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HONG HO PRECISION TEXTILE CO., LTD.

2024

Annual report

Published on April 30, 2025

- I. Name, Job title, Tel. no. and Email address of the Company's Spokesperson and Deputy Spokesperson:

Item	Spokesperson	Deputy Spokesperson
Name	Chang Tsang-Yu	Chen Yong-Lu
Job title	Manager	Manager
Tel. no.	(06)233-3133	(06)233-3133
Email	u0904@hongho.com.tw	u1692@hongho.com.tw

- II. Address and Tel. no. of the Company's head office, branches and factories:

Name	Address	Contact telephone
Head Office	No. 473, Zhongshan S. Rd., Yongkang Dist., Tainan City	(06)233-3133 (Representative)
Yongkang Factory	No. 473, Zhongshan S. Rd., Yongkang Dist., Tainan City	(06)233-3133 (Representative)
Taipei Office	3F, No. 45, Lane 3, Jihu Rd., Neihu Dist., Taipei City	(02)8751-8669 (Representative)

- III. Name, address, URL and Tel. no. of shareholders service agent:

Name: Yuanta Securities Co., Ltd.

Address: B1, No. 67, Section 2, Dunhua South Road, Da'an District, Taipei City

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

Tel: (02) 2586-5859

- IV. Name of external auditor certifying the latest financial statements:

Names: Hu, Tzu-Ren, CPA and Yao, Shih-Chieh, CPA

Name of CPA Firm: EY Taiwan

Firm address: 11F, No. 189, Section 1, Yongfu Rd, Tainan City

Website: <http://www.ey.com>

Tel. no.: (06) 2925888 (Representative)

- V. Name of any exchanges where the Company's securities are traded offshore and the method by which to access information on said offshore securities: none.

- VI. The Company's website: <http://www.hongho.com.tw>

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One. Letter to Shareholders

Dear Shareholders,

Thank you for your care and long-term support for the Company. We hereby report to you the Company's 2024 business results and 2025 business plan outline as follows:

I. 2024 Business Results

(I) 2024 Business plan implementation results and budget implementation status

Unit: NT\$ thousand

Item	Actual amount in 2024	Actual amount in 2023	Increase/decrease in amount	Change by %
Operating revenue	3,676,403	573,294	3,103,109	541.28
Operating cost	(1,840,335)	(332,333)	(1,508,002)	453.76
Gross profit	1,836,068	240,961	1,595,107	661.98
Operating expense	(328,194)	(95,436)	(232,758)	243.89
Operating gains (losses)	1,507,874	145,525	1,362,349	936.16
Non-operating net income and expenses	7,895	(13,076)	20,971	(160.38)
Net profit (loss) before tax	1,515,769	132,449	1,383,320	1,044.42

(II) Analysis on revenue and expenditure and profitability

Item		2024	2023
Financial structure (%)	Debt to assets ratio	20.64	67.15
	Ratio of long-term capital to property, plant and equipment	234,981.73	148,592.13
Solvency (%)	Current ratio	436.67	132.21
	Quick ratio	150.71	10.13
Profitability (%)	Return on total assets	33.79	2.77
	Return on equity	62.98	7.42
	Net profit margin	36.79	19.18
	Earnings per share (NT\$)	9.82	0.80

(III) Research and Development

1. Functional product development project

- A. With the progress of the times, human beings are having better and better taste in comfort-of-wear. Therefore, the design of materials for the clothing needs to take various functions into consideration,

including: easy-to-move fluid rhythm (elastic function), dry feeling (moisture absorption fast dry function), thermal insulation (FIR processing), sanitation (antibacterial and deodorant processing), protection (anti-ultraviolet processing), breathability (breathable and waterproof processing), hard-twist and high-elastic materials, etc. As modern people value leisure activities increasingly, leisure products gain more and more market potential. The apparel products will be at their best if various functions are combined into one single product through processing and a single product with multiple functions is also one of the R&D orientations to be upheld by the Company in the future.

- B. The Company tends to choose differentiated characteristics requiring higher technology threshold as the applied materials, hoping to enlarge the difference with China to avoid a price war.

2. Post processing technology development project

- A. Since new materials have been rarely seen recently, the Company needs to start innovative research on the processing technology after fabric dyeing and finishing to provide old products with a new look, create new added value, and extend the product life, e.g. coating processing, laminating processing, embossing, burnishing, knurling, bristles and shearing, foil printing, crush crinkle, specialized water-repellent finishing, anti-ultraviolet processing and fireproof processing, etc..
- B. Moisture absorption and antibacterial processing, and the frequency of rinse has been increased to more than 20 times.
- C. Post-processing of warm clothing, such as hiking jackets and ski jackets with FIR increases the internal temperature by 2.5°C or more to achieve the effect of heat preservation and thermal insulation.
- D. Single layer water absorption and water-repellent post-processing equips the clothing with double functions, including making the outer layer of the clothing capable of repelling water and the inner layer capable of moisture absorption and perspiration at the same time.

3. Program for increase in hard-twist reduction fabrics.

Given the increasing costs in China, fake twisting reduction fabrics are gradually re-flew into Taiwan. In the future, the Company will increase the hard twisting reduction fabrics to improve the competitive fabrics.

4. Process improvement program

In order to improve the competitiveness, the Company shall start

from improvement of product quality, break through the technology bottleneck by improving the production process conditions and strengthen management to improve the product quality, upgrade efficiency, reduce costs, accelerate delivery period and raise customers' satisfaction, in order to achieve the target for business sustainability.

II. Summary of the business plan for 2025

According to the latest forecast released by the Directorate General of Budget, Accounting and Statistics (DGBAS) of the Executive Yuan in February, the quarterly economic growth rates were 6.64%, 4.89%, 4.21%, and 2.90%, respectively in 2024, with the annual economic growth rate as 4.59% in total. It is predicted that Taiwan's economic growth rate will be 3.14% this year (2025). Meanwhile, the Taiwan Institute of Economic Research and the Chung-Hua Institution for Economic Research, respectively, forecast economic growth rates of 3.42% and 3.22% for this year. In light of increasing global economic uncertainty and the potential impact of escalating regional conflicts on commodity markets, the Company will adopt a more prudent and steady approach while closely monitoring future developments. The summary of the business plan for the year 2025 is outlined as follows:

(I) Business policy and important production and sales policies

1. Improve production conditions, optimize textile quality, reduce production costs and increase product profit.
2. Strictly control the inventories, adjust production and sales strategies resiliently, develop new markets and maintain the best competitiveness.
3. Adhere to the "Principle of Conservative and Stable Development" to develop a real estate business, and demonstrate long-term consolidated effects through investment in joint construction.

(II) Sales volume forecast and basis thereof

The Company's sales volume forecast is made based on the business philosophy, production conditions, and evaluation on changes in external and internal environments and industrial development. The 2025 sales target is set as the following: Filament fiber for 3,000 thousand yards, and Banqiao construction project.

III. The Company's future development strategies

According to the customs import and export trade statistics of Taiwan, the total exports of textile products were US\$6.735 billion in 2024, accounting for 1.42% of the national total exports, an increase by 1.81% from 2023. Based on analysis of export value, the main export item is fabric (accounting for 71%). In terms of export destinations, the largest export market is Vietnam, followed by mainland China, the United States, Indonesia, and Cambodia (together accounting for 61%). In exports, Vietnam has the highest export value while the highest proportion goes to Cambodia. In addition to focusing

on the operation of its core textile business, the Company's future development strategy will also take a more cautious and prudent attitude towards the construction business, seeking niche performance in the market.

IV. Effects of external competition, the legal environment and the overall business environment

As for the global GDP in 2025, the World Bank (WB) forecasts a growth rate of 2.7%, the International Monetary Fund (IMF) projects 3.1%, and UBS estimates 2.6%. Overall, the major institutions' forecasts for global economic growth this year range between 2.6% and 3.1%.

Looking ahead to 2025, with global inflationary pressures easing and major economies continuing to lower interest rates, world trade volume is expected to expand steadily. However, factors such as the ongoing U.S.-China trade disputes, geopolitical tensions accompanied by war, and the risks brought by trade protectionism may also affect global economic activities.

The Taiwan Institute of Economic Research forecasts that, due to the base effect, Taiwan's economic growth in 2025 will be lower in the first half and higher in the second half of the year. Looking ahead, the global economy will continue to face various uncertainties, such as the potential impact of Trump's new policies, the monetary policy directions of central banks around the world, China's economic stimulus measures, and the momentum of domestic investment. These factors may impact Taiwan's trade and investment performance. On the domestic demand side, the Taiwan Institute of Economic Research expects the stable trend to continue. Private consumption is likely to remain strongly supported and is expected to continue contributing positively to economic growth, although its contribution may be slightly lower than in 2024.

While this year may benefit from easing inflationary pressures, politics will remain the primary driver of economic uncertainty in 2025. The current international political landscape is complex and full of challenges, with tensions in Ukraine and Israel being particularly pronounced. The outcome of the U.S. presidential election will have significant and far-reaching impacts across various areas, including immigration, national defense, the economy, and trade. The "America First" approach and tariff policies may further lead to geopolitical realignment and heightened tensions. In order to cope with the unpredictable future environment, the management team will take careful consideration on the development and influence in all aspects and strive to achieve the best results for shareholders.

Chairman: Huang, Ta-Kung

President: Ho Ten-Ming

Two. Corporate Governance Report

I. Background Information About Directors, President, Vice President, Assistant Vice-President and the Heads of Various Departments and Branches

(I) Directors

(Data 1)

April 15, 2025

Job title (Note 1)	Nationality or place of registration	Name	Gender Age (Note 2)	Date of (elected to) office	Term of office	Date of first elected (Note 3)	Shares held at the time of appointment		Current shares held		Current shares held by spouse and underage children		Shares held in the name of another person		Main career (academic) achievements (Note 4)	Current positions in the Company and other companies	Spouse, or relative within 2nd degree of kinship, acting as a director, supervisor or other managerial officer			Remarks (Note 5)
							Number of shares	Shareholdings ratio	Number of shares	Shareholdings ratio	Number of shares	Shareholdings ratio	Number of shares	Shareholdings ratio			Job title	Name	Relationship	
Chairman	Taiwan	Huang, Ta-Kung	Male 66 years old	June 14, 2024	3 years	June 21, 2000	4,997,068	3.63%	5,130,781	3.73%	4,991,386	3.62%	-	-	Graduated from junior high school	The Company's Chairman of Board	-	-	-	
Director	Taiwan	Kao Shenq investment Co., Ltd.	-	June 14, 2024	3 years	June 21, 2000	5,631,014	4.06%	5,631,014	4.09%	-	-	-	-	-	-	-	-	-	-
Legal Representative	Taiwan	Kao Shenq investment Co., Ltd. - Ho Ten-Ming	Male 80 years old	June 14, 2024	-	-	-	-	1,521,970	1.11%	-	-	-	-	Graduated from New Taipei Municipal Banqiao Senior High School	The Company's General Manager	-	-	-	-
Legal Representative	Taiwan	Kao Shenq investment Co., Ltd. - Chang Tsang-Yu	Male 63 years old	June 14, 2024	-	-	-	-	5,199	-	-	-	-	-	Graduated from Feng Chia University	The Company's manager	-	-	-	-
Legal Representative	Taiwan	Kao Shenq Investment Co., Ltd. - Yuan, Chieh (Note 6)	Male 64 years old	June 14, 2024	3 years		164	-	164	-	82	-	-	-	General Manager of Vega Textile Ltd.	Director of the Company	-	-	-	
Legal Representative	Taiwan	Kao Shenq investment Co., Ltd. - Huang, Su-Hwa (Note 6)	Female 62 years old	July 20, 2021	-	-	-	-	-	-	-	-	-	-	Graduated from China University of Technology	Responsible person of Bei Guo Indoor Decoration and Design	-	-	-	-
Director	Taiwan	Yi Shenq investment Co., Ltd.	-	June 14, 2024	3 years	1100720	2,198,140	1.60%	2,198,140	1.60%	-	-	-	-	-	-	-	-	-	
Legal Representative	Taiwan	Yi Shenq investment Co., Ltd. — Lu, Chien-Tung	Male 63 years old	June 14, 2024	-	-	-	-	-	-	-	-	-	-	Graduated from Oriental Institute of Technology	Supervisor of garment factory	-	-	-	-

Job title (Note 1)	Nationality or place of registration	Name	Gender Age (Note 2)	Date of (elected to) office	Term of office	Date of first elected (Note 3)	Shares held at the time of appointment		Current shares held		Current shares held by spouse and underage children		Shares held in the name of another person		Main career (academic) achievements (Note 4)	Current positions in the Company and other companies	Spouse, or relative within 2nd degree of kinship, acting as a director, supervisor or other managerial officer			Remarks (Note 5)
							Number of shares	Shareholdings ratio	Number of shares	Shareholdings ratio	Number of shares	Shareholdings ratio	Number of shares	Shareholdings ratio			Job title	Name	Relationship	
Legal Representative	Taiwan	Yi Shenq investment Co., Ltd. - Chen Miao-Chi	Female 61 years old	June 14, 2024	-	-	-	-	-	-	-	-	-	-	Graduated from Vocational high school	Responsible person of Yi Shenq Investment Co., Ltd.	-	-	-	-
Independent director	Taiwan	Chang, King-Jen	Male 79 years old	June 14, 2024	3 years	June 3, 2015	-	-	-	-	-	-	-	-	Superintendent of Taoyuan General Hospital and Cheng Ching Hospital	Independent Director of the Company	-	-	-	
Independent director	Taiwan	Lo, Wei-Jer	Male 49 years old	June 14, 2024	3 years	July 20, 2021	-	-	-	-	-	-	-	-	Presiding CPA of Legendary & Steadfast Accountancy (LSA)	Independent Director of the Company	-	-	-	
Independent director	Taiwan	Huang Cheng-Feng (Note 7)	Male 39 years old	June 14, 2024	3 years	June 14, 2024									Partner, Equitable Law Offices	Independent Director of the Company				
Independent director	Taiwan	Yuan, Chieh (Note 7)	Male 64 years old	July 20, 2021	3 years	July 20, 2021	164	-	164	-	82	-	-	-	General Manager of Vega Textile Ltd.	Independent Director of the Company	-	-	-	

Note 1: Juristic person shareholders shall be identified by the name and representative individually (in the case of a juristic person shareholder's representative, the juristic person shareholder's name shall be identified), and the following Table 1 shall be completed.

Note 2: Please identify the real age, and express it by interval, e.g. 41~50 years old or 51~60 years old.

Note 3: Please also specify if the initial term of office for the Company's director or supervisor is interrupted.

Note 4: Previous work experiences relating to their current roles; if the person worked in an auditor's firm or in an affiliated company during the aforementioned time period, the job title and responsibilities must be provided. (Please refer to Page 65)

Note 5: If the Company's Chairman and President or equivalent (the supreme management) of the Company are the same person, spouses or relatives within 1st degree of kinship, please disclose the reason, rationality, necessity and responsive measures (e.g. increasing the seats of independent director, and a majority of directors prohibited from serving as employees or managers concurrently).

Note 6: At the shareholders' meeting on June 14, 2024, following the re-election, Huang, Su-Hwa, the representative of corporate director Kao Shenq investment Co., Ltd., was discharged and succeeded by Yuan, Chieh.

Note 7: At the shareholders' meeting on June 14, 2024, following the re-election, independent director Yuan, Chieh was discharged and succeeded by Huang, Cheng-Feng.

Table 1: Major shareholders of juristic person shareholders April 15, 2025

Name of juristic person shareholder (Note 1)	Major shareholders of juristic person shareholders (Note 2)
Kao Shengq investment Co., Ltd.	Chang Tseng Tung-Ching (86.10%)
Kao Shengq investment Co., Ltd.	Huang, Ta-Kung (9.05%)
Kao Shengq investment Co., Ltd.	Huang, Fei-Ta (2.44%)
Kao Shengq investment Co., Ltd.	Lu, Chien-Tung (0.89%)
Kao Shengq investment Co., Ltd.	Chen, Miao-Chi (0.89%)

Kao Sheng investment Co., Ltd.	Huang, Fei-Jou (0.63%)
Yi Sheng investment Co., Ltd.	Chen, Miao-Chi (99.93%)
Yi Sheng investment Co., Ltd.	Pan, Mei-Tzu (0.07%)

Note 1: In the case of a juristic person shareholder's representative, the juristic person shareholder's name shall be identified.

Note 2: The names of major shareholders of the juristic person shareholder (with the shareholding stake on the top 10 list) and their shareholdings ratio shall be identified. If the major shareholders are juristic persons, please complete the following Table 2.

Note 3: If the juristic person shareholder is not a corporation, said names of shareholders and shareholding ratio shall refer to the names of the capital contributors or donors (please refer to the public notice made by Judicial Yuan), and their capital contribution or donation percentage. If the donors are deceased, please specify "deceased."

Table 2: Table 1 Major shareholders of major shareholders who are juristic persons April 15, 2025

Name of juristic person (Note 1)	Major shareholders of juristic person (Note 2)
—	—

Note 1: Please specify the name of the major shareholder identified in said Table 1 who is a juristic person, if any.

Note 2: The names of major shareholders of the juristic person (with the shareholding stake on the top 10 list) and their shareholdings ratio shall be identified.

Note 3: If the juristic person shareholder is not a corporation, said names of shareholders and shareholding ratio shall refer to the names of the capital contributors or donors (please refer to the public notice made by Judicial Yuan), and their capital contribution or donation percentage. If the donors are deceased, please specify "deceased."

(Data 2)

(1) Information disclosure of director's professional qualifications and independence of the independent directors:

Name	Conditions	Professional qualifications and experience (Note 1)	Independence status (Note 2)	Number of companies to which also serving as independent directors
Huang, Ta-Kung		With the working experience in commerce and otherwise necessary for the business of the Company and free from any circumstances in Article 30 of the Company Act	-	None
Representative of Kao Sheng investment Co., Ltd.: Ho Ten-Ming		With the working experience in commerce and otherwise necessary for the business of the Company	-	None
Representative of Kao Sheng investment Co., Ltd.: Chang Tsang-Yu		With the working experience in commerce and otherwise necessary for the business of the Company	-	None

Representative of Kao Shenq Investment Co., Ltd. - Yuan, Chieh (Note 4)	With the working experience in commerce and otherwise necessary for the business of the Company	-	None
Representative of Kao Shenq investment Co., Ltd.: Huang, Su-Hwa (Note 4)	With the working experience in commerce and otherwise necessary for the business of the Company	-	None
Representative of Yi Shenq investment Co., Ltd.: Chen, Miao-Chi	With the working experience in commerce and otherwise necessary for the business of the Company	-	None
Representative of Yi Shenq investment Co., Ltd.: Lu, Chien-Tung	With the working experience in commerce and otherwise necessary for the business of the Company	-	None
Independent Director Lo, Wei-Jer	Possessing the working experience required in commerce, finance, accounting, or company operations; having passed the national examination and holding a CPA certificate; currently serving as the presiding CPA of Legendary & Steadfast Accountancy; and free from any circumstances referred to in Article 30 of the Company Act.	1. They or their spouses or relatives within 2nd degree of kinship do not serve as directors, supervisors or employees in the Company or any of its affiliates. 2. They or their spouses or relatives within 2nd degree of kinship do not hold (or in the name of another person) the Company's shares or shareholdings. 3. They do not serve as directors, supervisors, or employees in any entity that has certain relationship with the Company (that meets the subparagraphs 5~8, Paragraph 1 of Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies). 4. They have not provided commercial, legal, financial, accounting or other professional services to the Company or its affiliates in the most recent two years.	None

Independent Director Chang, King-Jen	With the working experience in commerce and otherwise necessary for the business of the Company and free from any circumstances in Article 30 of the Company Act	1. They or their spouses or relatives within 2nd degree of kinship do not serve as directors, supervisors or employees in the Company or any of its affiliates 2. They or their spouses or relatives within 2nd degree of kinship do not hold (or in the name of another person) the Company's shares or shareholdings. 3. They do not serve as directors, supervisors, or employees in any entity that has certain relationship with the Company (that meets the subparagraphs 5~8, Paragraph 1 of Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies). 4. They have not provided commercial, legal, financial, accounting or other professional services to the Company or its affiliates in the most recent two years.	None
Independent director Huang, Cheng-Feng (Note 5)	With the working experience in commerce and otherwise necessary for the business of the Company and free from any circumstances in Article 30 of the Company Act	1. They or their spouses or relatives within 2nd degree of kinship do not serve as directors, supervisors or employees in the Company or any of its affiliates. 2. They or their spouses or relatives within 2nd degree of kinship do not hold (or in the name of another person) the Company's shares or shareholdings. 3. They do not serve as directors, supervisors, or employees in any entity that has certain relationship with the Company (that meets the subparagraphs 5~8, Paragraph 1 of Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies). 4. They have not provided commercial, legal, financial, accounting or other professional services to the Company or its affiliates in the most recent two years.	None

Independent Director Yuan Chieh (Note 5)	With the working experience in commerce and otherwise necessary for the business of the Company and free from any circumstances in Article 30 of the Company Act	1. They or their spouses or relatives within 2nd degree of kinship do not serve as directors, supervisors or employees in the Company or any of its affiliates. 2. They do not serve as directors, supervisors, or employees in any entity that has certain relationship with the Company (that meets the subparagraphs 5~8, Paragraph 1 of Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies). 3. They have not provided commercial, legal, financial, accounting or other professional services to the Company or its affiliates in the most recent two years.	None
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(2) The Board of Directors' diversity and independence:

1. The Board of Directors' diversity: Please specify the Board of Directors' diversity policy, target and achievement thereof. The Board of Directors' diversity policy includes, without limitation to the directors' election criteria, professional qualifications and experience required from the Board of Directors and the composition or percentage of gender, age, nationality and culture. It also specifies the Company's specific goals for said policy, and achievement thereof. If the number of directors of either gender on the Board of Directors of a listed or OTC-listed company does not reach one-third, the company shall disclose the reasons and the measures planned to enhance gender diversity on the Board.

