in NT\$ thousand

| Year                 | R&D expenses |
|----------------------|--------------|
| 2024                 | 15,650       |
| As of March 31, 2025 | 3,432        |

#### 2. **R&D results**

The Company operates a research and development organization and various executives oversee R&D work by a few dedicated staff. The organization was formally established in 1993, but we have been conducting various research and development work before that.

(1) Products:

Air textured yarn (ATY): for casual wear and development of functional leisure wear.

② 6KG Zipper sewing thread:

The production of zippers is developing towards high speed and automation, and the quality required of the sewing thread required is very high. From the past 1KG/cone→3KG/cone→6KG/cone are all introduced by the Company to improve the equipment and production process. We now supply to Y.K.K. factories all over the world.

③ 150D／288F Microfiber:

After special treatment, Lycra<sup>®</sup> is woven into a stretch fabric with breathable, soft feel, sweat absorption and quick drying functions, suitable for high-value sports and leisure apparel.

④ Nylon 66:

Pre-dyed ATY was hybridized with Lycra<sup>®</sup> to weave into leotards and vivid ladies' apparel fabrics. In the past, the main material used for these products in Taiwan was CVC fiber pre-dyed yarn, but due to the change of consumer patterns in recent years, we started to look for new materials. Nylon 66 ATY offers abrasion resistance, bright color and soft hand, and will be the mainstream fabric in the future.

⑤ Nylon Woolly:

Pre-dyed nylon textured yarn and Lycra<sup>®</sup> are hybridized to create a soft touch fabric that can be used in lingerie, pajamas and casual wear, which is very popular among consumers and will be a trend in the future.

⑥ DTY with Lycra<sup>®</sup> cover is used to make air covered yarn (ACY) with elastic properties, which can be widely used in woven warp yarn, lingerie, sports and leisure products.

⑦ With our yarn dye equipment, we can produce two-colored yarn with tie dye effect by integrating the changes in the production process.

⑧ We can produce melange effect yarn with different styles by adopting new technology and equipment improvement, which is widely used in elastic knitted yoga apparel.

(2) Manufacturing Process:

① Shortening the manufacturing process of 2-ply yarn:

Original: Original yarn→Twisting (front)→Plying→Twisting→Setting→Cone oiling →Packing

At present: Original yarn→Twisting (front)→Plying+Twisting+Oiling→Setting→Packing

└─→ With this new process, the labor cost can be reduced by 70%.

② Develop warp yarn for woven fabric: Introduce fixed length and automatic yarn doffing machine to improve the original production mode of length control, which greatly reduces the error between the length of each spindle and can be used to produce warp yarn for woven fabric.

### 3. Future R&D Plan

The Company will focus on the development of the following:

(1) Woven yarn:

- ① Develop special fiber with upstream, and develop various kinds of leisure and ladies' apparel with different functions by combining ATY and composite ATY technology.
- ② Utilize microfiber raw material with Spunfil technology to develop long fiber woven yarn with short fiber feather effect to increase the added value of the fabric, which can be used in high grade leisure apparel.

(2) Equipment:

- ① The Company will attempt to develop warehouse automation system that meets our own needs.
- ② Improve the effluent treatment plant and equipment, and match the dye selection and lower bath ratio production method in order to meet the stringent emissions standards in the future.

**(IV) Long-Term and Short-Term Business Development Plans:**

**1. Short-Term Development Plan:**

(1) Polyester and nylon pre-dyed yarn market development:

Expand the existing pre-dyed chemical fiber yarn from the popular fashion field to the sports and leisure fabric applications.

(2) Development of composite fiber products: Actively develop more competitive multi-variable products in line with the development of upstream raw materials and Tounge Loong's composite technology.

**2. Long-Term Development Plan:**

(1) Sales market expansion: In addition to the existing Asian market, we will actively expand our sales to South Asia, Europe and America.

(2) Development of industrial textiles: In the future, we will expand into the industrial textiles market, such as the development of special fiber products for furniture and automobiles.

**II. Market, Production and Sales Overview**

**(I) Market Analysis:**

**1. Sales of major products (services) by region (percentage of sales value)**

Unit: %

| Product Type | Domestic market | Export |        |          |        |         | Subtotal |
|--------------|-----------------|--------|--------|----------|--------|---------|----------|
|              |                 | Asia   | Europe | Americas | Africa | Oceania |          |
| Cloth yarn   | 78.10%          | 12.40% | 0.00%  | 0.00%    | 0.00%  | 0.20%   | 90.70%   |
| Others       | 6.00%           | 3.10%  | 0.00%  | 0.20%    | 0.00%  | 0.00%   | 9.30%    |

**2. Market Share:**

At present, the proportion of sewing thread sales makes up less than 10% of our overall sales; the Company shall gradually move production to Vietnam in the future. Our main product

items are nylon filament textured yarns, and our products are sold both domestically and internationally. As there are no clear statistics on the market, and it is not easy to collect data, in terms of market share, the Company is among the top manufacturers in the domestic textile industry.

### **3. Future Supply and Demand and Market Growth Potential**

#### **(1) Supply side:**

##### **① For sewing thread**

Since most of the downstream factories have been relocated, the proportion of production has been significantly reduced, and the business will be gradually relocated to Vietnam. We will continue to serve our customers and utilize the residual value of our machines and equipment.

##### **② Fabric Yarn**

In the future, the Company's domestic development and transformation will focus on providing customers with high quality and high value products.

- A. Generally, the yarn for weaving can be divided into two types: one is mass-produced raw materials from spinning, yarn extraction or simple processing, such as raw yarn, cotton yarn, textured yarn, etc., which are processed at a lower technical level, so there is little variation in the product and the price is relatively low. The other one is to further transform or hybridize the aforementioned raw materials into composite fabrics and give them individual and unique processes according to the demands of the fabric characteristics, so that they can be processed into fabric yarns of special materials, such as ATY, heterogeneous yarns, hybrid yarns, high twist yarns, different-shrink yarns, and ACY, etc.
- B. The 150D/288F Microfiber developed by the Company in collaboration with NIKE, a world famous sports and leisure apparel company, is specially treated and woven with Lycra® to form a stretch fabric with superior air permeability, fine hand feel, sweat absorption and quick drying function, and comes with a high unit price as a high value-added product.
- C. The Company has further collaborated with major global manufacturers to produce Nylon 66 Microsoft Tactel solution-dyed yarns that feature excellent tenacity, stability, and higher heat resistance. The fabrics woven from these yarns possess an extremely soft touch that is highly favored by consumers, making them a trend-setting premium material for the future.
- D. With the super-elasticity of Lycra , the Company has developed DTY air-covered yarn. In the future, it can be provided in the warp direction to develop leisure woven fabrics with elastic warp and weft.

#### **(2) Demand side:**

##### **① For sewing thread**

The Company is transforming into a professional manufacturer of special nylon textured yarn and pre-dyed yarn to provide customers that demand fast delivery at small

quantities for varied products.

