Stock Code：1474

弘裕企業股份有限公司
HONMYUE ENTERPRISE CO.,LTD.

2025
Annual Report

Date of Publication: May 15, 2026

The website for enquires of this Annual Report:

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

1. Spokesperson and Deputy Spokesperson:

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

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3. Stock Transfer Agent:

Name	：Fubon Securities Co. Ltd.
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4. Certified Public Accountant (CPA) for the latest Financial Statement:

Name of Accountants	：Yu-Juan Wang (王玉娟), Shu-Hua Hung (洪淑華)
Accountant Firm	：PwC Taiwan
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5. Name of Overseas Securities Exchanges and the method to inquire about its information: None

6. Company Website: http://www.textile-hy.com.tw

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I. Letter to Shareholders

Dear shareholders, ladies, and gentlemen,

In 2025, the global political and economic landscape entered a period of intense transformation, with growth momentum still disrupted by uncertainties such as shifting trade policies and geopolitical conflicts. As the Trump administration returns to power in the United States, its push for "reciprocal tariffs" and "deglobalization" is reshaping long-standing international trade rules and alliance structures.

To respond to these global changes and the reshaping of supply chains, the Company continues to anchor its product development in the core concept of "Sustainability × Functionality × Fashion," while planning a "Two Axes, One Core" strategy. The vertical axis focuses on deepening roots in Taiwan—continuing to invest in sustainable, functional, and fashionable innovations, and targeting differentiated niche markets in high-end industrial textiles. The horizontal axis involves expanding overseas manufacturing capabilities: in response to customers' demands for nearshoring, we are carefully evaluating the feasibility of setting up production bases in Southeast Asia to shorten supply chains and reduce transportation-related carbon emissions. The "One Core" refers to ESG and digital transformation, including strengthening digitalization, automation, and AI development, and leveraging the Group's central role to integrate and drive the adoption of carbon-reduction technologies and smart manufacturing.

Amid intense global competition, the Company upholds the core philosophy of "zero-waste design and circular regeneration" as we move toward low-carbon sustainability. By using AI to optimize production processes, we promote equipment upgrades and energy-saving, emission-reducing measures. Together with upstream and downstream supply chain partners, we work with recycled materials to develop eco-friendly products and unlock opportunities in the green textile market.

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

1. Operating results of the previous fiscal year (2025)

(1) Results of the implementation of the business plan

Unit: NT$ thousand

Year / Item	2025	2024	Changes	
			Amount	Changing percentage
Net operating revenue	2,916,486	3,168,177	(251,691)	(7.94%)
Operating gross profit	330,338	288,956	41,382	14.32%
Operating profit (loss)	3,597	(62,607)	66,204	105.75%
Net profit of the current period	41,380	107,692	(66,312)	(61.58%)

(2) Analysis of financial profitability

Year / Item	2025	2024
Return on assets	1.56%	3.27%
Return on equity	1.91%	5.12%
Ratio of net profit before tax to paid-in capital (%)	2.88%	8.76%
Net profit margin	1.42%	3.40%
Earnings per share (NT$)	0.34	0.82

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

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

In 2025, the Company continued to participate in and advance the Ministry of Economic Affairs' "Sustainable Innovation R&D Construction Project," At the same time, we laid out a medium- to long-term product development roadmap, deepening our focus on three core areas, industrial bag materials, home decor fabrics, and high-end functional apparel, while investing in forward-looking new product initiatives and exploring potential new application markets for textiles, all aimed at boosting overall product R&D effectiveness.

The Company's standout development achievements in 2025 include:

1. New fabric types made from recycled textile materials
2. rPVB eco-friendly bag material series
3. Recycled nylon from fishing nets
4. Reprocessed Teslin fabric scraps
5. Anti-static workwear fabrics

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

To expand its overseas marketing and end-use markets, the Company continues to pursue government resources through R&D and marketing projects. It plans to roll out a textile R&D transformation and integrated marketing development program, with the goal of capturing business opportunities in key new markets and among new customers, thereby strengthening the Company's competitive edge in marketing and R&D technology.

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

2. Overview of the 2026 Business Plan and future development strategies of the Company

(1) Overview of the 2026 Business Plan and future development strategies

Between 2025 and 2026, the global economy remained in a phase of structural adjustment. High inflationary pressures, geopolitical conflicts, and shifting international trade policies continued to impact global industrial development.

On the demand side, after going through inventory destocking adjustments, global brands have shifted toward more flexible procurement strategies. As demand for outdoor performance apparel and functional textiles continues to grow, high-performance and high-value-added products remain key focus areas for the textile industry.

On the other hand, global supply chains are accelerating their shift toward regionalization and diversification. Brands are re-evaluating their supply chain strategies in order to build more flexible and resilient production networks. At the same time, low-carbon manufacturing, circular materials, and supply chain transparency have become key competitive factors for companies.