The Company's Articles of Incorporation expressly state that the directors' election shall adopt the candidate nomination system and qualification review, and the directors shall be elected at a shareholders' meeting upon resolution of the Board of Directors.

The Company's Board of Directors is composed of nine members, including three independent directors, with expertise in areas such as business, finance, and accounting. Among the nine directors, there is one female member, which does not meet the one-third threshold recommended by the Taiwan Stock Exchange. The analysis of the reason is as follows:

- ① In the process of selecting directors, professional experience and industry background are the primary considerations. There is a relatively limited pool of qualified candidates of the opposite gender.
- ② Most current Board members are reappointed directors, and the low turnover rate has affected the progress of achieving gender diversity.

Future improvement measures:

- ① Actively include candidates of the opposite gender in the next Board re-election.
- ② Give priority to candidates of different genders with professional backgrounds when seeking external directors.

2. Independence of the Board of Directors: Please specify the number and percentage of independent directors, and also explain that the Board of Directors is functioning independently, attached with the reasons to explain whether the circumstances referred to in Paragraph 3 and Paragraph 4, Article 26-3 of the Securities and Exchange Act are met or not, and also the statement about the relationship, such as spouse or relative within 2nd degree of kinship, between directors, supervisors, or directors and supervisors: The Board of Directors consists of 9 directors, including 3 independent directors. The 3 independent directors are free from the circumstances referred to in Paragraph 3 and Paragraph 4, Article 26-3 of the Securities and Exchange Act are met or not, including the relations, such as spouse or relative within 2nd degree of kinship between directors.

Note 1: Professional qualification and experience: Please specify the individual directors' professional qualification and experience. In the case of an Audit Committee member specialized in accounting or finance, please specify his/her educational background and working experience in accounting or finance, and whether he/she meets the circumstances referred to in Article 30 of the Company Act.

Note 2: Please specify the independent directors' compliance of independence, including but not limited to, whether they or their spouses or relatives within 2nd degree of kinship serve as directors or employees in the Company or any of its affiliates; the number and percentage of the Company's shares held in their own names or names of the spouses or relatives within 2nd degree of kinship (or proxy shareholder); whether they serve as directors or employees in any entity that has certain relationship with the Company (please refer to the subparagraphs 5-8, Paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies); and the amount of remuneration received in the last two years for providing commercial, legal, financial, accounting or other professional services to the Company and its affiliates.

Note 3: For the method of disclosure, please refer to the best practice examples presented on the website of Taiwan Stock Exchange Corporate Governance Center.

Note 4: At the shareholders' meeting on June 14, 2024, following the re-election, Huang, Su-Hwa, the representative of corporate director Kao Sheng investment Co., Ltd., was discharged and succeeded by Yuan, Chieh.

Note 5: At the shareholders' meeting on June 14, 2024, following the re-election, independent director Yuan, Chieh was discharged and succeeded by Huang, Cheng-Feng.

(II) Background information about President, Vice President, assistant vice presidents, and the heads of various departments and branches

April 15, 2025

Job title (Note 1)	Nationality	Name	Gender	Date of (elected to) office	Shares held		Shares held by spouse and underage children		Shares held in the name of another person		Main career (academic) achievements (Note 2)	Current positions in other companies	Spouse or Relatives Within the Second Degree of Kinship Acting as Managers			Remarks (Note 3)
					Number of shares	Shareholdings ratio	Number of shares	Shareholdings ratio	Number of shares	Shareholdings ratio			Job title	Name	Relationship	
General Manager	Taiwan	Ho Ten-Ming	Male	August 1, 2006	1,521,970	1.11%	-	-	-	-	Graduated from New Taipei Municipal Banqiao Senior High School	-	-	-	-	-
Financial accounting manager	Taiwan	Chen Yong-Lu	Male	September 1, 1994	1,138	-	188	-	-	-	Graduated from Feng Chia University	-	-	-	-	-

Note 1: To include the information about General Manager, Vice President, assistant vice presidents, and the heads of various departments and branches, and persons who hold positions equivalent to President, Vice President, or an assistant vice president, irrelevant with job title.

Note 2: Previous work experiences relating to their current roles; if the person worked in an auditor's firm or in an affiliated company during the aforementioned time period, the job title and responsibilities must be provided. (Please refer to Page 65)

Note 3: If the President or equivalent (the supreme management) of the Company are the same person as its Chairman, spouses or relatives within 1st degree of kinship, please disclose the reason, rationality, necessity and responsive measures (e.g. increasing the seats of independent director, and a majority of directors prohibited from serving as employees or managers concurrently).

(III) If the chairman and the general manager or equivalent (top manager) is the same person or spouse or relative within one degree of kinship to the other, the reason, rationality, necessity and relevant information of the corresponding measures should be explained: None.

II. Compensation to directors, President and Vice- President

- (I) The Company may choose to adopt a method of aggregating and disclosing names at different levels or to disclose names and remuneration methods individually.
- (II) If the Company meets any of the following circumstances, please disclose the names of and compensation to the directors or supervisors individually. The others could be disclosed in aggregate along the scale of payment, or the names and remunerations individually (for individual disclosure, specify the job title, name and amount and skip the bracket along the payment scale):
 - (1) If there was a loss after tax as presented in the parent company only or separate financial statements for the most recent three years, please disclose the name of and compensation to individual "Directors," unless there was earnings after tax as stated in the parent company only or separate financial statements for the most recent year sufficient to cover the accumulated loss.
 - (2) Remuneration of individual directors should be disclosed if director shareholding ratios have been insufficient for more than three consecutive months in the most recent year: None.
 - (3) If any director pledged more than 50% of the shares in his/her holding in average under lien in any period of 3 months in the most recent year, please disclose the compensation to such director in respective months in which the pledge of shares under lien exceeded 50% of his/her holding: None.
 - (4) If all the directors received more than 2% of the earnings after tax of all companies included in the financial statements and the compensation to individual directors is more than NT\$15 million, please disclose the compensation to such directors: None. (Note: Said threshold shall be calculated based on the "director compensation" section shown in the Table, excluding compensations received for concurrent role as employee.)
 - (5) Whether or not the Company ranked in the bottom two tiers of the most recent TWSE/TPEX corporate governance evaluation or was denied evaluation by the Corporate Governance Evaluation Committee for reasons such as change of trading method, trade suspension, delisting or other reasons approved by the Corporate Governance Evaluation Committee at any time in the most recent year up until the date of publication of the annual report.
 - (6) Whether annual salary of the Company's full-time non-managerial staff averaged less than NT\$500,000 in the most recent year.
 - (7) Net profit after tax of the TWSE/TPEX-listed company has increased by more than 10% in the most recent year, but the average annual salary of full-time employees not holding non-managerial staff has not increased compared with the previous year.
 - (8) Decline in after-tax profit and loss of the TWSE/TPEX listed company in the most recent year has reached 10% while exceeding NT\$5 million and the average remuneration of each director has increased by 10% while exceeding NT\$100,000 (excluding remuneration for those serving concurrently as an employee).

(III) If the Company meets any of the conditions mentioned in the preceding paragraph (1) or (5), please disclose the compensation received by the top-5 paid managers (e.g. President, Vice-Presidents, CEO or financial manager).

(III-1) Compensation to the general directors and independent directors (disclosed by name and compensation individually)

December 31, 2024; Unit: NT\$ thousand

Job title	Name	Total compensation to directors								Sum of A, B, C, and D as a percentage of net income (Note 10)		Compensation received as serving as the employees concurrently								Sum of A, B, C, D, E, F and G as a percentage of net income (Note 10)		Compensation on from investees other than subsidiaries or from the parent company (Note 11)
		Return (A) (Note 2)		Severance payment and pension (B)		Remuneration to directors (C) (Note 3)		Professional practice fees (D) (Note 4)				Salary, bonus and special allowances (E) (Note 5)		Severance payment and pension (F)		Remuneration to employees (G) (Note 6)						
		the Company	All companies in the financial statements (Note 7)	the Company	All companies in the financial statements (Note 7)	the Company	All companies in the financial statements (Note 7)	the Company	All companies in the financial statements (Note 7)	the Company	All companies in the financial statements (Note 7)	the Company	All companies in the financial statements (Note 7)	the Company	All companies in the financial statements (Note 7)	the Company		All companies in the financial statements (Note 7)		the Company	All companies in the financial statements (Note 7)	
																Amount in cash	Stock amount	Amount in cash	Stock amount			
Chairman	Huang, Ta-Kung	-	-	-	-	4,000	4,000	-	-	0.30%	0.30%	-	-	-	-	-	-	-	-	0.30%	0.30%	4,000
Juristic person director	Kao Shengq investment Co., Ltd.	-	-	-	-	8,000	8,000	-	-	0.59%	0.59%	-	-	-	-	-	-	-	-	0.59%	0.59%	8,000
Director	Representative of Kao Shengq investment Co., Ltd.: Ho Ten-Ming	-	-	-	-	-	-	60	60	-	-	2,233	2,233	-	-	1,664	-	1,664	-	0.29%	0.29%	1,724
Director	Representative of Kao Shengq investment Co., Ltd.: Chang Tsang-Yu	-	-	-	-	-	-	60	60	-	-	1,518	1,518	-	-	827	-	827	-	0.18%	0.18%	887
Director	Representative of Kao Shengq investment Co., Ltd.: Yuan Chieh	-	-	-	-	-	-	20	20	-	-	-	-	-	-	-	-	-	-	-	-	20
Director	Representative of Kao Shengq investment Co., Ltd.: Huang, Su-Hwa	-	-	-	-	-	-	30	30	-	-	-	-	-	-	-	-	-	-	-	-	30
Juristic person director	Yi Shengq investment Co., Ltd.	-	-	-	-	4,000	4,000	-	-	0.30%	0.30%	-	-	-	-	-	-	-	-	0.30%	0.30%	4,000
Director	Representative of Yi Shengq investment Co., Ltd.: Chen, Miao-Chi	-	-	-	-	-	-	40	40	-	-	-	-	-	-	-	-	-	-	-	-	40
Director	Representative of Yi Shengq investment Co., Ltd.: Lu, Chien-Tung	-	-	-	-	-	-	40	40	-	-	-	-	-	-	-	-	-	-	-	-	40
Independent director	Chang, King-Jen	-	-	-	-	-	-	370	370	0.03%	0.03%	-	-	-	-	-	-	-	-	0.03%	0.03%	370
Independent director	Lo, Wei-Jer	-	-	-	-	-	-	385	385	0.03%	0.03%	-	-	-	-	-	-	-	-	0.03%	0.03%	385
Independent director	Huang Cheng-Feng	-	-	-	-	-	-	180	180	0.01%	0.01%	-	-	-	-	-	-	-	-	0.01%	0.01%	180
Independent director	Yuan Chieh	-	-	-	-	-	-	200	200	0.01%	0.01%	-	-	-	-	-	-	-	-	0.01%	0.01%	200

1. Please explain the policy, system, standards and structure by which independent director compensation is paid, and association between the amount paid and independent directors' responsibilities, risks, and time committed: The Board of Directors is authorized to determine the compensation to the Company's independent directors based on the pay level among peers in the same industry, in accordance with the Articles of Incorporation. The independent directors shall receive the compensation at fixed amount on a monthly basis, but are excluded from distribution of earnings.

2. Compensation received by director for providing service (e.g. consultancy service without the title of an employee to the parent company, any company included in the financial statements, or any investee) in the most recent year, except those disclosed in said table: None.

Note 1: Directors' names shall be identified one by one (juristic shareholders shall be identified by the name and representative individually), and the various payments shall be summarized and then disclosed. Any director who serves as the President or Vice President concurrently shall be disclosed in this table and the following Table (3-1) or (3-2).

Note 2: The remuneration to directors in the most recent year (including director's salary, duty allowance, severance pay, bonus and reward, et al.).

Note 3: The amount of directors' remuneration that the Board has approved as part of the latest earnings appropriation.

Note 4: The professional practice fees for services rendered by the directors in the most recent year (including transportation allowances, special allowances, various subsidies, accommodation, corporate vehicle and other in-kind benefits). Where housing, cars, vehicles, or personal allowances were granted, please also disclose the nature and cost of assets, the rental rates calculated based on actual or fair value, costs of petrol and

other benefits. Where personal drivers were assigned, please make a footnote disclosure explaining the amount of salaries made to drivers, but do not count them as part of the compensation paid to the above beneficiaries.

Note 5: Any salaries, duty allowances, pension, severance pay, bonuses, rewards, transportation allowances, special allowances, various subsidies, accommodation, corporate vehicles and other in-kind benefits that the director received in the most recent year for assuming the role of the Company's employee concurrently (including the President, Vice President, other managers and employees). Where housing, cars, vehicles, or personal allowances were granted, please also disclose the nature and cost of assets, the rental rates calculated based on actual or fair value, costs of petrol and other benefits. Where personal drivers were assigned, please make a footnote disclosure explaining the amount of salaries made to drivers, but do not count them as part of the compensation paid to the above beneficiaries.

Part of the salary expenses recognized according to IFRS 2 - "Share-based Payment," including employee stock warrants, RSAs and subscription for new shares upon cash capital increase are treated as compensation.

Note 6: If the directors who act as employees concurrently (including President, Vice President, other managers and employees) received employee remuneration (including stocks and cash) in the most recent year, please disclose the employee remuneration approved by the Board of Directors in the most recent year. If it is impossible to impute the same, the amount to be distributed this year shall be based on that distributed actually last year, and please also complete Table 1-3.

Note 7: Please disclose the total compensation paid by all companies included in the consolidated financial statements (including the Company) to the Company's directors.

Note 8: The aggregate of the compensation to directors by the Company, and the names of such directors should be disclosed in the relevant space of the table.

Note 9: Please disclose the aggregate of the compensation paid by all companies included in the consolidated financial statements (including the Company) to each director, and also the director's name in the relevant space of the table.

Note 10: The net income refers to that shown in the most recent parent company only or separate financial statements.

Note 11: a. This field represents all forms of compensation the Company's directors have received from the Company's investees other than subsidiaries, or from the parent company. (If none, please specify "None.")

b. For directors who receive compensation from investees other than subsidiaries, or from the parent company, amounts received from these investees or the parent company shall be added to column I of the Compensation Scale Table, in which case, column I will be renamed "the parent company and all investees."

c. The compensation refers to any remuneration or return (including remuneration received as an employee and director) and professional practice fees which the Company's directors received for serving as directors or managers in investees other than subsidiaries or in parent company.

Note 12: At the shareholders' meeting on June 14, 2024, following the re-election, Huang, Su-Hwa, the representative of corporate director Gaosheng Investment Co., Ltd., was discharged and succeeded by Yuan, Chieh. Independent director Yuan, Chieh was also discharged and succeeded by Huang, Cheng-Feng.

* The basis of compensation disclosed herein is different from the income under the Income Tax Act; hence, the table has been prepared solely for information disclosure but not for tax purpose.

(III-2) Compensation to the supervisors (disclosed by name and compensation individually): Not applicable.

(III-3) Compensation to President and Vice President (disclosed by name and compensation individually)

December 31, 2024; Unit: NT\$ thousand

Job title	Name	Salary (A) (Note 2)		Severance payment and pension (B)		Bonus and special allowances (C) (Note 3)		Remuneration to employees (D) (Note 4)				Sum of A, B, C, and D as a percentage of net income (%) (Note 8)		Compensation from investees other than subsidiaries or from the parent company (Note 9)
		the Company	All companies in the financial statements (Note 5)	the Company	All companies in the financial statements (Note 5)	the Company	All companies in the financial statements (Note 5)	the Company		All companies in the financial statements (Note 5)		the Company	All companies in the financial statements (Note 5)	
								Amount in cash	Stock Amount	Cash Amount	Stock Amount			
General Manager	Ho Ten-Ming	2,233	2,233	-	-	60	60	1,664	-	1,664	-	0.29%	0.29%	1,724

* Disclosure is mandatory for persons who hold positions equivalent to a President or Vice-President.

Note 1: The President's and Vice President's names shall be identified one by one, and the various payments shall be summarized and then disclosed. Any director who serves as the President or Vice-President concurrently shall be disclosed in this table and said Table (1-1) or (1-2).

Note 2: The salary, duty allowance and severance pay to President and Vice President in the most recent year.

Note 3: Any bonuses, rewards, transportation allowances, special allowances, various subsidies, accommodation, corporate vehicles and other in-kind benefits, and other remuneration, that President and Vice President received in the most recent year. Where housing, cars, vehicles, or personal allowances were granted, please also disclose the nature and cost of assets, the

rental rates calculated based on actual or fair value, costs of petrol and other benefits. Where personal drivers were assigned, please make a footnote disclosure explaining the amount of salaries made to drivers, but do not count them as part of the compensation paid to the above beneficiaries. Part of the salary expenses recognized according to IFRS 2 - "Share-based Payment," including employee stock warrants, RSAs and subscription for new shares upon cash capital increase are treated as compensation.

Note 4: Please disclose the employee remuneration (including stocks and cash) distributed to the President and Vice President approved by the Board of Directors in the most recent year. If it is impossible to impute the same, the amount to be distributed this year shall be based on that distributed actually last year, and please also complete Table 1-3. The net income refers to that shown in the most recent parent company only or separate financial statements.

Note 5: Please disclose the total compensation paid by all companies included in the consolidated financial statements (including the Company) to the Company's President and Vice President.

Note 6: The aggregate of the compensation to each President and Vice President by the Company, and the names of such President and Vice President should be disclosed in the relevant space of the table.

Note 7: Please disclose the aggregate of the compensation paid by all companies included in the consolidated financial statements (including the Company) to each of the Company's President and Vice President and also the President's and Vice President's names in the relevant space of the table.

Note 8: The net income refers to that shown in the most recent parent company only or separate financial statements. (The Company suffered net loss after tax in the current period.)

Note 9: a. This field represents all forms of compensation the Company's President and Vice President have received from the Company's investees other than subsidiaries, or from the parent company. (If none, please specify "None.")

b. For the President and Vice President who receive compensation from investees other than subsidiaries, or from the parent company, amounts received from these investees or the parent company shall be added to column E of the Compensation Scale Table, in which case, column E will be renamed "the parent company and all investees."

c. The compensation refers to any remuneration or return (including remuneration received as an employee and director) and professional practice fees which the Company's President and Vice-President received for serving as directors or managers in investees other than subsidiaries or in parent company.

* The basis of compensation disclosed herein is different from the income under the Income Tax Act; hence, the table has been prepared solely for information disclosure but not for tax purpose.