② Fabric Yarn

- A. The demand for fabric yarn has shifted from quantity production to quality improvement with the gradual refinement of fabrics. The textile industry has always been a major foreign exchange-generating industry for export sales. In recent years, due to the change of domestic industry structure and the price competition from emerging countries in Southeast Asia, traditional textile industry products have gradually become unsuitable for the domestic production environment, so the industry is either relocating out of Taiwan or changing the value of products. Therefore, the quality of textile yarn is particularly important in the pursuit of production capacity and the demand for fine premium fabrics.
- B. With the improvement of the world's consumer standard and purchasing power, and the influence of fashion trends, new materials and new fabric types with characteristics are being constantly designed and developed, and future development will focus on small quantity and high value-added products. Among them, air false-twisted textured yarn and heterogeneous yarn will become the most prevalent fabrics. Air false-twisted textured yarn can be designed for a small number of different finished products, and can be processed from natural fiber, synthetic fiber or semi-synthetic fiber. The fiber can be transformed by aerodynamics, and more than two raw filaments with the same or different properties can be processed. Therefore, it is possible to select the appropriate raw materials according to the desired characteristics and adjust the combination by different processing conditions to create a new material with different fabric characteristics. This type of fabric yarn processed by air false-twisting processes can be homogeneous, or it can be a hybrid combination of two different fibers with different properties or used with downstream interwoven elastic fibers. At present, the popular wrinkle-free, light, cool and bright spandex fabrics, breathable, dry and non-sticky leotards, casual wear, advanced sportswear, premium ladies' wear materials and high value-added products with moisture absorption, sweat wicking and warmth are all representative of this fabric.

#### **4. Favorable and Unfavorable Factors and Countermeasures for Competitive Niche and Development Prospect**

Most of the Company's products are high value-added products with small quantities and many variations. The global elimination of quota restrictions on textile products since 2005 is a warning sign and an opportunity for domestic textile products. Since there is no quota restriction, we can develop high priced products to sell all over the world based on our product quality advantage, and serve our customers with our high quality professional nylon processing and pre-dyed yarn as our competitive niche.

(1) Favorable factors:

- ① The Company possesses complete and functional equipment to produce high quality, versatile and high value-added products: Most of our equipment are imported from Europe where the textile industry and textile machinery are very advanced. For example, our double twisting machine, plying machine, air twister machine, compound double twister machine, synchronized front and back twister machine, air false-twister machine, false twister machine, soft warp winding machine, hard warp winding machine, quick tube punching machine, automatic tube punching machine and dyeing equipment, etc., which can be matched by different functional machines to produce versatile variations and high value added products such as composite fiber.
- ② The Company possesses strong research and development capabilities to keep abreast of the market information and to develop and launch new products: In 1992, we established the R&D department, which is responsible for the collection of textile technology information, such as new materials, new technology, new processes, new equipment, market landscape, etc. With the improvement and upgrading of production technology, such as the revision of the production process technology of zipper yarn and velcro fabric yarn from the original five processes to three processes, which not only reduces production costs but also improves the quality of products. C. Execution and tracking of new product development: Through customer commissions and self-development, we continuously launch new products, such as Nylon 66 Microsoft Tactel pre-dyed yarn with extremely soft touch, and SUPPLEX composite fiber for knitted sports and leisure apparel, etc.; D. Through the development and production of new products and the design of new processes, we can promote more rigorous and effective on-the-job training for our employees to achieve quality improvement and productivity enhancement.
- ③ The production capacity of yarn for textile accessories has reached economic scale and is highly competitive: Our products such as yarn for zipper sewing and velcro have reached economic scale and are of excellent quality, which are well recognized by the market. Long-term upstream and downstream technical exchanges have helped the Company establish a good collaborative system.
- ④ Diversification of products, strong development motivation, the ability to unite with the downstream industry, cooperation for international markets: As labor costs and environmental protection costs are increasing rapidly, textile downstream manufacturers need to develop high value-added products with less volume and more variation. By utilizing the technology and equipment of different functional machines to support production, the Company can cooperate with manufacturers' research and development to develop various materials with different characteristics and textures to meet the trend of the international weaving cloth market and strive for the high quality, and high value-added international weaving cloth market.

(2) Unfavorable factors:

- ① Competition from emerging industrializing countries: Emerging industrializing

countries, taking advantage of their low labor costs, have seized the vast market with lower added value, causing intensifying competitive pressure on domestic textile manufacturers, forcing domestic manufacturers to respond to this strong market competition with efficient marketing capabilities and the development of higher value-added products.

- ② The massive outward migration of domestic manufacturers has caused the domestic demand market to shrink. However, the relocation of domestic manufacturers also stimulates the upgrading of domestic industries, thus giving another business opportunity for high value-added products despite unfavorable and shrinking market conditions.
- ③ Labor shortages and rising labor costs have caused a lot of trouble for the industry in general. Since the Company has always been committed to the development of diverse and varied high value-added products, coupled with the effectiveness of the long-standing cooperation in cooperative education and the policy of importing foreign labor, the acquisition of labor resources has stabilized, and impact to the Company has been mitigated.
- ④ Rising environmental awareness: In recent years, environmental awareness has risen and the government's requirements for environmental protection have gradually become more stringent. The Company invested in effluent pollution control equipment as early as in 1978, and added pollution control equipment in 1990, 1994 and 2016, while also setting up a special unit to monitor industrial effluent on a daily basis to comply with national discharge standards.

(3) Countermeasures:

- ① Improve the production process and accelerate the automation equipment to replace the shortage of manpower and reduce costs to enhance competitiveness.
- ② Quickly serve customers' needs for high quality products to meet the dynamic and rapidly-evolving market.

**(II) Key Applications and Production Process of the Main Products:****1. Key Applications**

| Product Type     | Intended use                                                                       |
|------------------|------------------------------------------------------------------------------------|
| Zipper yarn      | For nylon zipper sewing chain tooth                                                |
| SP thread        | Staple sewing thread for garments and general fabrics                              |
| Polyester thread | High-strength thread for high-grade thin garments, shoes, bags, and industrial use |
| Nylon thread     | High-strength thread for high-grade thin garments, shoes, bags, and industrial use |
| Bonded thread    | For sewing heavy items such as canvas, shoes, suitcases, and leather goods         |
| Velcro yarn      | For velcro fabrics                                                                 |
| AT yarn          | For knitted and woven high quality garments                                        |
| Textured yarn    | For weaving cloth and ribbons                                                      |
| Fabric yarn      | For weaving various kinds of fabrics                                               |

**2. Production Process**

| Product Type     | Production Process                                                          |
|------------------|-----------------------------------------------------------------------------|
| Zipper yarn      | Original Yarn → Twist → Setting → Coning → Packing                          |
| SP thread        | Original Yarn → Coning → Dyeing → Cone → Packing                            |
| Polyester thread | Original Yarn → Twisting → Setting → Coning → Packing                       |
| Nylon thread     | Original Yarn → Twisting → Setting → Coning → Packing                       |
| Bonded thread    | Original Yarn → Twisting → Dyeing → Gluing → Coning → Packing               |
| Velcro yarn      | Original Yarn → Twisting → Setting → Packing                                |
| AT yarn          | Original Yarn → Air Texturing → Setting → Packing                           |
| Textured yarn    | Original Yarn → False Twisting → Setting → Packing                          |
| Fabric yarn      | Original Yarn → Air Texturing or False Twisting → Dyeing → Coning → Packing |

**(III) Supply of Main Raw Materials:**

The raw materials used by the Company are divided into two types: polyamide fiber (nylon) and polyester fiber (Tetoron), which can be divided into domestic and foreign procurement according to nature of procurement. Most of the Company's procurements are from domestic suppliers, which are mostly major domestic chemical fiber manufacturers.

**(IV) The Names of Customers Who Have Accounted For More Than 10% Of the Total Purchase (Sales) In Any of the Last Two Fiscal Years, the Amount and Proportion of Purchase (Sales), and the Reasons for the Increase or Decrease.**

**1. Major Customers over the Last Two Fiscal Years**

|      | 2024      |           |                                          |                              | 2023      |           |                                          |                              |
|------|-----------|-----------|------------------------------------------|------------------------------|-----------|-----------|------------------------------------------|------------------------------|
| Item | Name      | Amount    | Percentage of net sales [%] for the year | Relationship with the issuer | Name      | Amount    | Percentage of net sales [%] for the year | Relationship with the issuer |
| 1    | AA        | 1,355,884 | 34.57%                                   | None                         | AA        | 984,030   | 34.92%                                   | None                         |
|      | Others    | 2,565,992 | 65.43%                                   |                              | Others    | 1,834,216 | 65.08%                                   |                              |
|      | Net sales | 3,921,876 | 100.00%                                  |                              | Net sales | 2,818,246 | 100.00%                                  |                              |

Note 1: The names of customers that contribute more than 10% of total sales and the amounts and percentages of sales for the last two years are listed, except that the names of customers are not disclosed if required under contract or if the customers are individuals and not related parties, whereby they may be listed under a code name.