Given this industry environment, the Company will continue to center its operations around three core pillars - supply chain resilience, product innovation, and sustainable development, as we steadily drive business growth. Our business plans and development strategies are outlined below:

1. Production capacity deployment: The Company will continue to strengthen the efficiency and scale of its existing production bases in China, while enhancing overall operational synergies through cross-strait production and sales integration. At the same time, in response to the trend toward regionalization in global supply chains, we are actively evaluating opportunities to establish production bases in Southeast Asia, aiming to build a more flexible and resilient global supply system that mitigates risks arising from geopolitical and trade policy shifts.
2. Manufacturing capabilities – The Company will continue to pursue a high-value production strategy by adopting lean production management, strengthening quality systems, and introducing smart manufacturing technologies to improve overall production efficiency and product quality stability. Furthermore, through the integration of AI and digital technologies, we will optimize production scheduling, quality management, and operational decision-making processes to enhance overall business efficiency.

3. Product strategy – The Company will continue to focus on R&D for high-value-added textiles, actively developing functional fabrics, specialty functional textiles, and eco-friendly materials to meet global brand customers' demands for high-performance and sustainable products. At the same time, we will keep investing in R&D for new materials and technologies, including the application of bio-based materials and specialty functional fibers, gradually building a product portfolio with differentiated competitiveness.
4. Market expansion – The Company will continue to deepen strategic partnerships with international brand customers, while actively expanding channel presence in major consumer markets such as North America, broadening product application areas and market coverage.
5. Sustainable development – The Company will continue to advance its ESG strategy, strengthening energy management and carbon emission management mechanisms, while actively developing circular materials and low-carbon processes to meet international brands' requirements for green supply chains and sustainable manufacturing, thereby steadily enhancing our sustainable competitiveness in the global market.

Looking ahead, the Company will remain committed to sound and steady business principles, building on the three core foundations of supply chain resilience, product innovation, and sustainable development to drive long-term growth, striving to become a trusted high-quality textile partner for international brands worldwide.

(2) Sales volume forecast and the basis thereof

Although global textile market demand continues to be affected by the macroeconomic environment, as brand inventories gradually return to reasonable levels and demand for outdoor performance apparel and functional textiles continues to grow, overall market demand is expected to gradually recover.

Building on a stable foundation of collaboration with existing customers, the Company will continue to deepen strategic partnerships while expanding into new markets and pursuing potential customer opportunities through product differentiation and the development of high-value-added products. At the same time, by optimizing product mix and improving supply chain efficiency, the Company will strengthen overall operational resilience and market competitiveness.

(3) Effects of external competition, the legal environment, and the overall business environment

In recent years, the global textile industry has faced a number of external changes, including heightened geopolitical risks, energy price volatility, shifts in international trade policies, and increasingly stringent environmental sustainability regulations.

Major global economies continue to adjust their trade policies and tariff systems, making supply chain regionalization and production base diversification key trends in industry development. In addition, oil price fluctuations driven by conflicts in the Middle East may impact synthetic fiber raw materials and transportation costs, further raising overall operating costs for the textile industry.

On the sustainability regulation front, the phased implementation of the EU's Carbon Border Adjustment Mechanism (CBAM) and related ESG regulations is placing higher demands on companies in terms of carbon reduction, energy efficiency, and sustainable product design. Supply chain transparency and low-carbon manufacturing capabilities are also increasingly becoming key criteria for international brands when selecting partners.

In light of these challenges, the Company will continue to enhance overall operational efficiency and market responsiveness through product innovation, optimized production capacity deployment, and digital transformation, while actively advancing its sustainable development strategy.

We firmly believe that with the dedication of all our colleagues and the support of our shareholders, the Company will steadily move forward in this changing industry environment, continuing to create long-term value for shareholders, customers, and society.

Last but not least, we wish you all good health and every success.

II. Corporate Governance Report

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

(1) Directors

Information of Directors (1)