(III-4) Compensation to Top 5 senior managers (disclosed by name and compensation individually) (Note 1)

December 31, 2024; Unit: NT\$ thousand

Job title	Name	Salary (A) (Note 2)		Severance payment and pension (B)		Bonus and special allowances (C) (Note 3)		Remuneration to employees (D) (Note 4)				Sum of A, B, C, and D as a percentage of net income (%) (Note 6)		Compensati on from investees other than subsidiaries or from the parent company (Note 7)
		the Company	All companies in the financial statements (Note 5)	the Company	All companies in the financial statements (Note 5)	the Company	All companies in the financial statements (Note 5)	the Company		All companies in the financial statements (Note 5)		the Company	All companies in the financial statements (Note 5)	
								Amount in cash	Stock amount	Amount in cash	Stock amount			
General Manager	Ho Ten-Ming	2,233	2,233	-	-	60	60	1,664	-	1,664	-	0.29%	0.29%	1,724
Manager of President Office	Chang Tsang-Yu	1,518	1,518	-	-	60	60	827	-	827	-	0.18%	0.18%	887
Manager of Management Dept.	Chen Yong-Lu	1,268	1,268					808		808		0.15%	0.15%	808
Manager of Construction Dept.	Hsieh, Chia-Chi	1,475	1,475	-	-	-	-	527	-	527	-	0.15%	0.15%	527
Manager of Sales Dept.	Wang, Chieh-Ju	1,580	1,580	-	-	-	-	357	-	357	-	0.14%	0.14%	357

Note 1: The "Top 5 Senior Managers" refer to the Company's management. The standards governing identification the management shall be subject to the requirements applicable to the "management" referred to in the letter of Securities and Futures Commission, Ministry of Taiwan Financial Certificate III Letter No. 0920001301 dated March 27, 2003. The principles for calculating the remuneration to the "top 5 senior managers" are based on the total of the salaries, severance payment and pension, bonuses and special allowances received by the managers from the companies included into the consolidated financial companies and the employment remuneration received by them (namely, the sum of A+B+C+D). Then, the top 5

senior managers are identified as the top 5 managers receiving the highest remuneration in order. Any directors who serve as said managers concurrently shall be disclosed in this table and said Table (1-1).

Note 2: The salary, duty allowance and severance pay to the top 5 senior managers in the most recent year.

Note 3: Any bonuses, rewards, transportation allowances, special allowances, various subsidies, accommodation, corporate vehicles and other in-kind benefits, and other remuneration, that the top 5 senior managers received in the most recent year. Where housing, cars, vehicles, or personal allowances were granted, please also disclose the nature and cost of assets, the rental rates calculated based on actual or fair value, costs of petrol and other benefits. Where personal drivers were assigned, please make a footnote disclosure explaining the amount of salaries made to drivers, but do not count them as part of the compensation paid to the above beneficiaries. Part of the salary expenses recognized according to IFRS 2 - "Share-based Payment," including employee stock warrants, RSAs and subscription for new shares upon cash capital increase are treated as compensation.

Note 4: Please disclose the employee remuneration (including stocks and cash) distributed to the top 5 senior managers approved by the Board of Directors in the most recent year. If it is impossible to impute the same, the amount to be distributed this year shall be based on that distributed actually last year, and please also complete Table 1-3.

Note 5: Please disclose the total compensation paid by all companies included in the consolidated financial statements (including the Company) to the Company's top 5 senior managers.

Note 6: The net income refers to that shown in the most recent parent company only or separate financial statements.

Note 7: a. This field represents all forms of compensation the Company's top 5 senior managers have received from the Company's investees other than subsidiaries, or from the parent company. (If none, please specify "None.")

b. The compensation refers to any remuneration or return (including remuneration received as an employee and director) and professional practice fees which the Company's top 5 senior managers received for serving as directors or managers in investees other than subsidiaries or in parent company.

* The basis of compensation disclosed herein is different from the income under the Income Tax Act; hence, the table has been prepared solely for information disclosure but not for tax purpose.

Names of managers who receive employee remuneration, and the final allocation December 31, 2024; Unit: NT\$ thousand

	Job title (Note 1)	Name (Note 1)	Stock amount	Amount in cash	Total	Percentage of total net profit after tax (%)
Manager	General Manager	Ho Ten-Ming	-	1,664	1,664	0.12
	Financial accounting manager	Chen Yong-Lu	-	808	808	0.06

Note 1: Please disclose the name and job title individually, while the distribution of earnings may be summarized and then disclosed.

Note 2: Please disclose the employee remuneration (including stocks and cash) distributed to the managers approved by the Board of Directors in the most recent year. If it is impossible to impute the same, the amount to be distributed this year shall be based on that distributed actually last year. The net income refers to that shown in the most recent parent company only or separate financial statements.

Note 3: The scope of managers shall be defined in the following manner, as per the Commission's decree under Tai-Tsai-Cheng-3-Tze No. 0920001301 dated March 27, 2003:

- (1) President and equivalents;
- (2) Vice President and equivalents;
- (3) Assistant Vice President and equivalents;
- (4) Chief of Financial Dept.;
- (5) Chief of Accounting Dept.;
- (6) Any other persons in charge of the Company's affairs and entitled to sign instruments on behalf of the Company.

Note 4: If any director, President or Vice President has received employee remuneration (including stocks and cash), please complete table 1-2 and also this table.

(IV) Please compare and explain the amount of compensation paid in the latest 2 years by the Company and all companies included in the consolidated financial statements to the Company's directors, presidents and vice-presidents and the respective proportions to the net income, as well as the policies, standards and packages by which they are paid, the procedures through which compensations are determined, and their association with business performance and future risks

(1) Analysis on the amount of compensation paid in the latest 2 years by the Company and all companies included in the consolidated financial statements to the Company's directors, presidents and vice- presidents, and the respective proportions to the net income (or net loss after tax) referred to in the parent company only or separate financial statements.

Job title	Total remuneration as a percentage of after-tax net profit (loss)	
	2024	2023
Director	1.75%	8.36%
President and Vice President	0.29%	2.26%

(2) The policies, standards, and packages by which the compensation is paid, the procedures through which compensations are determined of the Company and all companies included into the consolidated financial statements, and their association with business performance and future risks

The Company's policies by which the compensation is paid are expressly defined in the Company's Articles of Incorporation and approved by a shareholders' meeting. The method by which the compensation is paid to President and Vice President shall apply the Company's "Salary Management Regulations." Their monthly salary ranges from NT\$100,000 to NT\$250,000, subject to their experience, seniority and performance, and there is no future risk arising therefor.

III. Operation status of corporate governance

- (I) Functionality of the Board of Directors: how often the meeting is convened (times), each director's attendance rate, enhancements to the functionality of the Board of Directors in the current and the most recent year and evaluation on the implementation status thereof, and other remarks.

(1) Information about functionality of the Board of Directors:

The Board of Directors has held 6 meetings in the recent year (A) and the directors are listed as follows: December 31, 2024

Job title	Name (Note 1)	Actual attendance (or as observer) B	Attendance by proxy (times)	Percentage of actual attendance (or as observer) (%) (B/A) (Note 2)	Remarks
Chairman	Huang, Ta-Kung	1	4	17	
Director	Kao Shenq investment Co., Ltd. Representative: Ho Ten-Ming	6	0	100	
Director	Kao Shenq investment Co., Ltd. Representative: Chang Tsang-Yu	6	0	100	
Director	Kao Shenq investment Co., Ltd. Representative: Yuan, Chieh	2	0	33	Newly elected (upon the re-election on June 14, 2024)
Director	Kao Shenq investment Co., Ltd. Representative: Huang, Su-Hwa	3	0	50	Previously held (upon the re-election on June 14, 2024)
Director	Yi Shenq investment Co., Ltd. Representative: Chen, Miao-Chi	4	2	67	
Director	Yi Shenq investment Co., Ltd. Representative: Lu, Chien-Tung	4	1	67	
Independent director	Lo, Wei-Jer	6	0	100	
Independent director	Chang, King-Jen	5	0	83	
Independent director	Huang Cheng-Feng	2	1	33	Newly elected (upon the re-election on June 14, 2024)

Independent director	Yuan Chieh	4	0	67	Previously held (upon the re-election on June 14, 2024)
Other remarks: I. For the Board of Directors meetings that meet any of the following descriptions, state the date, session, contents of the motion, independent directors' opinions and how the Company has responded to such opinions: (I) Circumstances referred to in Article 14-3 of the Securities and Exchange Act: None. (II) Other than those disclosed above, any other resolution(s) by the Board of Directors meetings passed but with independent directors voicing opposing or qualified opinions on the record or in writing: None. II. For directors' avoidance of motions which involves conflict of interest, the names of directors, contents of the motions, reasons of the recusal for conflict of interest and participation in voting must be disclosed: None. III. The listed company shall disclose the evaluation cycle and period, evaluation scope, method and evaluation content of the board of directors' self-(or peer) evaluation, and fill in Schedule II (2) the implementation of the board of directors' evaluation. IV. Objectives for strengthening the functions of the Board of Directors in the current and most recent years (e.g. setting up an audit committee, enhancing information transparency, etc.) and assessment of their implementation: Since 2021, the company has set up an audit committee to replace supervisors. Meanwhile, in order to strengthen corporate governance, the company has renewed the liability insurance of directors since 2025.					

Note 1: The name and representative of the juristic person shareholder of the director who is a juristic person, if any, shall be disclosed.

Note 2: (1) Before the end of the year, if a director resigns from his/her position, the resignation date should be marked in the remarks column. The actual presence (attendance) rate (%) should be calculated based on how often the Board meeting was convened (times) and his/her actual presence (attendance) (times) during his/her term of office.

(2) If a re-election of directors had taken place prior to the close of the fiscal year, old and new directors are listed, in which case, the remarks column would specify whether they are former directors, newly elected or re-elected and the date of the reelection. The actual presence (attendance) rate (%) should be calculated based on how often the Board meeting was convened (times) and his/her actual presence (attendance) (times) during his/her term of office.

Note 3: At the shareholders' meeting on June 14, 2024, following the re-election, Huang, Su-Hwa, the representative of corporate director Gaosheng Investment Co., Ltd., was discharged and succeeded by Yuan, Chieh. Independent director Yuan, Chieh was also discharged and succeeded by Huang, Cheng-Feng.

(2) Execution of the Board's performance evaluation:

Evaluation cycle (Note 1)	Evaluation period (Note 2)	Scope of evaluation (Note 3)	Method of evaluation (Note 4)	Contents of evaluation (Note 5)
Once per year	January 1, 2024 - December 31, 2024	Board of Directors, individual Board members and functional committees	Board of Directors' self-evaluation	(1) The Board of Directors' performance evaluation: Engagement in the Company's operation, improvement of the Board of Directors' decision-making quality, composition and structure of the Board of Directors, election and continuing education of directors, and internal control, etc.. (2) The Board members' performance evaluation: Alignment of the goals and mission of the company, awareness of the duties of a director, engagement in the Company's operation, management of internal relationship and communication, director's professionalism and continuing education, and internal controls, etc.. (3) The functional committee members' performance evaluation: Engagement in the Company's operation, awareness of the duties of a functional committee member, improvement of the functional committees' decision-making quality, composition of the functional committees and election and appointment of the functional committee members, and internal controls, etc..

Note 1: To specify the Board's performance evaluation cycle, e.g. once per year.

Note 2: To specify the Board's performance evaluation period, e.g. the Board's performance evaluation conducted from January 1, 2024 to December 31, 2024.

Note 3: The scope of evaluation covers the Board of Directors, individual Board members and functional committees.

Note 4: The methods of evaluation include Board's internal self-evaluation, Board members' self-evaluation, peer evaluation, external professional organization's evaluation, and performance evaluation by experts or in any other adequate manners.

Note 5: The contents of evaluation shall consist of, at least, the following elements, subject to the scope of evaluation:

- (1) The Board of Directors' performance evaluation: At least including the engagement in the Company's operation, the Board of Directors' decision-making quality, composition and structure of the Board of Directors, election and continuing education of directors, and internal control, etc..
- (2) The Board members' performance evaluation: At least including the alignment of the goals and mission of the company, awareness of the duties of a director, engagement in the Company's operation, management of internal relationship and communication, director's professionalism and continuing education, and internal controls, etc..
- (3) The functional committee members' performance evaluation: Engagement in the Company's operation, awareness of the duties of a functional committee member, the functional committees' decision-making quality, composition of the functional committees and election and appointment of the functional committee members, and internal controls, etc..

(II) Functionality of Audit Committee or supervisors' involvement in the Board of Directors: how often the meeting is convened (times), each independent director's or supervisor's attendance rate, and other remarks.

(1) Functionality of Audit Committee:

Information about functionality of Audit Committee:

The Committee has convened 4 (A) meetings in the latest year. The attendance of the independent directors is specified as follows:

Job title	Name	Actual Attendance (as an observer) (B) times	Attendance by proxy (times)	Actual attendance rate (%) (B/A) (Note 1 and Note 2)	Remarks
Independent director	Lo, Wei-Jer	4	0	100	
Independent director	Chang, King-Jen	4	0	100	
Independent director	Huang Cheng-Feng	2	0	50	Newly elected (upon the re-election on June 14, 2024)
Independent director	Yuan Chieh	2	0	50	Previously held (upon the re-election on June 14, 2024)

Other remarks:

I. For the Audit Committee meetings that meet any of the following descriptions, state the date, session, contents of motion, independent directors' opposing opinions, reservations or key recommendations, Audit Committee's resolutions and how the Company has responded to Audit Committee's opinions.

(I) Circumstances referred to in Article 14-5 of the Securities and Exchange Act:

Date of the Audit Committee meeting	Contents of motion	Independent directors' opposing opinions or suggestions	Audit Committee's resolutions	The company's handling of the opinion of the Audit Committee
March 13, 2024	1. Submission of the Company's 2023 parent company only and consolidated financial statements	None	Approved as proposed by all present members unanimously.	None
	2. Proposal to amend the Company's internal control system, internal	None	Approved as proposed by all present members unanimously.	None

	audit system and internal control system self-assessment procedures				
	3. Proposal for lending of funds to subsidiaries	None		Approved as proposed by all present members unanimously.	None
	4. Proposal for disposal of real estate to related parties	None		Approved as proposed by all present members unanimously.	None
November 6, 2024	1. Proposal to establish and amend the Company's internal control system, internal audit system, and procedures for self-assessment of the internal control system	None		Approved as proposed by all present members unanimously.	None

- (II) Other than those described above, any resolutions unapproved by the Audit Committee but passed by more than two-third of directors: None.
- II. For independent directors' avoidance of motions which involves conflict of interest, the names of independent directors, contents of the motions, reasons of the recusal for conflict of interest, and participation in voting must be disclosed: None.
- III. Communication between independent directors and chief internal auditing officer/external auditors (e.g. discussions concerning the Company's financial and business affairs, the method of communication used, and the outcome): the Audit Committee meeting was convened to communicate about the Company's financial and business affairs. No objection was raised against the communication results.

Note 1: Before the end of the year, if an independent director resigns from his/her position, the resignation date should be marked in the remarks column. The actual presence rate (%) should be calculated based on how often the Audit Committee meeting was convened (times) and his/her actual presence (times) during his/her term of office.

Note 2: If a re-election of independent directors had taken place prior to the close of the financial year, old and new independent directors are listed, in which case, the remarks column would specify whether they are former independent directors, newly elected or re-elected, and the date of the reelection. The actual presence rate (%) should be calculated based on how often the Audit Committee meeting was convened (times) and his/her actual presence (times) during his/her term of office.

(2) Supervisors' involvement in the functionality of the Board of Directors: Not applicable.

(III) Corporate governance status, and deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies and causes thereof

Evaluation items	Operating status (Note 1)			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
I. Does the Company establish and disclose its corporate governance best practice principles based on “Corporate Governance Best Practice Principles for TWSE/TPEX -Listed Companies”?		V	To be decided, if necessary.	Not applicable.
II. Equity structure and shareholders’ equity of the Company				
(I) Does the Company have the internal procedures regulated to handle shareholders’ proposals, doubts, disputes, and litigation matters and have the procedures implemented accordingly?		V	The Company appoints its shareholders service agent to answer and process the doubts and litigation matters from shareholders on behalf of it.	No significant difference from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
(II) Does the Company control the list of the Company’s major shareholders of ultimate controllers, and the list of the ultimate controllers of the major shareholders?	V		As the Company’s equity is centralized, the Company may control the list of the major shareholders of ultimate controllers, and the list of the ultimate controllers of the major shareholders at any time.	No significant difference from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
(III) Does the Company establish and implement the risk control and firewall mechanism with its affiliated companies?	V		Meanwhile, the IT staff control and check the safety thereof on a daily basis.	No significant difference from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
(IV) Does the Company adopt internal rules	V		The Company has established the “Procedures	No significant difference

Evaluation items	Operating status (Note 1)			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
prohibiting the Company's insiders from trading securities using information not disclosed to the market?			for Handling Material Inside Information.”	from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
III. Composition and responsibilities of the Board of Directors				
(I) Does the Board of Directors have member diversity policies and specific management goals regulated and implemented substantively?		V	To be decided, if necessary.	Not applicable.
(II) Does the Company, in addition to setting up the Remuneration Committee and Audit Committee lawfully, have other functional committees set up voluntarily?		V	To be established, if necessary.	Not applicable.
(III) Does the Company establish a set of policies and assessment methods to evaluate the Board of Directors' performance, conduct the performance evaluation regularly at least on an annual basis and submit the results of performance assessments to the Board of Directors and use them as reference in determining remuneration for individual directors and their nomination for additional office term?	V		The Company's Board of Directors Performance Evaluation Measures were approved by the Board of Directors on November 11, 2020, and performance evaluations are conducted regularly and annually.	Not applicable.
(IV) Does the Company have the independence of the external auditors	V		Our certified public accountants are Hu, Tzu-Ren and Yao, Shih-Chieh of Ernst & Young	No significant difference from the Corporate

Evaluation items	Operating status (Note 1)			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
evaluated regularly?			LLP. The company has annually assessed the independence of CPAs with respect to financial interests, financing and warranties, business relationships, family and personal relationships, employment relations, gifts and special offers, rotation of CPAs and non-audit services. It has also obtained the declaration of independence issued by the CPA, and was not aware of anything that may affect the independence of the CPAs.	Governance Best Practice Principles for TWSE/TPEX Listed Companies
IV. Does the Company assign the adequate number of competent corporate governance officers and appoint the chief corporate governance officer responsible for the corporate governance affairs (including but not limited to, provision to directors the information needed by them to perform their duties, assistance to directors in compliance, organization of the Board of Directors meetings and shareholders' meetings and preparation of the Board meeting and shareholders' meeting minutes, etc.)?	V		The Company has established a head of corporate governance as of March 22, 2023, responsible for corporate governance affairs. The head of corporate governance provides the information needed by directors to perform their duties, assists directors in compliance, organizes the Board of Directors meetings and shareholders' meetings and prepares the minutes of such meetings, etc.	No significant difference from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies

Evaluation items	Operating status (Note 1)			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
V. Does the Company provide proper communication channels and create a stakeholder section on its website to address corporate social responsibility issues that are of significant concern to stakeholders (including but not limited to shareholders, employees, customers and suppliers)?	V		The Company has set up the stakeholders section on its website in 2015, as the communication channel between the Company and stakeholders.	No significant difference from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
VI. Does the Company engage a shareholders service agent to handle shareholders' meeting affairs?	V		The Company engaged <u>Yuanta Securities Co., Ltd.</u> to provide the shareholders service on its behalf.	No significant difference from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
VII. Information disclosure (I) Does the Company set up a website to disclose the Company's business, finance and corporate governance information?	V		The Company has set up its website linked with the "MOPS" to disclose the information about the Company's financial and business matters and corporate governance from time to time.	No significant difference from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
(II) Does the Company have adopted other information disclosure methods (e.g., establishing an English website, designating dedicated persons for collecting and disclosing information of the Company, practicing the spokesman system, posting the investor conference on the Company's website, and so on)?	V		The Company designates dedicated persons to collect and disclose the information about the Company, practices the spokesman system and posts the investor conference on the Company's website, and so on.	No significant difference from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
(III) Does the Company publish and report		V	The Company always publishes and reports the	Not applicable.