Note 2: As of the date of the annual report, the most recent financial information of companies whose shares are listed or traded on the stock exchange or securities dealer should be disclosed if they have been audited or reviewed by a certified public accountant.

Description of change: The Company's sales to major customers are stable and the ranking did not change much. The amount of the purchase orders are subject to change depending on the economic conditions.

**2. Major Suppliers Over the Last Two Fiscal Years**

|      | 2024            |           |                                  |                              | 2023            |           |                                  |                              |
|------|-----------------|-----------|----------------------------------|------------------------------|-----------------|-----------|----------------------------------|------------------------------|
| Item | Name            | Amount    | Annual net procurement ratio (%) | Relationship with the issuer | Name            | Amount    | Annual net procurement ratio (%) | Relationship with the issuer |
| 1    | aa              | 925,527   | 37.46%                           | None                         | aa              | 542,736   | 36.63%                           | None                         |
| 2    | bb              | 785,893   | 31.81%                           | None                         | bb              | 449,222   | 30.32%                           | None                         |
|      | Others          | 759,210   | 30.73%                           |                              | Others          | 489,543   | 33.05%                           |                              |
|      | Net procurement | 2,470,630 | 100.00%                          |                              | Net procurement | 1,481,501 | 100.00%                          |                              |

Note 1: The names of suppliers that contribute more than 10% of total sales and the amounts and percentages of sales for the last two years are listed, except that the names of suppliers are not disclosed if required under contract or if the customers are individuals and not related parties, whereby they may be listed under a code name.

Note 2: As of the date of the annual report, the most recent financial information of companies whose shares are listed or traded on the stock exchange or securities dealer should be disclosed if they have been audited or reviewed by a certified public accountant.

Description of change: The original supplier increased shipments to the Company

### III. The number of employees employed for the two most recent fiscal years, and during the current fiscal year up to the date of publication of the annual report, their average years of service, average age, and education levels

Information on employees for the last two years and up to the date of publication of the annual report

| Year                     |                    | 2024   | 2023   | As of March 31, 2025 |
|--------------------------|--------------------|--------|--------|----------------------|
| Number of employees      | Employees          | 142    | 149    | 140                  |
|                          | Technicians        | 74     | 71     | 73                   |
|                          | Operators          | 410    | 406    | 406                  |
|                          | Total              | 626    | 626    | 619                  |
| Average age              |                    | 40.92  | 39.96  | 40.71                |
| Average years of service |                    | 11.63  | 10.16  | 11.44                |
| Qualification            | Doctoral degree    | 0.00%  | 0.00%  | 0.00%                |
|                          | Master's degree    | 1.12%  | 1.12%  | 0.97%                |
|                          | University/college | 22.36% | 23.32% | 22.78%               |
|                          | High school        | 42.33% | 40.10% | 42.16%               |
|                          | Below high school  | 34.19% | 35.46% | 34.09%               |

### IV. Environment protection expenditure information

**(I) For the most recent year and as of the date of the annual report, the losses (including compensation) incurred from environmental pollution and the results of environmental protection audits for violations of environmental laws and regulations:** None

**(II) Current and Future Countermeasures, Response Measures and Possible Losses**

- (1) The current pollution situation and its improvement will affect the Company's earnings, competitive position, capital expenditures and its estimated significant capital expenditures for environmental issues over the next three years. The Company has fully grasped the pollution situation, and the effluent discharge is now in compliance with the EPA standards. We will increase our pollution mitigation budget as production ramps up.
- (2) In general, the industry lacks scale or has limited ability to develop new products, and lacks facilities to prevent pollution, so as environmental requirements become increasingly stringent, the competitive advantage of the Company's plant becomes more favorable. The Company is also committed to the implementation of waste reduction projects to reduce the amount of wastewater from the dyeing process, reduce the concentration of effluent, and accelerate the improvement of effluent problems.
- (3) In the future, we will strengthen the wastewater treatment process and control the quality of discharged effluent.

## **V. Labor/management relations**

### **(I) Employee Welfare Measures**

Since its establishment, the Company has attached great importance to labor harmony and employee welfare. In addition to following the provisions of the Labor Standards Act, the Employee Welfare Committee has been established to organize the following employee welfare programs on a regular or irregular basis:

1. Monthly birthday celebrations with gift vouchers.
2. Year-end gala dinner and lottery activities.
3. Teambuilding dinner and incentive travel subsidies.
4. Childcare subsidy for employees' offspring.
5. Employees' wedding, dowry subsidies.
6. Free teaching of various technical and life courses and continuing education incentives.
7. Various books, cultural and recreational equipment, sports equipment purchase and provision.
8. Gift vouchers for the Dragon Boat Festival, Mid-Autumn Festival and Lunar New Year.
9. Congratulation and consolation/bereavement subsidies for weddings, funerals, birth of children, and purchase of new home.
10. The Company offers hygienic, healthy and nutritious employee canteen meals and provides three meals in the form of buffet and free midnight shift snacks.
11. The Company operates a discount store for the benefit of our employees by providing affordable products.

**(II) Continuing Education and Training:**

1. The Company provides timely education and training programs for employees, including orientation training for new employees, on-the-job professional training for employees, and other continuing education. The Company also provides professional knowledge or skills training for employees with different attributes, such as crane operator training, auditor training, etc.

|                                                                |      |
|----------------------------------------------------------------|------|
| Year                                                           | 2024 |
| Total expenditure on education and training (in NT\$ thousand) | 276  |

2. Status of Licenses and Certifications Obtained by Employees Related to Financial Information Transparency as Specified by the Competent Authorities

| Organizer                                      | Course Title                                                                                                                                                                                                         | Hours |
|------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|
| Accounting Research and Development Foundation | Continuing Education Course for Accounting Supervisors of Issuers, Securities Dealers and Stock Exchanges                                                                                                            | 12    |
| Accounting Research and Development Foundation | The latest analysis of laws and regulations related to "Annual Report/Sustainability Information/Financial Report Preparation" Internal Control Management Practice                                                  | 6     |
| Accounting Research and Development Foundation | The latest revision of the "Guidelines for Establishing Internal Control Systems" and the practical compliance with internal audit and internal control laws and regulations related to financial report preparation | 6     |
| Securities and Futures Institute               | ESG Reporting Compliance Audit Study                                                                                                                                                                                 | 6     |
| Accounting Research and Development Foundation | The latest analysis of laws and regulations related to "Annual Report/Sustainability Information/Financial Report Preparation" Internal Control Management Practice                                                  | 6     |
| Securities and Futures Institute               | Corporate sustainable transformation and internal audit strategies under ESG trends                                                                                                                                  | 6     |
| Securities and Futures Institute               | An introduction to the key points and common deficiencies in internal audits of listed and OTC companies                                                                                                             | 6     |

**(III) Retirement System and its Implementation:**

The Company handles the retirement of employees in accordance with the relevant laws and regulations of the competent authorities, which covers all regular employees. In accordance with the Regulations, the pension payments for employees subject to the Labor Standards Act are calculated based on the base amount received for years of service and the average salary

for the six months prior to retirement. The base amount is calculated based on two bases for each year of service in the first 15 years of service and one base amount for each year of service starting from the 16th year. Under the pension plan, the Company is responsible for all pension benefits. After the implementation of the Labor Pension Act (the "new system") on July 1, 2005, employees may choose to be subject to the Labor Standards Act or to be subject to the new system and retain their service years prior to the application of the new system. If an employee who was subject to the "Labor Standards Act" elects to be subject to the new system or an employee who assumes employment with the Company after the implementation of the new system, the employee's service seniority shall be subject to a defined contribution system and the Company shall contribute monthly at 6% of monthly wages to the pension fund, which shall be deposited in a special labor pension account.

**(IV) Agreements Between Employers and Employees and Measures to Protect Employees' Rights and Interests:**

The Company has complied with relevant government regulations since its establishment, and few labor disputes have occurred. Before the enactment of the Labor Standards Act in 1987, the Company also followed the Factory Act, and all items such as retirement, maternity leave, special leave, holiday work, and salary and labor insurance have taken into account the interests of both employers and employees.

**(V) Losses Suffered From Labor Disputes in the Most Recent Year and up to the Date of Printing of the Annual Report; The Estimated Amount of Current and Potential Future Losses and Contingency Measures to Address Them:**

The Company has not suffered any loss due to labor disputes in the recent year and as of the date of the annual report, and there is no risk of dispute under the current situation. The Company will continue to maintain good labor relations by fully coordinating and communicating with employees by embodying the spirit of taking care of employees and sharing benefits.

**(VI) Employee Code of Conduct or Code of Ethics**

The Company has established the "Work Rules" in accordance with the Labor Standards Act, as well as related laws and regulations. These rules shall apply to all employees who are employed by the Company and receive wages for their work.

**(VII) Protection Measures for Workplace Environment and Personal Safety of Employees**

1. In accordance with the provisions of the Occupational Safety and Health Act, the Company shall formulate policies to protect the safety of employees, conduct employee training, supervise their compliance, conduct regular automatic inspections, and perform safety checks.
2. Participate in safety and health education and training necessary for work and disaster prevention, such as: labor safety and health management personnel training, First Class

Pressure Vessel operator training, occupational disaster first aid training .... etc.

3. Install fire-fighting facilities, conduct regular fire-fighting training and fire-fighting equipment maintenance.

## **VI. Information Security Management**

- (I) Describe the information security risk management framework, information security policies, specific management plans, and resources devoted to information security management, etc.:

1. Information security risk management framework

- The Company has established an information security promotion team in accordance with the Information Security Control Guidelines for Listed Companies to plan, execute and promote information security management and to promote information security awareness.
- In accordance with the Information Security Classification and Protection Plan For Listed Companies, the Company has established a management representative and a dedicated information security manager and a dedicated information security officer.
- The Company's Audit Office is the responsible audit unit for information security monitoring. If the audit reveals any deficiencies, the audited unit is immediately requested to propose relevant improvement plans and submit them to the board of directors, and the effectiveness of the improvements is regularly tracked to reduce internal information security risks.

2. Information security policy

- To ensure the smooth operation of the Company's business operations and to prevent unauthorized access, use, control, leakage, destruction, tampering, destruction or other infringement of information or information systems, and to ensure the confidentiality, integrity and availability. This policy has been formulated as follows for all colleagues to comply:
  - (1) Ensure that relevant personnel are familiar with the information security incident reporting mechanism and effectively complete the reporting operations.
  - (2) Conduct regular internal audits to ensure that relevant operations are thoroughly implemented.
  - (3) Ensure that the Company's network services maintain a certain level of availability. (Can be adjusted as appropriate)

3. Information security specific management plan

- The Company's computer servers, application servers and other equipment are set up in a dedicated server room, where records of access by external personnel are kept.
- The computer room is equipped with an independent air conditioning system and temperature/humidity monitoring to maintain the computer equipment in an appropriate temperature environment for operation. A monitoring system for the

computer room equipment is implemented to ensure the normal operation of the equipment. Carbon dioxide fire extinguishers are in place to ensure that fires can be extinguished immediately when they occur.

- The servers in the computer room use rack-mounted power strips, and the electrical wires are regularly inspected for safety to ensure electrical safety in the computer room. Uninterruptible power supply (UPS) and voltage stabilization equipment are in place to prevent system damage and data integrity issues caused by unexpected power outages from the utility company, as well as to ensure that the ERP system continues to operate during momentary power interruptions and voltage fluctuations.
- Information Security Promotion: Every employee is provided with an information security awareness card to promote information security concepts and incident response. Users are kept informed of new security threats and countermeasures through irregular emails and Line messages. When necessary, physical or online information security training courses are organized for promotion purposes.
- The Company has implemented the ISO 27001 Information Security Management System and obtained ISO 27001 certification, with the current certificate valid until February 7, 2027. Through the implementation of the ISO 27001 Information Security Management System, we have strengthened our security management system and enhanced our capability to respond to information security incidents, thereby protecting the security of both company and client assets. Protecting the security of both company and client assets.

(II) Disclosure of losses incurred due to major information security incidents in the most recent fiscal year and up to the publication date of the annual report, including potential impacts and response measures. If reasonable estimation is not possible, the facts regarding why such estimation cannot be made should be stated: N/A

## VII. Important contract

| Nature of contract | Principals              | Contract Duration     | Contents                                                                                     | Restrictive clause |
|--------------------|-------------------------|-----------------------|----------------------------------------------------------------------------------------------|--------------------|
| Mortgage loan      | Mega Bank               | 2017.06.22~2027.06.22 | A loan of NT\$120,000 thousand secured by land and factory plant, repayable in installments. | None               |
| Mortgage loan      | Taiwan Cooperative Bank | 2020.03.23~2038.03.23 | A loan of NT\$325,453 thousand secured by land and factory plant, repayable in installments. | None               |
| Credit loans       | Chinatrust Bank         | 2024.09.30~2026.09.30 | Credit loan of NT\$130,000 thousand, repayable on maturity.                                  | None               |

| Nature of contract | Principals                       | Contract Duration     | Contents                                                             | Restrictive clause |
|--------------------|----------------------------------|-----------------------|----------------------------------------------------------------------|--------------------|
| Credit loans       | Hua Nan Bank                     | 2020.05.15~2026.05.15 | Credit loan of NT\$56,000 thousand, repayable in installments.       | None               |
| Credit loans       | Bank of Taiwan                   | 2020.05.15~2026.05.15 | Credit loan of NT\$64,000 thousand, repayable in installments.       | None               |
| Machinery loan     | The Export-Import Bank of R.O.C. | 2020.08.17~2026.08.15 | A machinery loan of NT\$120,000 thousand, repayable in installments. | None               |
| Credit loans       | Chang Hwa Bank                   | 2020.09.15~2026.09.15 | Credit loan of NT\$16,000 thousand, repayable in installments.       | None               |
| Machinery loan     | Chang Hwa Bank                   | 2020.09.15~2026.09.15 | A machinery loan of NT\$96,000 thousand, repayable in installments.  | None               |
| Mortgage loan      | Taiwan Cooperative Bank          | 2020.12.31~2026.12.15 | A machinery loan of NT\$144,000 thousand, repayable in installments. | None               |
| Credit loans       | Mega Bank                        | 2021.02.08~2027.01.15 | Credit loan of NT\$40,000 thousand, repayable in installments.       | None               |
| Machinery loan     | Mega Bank                        | 2021.04.20~2027.04.15 | A machinery loan of NT\$85,690 thousand, repayable in installments.  | None               |
| Machinery loan     | The Export-Import Bank of R.O.C. | 2022.11.21~2028.01.18 | A machinery loan of NT\$150,000 thousand, repayable in installments. | None               |
| Mortgage loan      | Taiwan Cooperative Bank          | 2023.04.14~2025.08.31 | Collateralized loan of NT\$99,900 thousand.                          | None               |
| Credit loans       | Taiwan Cooperative Bank          | 2023.10.11~2025.08.31 | Borrowing NT\$370,000 thousand for plant construction.               | None               |