Evaluation items	Operating status (Note 1)			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
its annual financial report within two months after the end of a fiscal year, and publish and report its financial reports for the first, second, and third quarters as well as its operating status for each month before the specified deadline?			annual and quarterly financial reports as well as its operating status for each month on the specified deadline, but has never done so before the specified deadline.	
VIII. Does the Company have other information that enables a better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholders' interests and continuing education of directors, implementation of risk management policies and risk measurements, implementation of customer policy and insuring against liabilities of company directors)?	V		1. In addition to the fire protection, escape and first aid training and drills organized regularly, the Company also strives to strengthen the employees' awareness toward safety and healthcare, and implements the health checkup and preferential retirement programs for employees pursuant to the relevant requirements. 2. The purchasing unit of the Company regularly evaluates supplier circumstances and promotes at all times the rights and precautions that stakeholders should be aware of. 3. Board Members' Continuing Education: Independent Director Huang, Cheng-Feng attended two training courses organized by the Taiwan Investor Relations Institute in May and November, namely "Group Governance and Performance Management Practices - from a Financial Perspective" and "Prevention of Workplace Sexual Harassment," each lasting 3 hours. Ho Ten-Ming, the representative of corporate director Kao	No significant difference from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies

Evaluation items	Operating status (Note 1)			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
			Shenq Investment Co., Ltd., attended two training courses organized by the Taipei Bar Association in August and September, namely “ESG and Corporate Human Rights Due Diligence” and “Sustainability Reporting: Current Practices and Trends,” for a total of 6 hours. Independent Director. Lo, Wei-Jer attended a 6-hour course titled “ESG Summit: Net-Zero in All Aspects, a Sustainable Future” in September, organized by the Accounting Research and Development Foundation, and a 3-hour course titled “2024 Seminar on Insider Trading Prevention” in October, organized by the Securities and Futures Institute, totaling 9 hours. Chang Tsang-Yu, the representative of corporate director Kao Shenq Investment Co., Ltd., attended the “2024 Seminar on Insider Trading Prevention” organized by the Securities and Futures Institute in September, for 3 hours. Chairman Huang, Ta-Kung; Yuan, Chieh, the representative of corporate director Kao Shenq Investment Co., Ltd.; Chen, Miao-Chi, the representative of corporate director Yi Shenq Investment Co., Ltd.; and Lu, Chien-Tung each attended the “2024 Seminar on Insider Trading Prevention” organized by the Securities and Futures Institute in October, each for 3 hours. Independent Director Chang, King-Jen	

Evaluation items	Operating status (Note 1)			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
			attended a 7-hour seminar in October titled “Promoting a New Carbon Era Through Sustainability Knowledge,” organized by the Corporate Operating and Sustainable Development Association. Chen, Miao-Chi, representative of corporate director Yi Sheng Investment Co., Ltd., attended a 3-hour seminar in November titled “2024 Seminar on Legal Compliance of Insider Equity Transactions,” organized by the Securities and Futures Institute. 4. The Company has established the “Risk Management Policy” as an important information to help understand the Company's corporate governance status better 5. The Company has insured against liabilities of the Company's directors and supervisors since 2019.	
IX. Please explain the improvements made, based on the latest Corporate Governance Evaluation results published by the TWSE Corporate Governance Center, and propose enhancement measures for any issues that are yet to be rectified. (I) Improved items: not applicable. (II) Priority enhancement projects yet to be improved: Starting from 2024, the Company will conduct regular annual performance evaluations of the functional committees, specifically the Audit Committee and the Remuneration Committee.				

Note: Always provide explanations in the summary description column, regardless of whether the status is ticked “Yes” or “No.”

(IV) Disclose the composition and functionality of the Remuneration Committee or Nomination Committee, if available:

- (1) Composition: The 6th Remuneration Committee of the Company is composed of Independent Director Mr. Lo, Wei-Jer, Independent Director Mr. Chang, King-Jen and Independent Director Mr. Huang, Cheng-Feng.

(2) Operation: The sixth Remuneration Committee of the Company held a remuneration committee meeting on August 7, 2024.

1. Information about the Remuneration Committee members

Identity (Note 1)	Conditions	Professional qualifications and experience (Note 2)	Independence status (Note 3)	Complete text Number of members of the remuneration committee of other companies
	Name			
Independent director (Convener)	Lo, Wei-Jer	With the working experience in commerce and otherwise necessary for the business of the Company; passing the national examination and holding the CPA Certificate; current presiding CPA of Legendary and Steadfast Accountancy; free from any circumstances referred to in Article 30 of the Company Act.	1. They or their spouses or relatives within 2nd degree of kinship do not serve as directors, supervisors or employees in the Company or any of its affiliates. 2. They or their spouses or relatives within 2nd degree of kinship do not hold (or in the name of another person) the Company's shares or shareholdings. 3. They do not serve as directors, supervisors, or employees in any entity that has certain relationship with the Company (that meets the subparagraphs 5~8, Paragraph 1 of Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies) 4. They have not provided commercial, legal, financial, accounting or other professional services to the Company or its affiliates in the most recent two years	None

Independent director	Chang, King-Jen	With the working experience in commerce or otherwise necessary for the business of the Company, and free from any circumstances in Article 30 of the Company Act	1. They or their spouses or relatives within 2nd degree of kinship do not serve as directors, supervisors or employees in the Company or any of its affiliates. 2. They or their spouses or relatives within 2nd degree of kinship do not hold (or in the name of another person) the Company's shares or shareholdings. 3. They do not serve as directors, supervisors, or employees in any entity that has certain relationship with the Company (that meets the subparagraphs 5~8, Paragraph 1 of Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies) 4. They have not provided commercial, legal, financial, accounting or other professional services to the Company or its affiliates in the most recent two years	None
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Independent director	Huang Cheng-Feng	With the working experience in commerce or otherwise necessary for the business of the Company, and free from any circumstances in Article 30 of the Company Act	1. They or their spouses or relatives within 2nd degree of kinship do not serve as directors, supervisors or employees in the Company or any of its affiliates. 2. They or their spouses or relatives within 2nd degree of kinship do not hold (or in the name of another person) the Company's shares or shareholdings. 3. They do not serve as directors, supervisors, or employees in any entity that has certain relationship with the Company (that meets the subparagraphs 5~8, Paragraph 1 of Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies) 4. They have not provided commercial, legal, financial, accounting or other professional services to the Company or its affiliates in the most recent two years.	None
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Independent director	Yuan Chieh	With the working experience in commerce or otherwise necessary for the business of the Company, and free from any circumstances in Article 30 of the Company Act	1. They or their spouses or relatives within 2nd degree of kinship do not serve as directors, supervisors or employees in the Company or any of its affiliates. 2. They do not serve as directors, supervisors, or employees in any entity that has certain relationship with the Company (that meets the subparagraphs 5~8, Paragraph 1 of Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies) 3. They have not provided commercial, legal, financial, accounting or other professional services to the Company or its affiliates in the most recent two years	None
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Note 1: Please specify the related seniority, professional qualification & experience, and independence of each Remuneration Committee member in the Table. For members who are also independent directors, references have been made to Table 1 - Information about Directors (I) on page OO. Please describe the party's identity as independent director, or others (with additional remark for the role of convener, if any).

Note 2: Professional qualification and experience: Please specify the professional qualification and experience of the Remuneration Committee members individually.

Note 3: Compliance of independence: Please specify the Remuneration Committee members' compliance of independence, including but not limited to, whether they or their spouses or relatives within 2nd degree of kinship serve as directors, supervisors or employees in the Company or any of its affiliates; the number and percentage of the Company's shares held in their own names or names of the spouses or relatives within 2nd degree of kinship (or proxy shareholder); whether they serve as directors, supervisors, or employees in any entity that has certain relationship with the Company (please refer to the subparagraphs 5~8, Paragraph 1, Article 6 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange); and the amount of remuneration received in the last two years for providing commercial, legal, financial, accounting or other professional services to the Company and its affiliates.

Note 4: For the method of disclosure, please refer to the best practice examples presented on the website of the Taiwan Stock Exchange Corporate Governance Center.

Note 5: At the shareholders' meeting on June 14, 2024, following the re-election, independent director Yuan, Chieh was discharged and succeeded by Huang, Cheng-Feng.

2. Information about functionality of the Remuneration Committee

- I. The Company's Remuneration Committee consists of 3 members.
- II. Current term of office: From June. 26, 2024 to June 13, 2027. The Remuneration Committee had 2 (A) meetings convened in the latest year. The members' qualification and attendance at the meetings are stated as follows:

Job title	Name	Frequency of actual attendance (times) (B)	Attendance by proxy (times)	Actual attendance rate (%) (B/A) (Note 1)	Scope of Authority	Remarks (Note 2)
Convener	Lo, Wei-Jer	2	0	100	Review the articles of incorporation and evaluate performance regularly.	
Committee member	Chang, King-Jen	2	0	100	Review the articles of incorporation and evaluate performance regularly.	
Committee member	Huang Cheng-Feng (Note 3)	1	0	50	Review the articles of incorporation and evaluate performance regularly.	New
Committee member	Yuan, Chieh (Note 3)	1	0	50	Review the articles of incorporation and evaluate performance regularly.	Former

Other remarks:

- I. Should the Board of Directors reject or modify the suggestions from the Remuneration Committee, state the date, session, contents of the motions, resolution made by the Board of Directors 'meeting and how the Company has responded to Remuneration Committee's opinions (describe the differences and reasons, if any, should the Board of Directors approves a solution that is more favorable than the one proposed by the Remuneration Committee): Any suggestions proposed by the Remuneration Committee have been approved and adopted by the present directors unanimously.
- II. Should any resolution(s) by the Remuneration Committee be passed but with members voicing opposing or qualified opinions on the record or in writing, please describe the date and session of the meeting, contents of the motion, the entirety of members' opinions and how their opinions are addressed: None.

Note 1: Before the end of the year, if any Remuneration Committee member resigns from his/her position, the resignation date should be marked in the remarks column. The actual presence rate (%) should be calculated based on how often the Remuneration Committee meeting was convened (times) and his/her actual presence (times) during his/her term of office.

Note 2: If a re-election of Remuneration Committee members had taken place prior to the close of the financial year, old and new members are listed, in which case, the remarks column would specify whether they are former members, newly elected or re-elected, and the date of the reelection. The actual presence rate (%) should be calculated based on how often the Remuneration Committee meeting was convened (times) and his/her actual presence (times) during his/her term of office.

Note 3: At the shareholders' meeting on June 14, 2024, following the re-election, independent director Yuan, Chieh was discharged and succeeded by Huang, Cheng-Feng.

3. Information about members and functionality of Nomination Committee: none.

(V) Status of sustainable development practices, and deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof:

Promotional Items	Operation status (Note 1)			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies and causes thereof.
	Yes	No	Summary	
I. Does the Company implement a governance framework that supports sustainable development, and designated a unit that specializes (or is involved) in the promotion of sustainable development? Is the unit empowered by the Board of Directors and run by senior management and how does the Board supervise progress?		V	To be decided, if necessary.	Not applicable.
II. Does the Company, in accordance with the materiality principle, conduct risk assessments on environmental, social and corporate governance issues pertaining to company operations and establish the relevant risk management policy or strategy? (Note 2)		V	To be established, if necessary.	Not applicable.
III. Environmental issues				
(I) Does the Company have an appropriate environmental management system established in accordance with its industrial character?	V		The Company classifies scraps subject to the product characteristics and promotes the social responsibility for recycling.	No deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies.
(II) Does the Company endeavor to utilize all resources more efficiently, and use renewable materials which have a low impact on the environment?	V		The Company has contracted the relevant service providers to adopt the materials that pose low impact to the environment. Meanwhile, the Company also uses the best effort to improve the utilization of various resources.	No deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies.

Promotional Items	Operation status (Note 1)			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies and causes thereof.
	Yes	No	Summary	
(III) Does the Company assess the current and future potential risks and opportunities that climate change may present to enterprises and adopt the responsive measures against climate-related issues?		V	The climate change poses limited impact to the Company's industry. Therefore, the Company doesn't evaluate the same or adopt responsive measures.	Not applicable.
(IV) Does the Company maintain statistics on GHG emission, water consumption and total waste volume in the last two years and adopt the policies aimed at reduction of GHG emission, water consumption or other wastes?	V		The Company designates dedicated personnel to gather statistics about GHG emissions, water consumption and gross weight of waste and also control them. Meanwhile, the Company controls the air conditioner's temperature during summer, in order to utilize energy effectively and achieve the target for energy conservation and carbon reduction.	No deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies.
IV. Social issues				
(I) Does the Company develop its policies and procedures in accordance with related laws and International Bill of Human Rights?	V		The Company has set up an Employee Welfare Committee in accordance with regulations to safeguard the rights and interests of employees.	No deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies.
(II) Does the Company adopt and implement reasonable employee benefit policy (including remuneration, vacation and other benefits, etc.) and reflect the operating performance or results to the remuneration to employees adequately?	V		The Company has Management Dept. and Employee Welfare Committee establish various employee benefit measures and reflect the business performance or results to the remuneration to employees adequately.	No deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies.
(III) Does the Company provide employees with a safe and healthy work environment and provide safety and health education to employees regularly?	V		1. The Company has established the Employee Welfare Committee to organize the employee safety and health education programs regularly and also provide health checkup, trips	No deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies.

Promotional Items	Operation status (Note 1)			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies and causes thereof.
	Yes	No	Summary	
(IV) Does the Company have an effective career capacity development training program established for employees?		V	and dinner parties 2. No employee occupational accidents or incidents of fire occurred in 2024 To be decided, if necessary. To be decided, if necessary.	Not applicable.
(V) Does the Company comply with laws and international standards with respect to customers' health, safety, and privacy, marketing and labeling in all products and services offered, and implement consumer or customer interest protection policies and grievance procedures?	V		The Company carries out its business in accordance with related laws and regulations to take care of the health and safety of product and service customers, customers' privacy, marketing and labeling, and also establishes the "Procedure for Handling of Customers' Grievance" to expressly state the procedures for handling of customers' complaints and grievances against the products, in order to protect the rights and interests of consumers or customers	No deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies.
(VI) Does the Company adopt any specific supplier management policy demanding that the suppliers should comply with the related regulations governing environmental protection, occupational safety and health or labors' human rights and how the policy is implemented?	V		The Company has established the "Supplier Management Procedure"	No deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies.
V. Does the Company prepare sustainability report or any report of non-financial information based on international reporting		V	The Company has not yet prepared a sustainability report	Not applicable.

Promotional Items	Operation status (Note 1)			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies and causes thereof.
	Yes	No	Summary	
standards or guidelines? Is said report assured or guaranteed by a third party certification unit?				
VI. If the Company has established its own sustainable development policies in accordance with “Sustainable Development Best Practice Principles for TWSE/TPEX- Listed Companies.” please describe the current practices and any deviations thereof from such principles: The Company has not yet adopted its own “Sustainable Development Best Practice Principles.”				
VII. Other information useful to the understanding of sustainable practice: The Company is engaged in community activities, subsidies for education programs, social charity and other public welfare activities that benefit the public from time to time.				

Note 1: If the execution status is specified “Yes,” please explain the key policies, strategies, and measures taken and the execution progress. If the execution status is specified “No,” please explain deviation and cause of deviation in the field titled “Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof,” and state any policy, strategy, and measure planned for the future.

Note 2: Materiality principle refers to environmental, social and corporate governance issues that are of material impact to the Company's investors and other stakeholders.

Note 3: For the method of disclosure, please refer to the best practice examples presented on the website of Taiwan Stock Exchange Corporate Governance Center.

Climate-Related Information for Listed Companies
1. Status of Implementation of Climate-Related Information

Item	Operation status
1. Disclosure of the Board of Directors' and management's oversight and governance of climate-related risks and opportunities.	1. Regular reporting to the Board of Directors for tracking
2. Disclosure of how identified climate-related risks and opportunities affect the company's business, strategy, and financial planning in the short, medium, and long term.	2. Promotion of green products
3. Disclosure of the financial impacts of extreme climate events and transition actions.	3. Reduction in company profitability
4. Disclosure of how the processes for identifying, assessing, and managing climate-related risks are integrated into the overall risk management framework.	4. Process improvement to reduce waste
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analytical factors, and major financial impacts should be disclosed.	5. Not applicable
6. If a transition plan has been developed to manage climate-related risks, the content of the plan should be explained, along with the metrics and targets used to identify and manage physical and transition risks.	6. Not applicable
7. If internal carbon pricing is used as a planning tool, the basis for setting the carbon price should be described.	7. Not applicable
8. If climate-related targets have been set, the scope of activities covered, categories of greenhouse gas emissions, planning timeline, and annual progress should be disclosed. If carbon offsets or renewable energy certificates (RECs) are used to achieve such targets, the source and quantity of offsets or RECs should be explained.	8. Not applicable
9. Greenhouse gas inventory and assurance status, along with reduction targets, strategies, and concrete action plans (to be separately reported under Sections 1-1 and 1-2).	

1-1 Greenhouse Gas Inventory and Assurance in the Most Recent Two Years

1-1-1 Greenhouse Gas Inventory Information

Disclosure of greenhouse gas emissions (metric tons CO ₂ e), emission intensity (metric tons CO ₂ e per million NT\$ in revenue), and data coverage for the most recent two years.
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Direct emissions (Scope 1): 4.1044 metric tons CO ₂ e emitted by the parent company
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Energy indirect emissions (Scope 2): 179.5612 metric tons CO ₂ e emitted by the parent company

Greenhouse gas emission intensity: 0.3205 metric tons CO ₂ e per million NT\$ in revenue

Note 1: Direct emissions (Scope 1: emissions from sources that are owned or controlled by the company), energy indirect emissions (Scope 2: emissions from the generation of purchased electricity, heat, or steam consumed by the company), and other indirect emissions (Scope 3: emissions resulting from the company's activities that occur from sources not owned or controlled by the company).

Note 2: The data coverage for direct emissions and energy indirect emissions shall be handled in accordance with the implementation timeline set forth in Paragraph 2, Article 10 of these Regulations. Disclosure of other indirect emissions is voluntary.

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

Note 4: Greenhouse gas emission intensity may be calculated per unit of product/service or per unit of revenue. However, data calculated based on revenue (NTD million) must be disclosed at a minimum.

1-1-2 Greenhouse Gas Assurance Information

Disclosure of the assurance status for the most recent two years as of the annual report publication date, including the scope of assurance, assurance provider, assurance standards, and assurance opinion.
No assurance conducted

- Note 1: In accordance with the implementation timeline stipulated by the order issued under Paragraph 2, Article 10 of these Regulations, if a company has not obtained a complete greenhouse gas assurance opinion by the publication date of the annual report, it shall disclose the statement: "Complete assurance information will be disclosed in the Sustainability Report." For companies that do not prepare a Sustainability Report, the statement shall be: "Complete assurance information will be disclosed on the Market Observation Post System (MOPS)," and the complete assurance information shall be disclosed in the following year's annual report.
- Note 2: The assurance provider shall comply with the relevant requirements for sustainability report assurance institutions as stipulated by the Taiwan Stock Exchange Corporation and the Taipei Exchange.
- Note 3: Disclosure content may refer to the best practice reference examples provided on the Corporate Governance Center website of the Taiwan Stock Exchange.

1-2. Greenhouse Gas Reduction Targets, Strategies, and Action Plans

Disclosure of the base year and corresponding data for greenhouse gas reduction, the reduction targets, strategies, specific action plans, and the status of progress toward achieving the targets.
Promotion of green products

- Note 1: This shall be handled in accordance with the implementation timeline set forth in Paragraph 2, Article 10 of these Regulations.
- Note 2: The base year shall be the year in which the greenhouse gas inventory is completed based on the consolidated financial reporting boundary. For example, pursuant to the order under Paragraph 2, Article 10 of these Regulations, companies with paid-in capital of NTD 10 billion or more must complete the inventory for the 2024 fiscal year by 2025, making 2024 the base year. If a company completes the inventory earlier based on the consolidated financial report, it may adopt the earlier year as the base year. In addition, base year data may be calculated using either a single-year figure or a multi-year average.
- Note 3: Disclosure content may refer to the best practice reference examples provided on the Corporate Governance Center website of the Taiwan Stock Exchange.