# Chapter 5 Review and Analysis of Overview of Finance Status and Performance, and Risk Management

## I. Financial status

Unit: Amounts expressed in thousands of New Taiwan Dollars

| Item \ Year                               | 2024      | 2023      | Difference |         |
|-------------------------------------------|-----------|-----------|------------|---------|
|                                           |           |           | Amount     | %       |
| Current asset                             | 2,533,106 | 2,479,296 | 53,810     | 2.17%   |
| Property, Plant and Equipment             | 2,941,985 | 3,021,886 | -79,901    | -2.64%  |
| Other assets                              | 366,484   | 327,147   | 39,337     | 12.02%  |
| Total assets                              | 5,841,575 | 5,828,329 | 13,246     | 0.23%   |
| Current liabilities                       | 2,058,313 | 1,859,972 | 198,341    | 10.66%  |
| non-current liabilities                   | 1,030,807 | 1,299,447 | -268,640   | -20.67% |
| Total liabilities                         | 3,089,120 | 3,159,419 | -70,299    | -2.23%  |
| Equity attributable to the parent company | 2,698,421 | 2,614,598 | 83,823     | 3.21%   |
| Share capital                             | 1,226,920 | 1,226,920 | 0          | 0.00%   |
| Additional paid-in capital                | 167,271   | 167,271   | 0          | 0.00%   |
| Retained earnings                         | 1,347,292 | 1,278,355 | 68,937     | 5.39%   |
| Other equities                            | (43,062)  | (57,948)  | 14,886     | -25.69% |
| Treasury stocks                           | 0         | 0         | 0          | 0.00%   |
| Non-controlling interest                  | 54,034    | 54,312    | -278       | -0.51%  |
| Total equity                              | 2,752,455 | 2,668,910 | 83,545     | 3.13%   |

Where changes in assets, liabilities, and shareholders' equity reach 20% or more in the two most recent fiscal years, please state the main reasons and impacts thereof:

- 1.Non-current liabilities: This is due to a decrease of 291,943 thousand in long-term loans this year.
- 2.Other Equity: Decrease in exchange differences on translation of foreign operations' financial statements and unrealized valuation losses on financial assets measured at fair value through other comprehensive income.

## II. Financial performance

Unit: Amounts expressed in thousands of New Taiwan Dollars

| Item \ Year                                                             | 2024      | 2023      | Difference |           |
|-------------------------------------------------------------------------|-----------|-----------|------------|-----------|
|                                                                         |           |           | Amount     | %         |
| Operating revenue                                                       | 3,921,876 | 2,818,246 | 1,103,630  | 39.16%    |
| Gross profit                                                            | 339,566   | 171,611   | 167,955    | 97.87%    |
| Operating profit or loss                                                | 128,479   | (9,308)   | 137,787    | -1480.31% |
| Non-operating income and expense                                        | 40,324    | (3,286)   | 43,610     | -1327.15% |
| Profit before tax                                                       | 168,803   | (12,594)  | 181,397    | -1440.34% |
| Profit from continuing operations                                       | 133,009   | (12,152)  | 145,161    | -1194.54% |
| Loss from discontinued operations                                       | 0         | 0         | 0          | 0.00%     |
| Current net income                                                      | 133,009   | (12,152)  | 145,161    | -1194.54% |
| Other comprehensive income in the current period (net amount after tax) | 15,960    | (19,110)  | 35,070     | -183.52%  |
| Total comprehensive income in the current period                        | 148,969   | (31,262)  | 180,231    | -576.52%  |
| Net profit attributable to parent company                               | 130,283   | (15,908)  | 146,191    | -918.98%  |
| Net profit attributable to non-controlling interests                    | 2,726     | 3,756     | -1,030     | -27.42%   |
| Total comprehensive income attributable to parent company               | 145,169   | (33,673)  | 178,842    | -531.11%  |
| Total comprehensive income attributable to non-controlling interests    | 3,800     | 2,411     | 1,389      | 57.61%    |
| EPS (NT\$)                                                              | 1.06      | (0.13)    | 1.19       | -915.38%  |

Where changes in operating revenue, operating income, and pre-tax income reach 20% or more in the two most recent fiscal years, please state the main reasons:

1. Operating revenue, gross profit, operating income, profit before tax, net profit from continuing operations, current net income, total comprehensive income in the current period, net profit attributable to parent company, net profit attributable to non-controlling interests, total comprehensive income attributable to parent company, comprehensive income in the current period, earnings per share (NT\$): Customers replenished inventory levels, resulting in increased orders, which led to revenue growth and higher profitability. The amount of operating revenue increased and gross profit margins improved, causing gross profit and all profit indicators to increase compared to the previous year
2. Non-operating income and expenses: exchange gains increased due to exchange rate factors.
3. Other comprehensive income for the period (net amount after tax): Due to the increase in the difference between the exchange profit and loss from the translation of foreign financial statements.

## II. Potential impact of expected sales volume and its basis (financial performance) on the Company's future financial operations and contingency planning:

It has been determined that expected sales volume and its basis (see page 2) has no impact on future financial operations.

### III. Cash flow

- (I) Analysis of changes in cash flows in the most recent fiscal year and corrective planning in response to liquidity shortages:

| Item \ Year                                                 | 2024  | 2023  | Percentage of increase/decrease |
|-------------------------------------------------------------|-------|-------|---------------------------------|
| Cash flow ratio (%)                                         | 23.71 | 26.68 | -11.13%                         |
| Cash flow adequacy ratio (%)                                | 97.54 | 89.64 | 31.05%                          |
| Cash reinvestment ratio (%)                                 | 5.25  | 5.05  | 3.96%                           |
| None of the above cash flow ratios changed by more than 20% |       |       |                                 |

Unit: Amounts expressed in thousands of New Taiwan Dollars

| Cash balance at beginning of period | Net cash inflow from operating activities over the entire year | Cash outflow over the entire year | Cash surplus (deficit) | Corrective planning in response to liquidity shortages |                 |
|-------------------------------------|----------------------------------------------------------------|-----------------------------------|------------------------|--------------------------------------------------------|-----------------|
| 700,623                             | 488,112                                                        | 480,885                           | 707,850                | Not applicable.                                        | Not applicable. |

- (II) Cash liquidity analysis for the upcoming year: Cash inflow and outflow from operating activities are projected to reach NT\$500,000 thousand and NT\$490,000 thousand, respectively. Cash flows are expected to be regular and sufficient to meet the Company's operating needs over the entire year.

### IV. Impact of any major capital expenditures in the most recent fiscal year on the financial operations of the Company

Expenditures for investments in fixed assets (plants and equipment) in the current fiscal year increased by NT\$260,240 thousand, which represents a decrease over the previous year. Self-owned capital and mid- and long-term bank loans are the main funding sources. The credit limit of the Company is adequate to meet the capital requirements of the Company and the debt ratio has dropped slightly. In view of the sound financial structure, major impacts of such expenditures are not expected. Recent investments in equipment with significant expected benefits are almost complete. These investments are projected to generate positive growth momentum for the Company's financial and business operations.

### V. The Company's reinvestment policy for the most recent fiscal year, the main reasons for the profits/losses generated thereby, corrective planning, and investment plans for the upcoming year:

Reinvestment operations which focus on the textile industry are proceeding smoothly. The Company has not adopted any major reinvestment plans for the upcoming year.