(VI) Performance of business integrity and discrepancies with the Code of Conduct for listed and listed companies and the reasons therefor:

Evaluation items	Operating status (Note)			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies, and causes thereof
	Yes	No	Summary	
I. Establish integrity management policies and programs				
(I) Does the Company establish a set of board-approved business integrity policy and stated in its Memorandum or external correspondences about the policies and practices it implements to maintain business integrity? Are the Board of Directors and the senior management committed to fulfilling this commitment?		V	No ethical management policies and plans have been established by the Company	Not applicable.
(II) Does the Company develop systematic practices for assessing integrity risks? Does the Company perform regular analyses and assessments on business activities that are prone to higher risk of dishonesty, and implement preventions against dishonest conducts that include at least the measures mentioned in Paragraph 2, Article 7 of “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?”		V	No ethical management policies and plans have been established by the Company	Not applicable.
(III) Does the Company define and enforce operating procedures, behavioral guidelines, penalties and grievance systems as part of its preventive measures against dishonest conducts? Are the above measures reviewed and revised on a regular basis?		V	No ethical management policies and plans have been established by the Company	Not applicable.
II. The implementation of integrity management				
(I) Does the Company evaluate the integrity of all trading counterparts it has business relationships	V		The Company has established the “Credit Extension Management Regulations” to	No deviation from the Ethical Corporate Management Best

Evaluation items	Operating status (Note)			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies, and causes thereof
	Yes	No	Summary	
with? Are there any integrity clauses in the agreements it signs with business partners?			control any transactions involving unethical conduct.	Practice Principles for TWSE/TPEX Listed Companies.
(II) Does the Company establish a unit dedicated to promoting ethical corporate management under supervision of the Board of Directors which shall be responsible for reporting the status of implementation of the ethical management policy and unethical conduct prevention program to the Board of Directors periodically (at least for once per year)?		V	To be established, if necessary.	Not applicable.
(III) Does the Company have any policy that prevents conflict of interest, and channels that facilitate the report of conflicting interests?	V		The Company has established the "Procedure for Handling of Customers' Grievance" to prevent any conflict of interest and provide customers with adequate channels for feedback.	No deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.
(IV) Does the Company implement effective accounting policy and internal control system to maintain business integrity? Has an internal audit unit been assigned to devise audit plans based on the outcome of integrity risk assessment and to audit employees' compliance with various preventions against dishonest conduct or appoints a CPA to conduct the audits?	V		The Company has established effective accounting system and internal control system and appointed an audit supervisor and CPAs to conduct the internal audit operations regularly. Notwithstanding, the Company has not yet prepare any related audit plans based on the evaluation on unethical conduct risk.	No deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.
(V) Does the Company organize internal or external training on a regular basis to maintain business integrity?	V		The Company's directors attend the "Symposium for Ethical Management and Corporate Social Responsibility of TWSE/TPEX Listed Companies" organized by the competent authority regularly each year.	No deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.
III. Implementation of the Company's whistleblowing system				

Evaluation items	Operating status (Note)			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies, and causes thereof
	Yes	No	Summary	
(I) Does the Company provide incentives and means for employees to report misconducts? Does the Company assign dedicated personnel to investigate the reported misconducts?		V	No operating procedure related to the whistleblowing system has been established by the Company.	Not applicable.
(II) Does the Company implement any standard procedures for handling reported misconducts, and subsequent actions and confidentiality measures to be undertaken upon completion of an investigation?		V	No operating procedure related to the whistleblowing system has been established by the Company.	Not applicable.
(III) Does the Company have taken proper measures to protect the whistleblowers from suffering any consequence of reporting an incident?		V	No operating procedure related to the whistleblowing system has been established by the Company.	Not applicable.
IV. Enhanced information disclosure Does the Company disclose the contents of its ethical management best practice principles and the result of implementation on its official website and the MOPS?		V	No “ethical management best practice principles” have been established by the Company.	Not applicable.
V. If the Company has established its own sustainable development policies in accordance with “Sustainable Development Best Practice Principles for TWSE/TPEX- Listed Companies,” please describe the current practices and any deviations thereof from such principles: The Company has not yet established the “ethical management best practice principles.”				
VI. Other information useful to the understanding of ethical corporate management (e.g., the Company reviews and amends the ethical management best practice principles established by it): The Company will research and prepare the ethical management policies and plans, if necessary.				

Note: Always provide explanations in the summary description column, regardless of whether the status is ticked “Yes” or “No.”

(VII) Other information material to the understanding of corporate governance within the Company must be disclosed: None.

(VIII) Status of Internal Control System

(1) Statement of Internal Control:

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Statement of Internal Control System

Date: March 12, 2025

We made the following statement based on self-assessment on the Company's internal control policies in 2024:

- I. The Company acknowledges and understands that establishment, implementation and maintenance of the internal control system are the responsibility of the Board of Directors and managers and that such a system has already been established throughout the Company. The purpose of this system is to provide reasonable assurance in terms of business performance, efficiency (including profitability, performance, asset security etc.), reliable, timely and transparent financial reporting and regulatory compliance.
- 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. However, self-supervision measures are implemented within the Company's internal control policies to facilitate immediate rectification once procedural defects are identified.
- III. The Company evaluates the effectiveness of its internal control policy design and execution based on the criteria specified in "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Regulations"). The criteria introduced by the "Regulations" consists of five major elements, each representing a different stage of internal control: 1. Control over environment, 2. Risk evaluation, 3. Procedural control, 4. Information and communication, and 5. Supervision. Each element further encompasses several sub-elements. Please refer to said "Regulations" for the details.
- IV. The Company has adopted the above-mentioned criteria to validate the effectiveness of its internal control design and execution.
- V. Based on the assessments described above, the Company considers the design and execution of its internal control policies to be effective as of December 31, 2024. This system (including the supervision and management of subsidiaries) has provided assurance with regards to the Company's business results and target accomplishments, reliability, timeliness and transparency of reported financial information and legal compliance.
- VI. The Statement forms an integral part of the Company's annual report and prospectus and shall be made public. Any illegal misrepresentation or concealment in the public statement above are subject to the legal consequences described in Articles 20, 32, 171 and 174 of the Securities and Exchange Act.
- VII. The Statement was approved at the Company's Board of Directors meeting held on March 12, 2025. None of the 9 directors present at the meeting raised any objections, and all of them unanimously agreed to the contents of the Statement.

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Chairman: Huang Ta-Kung (Seal/Signature)

President: Ho Ten-Ming (Seal/Signature)

(2) If the internal control system has been reviewed by an external auditor, the external auditor's report must be disclosed: none.

(IX) Major resolutions passed in shareholders' meetings and Board of Directors meetings in the most recent year until the date of publication of the annual report:

Date	Nature of the meeting	Important resolutions
March 13, 2024	Board of Directors	1. Approved the proposal for discussion on submission of the Company's 2023 parent company only and consolidated financial statements. 2. Approved the proposal submitted by the Remuneration Committee for discussion on the 2023 distribution of remuneration to employees, managers, and directors 3. Approved discussion proposal of 2023 profit distribution. 4. Approved the proposal for discussion about review on the external auditors' independence evaluation results. 5. Approved the proposal for discussion on the Company's "2023 Statement of Internal Control System." 6. Approved the proposal to amend the Company's internal control system, internal audit system and internal control system self-assessment procedures. 7. Approved discussion proposal for lending of funds to subsidiaries. 8. Approved discussion of disposal of real estate to related parties. 9. Approved the proposal for discussion on the Company's 2024 business plan. 10. Approved discussion proposal for prior consent for the re-confirmation of non-certification services by the CPA firm. 11. Approved discussion to comprehensively re-elect directors and accept nominations of director candidates (including independent directors) and to review standards and work process related matters. 12. Approved the proposal for discussion on termination of the non-competition restriction on new directors (including independent directors) and their representatives. 13. Approved the proposal for discussion on the appointment of 6th Remuneration Committee members and 2nd Audit Committee members. 14. Approved the proposal for discussion on the date, time and place and related matters for the 2024 annual general meeting. 15. Approved the discussion on acceptance of the proposals submitted by shareholders in writing at the annual general meeting.
April 24, 2024	Board of Directors	1. Approval of the proposal for the nomination and review of the Company's director candidates by the Board of Directors. 2. Approved the proposal to add discussion items to the agenda of the Company's

		2024 Annual General Meeting.
May 8, 2024	Board of Directors	1. Approved the proposal for discussion on submission of the Company's 2024 Q1 consolidated financial statements. 2. Approved the proposal for discussion on the liquidation of the subsidiary HONG HWA HOLDINGS LIMITED.
June 14, 2024	Shareholders' meeting	1. Adoption of the 2023 Business Report and Financial Statements. 2. Approved the proposal for ratification of the 2023 earnings distribution. 3. Approved the proposal for discussion on the amendment to the Company's "Rules for Election of Directors." 4. Approved the proposal for the full re-election of directors. 5. Approved the proposal for discussion on termination of the non-competition restriction on new directors (including independent directors) and their representatives. 6. Provisional motion: Questions from shareholders: (Account number: 99700) Inquiry What is the current sales progress of your Banqiao construction project? Is it expected to be fully sold by the end of next year? Chairman's Response: The project consists of 132 units. As of May 31, 2024, 31 units have been delivered. The Company will make its best effort to complete all sales by the end of next year.
June 26, 2024	Board of Directors	1. Approved the proposal for election of the current Chairman of Board. 2. Approved the proposal for discussion on determination of ex-dividend date and date of payout for the Company's 2024 cash dividends. 3. Approved the proposal for discussion on the appointment of members to the 2nd Audit Committee and the 6th Remuneration Committee.
August 7, 2024	Board of Directors	1. Approved the proposal for discussion on the change of the Company's audit and attestation CPA. 2. Approved the proposal for discussion on salary and remuneration to the Company's directors and managers. 3. Approved the proposal submitted by the Remuneration Committee for discussion on the 2023 distribution of remuneration to employees (including managers), directors and supervisors. 4. Approved the proposal for discussion on submission of the Company's 2024 Q2 consolidated financial statements. 5. Approved the proposal for discussion on the submission of the "Procedures for the Preparation and Filing of the Sustainability Report."
November 6, 2024	Board of Directors	1. Approved the proposal for discussion on renewal of the facility granted by the Company's correspondent financial institution upon expiration. 2. Approved the proposal for discussion on submission of the Company's 2024 Q3 consolidated financial statements.

		3. Approved the proposal to add and amend the Company's internal control system, internal audit system and internal control system self-assessment procedures. 4. Approved the proposal for discussion on the Company's "2025 Internal Audit Annual Audit Plan". 5. Approved the proposal for discussion on the amendments to the Company's "Articles of Association for Audit Committee." 6. Approved the proposal for discussion on amendments to certain provisions of the Company's "Rules of Procedure of the Board of Directors' Meetings".
March 12, 2025	Board of Directors	1. Approved the proposal for submission regarding the completion of liquidation and dissolution of the Company's subsidiary, HONG HWA HOLDINGS LIMITED. 2. Approved the proposal for discussion on transfer of the claim against subsidiaries for the loans to capital increase in the subsidiaries. 3. Approved the proposal for discussion about review on the external auditors' independence evaluation results. 4. Approved the proposal for discussion on submission of the Company's 2024 parent company only and consolidated financial statements. 5. Approved the proposal submitted by the Remuneration Committee for discussion on the 2024 distribution of remuneration to employees, managers, and directors. 6. Approved discussion proposal of 2024 profit distribution. 7. Approved the proposal for discussion on the Company's "2024 Statement of Internal Control System." 8. Approved the proposal for discussion on the Company's 2025 business plan. 9. Approved discussion proposal for prior consent for the re-confirmation of non-certification services by the CPA firm. 10. Approved the proposal for discussion on amendments to certain provisions of the Company's "Articles of Incorporation." 11. Approved the proposal for discussion on the date, time and place and related matters for the 2025 annual general meeting. 12. Approved the discussion on acceptance of the proposals submitted by shareholders in writing at the annual general meeting.

(X) The main contents of important resolutions of the Board passed but with directors voicing opposing opinions on the record or in writing in the most recent year until the date of publication of the annual report: None.

IV. Information on certified public accountants fees

- (I) Please disclose the amounts of the audit fees and non-audit fees paid to the external auditors and to the firm to which they belong, as well as the details of non-audit services. In the event of any of the following circumstances, please disclose the following details:

Information about CPA professional fees Monetary								unit: NT\$ thousand	
Name of CPA Firm	Name of accountant	Audit fee	Non-audit fee					CPA Auditing Period	Note
			Audit period	Commercial and industrial registration	Human resource	Others	Sub-total		
EY Taiwan	Hu, Tzu-Ren	3,000	-	-	-	250	250	January 1, 2024 - December 31, 2024	
	Yao, Shih-Chieh							January 1, 2024 - December 31, 2024	

Note 1: If there is any change of CPA or CPA firm during the year, please specify the duration of their services separately and state the reason for making the change in the remarks column. Any audit and non-audit fee paid to CPAs should also be disclosed separately.

The non-audit fee shall be noted to explain the service content: the other NT\$250 thousand for tax signature.

- (1) If there is a change in the CPA firm which results in a lower audit fee for that year compared to the previous year, the audit remuneration before and after the change and the cause of such change shall be disclosed: None.
- (2) If the audit fee was reduced by more than 10% from the previous year, the amount, percentage and cause of such variation shall be disclosed: none.

- (II) The audit fees referred to in the preceding item means the professional fees paid by the Company to the external auditors for auditing, review and secondary reviews of financial reports and for financial forecast reviews.

V. Information about replacement of CPA

In order to meet the internal organizational realignment needs of Ernst and Young Joint Certified Public Accountants, the former responsible for checking and approving the company's financial reports were Hu, Tzu-Ren and Hung, Kuo-Sen. Since the consolidated financial reports of the second quarter of 2024, they have been replaced by Hu, Tzu-Ren and Yao, Shih-Chieh.

VI. If the Company's Chairman, President or managers in charge of financial or accounting operations

being employed by the external auditor's firm or any of its affiliated company within the most recent year, please disclose their names, job titles and terms of employment by the firm or any of its affiliated companies: None.

VII. Any transfer of equity interests and pledge of or change in equity interests by a director, supervisor, manager or shareholder with a stake of more than 10% in the most recent year and until the date of publication of the annual report. If the counterpart of transfer or pledge of shares is a related party, please disclose the counterpart's name and relationship between the counterpart and the Company's directors, managers and shareholders with a stake of more than 10 percent and the number of shares acquired or pledged by the counterpart: none.

(I) Changes of the equity of directors, managers and major shareholders

Job title	Name	2024		Until April 15, 2025	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Chairman	Huang, Ta-Kung	0	(2,000,000)	0	0
Director	Representative of Kao Shenq investment Co., Ltd.: Ho Ten-Ming	0	0	0	0
Director	Representative of Kao Shenq investment Co., Ltd.: Chang Tsang-Yu	0	0	0	0
Director	Representative of Kao Shenq Investment Co., Ltd.: Yuan, Chieh (Note)	0	0	0	0
Director	Representative of Kao Shenq investment Co., Ltd.: Huang, Su-Hwa (Note)	0	0	0	0
Director	Representative of Yi Shenq investment Co., Ltd.: Lu, Chien-Tung	0	0	0	0
Director	Representative of Yi Shenq investment Co., Ltd.: Chen, Miao-Chi	0	0	0	0
Independent director	Chang, King-Jen	0	0	0	0
Independent director	Lo, Wei-Jer	0	0	0	0

Job title	Name	2024		Until April 15, 2025	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Independent director	Huang, Cheng-Feng (Note)	0	0	0	0
Independent director	Yuan, Chieh (Note)	0	0	0	0
General Manager	Ho Ten-Ming	0	0	0	0
Head of corporate governance	Chang Tsang-Yu	0	0	0	0
Finance Supervisor and Accounting Supervisor	Chen Yong-Lu	0	0	0	0

Note: At the shareholders' meeting on June 14, 2024, following the re-election, Huang, Su-Hwa, the representative of corporate director Gaosheng Investment Ltd., was discharged and succeeded by Yuan, Chieh. Independent director Yuan, Chieh was also discharged and succeeded by Huang, Cheng-Feng.

(II) Transfer of equity: none.

(III) Share Pledge Information: In 2024, the Company's Chairman, Huang Ta-Kung, reduced the number of pledged shares by 2,000,000 shares.

VIII. Disclosure of relationship among the top ten shareholders including related parties, spouses and relatives within the second degree of kinship

Disclosure of relationship among the top ten shareholders

Name (Note 1)	Shares held in own name		Shares held by spouse and underage children		Shares held in the name of a third party		If there is relationship, such as related party, spouse, or relative within the second degree of kinship, among the top ten shareholders, please disclose the designation or name and relationship. (Note 3)		Remarks
	Number of shares	Shareholdings ratio	Number of shares	Shareholdings ratio	Number of shares	Shareholdings ratio	Designation (or Name)	Relationship	
KUOHWA GARMENT and ENAMEL INDUSTRY CO., LTD.	13,049,515	9.48%	-	-	-	-	-	-	
Responsible person: Huang Lin A-Chiao	-	-	-	-	-	-	Huang, Ta-Kung, Chang, Yu-Jung	Mother and son, mother-in-law and daughter-in-law	
Hua Xin Investment Co., Ltd.	12,806,501	9.30%	-	-	-	-	-	-	
Responsible person: Chang Wen-Ling	-	-	-	-	-	-	-	-	
YII - MAX INTERNATIONAL CORPORATION	11,729,316	8.52%	-	-	-	-	-	-	
YII - MAX Responsible person: Huang, Hui-Fang	-	-	-	-	-	-	-	-	
Yong Hao Investment Co., Ltd.	10,674,859	7.75%	-	-	-	-	-	-	
Yong Hao Responsible person: Lu, Chien-Tung	-	-	-	-	-	-	-	-	
Chang, Yu-Chen	5,863,308	4.26%	22,104	0.02%	-	-	Chiu, Chang-Na; Chang, Yu-Chen	Married couple, siblings	
Kao Sheng investment	5,631,014	4.09%	-	-	-	-	-	-	

Name (Note 1)	Shares held in own name		Shares held by spouse and underage children		Shares held in the name of a third party		If there is relationship, such as related party, spouse, or relative within the second degree of kinship, among the top ten shareholders, please disclose the designation or name and relationship. (Note 3)		Remarks
	Number of shares	Shareholdings ratio	Number of shares	Shareholdings ratio	Number of shares	Shareholdings ratio	Designation (or Name)	Relationship	
Co., Ltd.									
Kao Sheng Responsible person: Tsai Chih-Hsiang	-	-	-	-	-	-	-	-	
Huang, Ta-Kung	5,130,781	3.73%	4,991,386	3.62%	-	-	Chang, Yu-Jung; Chang, Yu-Chen; Huang Lin, Ah-Chiao	Married couple, brother-in-law, mother and son	
Chang, Yu-Jung	4,991,386	3.62%	5,130,781	3.73%	-	-	Huang, Ta-Kung; Chang, Yu-Chen; Huang Lin, Ah-Chiao	Married couple, siblings, daughter-in-law	
Liao, Shang -Yuan	3,553,000	2.58%	-	-	-	-	-	-	
LIEN YEE KNITTING INDUSTRIAL CO., LTD.	2,764,848	2.01%	-	-	-	-	-	-	
LIEN YEE Responsible person: Pan, Mei-Tzu	-	-	-	-	-	-	-	-	

Note 1: All top-10 shareholders shall be listed. The name of any juristic person shareholder and the name of its representative are shown separately.

Note 2: The percentage of shares held under own name, spouse's name, underage children's names and proxy shareholders' names are calculated separately.

Note 3: Relations among said shareholders (including juristic person and natural person shareholders) shall be disclosed in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers.

IX. Number of shares held by the Company, and the Company's directors and managers and the entities directly or indirectly controlled by the Company in a single investee and consolidated shareholdings percentage of the above categories

Consolidated shareholding percentage of investee

Unit: Thousand Shares; %

Investee (Note 1)	Invested by the Company		Investment by directors, supervisors, managers and enterprises controlled either directly or indirectly by the Company		Comprehensive investment	
	Number of shares (thousand shares)	Shareholdings ratio	Number of shares (thousand shares)	Shareholdings ratio	Number of shares (thousand shares)	Shareholdings ratio
Hong Ho Investment Co., Ltd.	15,000	100%	-	-	15,000	100%
Hong Yang Lease-Finance Co., Ltd.	27,800	100%	-	-	27,800	100%
HONG HWA HOLDINGS LTD.	10,595	100%	-	-	10,595	100%
TUNTELON INDUSTRIAL CO., LTD.	3,300	28.57%	-	-	3,300	28.57%
UNITED INTERCONTINENTAL LTD.	14,000	100%	-	-	14,000	100%
GOLDEN SPIRIT LIMITED			11,990	100%	11,990	100%
HONG HO MEXICO,S.A.DEC.V.			6,443	100%	6,443	100%
HONG HO HK LIMITED			8,500	100%	8,500	100%

Note 1: The Company's investments under the equity method.

Three. Funding Status

I. Capital and shares

(I) Source of capital

Units: NT\$/shares

Year/ Month	Issue price	Authorized capital		Paid-up capital		Remarks				
		Number of shares	Amount	Number of shares	Amount	Source of capital			Offset equity via properties other than cash	Others
						Cash	Earnings	Additional paid-in capital		
June 1978	10	4,000,000	40,000,000	4,000,000	40,000,000	Incorporation	—	-	None	None
1985	10	19,700,800	197,008,000	19,700,800	197,008,000	157,008,000	-	-	None	None
1986	10	27,704,320	277,043,200	27,704,320	277,043,200	80,035,200	-	-	None	None
1988	10	47,888,720	478,887,200	47,888,720	478,887,200	-	201,844,000	-	None	None
June 1990	10	100,000,000	1,000,000,000	62,500,000	625,000,000	-	146,112,800	-	None	None
December 1990	10	100,000,000	1,000,000,000	85,000,000	850,000,000	225,000,000	-	-	None	None
August 1991	10	100,000,000	1,000,000,000	100,000,000	1,000,000,000	-	100,000,000	50,000,000	None	None
November 1992	10	200,000,000	2,000,000,000	150,000,000	1,500,000,000	250,000,000	150,000,000	100,000,000	None	None
November 1993	10	200,000,000	2,000,000,000	180,000,000	1,800,000,000	-	150,000,000	150,000,000	None	None
May 1994	10	242,400,000	2,424,000,000	210,600,000	2,106,000,000	-	36,000,000	270,000,000	None	None
August 1994	32	360,000,000	3,600,000,000	280,600,000	2,806,000,000	700,000,000	-	-	None	None
June 1995	10	360,000,000	3,600,000,000	294,630,000	2,946,300,000	-	-	140,300,000	None	None
June 1996	10	360,000,000	3,600,000,000	303,468,900	3,034,689,000	-	-	88,389,000	None	None
June 1999	10	360,000,000	3,600,000,000	333,815,790	3,338,157,900	-	151,734,450	151,734,450	None	None
October 2002	10	360,000,000	3,600,000,000	221,653,685	2,216,536,850	-	-	-	None	(1,121,621,050)
June 2004	10	360,000,000	3,600,000,000	223,870,222	2,238,702,220	-	22,165,370	-	None	None
December 2007	10	360,000,000	3,600,000,000	138,621,513	1,386,215,130	-	-	-	None	(852,487,090)
November 2015	10	360,000,000	3,600,000,000	137,709,513	1,377,095,130	-	-	-	None	(9,120,000)

Note 1: The capital increase in May 1994 was approved via the letter of Securities and Futures Bureau under (83) Tai-Cai-Zheng (I) No. 26438 dated June 6, 1994.

Note 2: The capital increase in August 1994 was approved via the letter of Securities and Futures Bureau under (84) Tai-Cai-Zheng (I) No. 51615 dated February 22, 1995.

Note 3: The capital increase in June 1995 was approved via the letter of Securities and Futures Bureau under (84) Tai-Cai-Zheng (I) No. 37510 dated June 27, 1995.

Note 4: The capital increase in June 1996 was approved via the letter of Securities and Futures Bureau under (85) Tai-Cai-Zheng (I) No. 41470 dated July 3, 1996.

Note 5: The capital increase in June 1999 was approved via the letter of Securities and Futures Bureau under (88) Taiwan Financial Certificate (I) Letter No. 61113 dated July 5, 1999.

Note 6: The capital reduction in October 2002 was approved via the letter of Securities and Futures Bureau under Tai-Cai-Zheng-1-Tze No. 0910132152 dated August 6, 2002.

Note 7: The capital increase in June 2004 was approved via the letter of Securities and Futures Bureau under Tai-Cai-Zheng-1-Tze No. 0930127631 dated June 23, 2004.

Note 8: The capital reduction in December 2007 was approved via the letter of Financial Supervisory Commission, Executive Yuan under Financial Management Certificate No. 0960044957 dated September 27, 2007.

Note 9: The capital reduction in November 2015 was carried out for the buyback of treasury stock, and submitted for future reference per the letter of Financial Supervisory Commission under Jin-Guan-Zheng-Jiao-Zi No. 1040042362 dated October 19, 2015. The registration of capital reduction was also approved via the letter of Ministry of Economic Affairs under Jin-Shou-Shang-Zi No. 10401253550 dated November 27, 2015.

Share Categories	Authorized capital			Remarks
	Outstanding shares	Unissued shares	Total	
Registered ordinary shares	137,709,513	222,290,487	360,000,000	

Information related to the shelf registration

Securities type	Scheduled amount to be issued		Issued amount		Purpose and expected effect of issued parts	Scheduled issued period of unissued parts	Remarks
	Total number of shares	Approved amount	Number of shares	Price			
-	-	-	-	-	-	-	

(II) Name list of major shareholders

April 16, 2024

Share Name of major shareholder	Number of shares held	Shareholdings ratio
KUOHWA GARMENT and ENAMEL INDUSTRY CO., LTD.	13,049,515	9.48%
Hua Xin Investment Co., Ltd.	12,806,501	9.30%
YII - MAX INTERNATIONAL CORPORATION	11,729,316	8.52%
Yong Hao Investment Co., Ltd.	10,674,859	7.75%
Chang, Yu-Chen	5,863,308	4.26%
Kao Sheng investment Co., Ltd.	5,631,014	4.09%
Huang, Ta-Kung	5,130,781	3.73%
Chang, Yu-Jung	4,991,386	3.62%
Liao, Shang -Yuan	3,553,000	2.58%
LIEN YEE KNITTING INDUSTRIAL CO., LTD.	2,764,848	2.01%

(III) Dividends policy and execution status

(1) Dividend policy

Annual profits concluded by the Company (i.e. the profits refer to the income before the income tax prior to deduction of the remuneration to employees, directors and supervisors), if any, shall be subject to employee remuneration of more than 0.1%, and director remuneration of no more than 3% provided.

However, that the total amount of accumulated losses of the Company (including adjusted undistributed profits) shall be reserved from the said profits in advance, and the Company shall distribute the remaining balance thereof in the proportion referred to in the preceding paragraph.

The Company may have the profit distributable as employees' compensation in the preceding paragraph distributed in the form of shares or in cash. Qualification requirements of employees entitled to receive shares or cash as employees' compensation may include the employees of subsidiaries of the Company meeting certain specific requirements.

The remuneration to Directors referred to in the preceding paragraph shall be distributed in cash only.

The distribution in the preceding two paragraphs shall be made by a resolution adopted by the Board of Directors, and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

If the Company retains earnings upon final account of any fiscal year, it shall first make up for any losses from past years (including adjusted undistributed earnings) and then make a contribution of 10% as the legal reserve unless the legal reserve has reached the amount of the Company's paid-in capital. After appropriating or reversing a special reserve pursuant to laws, the balance, if any, plus the accumulated undistributed earnings, beginning (including adjusted undistributed earnings) shall be distributed as shareholder bonus and dividends subject to the earnings distribution plan proposed by the Board of Directors and resolved by a shareholders' meeting.

When a company distributes the distributable earnings, it shall set aside special reserve according to the following manner and this reserve shall not be distributed:

I. For the deduction net amount of other shareholders' equity stated in

the current year (e.g. accumulated balances of exchange differences on translation of foreign financial statements, unrealized gains or losses from financial assets at fair value through other comprehensive income, gains or losses on hedging instruments and revaluation increments), the special reserves shall be stated from current net profit after tax plus items other than current net profit after tax included into the current undistributed earnings. The deficit, if any, shall be stated from the undistributed earnings of the previous period.

- II. For the deduction amount of other shareholders' equity accumulated from the previous period, special reserves shall be stated in any of the following manners but shall not be distributed:
 - (I) From undistributed earnings in the previous period;
 - (II) Any deficit after the special reserves are provided from the undistributed earnings in the previous period, shall be stated from current net profit after tax plus items other than current net profit after tax included into the current undistributed earnings, and expressly stated in the dividend policy referred to in the Articles of Incorporation.
- III. Where the Company has provided the special reserves pursuant to the preceding subparagraph, it shall provide the special reserves for the difference between the amount already provided and that to be provided pursuant to the preceding two items. If the deduction amount of other shareholders' equity reverses, special reserves with respect to the reversing part may be reversed and distributed.

The Company's dividend policy shall take into account the Company's future product planning, investment environment and other funding needs, and also balance shareholders' interest. The Board of Directors shall prepare the proposal for dividend distribution policy pursuant to laws and submit the same to a shareholders' meeting for resolution. Unless it is necessary to satisfy the funding needs, such as the major capital budget for improvement of product competition status or the investment expenditure to cope with the investment environment or other major capital expenditure, the distributed cash dividends shall be no less than 10% of the total dividends distributed in the current year.

- (2) The proposal for distribution of dividends resolved by the shareholders' meeting: Proposed to distribute the cash dividend to shareholders out of earnings at NT\$2 per share and out of additional paid-in capital at NT\$0 per share, i.e. at NT\$2 per share in total.
- (3) Expected significant changes in the dividends policy: None.

(IV) Impacts posed by the proposed bonus shares on the Company's business performance and earnings per share:

Not applicable.

(V) Remuneration to employees and directors

- (1) The percentages or ranges with respect to remuneration to employees and directors, as set forth in the Company's Articles of Incorporation: same as the Company's dividends policy.
- (2) The basis for estimating the amount of remuneration to employees and directors for calculating the number of shares to be distributed as the stock dividends and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:
Based on the Company's profitability in 2024, employee remuneration and director remuneration are estimated at NT\$9,000 thousand and NT\$16,000 thousand, respectively.
In case of discrepancy between the actual distributed amount and the estimated figure, the 2024 income should be adjusted.
- (3) Distribution of remuneration approved by the Board of Directors:
 1. Remuneration to employees and directors distributed in cash or shares: The Company's Board of Directors resolved on March 12, 2025 that the amount of employee remuneration and director remuneration for 2024 will be NT\$9,000 thousand and NT\$16,000 thousand in cash, respectively.
 2. Disclose the amount, causes and treatments of any differences between the amount paid and the amount estimated in the year the expense was recognized:
None.
 3. Percentage to employees paid in shares as resolved, relative to net income and total remuneration to employees shown in the parent company only or separate financial statements: None.
- (4) Actual payment of the bonus to shareholders and remuneration to directors in the previous year (including the number of shares distributed, the sum of cash paid and the price at which shares were issued); and in the case of any discrepancies from the figures estimated, please explain the amount, cause and treatment of such discrepancies:
 1. Actual payment of the remuneration to employees and directors in the previous year:
For 2023, the Company distributed employee remuneration and director remuneration in cash in the amounts of NT\$4,000 thousand each.
 2. If there is a difference with the recognized amount of remuneration for employees and directors, the amount of the difference, the reasons and the handling circumstances should be stated:
Not applicable.

- (VI) Buyback of the Company's Shares: None.
- II. Implementation status of corporate bonds: None.
- III. Implementation status of preferred shares: None.
- IV. Implementation status of global depository receipts: None.
- V. Implementation status of employee stock warrants, restricted stock awards (RSAs) and merger & acquisition (including consolidation, acquisition and split): None.
- VI. Progress on the use of funds:
- (I) Contents: Not applicable.
- (II) Progress: Not applicable.

Four. Operational Overview

I. Business Activities

(I) Business scope

(1) Principal Business Activities:

1. C301010 Spinning of Yarn
2. C302010 Weaving of Textiles
3. C305010 Printing, Dyeing, and Finishing
4. C306010 Wearing Apparel
5. E301010 Water Treatment Construction
6. E302010 Waste Disposing Equipment Assemble Engineering
7. E303010 Air Pollution Restricting Engineering
8. E303020 Noise and Vibration Restricting Engineering
9. E303030 Soil Pollution Restricting Engineering
10. F104010 Wholesale of Fabrics
11. F104020 Wholesale of Clothing
12. F204010 Retail Sale of Fabrics
13. F204020 Retail Sale of Clothing
14. F401030 Manufacture export
15. H701010 Housing and Building Development and Rental
16. H701020 Industrial Factory Development and Rental
17. H701040 Specific Area Development
18. H701050 Specific Area Development
19. I401010 General Advertising Services
20. All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

(2) Business ratios of products

Main products	Business ratio
Woven fabrics	3%
Apparel	-%
Construction	97%
Others	-%
Total	100%

(3) The Company's current products (services) and new products under development:

1. 100% POLYESTER WOVEN FABRIC and filament/staple fiber mixed fabrics
2. Micro fiber fabrics

3. Differential special carded and adjusted hard-twist fabrics
4. OP fabric series
5. New generation functional high-density micro fiber sportswear
6. Thin shirt fabrics
7. Single layer water absorption and water-repellent post-processed fabrics
8. Functional shirt fabrics
9. High-twist stretch linen-like fabric

(II) Overview of industry:

Overview and development of industry, correlation of the upstream, midstream and downstream segments and product development trends and competition:

- (1) The development of filament fiber industry has been matured so far. The purpose for most of the products has shifted from dressing to that for multiple uses, such as home decoration, sports and leisure, and functions. In order to get rid of the competition among peers at low labor cost in the territory, the Company should not solicit the orders for export at lower price, but should compete to solicit the orders with differentiated products and fine quality. Taiwan's filament fiber fabric industry shall work with the upstream segment for the new raw materials, i.e. false twisting materials, midstream segment for weaving, dyeing and finishing functional post-processing and downstream segment for brand channels, in order to improve the competitiveness of products made in Taiwan and also to increase the market differentiation and the Company's profit.
- (2) In response to changes in the market purchasing habits, it is necessary to make structural adjustment on R&D, production and sales, so that customers' needs may be satisfied. Given this, the Company's future sales orientation requires that R&D, production technology and sales personnel should engage in teamwork to promote the products to higher level customers.
- (3) As the fast fashion brands have achieved remarkable achievements in the world competition so far, in response to the brand customers' fast marketing and sales, it is necessary to shorten the production process to keep up with their pace and also closely work with spinning mills to improve competitiveness.

(III) Overview of technology and R&D

- (1) The R&D expenses invested in the most recent year and until the date of publication of the annual report were NT\$0.
- (2) Technology or product developed successfully:
 1. SUEDE LIKE and MOSS fabrics
 2. CASHMERE LIKE
 3. Elastic fabrics, such as LYCRA, SPANTEL and PBT, etc.
 4. MELANGE fabrics and yarns
 5. Hard-twist reduction high elastic fabric
 6. SPUN-LIKE fabric series
 7. Linen type fabric
 8. Darkened thick black Suede to make the wet and dry fastness meet the home decoration standards
 9. Functional fabric
 10. Eco-friendly yarn fabric
 11. Single layer water absorption and water-repellent post-processed fabrics

(IV) Long-term and short-term business development plans

- (1) Long-term business development plan:

To make the Company's products as the main supplies of the brands, and stabilize the supply of existing products.
- (2) Short-term business development plan:

Given the expansion of global filament fiber fabric production capacity, customers require to shift the low unit price and low quality products to the territories offering low labor costs. Therefore, it is necessary to adjust the customer structure. The Company should reduce the costs and shift to the factories that better satisfy the current overview of business and also strengthen its development and control of new customers and channels. Based on the sales personnel's response to the changes in the market faced by them, the Company is now working on re-integration of the existing products and R&D of products that may satisfy the existing customers' needs.

II. Overview of market and production & marketing

(I) Market analysis

- (1) Territories where the main products are sold

For the time being, the Company's products are primarily provided for

export sales. The Company's main customers are those from Japan and Korea and also garment manufacturers from the Central and South America, North America and Asia, etc.. Meanwhile, the Company is developing brand customers proactively. Therefore, the main export destinations for the Company's products are the garment processing zones, especially Vietnam, Mainland China, Sri Lanka and Southeast Asia, etc..

Woven fabric sales territory distribution table

Territory	Year	2024 Actual	2025 Estimated
	Value		
Asia/Japan		58.24%	54.00%
Central and South America		40.78%	44.00%
Domestic marketing, and cooperation in export sales		0.54%	1.00%
Europe/Americas		0.44%	1.00%
Total		100.00%	100.00%

(2) Market share and future market supply, demand and growth

The textile industry is indispensable to people's livelihood. The increasing population and improving lifestyle have remarkably upgraded the purpose and quality of textile products. Particularly, filament fiber fabrics are so versatile that they can imitate the feel, appearance and function of staple fiber fabrics and, therefore, account for substantial proportions of the textile products. In consideration of the developed information and communications, the market is becoming more and more transparent. The constant expansion of production capacity in the world also drives the globalized competition. Therefore, the Company has to keep innovating, researching and developing products, improve the product quality and reduce costs to improve its competitiveness and make the Company become a sophisticated factory, hoping to seek the maximum profit and achieve the purpose of business sustainability. The Company will adopt the following strategies against the changes in the future market:

1. Work with upstream segment raw materials suppliers to research and develop differentiated and characteristic products to upgrade the threshold of competition.
2. The textile industry is identified as a labor-intensive industry. Due to the high labor costs in Taiwan, the Company shall reduce the

manufacturing costs to increase the profit from products.

3. Improve the control over quality and accuracy of delivery period to improve its competitiveness.
 4. Adjust the customer base and deal with brands and garment manufacturers as the first priority, in order to improve the stability of source of orders.
- (3) Competition niche, and positive factors and negative factors to the development outlook and responsive measures
1. Positive factors —
 - A. With the complete R&D system to develop characteristic products to satisfy different customers' needs.
 - B. Develop depending on needs from individual customers and different markets.
 - C. With the employees with plentiful experience and high literacy working on the production line and innovative professional production technology to output fine quality.
 - D. With the robust corporate system, streamlined organizational scale and efficient management to reduce costs and expenses significantly and improve the competitiveness of products.
 2. Negative factors —
 - A. Magnet effect posed by low labor cost territories to orders.
 - B. Increasing raw materials and supplies price drives the increase in costs.
 - C. The United States has raised interest rates for many times, affecting the global economy and slowing demand.
 3. Responsive measures against negative factors —
 - A. Research and develop differentiated products to improve the added value and profit of products.
 - B. Strengthen the production management and improve production efficiency to reduce the production costs.
 - C. The sales focus on the orders for uniform and therefore, no significant impact is posed.