### VI. Risk analysis and assessment in the most recent fiscal year and during the current fiscal year up to the date of publication of this annual report:

1. Impact of interest and exchange rate fluctuations and inflation on the profit and loss of the Company, and the future countermeasures:

| Item                                                                  | 2024 (NT\$ thousand; %) |
|-----------------------------------------------------------------------|-------------------------|
| Net interest income and expenses                                      | (10,585)                |
| Net exchange gains and losses                                         | 34,741                  |
| Net interest income and expenses as a percentage of net revenue       | -0.27%                  |
| Net interest income and expenses as a percentage of profit before tax | -6.27%                  |
| Net exchange gains and losses as a percentage of net revenue          | 0.89%                   |
| Net exchange gains and losses as a percentage of profit before tax    | 20.58%                  |

- Interest rate changes: As of the end of 2024, financial liabilities with cash flow risks associated with interest rate changes amount to NT\$ 2,396,887 thousand. Market interest rate changes cause corresponding changes in effective interest rates of such financial products. A rise in the market interest rate by 1% would trigger an increase in relevant annual expenses of the Company by around NT\$23,969 thousand.
  - Exchange rate changes: The Company is engaged in import/export operations and financial dealings denominated in foreign currencies. Exchange rate fluctuations mainly affect costs and revenues. As of the end of 2024, foreign exchange assets and net liabilities affected by exchange rate fluctuation risks total NT\$493,825 thousand. Market interest rate changes cause corresponding changes in effective interest rates of such financial products. A rise in the market interest rate by 1% would trigger an increase in relevant gains/losses by around NT\$4,938 thousand. Inflation: In recent years, the interest rate in Taiwan has ranged between 2% and 3%. Raw materials required by the Company are mostly provided by domestic suppliers. For instance, the local procurement amount in 2024 amounted to approximately NT\$2.47billions. If this amount is taken as an example, an interest rate rise by 1% would trigger an increase of annual expenses by around NT\$24,700 thousand.
2. The Company's policy regarding high-risk investments, high-leverage investments, loans to other parties, endorsements, guarantees, and derivative transactions; the main reasons for the profits/losses generated thereby; and future countermeasures: The Company doesn't engage in high-risk or high-leverage investments or derivative transactions and is firmly committed to a policy of stability and steady growth. Subsidiaries are the main beneficiaries of loans to other parties, endorsements, and guarantees. The Company pursues a conservative approach and refrains from excessive expansion in this area.
  3. Future R&D plan and expected investment in R&D expenses: Approximately NT\$16,000 thousand is expected to be invested in 2025. Each R&D project is aimed at process improvement and joint R&D in response to customer needs, which is expected to enhance the growth of the overall operation.

| Plan name                                                  | Plan description                                                                                                                      |
|------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|
| Processing and utilization of stratum-like texture effects | New yarn types with stratum-like cross-section textures can be manufactured by utilizing raw material properties paired with adjusted |

| Plan name                                                         | Plan description                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|-------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                   | configurations and settings. These yarns can be utilized in the manufacture of sports and casual wear and underwear.                                                                                                                                                                                                                                                                                                                                  |
| Processing and utilization of shooting star texture effects       | New yarn types with shooting star-like, irregular relief effects can be manufactured by utilizing raw material properties paired with adjusted configurations and settings. These yarns can be utilized in the manufacture of sports and casual wear and fashion apparel.                                                                                                                                                                             |
| Processing and utilization of unique Springfil elasticity effects | New yarn types with unique elasticity effects can be manufactured by utilizing raw material properties paired with adjusted configurations and settings. Effective conservation of natural resources and reduction of carbon emissions can be achieved through the selection of recycled raw materials. These yarns ensure optimal breathability, cotton feel, and resilience and can be utilized in the manufacture of men's shirts and casual wear. |

4. Changes in important policies and legal environment at home and abroad, and the effect on the financial status and operations of the Company, and countermeasures:

● Impacts:

- (1) The contents of various free trade agreements related to regional economies or bilateral relations may affect the company's domestic and international market competition, export tax rates in production locations, etc. Additionally, revisions to local government laws and regulations regarding human rights, minimum wages, and pollution prevention in production areas may also impact production costs.
- (2) Changes in the quality certification standards for imported textiles in the export market may result in the improvement of manufacturers' processing raw materials and process technologies.

Therefore, the Company usually pays close attention to the domestic and foreign political and economic situations, major policy formulations and legal changes, and compiles response plans for the management's decision-making. All business units and production sites have complied with local laws and regulations.

5. The effect of developments in science and technology (including cyber security risks) as well as industrial changes on financial status and operations of the Company, and countermeasures:

● Impacts:

- (1) In terms of raw materials, technological changes can enable a wider range of applications for end products; in terms of manufacturing, technological changes can improve the technology of weaving, dyeing and finishing equipment, and improve in terms of production capacity and energy conservation.
- (2) Fiber processing. The impact of technological changes lies mainly in the use of IT

equipment and the strengthening of management tools and technologies in industrial engineering.

In this regard, the Company works with raw material suppliers and process equipment suppliers to develop customized raw materials and equipment, and grasp the know-how of the production process. The Company also uses information technology to continuously improve the ERP system and improve management efficiency.

In terms of information communication security, the Company's Information Office is responsible for the planning and execution of information communication security protection and the promotion and implementation of information communication policies to ensure the operation of the information security management mechanism. All information security rules and regulations are incorporated into the management and operation system. We have implemented firewalls, deployed an Endpoint Detection and Response (EDR) solution to detect and block threats from ransomware and computer viruses, as well as an email filtering and scanning mechanism to filter out spam, phishing emails, and emails containing malware. We also regularly review the system logs of various network services to track abnormal activities, ensuring the protection of personal data, internal confidential data, and customer and supplier data.

6. Impact of changes in corporate image on corporate crisis management and corresponding measures: Since its establishment, the Company has upheld integrity as its foundation, striving to provide high-quality products and services to create maximum value for customers, employees, and shareholders. So far, there has been no risk to the Company's operations due to changes in its corporate image. The Company values the relationship with customers, suppliers and investors, and maintains openness and transparency in corporate governance information in order to establish a good corporate image. The Company immediately clarifies the unbiased and objective media reports on the Company; if it is material, it will be announced and explained in accordance with the law.
7. Expected benefits and possible risks associated with mergers and acquisitions, and countermeasures: N/A.
8. Expected benefits and possible risks associated with plant expansion, and countermeasures: N/A.
9. Risks associated with any concentration of sales or purchasing operations, and countermeasures: Supply shortages and suspensions are the main risks associated with a concentration of purchasing operations. Such risks are minimized through the substitution of other suppliers. Shrinking customer orders or unstable financial status are the main risks associated with concentration of sales operations: The impact of shrinking customer orders can be minimized through substitution of other customers. Unstable financial conditions can be prevented through intensified credit checks, shortened collection periods, and cash-based transaction to minimize losses.
10. Impacts and risks associated with large share transfers or changes in shareholdings of directors, supervisors, or major shareholders with a stake of at least 10%, and countermeasures: N/A
11. Impacts and risks associated with changes in governance personnel or top management, and countermeasures: None.
12. For litigious and non-litigious matters, please list major litigious, non-litigious or administrative disputes that have been resolved or are still pending involving the Company and/or any director,

supervisor, the general manager, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10 percent, and any subsidiaries. Moreover, where such a dispute could materially affect shareholders' equity or the prices of the securities, the annual report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the publication date of the annual report: N/A.