(II) Main product purposes and production processes

(1) Important purposes of main products

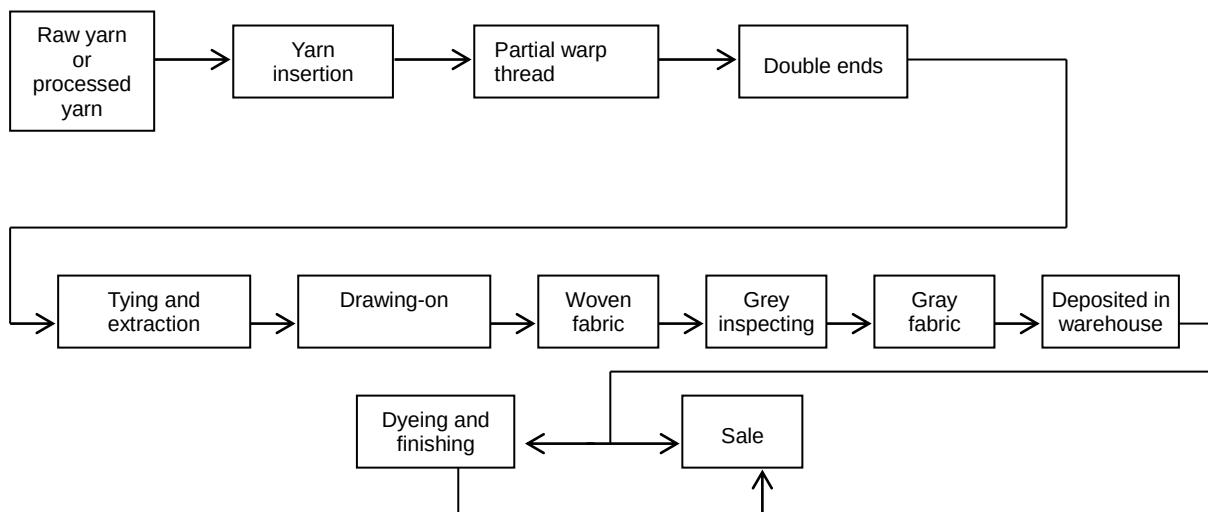
Product type	Product descriptions	Main purposes
SMW series	1. The different cross section of the fiber forms fine tube bundles to make the fabric better at absorbing water	Suits/jackets

	and fast drying.	
FD series	1. Add matting agent to the fiber materials to make the fabric surface produce a special dull light effect. 2. Few HIGH COUNT yarns may be woven into high-density fabrics to produce softer feel.	Jackets
BX series	1. Processed and combined from two different shrinkage yarns as raw materials. 2. The product may produce a special suede surface effect through processing.	Suits, jackets and home decorations
MCB series	1. MELANGE effect produced by 50% T and 50% CD yarn. 2. Evenly distributed depth effects produced by single or double staining.	Suits, pants and skirts
CPL series	1. HIGH COUNT linen-like appearance 2. Dry and comfortable with PEACH SKIN feel	Suits, shirts, pants for male and skirts for female
KSB series	1. Yarn may produce a color-changing SLUB effect. 2. Fabric surface with double staining and SLUB effects, dry and drape.	Suits, culottes and curtains
KPD series	1. Wool-like fabrics made of three different raw materials 2. Three-color fabric surface effect	Skirts, pants, suits and home decorations
OP series	1. Made through processing of raw material yarns and SPANDEX mixed yarns 2. Good elasticity and drape	Pants and skirts
ETT series	1. TWO TONE and hairy 2. Rustling sense produced by hard-twisting fabrics 3. Good verticality and resilience 4. Easy to wash, quick dry and non-iron	Culottes and suit materials
TSY series	1. Made through processing and combination of two different shrinkage yarns	Shirts, jackets and home decorations

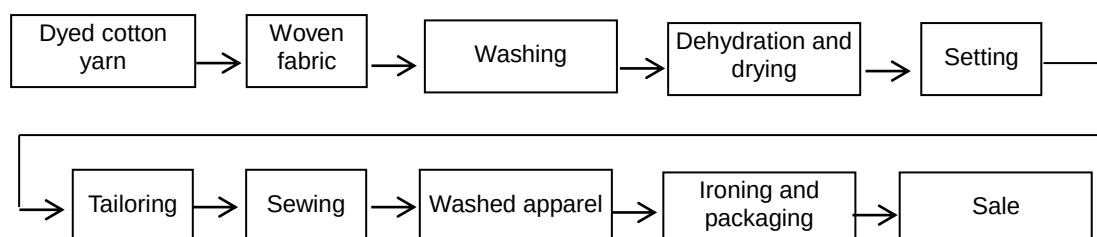
	2. Fabric surface with elasticity and special plain fabric effect	
MF series	1. Made of HIGH COUNT yarns 2. Microfiber feel after sueding	Wind coats, jackets, trousers and coats for men and women
SEF series	1. Spontaneous stretching filaments 2. With the elegant sense of brushing after the hard-twist reduction	Suits, skirts and pants
SIDE BY SIDE series	1. With high stretchability and good elasticity after hard-twist reduction 2. Good elasticity, fullness, good drapability and good resilience	Suits, skirts and pants
SPORTS WEAR series	1. Woven from functional materials to deliver more functions to the fabric 2. Post-processing of the fabric to make the apparel made of it feel more comfortable	ACTIVE WEAR, SPORTS WEAR

(2) Production processes of main products

A. Operating procedure for weaving



B. Dyed yarn woven fabric and apparel production procedure



(III) Supply of key raw materials

In recent years, Taiwan's textile industry has had to deal with the problems such as overproduction, high costs, and fierce competition from developing countries. As a result, the entire textile industry's environment is getting worse and the industry loses its competitiveness. Especially, since China joined the WTO, it has posed impacts to Taiwan's textile products with its advantages, such as low price, high output volume and abundant resources. As a result, a lot of orders were transferred to China. The only way for Taiwan's textile industry to pursue business sustainability is to improve the added value of products and engage in functional and differentiated product sales to upgrade the entire industry. Then, Taiwan may have chance to get rid of China's erosion of the markets of Taiwanese manufacturers.

In order to improve the added value of textile products, it is inevitably necessary to deal with the raw materials problem as the first priority. Therefore, keeping note the development of high-tech fibers and control over the characteristics thereof to research and develop new fabrics has become a popular trend and also a key critical to survival of an enterprise. Given this, fiber mills and spinning mills of raw materials suppliers and midstream and downstream segment dealers in Taiwan use the best effort to combine and research & develop the following high value-added fibers to replace bulk standardized products gradually for increment value and globalization:

1. Functional fibers: e.g. moisture absorption and perspiration anti-ultraviolet, anti-bacterial and deodorant, anti-electromagnetic wave and flame-retardant fibers, etc.
2. Multiple fiber mixed yarn: e.g., natural fiber and chemical fiber mixed and combination to strengthen the utility of fabric.
3. Different cross section fiber: Changing the fiber surface and fiber shape can deliver new functions to fiber.
4. Eco-friendly fiber: e.g., corn fiber, bamboo carbon yarn and polyester eco-friendly fiber, etc.

In addition to focusing on the R&D of characteristics of raw materials, the

Company also takes the responsive measures proactively. It no longer pursues the growth of output volume, but tends to focus on the stability of quality and profitability of products. In face of the market with fierce competition, the Company takes the following responsive measures:

1. Utilize the characteristics of new fiber materials, couple with weaving and dyeing and finishing technologies to research and develop high value-added new functional fabrics.
2. For the purposes of products, the Company manufactures the fabric for clothing as usual and also develops the markets for home decoration fabrics and industrial fabrics, as it no longer confines itself to the traditional market.
3. Work with various dyeing and finishing factories and post-processing factories to develop processed products after dyeing and finishing to diversify its products.
4. Seek to work with large-scale garment manufacturers to stabilize the source of orders.
5. Work with major trading companies or peers with respect to gray cloth or finished fabric, in order to pursue more profit margins and enhance the breakthrough of technology between both parties.

The Company works with domestic TWSE listed companies and large-scale suppliers to produce the main raw materials required by various products, in order to make the raw materials available at any time. The demand and supply of raw materials are listed as follows:

Type of raw materials		Product category	Consumption of raw materials (tons) in 2024	Source of supply
Polyester filament	DTY	Materials for suit pants, materials for women's clothing, and home decoration	220	Nanya, Yi Jinn, Tuntex, Hong Yi, Tuntelon, Everest, Lealea, Hsin Sin, Kwang Ming
Others		Other fabric types	0	Other manufacturers

(IV) A list of any suppliers (customers) accounting for 10 percent or more of the Company's total procurement (sales) amount in either of the most recent two years, the amounts bought from (sold to) each, the percentage of total procurement (sales) accounted for by each

(1) Major sales accounts for the last two years

Unit: NT\$ thousand

Item	2024				2023			
	Name	Amount	To the annual net sales amount (%)	Relationship with the issuer	Name	Amount	To the annual net sales amount (%)	Relationship with the issuer
1	Customer A	(Note 3)	(Note 3)	-	Customer A	(Note 3)	(Note 3)	-
2	Customer B	(Note 3)	(Note 3)	-	Customer B	(Note 3)	(Note 3)	-
3	Customer C	(Note 3)	(Note 3)	-	Customer C	(Note 3)	(Note 3)	-
	Net sales	3,676,403	-		Net sales	573,294	-	

Note 1: List the name, sales amount and sales ratio of the customers who have accounted for over 10% of total sales in the last two years. Notwithstanding, if the contract requires that the customers' names shall not be disclosed, or if the trading counterpart is an individual and also a non-related party, the customers or trading counterpart may be identified by code instead.

Note 2: TWSE/TPEX listed companies are required to disclose the financial information audited, certified or reviewed by the external auditor until the date of publication of the annual report.

Note 3: The sales amounts of individual customers did not exceed 10% for the Group in 2024 and 2023.

(2) Major suppliers for the last two years

Unit: NT\$ thousand

Item	2024				2023			
	Name	Amount	To the annual net purchase amount (%)	Relationship with the issuer	Name	Amount	To the annual net purchase amount (%)	Relationship with the issuer
1	Supplier A	42,025	55.05	None	Supplier A	38,030	46.68	None
2	Supplier B	14,609	19.14	None	Supplier B	14,788	18.15	None
3	Others	19,700	25.81	None	Supplier C	12,039	14.78	None
4					Others	16,620	20.39	None
	Net purchase	76,334	100.00		Net purchase	81,477	100.00	

Note 1: List the name, sales amount and sales ratio of the suppliers who have accounted for over 10% of total purchase in latest two years. Notwithstanding, if the contract requires that the suppliers' names shall not be disclosed, or if the trading counterpart is an individual and also non-related party, the suppliers or trading counterpart may be identified by code instead.

Note 2: TWSE/TPEX listed companies are required to disclose the financial information audited, certified or reviewed by the external auditor until the date of publication of the annual report.

III. Employees

Number of employees, average service seniority, age and academic background distribution ratio

Year		March 31, 2025	2024	2023
Number of employees	Officers	27	27	26
	Technicians	9	9	9
	Operators	5	5	5
	Total	41	41	40
Average service seniority		15.21	14.96	14.32
Average age		59.34	59.34	58.50
Academic background distribution ratio	Doctoral Degree	-	-	-
	Master's degree	-	-	-
	Bachelor's degree	51.22%	51.22%	52.5%
	Senior high school	34.15%	34.15%	32.5%
	Below senior high school	14.63%	14.63%	15%

IV. Information about the expenses of environmental protection

- (I) Describe any losses suffered by the Company in the most recent two fiscal years and up to the date of publication of the annual report due to environmental pollution (including compensation and environmental protection audit results that violate environmental protection laws and regulations, to specify the disposition dates, disposition reference numbers, the articles of law violated, contents of the violation of laws and regulations, and the contents of the dispositions): None.
- (II) The current and future estimated amount and responsive measures
 - (1) The current and future estimated amount: None.
 - (2) Responsive measures:

The waste water treatment is carried out with chemicals and in a biological manner. In order to ensure the stability of water quality, the Company strengthens the equipment maintenance and operation capabilities and also strictly controls the quality and quantity of added chemicals, in order to improve the stability of water quality of discharged water and ensure that the discharged water are emitted in accordance with the environmental protection

laws and regulations.

In response to the competent authority's implementation of environmental protection laws and regulations, the Company improves the quality of pollution prevention in line with the increasing public awareness toward environmental protection currently to have business sustainability and environmental protection complement each other.

In order to enable the waste water quality to better satisfy the environmental protection laws and regulations, the Company will purchase additional equipment or improve related equipment immediately, if necessary and as required by laws, in order to solve the environmental protection issues potentially derived from waste water treatment. Meanwhile, based on the management philosophy upholding "Environmental Protection First and Friendliness-Oriented," the Company can do the environmental protection work better.

- (III) RoHS shall not apply to the Company's products exported to Europe.

V. Labor-management relations

- (I) The Company's employee benefit plans, continuing education, training, retirement systems, and the status of their implementation, and the status of labor-management agreements and measures for preserving employees' rights and interests:

So far, the Company has offered the following employee benefit plans and retirement systems. In the future, the Company will still strive to seek more benefits for the employees in the spirit of "labor-management uniting in a concerted effort."

- (1) Employee benefit measures

1. Distribution of birthday gifts
2. Festival gifts
3. Periodic dinner party and year-end lottery
4. Employee travel allowance
5. Emergency relief loan for employees
6. Education & training to improve the employees' literacy

- (2) Retirement system

1. The Company prepared the "Regulations Governing

Preferential Retirement System for Employees” in 2009, and published the same upon approval of Tainan County Government. The employees who satisfy the preferential retirement conditions may voluntarily apply for the preferential retirement program.

2. The Labor Pension Act has been enforced as of July 1, 2005, and also adopted the defined contribution system. All of the Company's employees may apply the Act since May 1, 2009. The Company shall contribute the pension fund to the employees' personal accounts maintained at the Bureau of Labor Insurance in whole on a monthly basis, and the contribution rate shall be no less than 6% of the employees' monthly wage.

(II) In the most recent year and until the date of publication of the annual report,

- (1) Describe any losses suffered by the Company due to labor-management disputes (including any violations of the Labor Standards Act found in the labor inspection, to specify the disposition dates, disposition reference numbers, the articles of law violated, contents of the violation of laws and regulations, and the content of the dispositions): None.
- (2) The current and future estimated amount and responsive measures:
 1. The current and future estimated amount: None.
 2. Responsive measures:
 - ①The Company is used to valuing the clarity and reasonableness of the management system. The Company adopts the “Work Rules” (approved by the Labor Affairs Bureau of Tainan County Government in October 1987) in accordance with the Labor Standards Act and related laws & regulations to establish a system to be followed by the labor-management relationship. Then, it has successively established the Labor Pension Reserve Committee and Employee Welfare Committee to gather all employees and make the labor-management relationship more harmonious.
 - ②Since May 1, 2009, the Company has had no employees

who may apply the retirement system under the Labor Standards Act. Tainan County Government approved cancellation of the Labor Pension Reserve Committee on August 28, 2009. Therefore, the Company contributes 6% of the salary receivable to the employees' personal accounts maintained at the Bureau of Labor Insurance on a monthly basis, in order to deposit the pension fund for all employees.

VI. Cyber security management:

- (I) Describe the cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management, etc.
 - (1) Cyber security risk management framework

The Company has not yet established the Cyber Security Committee. For the time being, the chief information officer is in charge of the overall planning about the cyber security operations.
 - (2) Cyber security policy
 - 1. Conduct the information security education and training for employees regularly or from time to time, in order to urge them to comply with information security regulations.
 - 2. Strictly prohibit any software without license or from unknown sources, and comply with the intellectual property right requirements.
 - 3. Install firewall and anti-virus software to separate any illegal connections in the intranet and non-networks, block computer virus and malware from intruding into the computer or accessing data without license, and update computer virus code and anti-virus software regularly.
 - 4. Pre-evaluate the potential security risk when outsourcing information operations, and execute the adequate information security protocol with suppliers, include the same into the contract terms and conditions, and demand that the suppliers should comply with it and perform appraisal regularly.
 - 5. Designate dedicated personnel to manage the network

equipment, and install security protection measures in the internet.

6. Have backups in place, in order to cope with the business interruption caused by man-made factors and natural calamity.
7. Emails sent by the Company's employees are primarily related to non-confidential business. Do not open e-mails from unknown sources or with uncertain contents. Meanwhile, please note the prevention of infection by computer virus.
8. Establish the computer network system security control mechanism, execute the settings and operation of network management tools and ensure the security and integrity of the system and data; equip each of the servers in the network system with backup ones; or execute the maintenance contract to enable the main operating hosts to respond and operate promptly.

(3) Specific management plans and resources invested in ICT safety management

The inspection and control of information and communication security and personal capital protection shall be listed as annual audit items and the audit unit shall conduct audit at least once a year; In addition, the company shall evaluate the operation by itself every year according to the internal control system, implement the assessment of the effectiveness of the internal control system and submit it to the board of directors in accordance with the provisions and issue a statement of the internal control system according to the evaluation results.

- (II) List any losses suffered by the Company in the most recent fiscal year and up to the date of publication of the annual report due to significant cyber security incidents, and potential effects to be caused and responsive measures to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None.

VII. Major contractual arrangements: None.

Five. Review and Analysis on Financial Position and Business Performance and Risk Management Issues

I. Overview of Finance

Comparison and Analysis of Financial Position

Unit: NT\$ thousand

Item \ Year	2024	2023	Differences	
			Amount	%
Current assets	3,074,408	4,076,431	(1,002,023)	(24.58)
Non-current assets	421,240	555,142	(133,902)	(24.12)
Total assets	3,495,648	4,631,573	(1,135,925)	(24.53)
Current liabilities	704,065	3,083,243	(2,379,178)	(77.16)
Non-current liabilities	17,585	27,042	(9,457)	(34.97)
Total liabilities	721,650	3,110,285	(2,388,635)	(76.80)
Share capital	1,377,095	1,377,095	-	-
Additional paid-in capital	6,584	6,584	-	-
Retained earnings	1,418,267	162,157	1,256,110	774.63
Total equity	2,773,998	1,521,288	1,252,710	82.35
Note: Please explain the main reasons for major changes in the Company's assets, liabilities and shareholders' equity (if the change in the former and latter periods exceeds 20% and the change amount reaches NT\$10 million), the impact posed by them, and future responsive plan: (1) Current assets: The decrease in current assets was mainly due to a reduction in inventory resulting from the sales of the Banqiao construction project during the period. (2) Non-current assets: Non-current assets decreased due to the recognition of deferred income tax assets as expenses, following the generation of net income after tax during the period. (3) Total assets: Total assets decreased as a result of the decline in both current and non-current assets. (4) Current liabilities and total liabilities: Current liabilities and total liabilities decreased due to the repayment of long-term borrowings maturing within one year or one operating cycle during the period. (5) Retained earnings and total equity: Retained earnings and total equity increased as a result of net income after tax generated during the period. Responsive plan: Not applicable.				

II. Financial performance

(1) Comparison and Analysis of Business Results

Unit: NT\$ thousand

	2024		2023		Increase/ decrease	Variance (%)
	Sub-total	Total	Sub-total	Total		
Operating revenue, net		\$3,676,403		\$573,294	\$3,103,109	541.28
Operating cost		(1,840,335)		(332,333)	(1,508,002)	453.76
Gross profit		1,836,068		240,961	1,595,107	661.98
Operating expense		(328,194)		(95,436)	(232,758)	243.89
Operating gains (losses)		1,507,874		145,525	1,362,349	936.16
Non-operating revenue and expenses		7,895		(13,076)	20,971	(160.38)
Net profit (loss) before tax from continuing operations		1,515,769		132,449	1,383,320	1,044.42
Income tax expenses		(163,262)		(22,496)	(140,766)	625.74
Net profit (loss) after tax from continuing operations		<u>\$1,352,507</u>		<u>\$109,953</u>	\$1,242,554	1,130.08
Analysis and explanation on increase/decrease:						
(1) Sales revenue increased significantly in this period as the Banqiao construction project saw strong sales growth. This was the main reason for the changes in operating gross profit, operating profit (loss), and pre-tax (after-tax) net profit (loss).						
(2) The significant variance in non-operating revenue and expenses in both periods is primarily a result of the decrease in the current net foreign currency exchange loss and no impairment loss arising.						
(3) There was substantial variance in income tax expenses between the two periods, mainly due to the transfer of land value-added tax arising from the sales of the Banqiao construction project in this period to income tax expenses.						

(2) Analysis on variance in gross profit

The gross profit in 2024 and 2023 varies by more than 20%. The analysis is stated as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>	<u>Variance in two periods</u>	<u>Variance percentage</u>
Operating revenue	3,676,403	573,294	3,103,109	541.28%
Operating cost	(1,840,335)	(332,333)	(1,508,002)	453.76%
Gross profit	1,836,068	240,961	1,595,107	661.98%
Profit margin	49.94%	42.03%	7.91%	18.82%

Explanation: Operating gross profit for this period increased significantly compared with the same period last year. The main reason was the sales growth of the Banqiao construction project during this period, which led to a substantial increase in operating income and resulted in the difference between the two periods.

III. Cash flow

(I) Analysis on the liquidity for the latest two years

Year Item	December 31, 2024	December 31, 2023	Increase (decrease) ratio(%)
Cash flow ratio	466.37	17.52	2,561.93
Cash flow adequacy ratio	392.46	(32.94)	(1,291.44)
Cash reinvestment ratio	116.13	37.23	211.93
Analysis and explanation on increase/decrease: (1) The Banqiao construction project experienced sales growth in this period, generating cash inflows from operating activities and resulting in an increase in cash flow-related ratios.			

(II) Analysis on the liquidity of cash for the next year

Unit: NT\$ thousand

Balance of Cash at the beginning ^①	Projected net cash flow from operating activities for the year ^②	Projected cash outflow from investing and financing activities for the year ^③	Projected cash surplus (deficit) ① + ② + ③	Remedial measures for insufficient estimated cash	
				Investment plans	Wealth management plans
\$1,033,334	\$(78,100)	\$(300,419)	\$654,815	-	-

Analysis and explanation:

1. Cash outflows from operating activities: Estimated expenditures for plain weaving over the next year are approximately NTD 67,100 thousand, and construction payments for the Banqiao project are expected to be around NTD 11,000 thousand, totaling an estimated NTD 78,100 thousand.
2. Cash outflows from financing activities: On March 12, 2025, the Board of Directors resolved to distribute cash dividends of NT\$275,419 thousand to shareholders, along with employee remuneration of NT\$ 9,000 thousand and director remuneration of NT\$16,000 thousand, totaling NT\$300,419 thousand.
3. Remedial measures for insufficient estimated cash: Not applicable.

- IV. Material capital expenditures in the most recent year and impact on business/finance: Not applicable.
- V. The investment policy, major causes for profits or losses thereof, and improvement plan for the most recent year, or investments planned for the next year

Item	Descriptions	Amount (Note)	Policy	Major causes for profits or losses thereof	Improvement plan	Investments planned for next year
	HONG HWA HOLDINGS LIMITED	\$10,096	Reinvested business	No operating effects were produced by the investee.	-	-
	Hong Yang Lease-Fiance Co., Ltd.	91,986	Lease business	Primarily from the lease revenue	-	-
	Hong Ho Investment Co., Ltd.	5,539	Invested business	No operating effects were produced by the investee.	-	-
	UNITED INTERCONTINENTAL LTD.	(17,412)	Invested business	No operating effects were produced by the investee.	-	-

Note: If the investment amount exceeds 5% of the paid-in capital in this year (Unit: NT\$ thousand for the carry amount held at the yearend)

- VI. Analysis on risk management issues in the most recent year and until the date of publication of the annual report
- (I) Impact posed by changes in interest rate and foreign exchange rate, and inflation on the Company's earnings, and future responsive measures
- (1) As of December 31, 2024, the Company's total liabilities had decreased by 76.80% compared to the previous period, mainly due to continued sales and subsequent repayments related to the Banqiao construction project. Nonetheless, the Company continues to seek low-interest funds and closely monitor interest rate trends. Thus, the fluctuation in interest rates has not had a significant impact on the Company's income.
 - (2) The Group's foreign currency receivables and payables adopt the same currency in part. The equivalent position would generate the hedging effect naturally. Further, the net investment in foreign operations should be considered as a strategic investment. Therefore, the Group didn't adopt any hedging policy, and the foreign exchange rate fluctuations should render no significant impacts to the Company's income.
 - (3) Future responsive measures:

1. The financial personnel keep in close contact with the bank and collect information about the foreign exchange rate, in order to verify the foreign exchange rate trend and cope with the risk over foreign exchange rate fluctuations.
 2. Choose to settle or make the foreign currency-denominated payment of goods in full earlier in a timely manner.
 3. Utilize the quotation denominated in USD for import if possible, in order to cover the foreign exchange position of export sales in part and thereby mitigate the risk over foreign exchange rate fluctuations.
- (4) No significant impacts have been posed by inflation to the Company's income.
- (II) Policies on high-risk and highly leveraged investments, loans to third parties, endorsements/guarantees and derivatives trading, main causes of profit or loss incurred and future response measures:
- (1) The Company did not engage in high-risk or highly leveraged investments, endorsements or guarantees or transactions involving derivative financial instruments in the most recent year.
 - (2) The Company's Board of Directors resolved on March 13, 2024 to authorize the Chairman to lend funds to subsidiary UIL for working capital purposes, up to a limit of US\$1 million. All transactions are conducted in accordance with relevant laws and regulations and therefore no losses have occurred as of the present.
- (III) Future R&D plans and R&D expenses to be invested
- (1) Future R&D plans
 1. With the high-density products made of anti-UV, moisture-absorbing and sweat-wicking functional microfiber to form market differentiation and improve market competitiveness and market share.
 2. Develop sports and leisure fabrics and orient R&D toward anti-UV, high-density waterproof, CD high fastness, moisture-absorbing and sweat-wicking, super water-repellent elasticity, ultra-lightweight and elasticity and functional laminating processing fabric types, and nano super water-repellent materials.
 3. Heat preservation and thermal insulation processing functional fabrics are suitable materials for snow jackets, dustproof jackets and various thermal insulation clothing. Such thermal insulation processing adopts the principle of infrared rays. The materials may help keep warm and also promote blood circulation.
 4. Single layer water absorption and water-repellent post-processed fabrics.
 5. High elastic fabrics increase the stretchability and comfort of wearing.
 - (2) R&D expenses scheduled to be invested
 1. The high-density fabric with anti-UV function was very successful preliminarily. The effect and fabric surface are both considered superior to the standard.

2. To satisfy the consumers' needs for various functions, such as moisture absorption, antibacterial processing and fireproof processing, etc., the materials shall be washable for more than 20 times.
3. The production of single layer water absorption and water-repellent post-processed fabrics have been started to enable the Company to pursue the stability of products.
4. Since the steps and progress of R&D of new products are adjusted subject to the market response and consumer demand, R&D plans are improved progressively, and functional product series have been developed successively, the R&D expenses scheduled to be invested by the Company vary depending on the market and customer demands.

(IV) Impacts posed by the changes in domestic/foreign major policies and laws to the Company's business and finance, and responsive measures: None.

(V) Impact posed to the Company's business and finance, and response measures, in the event of technological changes (including cyber security risk) or industrial changes:

The Company values the impacts posed by diversified development of information. In order to ensure that the host and user ends and entire information application are in the safest state, the Company applies safer and more correct and rapid network communications, installs the encrypted private network applied to cross-regional data and voice communications to strengthen the information security protection, maintain the confidentiality of the Company's data and protect personal data protection. In the case of an information security incident or disclosure of personal data, customers' interests and rights will be damaged seriously, and the Company is likely to be penalized and, therefore, its corporate identity will be impaired. Therefore, it is necessary for the Company to backup important system data and exercise important information recovery from disaster regularly, in order to ensure the safety, availability and reliability of information application. Meanwhile, the Company shall often participate in the information security and application conferences organized by the government or non-governmental organizations to seek new knowledge, hoping to utilize the latest information technology to improve the enterprise's competitiveness.

(VI) Impact on crisis management in the event of a change in corporate identity, and responsive measures:

The Company's corporate identity is excellent. No significant change has been caused to the Company's corporate identity that poses any impact to the crisis management in the most recent year.

(VII) Expected benefits and possible risks of merger and acquisition, and responsive measures: Not applicable.

(VIII) Expected benefits and possible risks of facilities expansion, and responsive measures: Not applicable.

(IX) Risks associated with concentrated purchases or sales, and responsive measures:

The Company's plain woven fabrics are sold worldwide and their end applications are no longer limited to clothing materials, thereby complementing the growth and decline of customer orders and diversifying risk. Sales of the Banqiao construction project are part of the Company's daily operations and involve transaction types with no accompanying risks or countermeasures.

(X) Impacts and risks associated with major transfer or exchange of shares by directors or major shareholders with more than 10% ownership interest, and responsive measures: None.

(XI) Impact and risks on the Company due to a change of the right of management, and responsive measures: Not applicable.

(XII) Litigious and non-litigious matters: If there has been any material impact upon shareholders' equity or prices for the Company's securities as a result of any litigation, non-litigious proceeding, or administrative dispute involving any of the Company's directors, President, de facto responsible person, or major shareholders with a stake of more than 10 percent, and the matter was finalized or remained pending, please disclose the facts in dispute, amount in dispute, commencement date, main parties involved and current status of the case until the date of publication of the annual report: None.

(XIII) Other major risks and responsive measures: None.

VII. Other important disclosures: none.

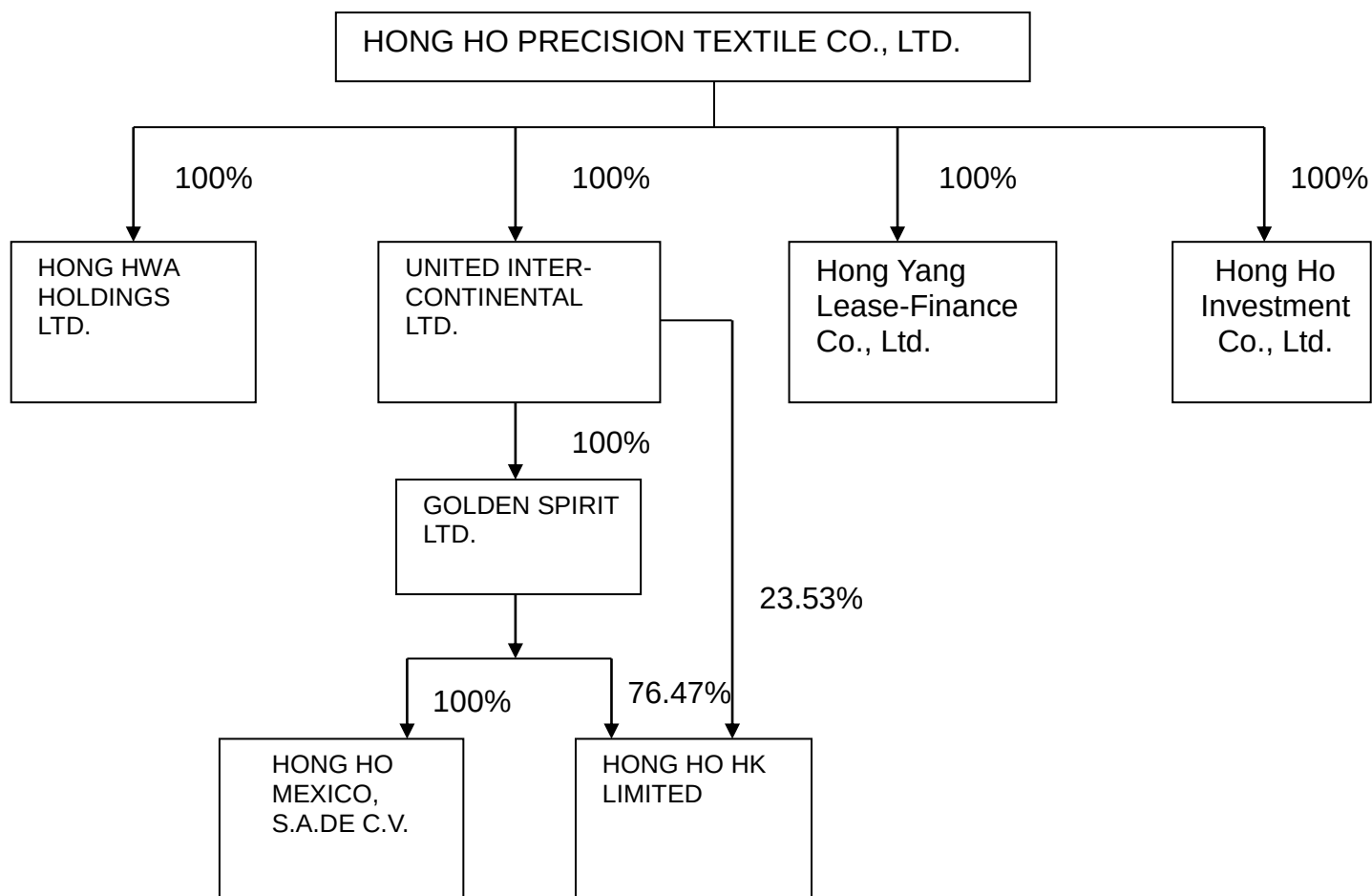
Six. Special Remarks

I. Profile of affiliated companies

(I) Consolidated Business Report of Affiliated Companies

1. Overview of affiliated companies

(1) Affiliated companies' organizational chart



(2) Profile of affiliated companies

HONG HO PRECISION TEXTILE CO., LTD.
Profile of each affiliated company
2024

Unit: NT\$ thousand

Company Name	Date of incorporation	Address	Paid-in capital	Main business activities or products
HONG HO PRECISION TEXTILE CO., LTD.	June 9, 1978	No. 473, Zhongshan S. Rd., Yongkang Dist., Tainan City	NTD1,377,095	Woven fabric, apparel and construction
UNITED INTERCONTINENTAL LTD.	July 14, 1998	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110,BVI	USD14,000	Invested business
GOLDEN SPIRIT LTD.	August 24, 1998	LEEWARD ONE BUILDING, CORPORATE CENTER, WEST BAY ROAD. P.O. BOX 31106 SMB, GRAND CAYMAN, BRITISH WEST INDIES	USD11,990	Investment in manufacturing and sale of apparel
HONG HO MEXICO, S.A. DE C.V.	August 24, 1998	TABLAJE CATASTRAL 5539 PARQUE INDUSTRIAL VALLADOLID ,YUCATAN,MEXICO	USD6,443	Garment processing factory
HONG HO HK LIMITED	October 15, 2014	ROOMS 2006-8,20/F,TWO CHINACHEM EXCHANGE SQUARE,338 KING'S ROAD,NORTH POINT, HONG KONG	USD8,500	Procurement of materials and sale of apparel
HONG HWA HOLDINGS LTD.	June 30, 1995	P.O.BOX 71,CRAIGMUIR CHAMBERS, ROAD TOWM, TORTOLA,BVI	USD10,595	Reinvested business
Hong Yang Lease-Finance Co., Ltd.	June 13, 1995	3F, No. 45, Lane 3, Jihu Rd., Neihsu Dist., Taipei City	NTD278,000	Lease business
Hong Ho Investment Co., Ltd.	July 10, 1995	3F, No. 45, Lane 3, Jihu Rd., Neihsu Dist., Taipei City	NTD150,000	Invested business

(3) Relationship of the controlling companies and associates of the Company's affiliated companies

Company name	Controlling company (associate)	Controlling company (associate)	Affiliated companies' business activities and labor of division thereof
HONG HO PRECISION TEXTILE CO., LTD.	Controlling company	-	Woven fabric, apparel and construction
UNITED INTERCONTINENTAL LTD.	Affiliates	Holding company	Invested business
GOLDEN SPIRIT LTD.	Affiliates	Holding company	Investment in manufacturing and sale of apparel
HONG HO MEXICO,S.A.DE C.V.	Affiliates	Holding company	Garment processing factory
HONG HO HK LIMITED	Affiliates	Holding company	Procurement of materials and sale of apparel
HONG HWA HOLDINGS LTD.	Affiliates	Holding company	Reinvested business
Hong Yang Lease-Finance Co., Ltd.	Affiliates	Holding company	Lease business
Hong Ho Investment Co., Ltd.	Affiliates	Holding company	Invested business

(4) Information about the same shareholder presumed to have control or affiliation: Not applicable.

(5) Business operated by all affiliated companies:

- A. The businesses operated by the Company and its affiliated companies include textile industry (fabric and apparel production, OEM and trading), construction industry, lease business, and investment business.
- B. Linkage between businesses: The apparel are procured, processed, manufactured and sold overseas through reinvestment by the associate, UNITED INTERCONTINENTAL LTD., in GOLDEN SPIRIT LTD., which further reinvested in HONG HO MEXICO,S.A.DE C.V. and HONG HO HK LIMITED. However, the subsidiary, a Mexican garment factory, suspended operations upon outbreak of COVID-19 since the end of March 2020. Therefore, the Company's board of directors decided to suspend the garment business on April 8, 2020 and decided to handle the dissolution of the garment factory at an appropriate time on March 17, 2021.

(6) Information about directors and presidents of each affiliated company

HONG HO PRECISION TEXTILE CO., LTD.

Information about directors and presidents of each affiliated company

December 31, 2024

Company Name	Job title	Name or representative	Shares held	
			Number of shares (shares)	Shareholdings ratio
HONG HO PRECISION TEXTILE CO., LTD.	Chairman	Huang, Ta-Kung	5,130,781	3.73%
	Director	Representatives of Kao Sheng investment Co., Ltd.: Ho Ten-Ming, Chang Tsang-Yu and Yuan, Chieh	5,631,014	4.09%
	Director	Representatives of Yi Sheng investment Co., Ltd.: Chen, Miao-Chi and Lu, Chien-Tung	2,198,140	1.60%
	Independent director	Lo, Wei-Jer	-	-
	Independent director	Chang, King-Jen	-	-
	Independent director	Huang Cheng-Feng	-	-
	President	Ho Ten-Ming	1,521,970	1.11%
UNITED INTERCONTINENTAL LTD.	Chairman	Ho Ten-Ming	14,000,000	100%
GOLDEN SPIRIT LTD.	Chairman	Ho Ten-Ming	11,990,000	100%
HONG HO MEXICO,S.A.DE C.V.	Chairman	Eddie Wang	6,443,000	100%
HONG HO HK LIMITED	Chairman	Chen, Miao-Chi	8,500,000	100%
HONG HWA HOLDINGS LTD.	Chairman	Kuo, Shao-Hua	10,594,500	100%
Hong Yang Lease-Finance Co., Ltd.	Chairman	Ho Ten-Ming	27,800,000	100%
Hong Ho Investment Co., Ltd.	Chairman	Ho Ten-Ming	15,000,000	100%

2. Overview of business of each affiliated company

HONG HO PRECISION TEXTILE CO., LTD.
Overview of business of each affiliated company
2024

Unit: NT\$ thousands, except earnings per share in NT\$

Company Name	Capital	Total assets	Total liabilities	Net worth	Operating income (loss)	Operating (loss) profit	Current (loss) profit (after tax)	Earnings per share (NT\$) (after tax)
HONG HO PRECISION TEXTILE CO., LTD.	\$1,377,095	\$3,478,971	\$704,973	\$2,773,998	\$3,673,888	\$158,329	\$1,352,507	\$9.82
UNITED INTERCONTINENTAL LTD.	454,718 (USD14,000)	3,509 (USD107)	20,920 (USD638)	(17,412) ((USD531))	-	-	(19,939) (USD(628))	(1.424) (USD(0.045))
GOLDEN SPIRIT LTD.	397,826 (USD11,990)	(82,500) (USD(2,516))	-	(82,500) (USD(2,516))	-	(191) (USD(6))	(19,780) (USD(623))	(1.650) (USD(0.052))
HONG HO MEXICO, S.A. DE C.V.	195,660 (USD6,443)	14,198 (USD433)	74,630 (USD2,276)	(60,432) (USD(1,843))	-	(20,415) (USD(643))	(19,622) (USD(618))	(3.045) (USD(0.096))
HONG HWA HOLDINGS LTD.	274,814 (USD10,595)	721 (USD22)	-	721 (USD22)	-	(95) (USD(3))	(95) (USD(3))	(0.000) (USD(0.000))
HONG HO HK LIMITED	266,870 (USD8,500)	65,318 (USD1,992)	20,363 (USD621)	44,955 (USD1,371)	-	-	(635) ((USD20))	(0.075) (USD(0.002))
Hong Yang Lease-Finance Co., Ltd.	278,000	102,121	754	101,367	2,514	1,557	1,832	0.066
Hong Ho Investment Co., Ltd.	150,000	5,539	-	5,539	-	(11)	(11)	(0.001)

Note: If the affiliated company is a foreign company, its capital shall be converted to NTD at the foreign exchange rate prevailing at the time of acquisition. The balance sheet titles are converted to NTD at the foreign exchange rate, 32.79, on the reporting date, while the income statement titles are converted to NTD at the foreign exchange rate, 31.75, in the current year.

- (II) Consolidated financial statements of affiliated companies: Not required to be prepared.
- (III) Affiliation report: Not required to be prepared.
- II. Implementation status of private placement of securities in the last year up till the date of publication of the annual report: None.
- III. Other supplementary information: None.
- IV. Any occurrences of events defined under Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act in the most recent year up till the date of publication of the annual report that significantly impacted shareholders' equity or security price: None.

HONG HO PRECISION TEXTILE CO., LTD.

Chairman: Huang Ta-Kung