13. Other important risks, and countermeasures being or to be taken: N/A.

## **VII. Other material issues**

1. Funds lent by the Company to others: N/A.
2. Derivative transactions engaged in by the Company: N/A

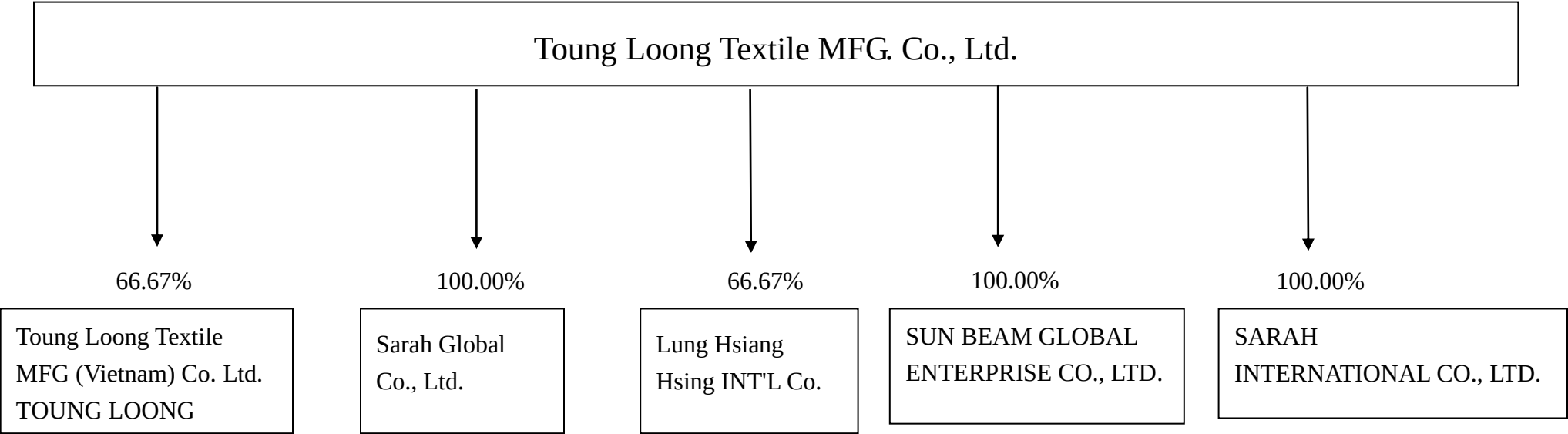
Chapter 6 Special Notes

I. Information on affiliated enterprises

(I) Consolidated business report of affiliates

1. Organizational chart of the affiliates

Toung Loong Textile MFG. Co., Ltd.  
Organizational chart of the affiliates  
2024



## 2. Basic information of each affiliate

### Basic information of affiliates

Unit: Amounts expressed in thousands of New Taiwan Dollars

| Name of enterprise                         | Date of incorporation | Address                                                                                 | Paid-in capital                                   | Principal business or production lines                                                                                                                                                                                 |
|--------------------------------------------|-----------------------|-----------------------------------------------------------------------------------------|---------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Toung Loong Textile MFG Co., Ltd.          | 1961.08.14            | 19F., No. 31, Sec. 2, Sanmin Rd., Banqiao Dist., New Taipei City                        | 1,226,920                                         | Manufacturing, sale, and wholesale of man-made fiber sewing thread and weaving yarn<br>Manufacturing and distribution of hybrid thread consisting of different types of cotton, wool, hemp thread, and artificial silk |
| Sarah Global Co., Ltd.                     | 2006.04.24            | 21F.-2, No. 37, Sec. 2, Sanmin Rd., Banqiao Dist., New Taipei City                      | 20,000                                            | Wholesale and retail sale of cloth and textile thread                                                                                                                                                                  |
| Lung Hsiang Hsing INT'L Co.                | 1998.02.18            | 19F., No. 33, Sec. 2, Sanmin Rd., Banqiao Dist., New Taipei City                        | 24,000                                            | International Trade<br>Wholesale of machinery, cloth, dyes, pigments, packing materials, petroleum products and retail sale of cloth                                                                                   |
| Toung Loong Textile MFG (Vietnam) Co. Ltd. | 1997.09.01            | E5-E6 Lots, Viet Huong Industrial Park Thuan An Town, Binh Duong Province, Viet Nam     | USD4,250,000<br>Exchange rate<br>US\$1:NT\$32.785 | Manufacturing of weaving yarn                                                                                                                                                                                          |
| SARAH INTERNATIONAL CO., LTD               | 2004.01.19            | Binh Chuan Product Zone, Binh Chuan Commune, Thuan An District, Binh Duong Province, VN | USD1,855,318<br>Exchange rate<br>US\$1:NT\$32.785 | Manufacturing of weaving yarn                                                                                                                                                                                          |
| SUN BEAM GLOBAL ENTERPRISE CO., LTD        | 2006.04.27            | OMC Chambers, P.O. Box 3152, Road Town, Tortola, British Virgin Islands                 | USD5,000<br>Exchange rate<br>US\$1:NT\$32.785     | General commerce                                                                                                                                                                                                       |

Note 1: All affiliates should be disclosed irrespective of their size

Note 2: Where affiliates have set up plants whose sales value exceeds 10% of the operating revenue of the controlling company, the name, date of establishment, address, and main categories of manufactured products should be listed.

Note 3: Where the affiliate is a foreign-based company, the English company name and address can be specified and the date of establishment can be written in the Western calendar format. The paid-in capital can be expressed in foreign currency (the exchange rate on the financial statement date should be indicated).

3. Shareholders presumed to represent both the controlling company and subsidiaries: N/A.
4. Business dealings and division of duties between affiliates:
  - (1) Industries (business operations) engaged in by affiliates: Textile industry, international trade, investment
  - (2) Lung Hsiang Hsing INT'L Co. acts as an agent for the foreign subsidiary Toung Loong Textile MFG (Vietnam) Co. Ltd. in procurement and sales related matters
  - (3) Toung Loong Textile MFG (Vietnam) Co. Ltd. mainly focuses on the local Vietnamese market. Its production operations rely on machinery and equipment provided by the parent company. Sewing thread represents an overlapping business area of the parent and its subsidiary in Vietnam. Despite occasional mutual support, these two companies are independent operating entities.
  - (4) There are no business dealings or division of duties between other affiliates.
5. Directors, Supervisors and Presidents of affiliates

Profiles of Directors, Supervisors and Presidents of affiliates

Unit: NT\$ thousand; shares; %

| Name of enterprise                    | Position<br>(Note 1)    | Name or representative            | Shares held (Note 2) |                            |
|---------------------------------------|-------------------------|-----------------------------------|----------------------|----------------------------|
|                                       |                         |                                   | Number of<br>shares  | Shareholding<br>percentage |
| Toung Loong Textile<br>MFG. Co., Ltd. | Chairman                | Chih-Chen Yu                      | 2,938,003            | 2.39%                      |
|                                       | Director                | Ching-Chung Yu                    | 1,761,550            | 1.44%                      |
|                                       | Director                | Jung-Chieh Yu                     | 6,405,719            | 5.22%                      |
|                                       | Director                | Rong-Lih Yu                       | 6,368,094            | 5.19%                      |
|                                       | Director                | MAO JIA<br>INVESTMENT LTD.        | 5,043,028            | 4.11%                      |
|                                       |                         | Representative:<br>Chiu-Yueh Chen | 2,602                | 0.00%                      |
|                                       | Director                | Siang Hao Investment<br>Co.,LTD.  | 1,045,500            | 0.85%                      |
|                                       |                         | Representative: Kai-Ping<br>Chang | 85,144               | 0.07%                      |
|                                       | Director                | Sara Rose International<br>Inc.   | 4,970,567            | 4.05%                      |
|                                       |                         | Representative: Jing-Woei<br>Jou  | 102,524              | 0.08%                      |
|                                       | Independent<br>director | Hsueh-Tao Wu                      | 5,100                | 0.00%                      |
|                                       | Independent<br>director | Tai-Feng Huang                    | 0                    | 0.00%                      |
|                                       | Independent<br>director | Yu-Te Ma                          | 106,080              | 0.09%                      |

Unit: NT\$ thousand; shares; %

| Name of enterprise                         | Position<br>(Note 1) | Name or representative                                                | Shares held (Note 2) |                         |
|--------------------------------------------|----------------------|-----------------------------------------------------------------------|----------------------|-------------------------|
|                                            |                      |                                                                       | Number of shares     | Shareholding percentage |
| Toung Loong Textile MFG (Vietnam) Co. Ltd. | Chairman             | Toung Loong Textile MFG. Co., Ltd.<br>(Representative: Chih-Chen Yu)  | USD2,843,167         | 66.67%                  |
|                                            | Director             | Toung Loong Textile MFG. Co., Ltd.<br>(Representative: Jung-Chieh Yu) | USD2,843,167         | 66.67%                  |
|                                            | Director             | Toung Loong Textile MFG. Co., Ltd.<br>(Representative: Rong-Lih Yu)   | USD2,843,167         | 66.67%                  |
|                                            | Director             | Toung Loong Textile MFG. Co., Ltd.<br>(Representative: Chin-I Lin)    | USD2,843,167         | 66.67%                  |
|                                            | Director             | Toung Loong Textile MFG. Co., Ltd.<br>(Representative: Wu-Yu Peng)    | USD2,843,167         | 66.67%                  |
|                                            | Director             | Toung Loong Textile MFG. Co., Ltd.<br>(Representative: Tai-Chen Chen) | USD2,843,167         | 66.67%                  |
|                                            | Director             | Chien-Chung Ke                                                        | USD472,222.34        | 11.11%                  |
|                                            | Director             | Chien-Kuo Ke                                                          | USD472,222.33        | 11.11%                  |
|                                            | Director             | Hui-Chuan Wu                                                          | USD472,222.33        | 11.11%                  |
| Sarah Global Co., Ltd.                     | Chairman             | Toung Loong Textile MFG. Co., Ltd.<br>(Representative: Chih-Chen Yu)  | 2,000,000            | 100.00%                 |
|                                            | Director             | Toung Loong Textile MFG. Co., Ltd.<br>(Representative: Jung-Chieh Yu) | 2,000,000            | 100.00%                 |
|                                            | Director             | Toung Loong Textile MFG. Co., Ltd.<br>(Representative: Tai-Chen Chen) | 2,000,000            | 100.00%                 |
|                                            | Supervisor           | Toung Loong Textile MFG. Co., Ltd.<br>(Representative: Wu-Yu Peng)    | 2,000,000            | 100.00%                 |
| Lung Hsiang Hsing INT'L Co.                | Chairman             | Toung Loong Textile MFG. Co., Ltd.<br>(Representative: Chih-Chen Yu)  | 1,600,000            | 66.67%                  |

| Name of enterprise                   | Position<br>(Note 1) | Name or representative                                                | Shares held (Note 2) |                         |
|--------------------------------------|----------------------|-----------------------------------------------------------------------|----------------------|-------------------------|
|                                      |                      |                                                                       | Number of shares     | Shareholding percentage |
|                                      | Director             | Toung Loong Textile MFG. Co., Ltd.<br>(Representative: Tai-Chen Chen) | 1,600,000            | 66.67%                  |
|                                      | Director             | Chien-Chung Ke                                                        | 300,000              | 12.50%                  |
|                                      | Supervisor           | Wu-Yu Peng                                                            | 0                    | 0.00%                   |
|                                      | Supervisor           | Hui-Chuan Wu                                                          | 0                    | 0.00%                   |
|                                      |                      |                                                                       |                      |                         |
| SARAH INTERNATIONAL CO., LTD.        | Chairman             | Toung Loong Textile MFG. Co., Ltd.<br>(Representative: Chih-Chen Yu)  | USD1,855,318         | 100.00%                 |
|                                      | Director             | Toung Loong Textile MFG. Co., Ltd.<br>(Representative: Wu-Yu Peng)    | USD1,855,318         | 100.00%                 |
|                                      | Director             | Toung Loong Textile MFG. Co., Ltd.<br>(Representative: Tai-Chen Chen) | USD1,855,318         | 100.00%                 |
|                                      | Director             | Toung Loong Textile MFG. Co., Ltd.<br>(Representative: Jung-Chieh Yu) | USD1,855,318         | 100.00%                 |
| SUN BEAM GLOBAL ENTERPRISE CO., LTD. | Chairman             | Toung Loong Textile MFG. Co., Ltd.<br>(Representative: Chih-Chen Yu)  | 5,000                | 100.00%                 |

Note 1: If the affiliate is a foreign company, please list the person that holds an equivalent position.

Note 2. If the investee is a company limited by shares, please specify the number of shares and equity stake held; otherwise, please specify the capital contribution and percentage of contributed capital.

Note 3. If the director or supervisor is a juridical person, please disclose the information of its representative.

6. Operating conditions of affiliates

Operational status of affiliates

Unit: US\$, NT\$ thousand

| Name of enterprise                         | Total capital | Total assets | Total liabilities | Net value | Operating revenue | Operating income | Gains (losses) in the current period (after tax) | EPS (NT\$) (after tax) |
|--------------------------------------------|---------------|--------------|-------------------|-----------|-------------------|------------------|--------------------------------------------------|------------------------|
| Toung Loong Textile MFG. Co.,              | 1,226,920     | 5,726,662    | 3,028,241         | 2,698,421 | 3,690,582         | 102,254          | 130,283                                          | 1.06                   |
| Toung Loong Textile MFG (Vietnam) Co. Ltd. | USD4,250,000  | 183,328      | 35,038            | 148,290   | 175,138           | 9,323            | 8,578                                            | 0.00                   |
| SARAH INTERNATIONAL CO., LTD.              | USD1,855,318  | 90,564       | 2,538             | 88,026    | 62,812            | 13,522           | 13,191                                           | 0.00                   |
| Sarah Global Co., Ltd.                     | 20,000        | 31,936       | 3,517             | 28,419    | 11,892            | (1,216)          | 589                                              | 0.29                   |
| SUN BEAM GLOBAL ENTERPRISE CO., LTD        | USD5,000      | 64,524       | 22,950            | 41,574    | 0                 | (377)            | (3,023)                                          | 0.00                   |
| Lung Hsiang Hsing INT'L Co.                | 24,000        | 14,151       | 322               | 13,829    | 6,872             | (1,389)          | (397)                                            | (0.17)                 |

Note 1: All affiliates should be disclosed irrespective of their size

Note 2: Where affiliates are foreign-based companies, relevant amounts should be converted into New Taiwan Dollars based on the exchange rate on the financial statement date.

Note 3: Exchange rate US\$1: NT\$ 32.785

**(II) Consolidated financial statements of the affiliates: N/A**

**(III) Affiliation report: N/A**

**II. State of private placement of securities, date and amount approved by a shareholders' meeting or the Board of Directors, basis and rationale for the setting of the price, means of selecting specified persons, reasons necessitating the private placement, and the status of utilization of the funds and plan implementation progress from the time the price of the shares or subscription has been paid up in full until the fund utilization plan has been completely carried out in the most recent fiscal year and during the current fiscal year up to the date of publication of this annual report: N/A**

**III. Shareholdings or disposal of shares of the Company by the company's subsidiaries during the most recent fiscal year and during the current fiscal year up to the date of publication of the annual report: Subsidiaries currently don't hold any shares issued by the Company.**

**IV. Other matters requiring supplementary description: N/A.**

**V. Any material impacts on shareholders' equity or the price of the Company's securities as defined in Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act in the most recent fiscal year and during the current fiscal year up to the date of publication of the annual report: N/A.**