April 25, 2026

Title	Nationality or place of registration	Name	Gender Age	Date effective	Term of office	Date of first appointment	Shareholding at appointment		Current shareholding		Current spouse & minor shareholding		Shareholding by nominee arrangement		Major Experiences (education)	Other Positions in the Company and another company	Executives, directors, or supervisors who are Spouses or within two degrees of kinship			Remark
							No. of shares	Shareholding ratio %	No. of shares	Shareholding ratio %	No. of shares	Shareholding Ratio %	No. of shares	Shareholding ratio %			Title	Name	Relationship	
Chairman	R.O.C.	Po-Yu Yeh (葉博宇)	Male 41~50	2024.6.26	3 years	2024.6.26	5,754,132	4.44	5,762,132	4.44	1,825,507	1.41	0	0	Master of Science in Electrical Engineering, University of Southern California	Chairman of the Company, Director of PO YU INVEST CO., LTD., Supervisor of Yu Yuang Textile Co., Ltd., Chairman of Wenfa Comprehensive Development Co., Ltd.	Director	Chun-lin Yeh (葉俊麟)	Two degrees of kinship	
Deputy Chairman	R.O.C.	Zhenghong Investment Co., Ltd. Representative: Cheng-Hua Yeh (葉政華)	Male 41~50	2024.6.26	3 years	2024.6.26	10,847,805 2,641,792	8.35 2.03	11,427,805 2,644,792	8.80 2.04	0	0	0	0	Master of Information Engineering, National Taiwan University	Vice Chairman of the Company, Supervisor of Zhenghong Investment Co., Ltd., Chairman of Huajian Investment Co., Ltd.	None	None	None	
Director	R.O.C.	Chun-Lin Yeh (葉俊麟)	Male 41~50	2024.6.26	3 years	2021.8.27	6,334,088	4.88	6,311,088	4.86	0	0	0	0	De Anza College	Director of the Company, Chairman of Jiujiang DeYu Textile Technologies Co., Ltd., Jiujiang Hongzhi Textile Technology Co., Ltd, and Leading Venture Capital Co., Ltd., Director of PO YU INVEST CO., LTD.	Chairman	Po-Yu Yeh (葉博宇)	Two degrees of kinship	
Director	R.O.C.	Ming-Yi Lai (賴明毅)	Male 51~60	2024.6.26	3 years	2015.6.30	344,000	0.26	344,000	0.26	0	0	0	0	PhD of Business, National Changhua University of Educaion	Director of the Company, Director, VP & Spokesman of Acelon Chemicals & Fiber Corporation, Director of Acegreen Eco-Material Technology Co., Ltd. and Acenature Biotechnology Co., Ltd.	None	None	None	
Director	R.O.C.	Jen-Hsing Hsu (許仁興)	Male 71~80	2024.6.26	3 years	2021.8.27	0	0	0	0	0	0	0	0	Hsiao Yang Commercial and Vocational School	Director of the Company, Chairman of Fulltide Enterprise Co., Ltd.	None	None	None	
Director	R.O.C.	Mao-Lin Wang (王茂林)	Male 61~70	2024.6.26	3 years	2021.8.27	409,000	0.31	409,000	0.31	0	0	0	0	Bachelor of Economics at Soochow University	Director of the Company, CEO of J.J. Wang International Investment	None	None	None	
Director	R.O.C.	Pai-Jung Ko (柯栢榮)	Male 71~80	2024.6.26	3 years	2024.6.26	0	0	0	0	0	0	0	0	Mechanical Engineering degree at Taipei Vocational High School Senior Manager, VP of Formosa Chemicals and Fibre Corporation	Director of the Company	None	None	None	

Director	R.O.C.	Jen-Kai Yang (楊任凱)	Male 41~50	2024.6.26	3 years	2024.6.26	0	0	0	0	0	0	0	0	Master in Business Administration, Boston University CEO of CHAIN YARN CO., LTD. Sales manager of IBM	Director, CEO, and Spokesman of UNIVERSAL TEXTILE CO., LTD., Director of Ching Feng Home Fashions Co., Ltd.	None	None	None	
Independent Director	R.O.C.	Chen-Chi Hsiao (蕭珍琪)	Male 61~70	2024.6.26	3 years	2018.6.27	0	0	0	0	0	0	0	0	Master of EMBA, Feng Chia University, Bachelors of Accounting of National Chengchi University Accountant and firm leader of PWC Taichung, , Chairman of Taichung CPA Association, Vice chairman of CPA Associations R.O.C. Adjunct lecturer of Department of Accounting of Feng Chia University and Department of Accounting of Providence University Independent director of Kian Shen Corporation and China Motor Corporation	Independent director, Audit Committee member, and Remuneration Committee member of the Company, Independent director, Audit Committee member, and Remuneration Committee member of United Recommend International Co., Ltd., Director of TONS LIGHTOLOGY INC., Independent director, Audit Committee member, and Remuneration Committee member at Horizon Securities Co., Ltd., Independent director, Audit Committee member, and Remuneration Committee member of Yao-I Fabric Co., Ltd., Supervisor of Ruopu Construction and Development Co., Ltd.,., Supervisor at Dah Lih Puh Co., Ltd.	None	None	None	
Independent Director	R.O.C.	Jung-Fu Lee (李榮福)	Male 71~80	2024.6.26	3 years	2024.6.26	0	0	0	0	0	0	0	0	PhD in Business Administration, Liberty University Masters in EMBA, National Kaohsiung University Adjunct lecturer of EMBA, National Taichung University of Education	Independent director, Audit Committee member, and Remuneration Committee member of the Company, Chairman of Kingcan Holdings Limited, Director of Fujian Fuzhen Metal Packaging Co., Ltd. and Shandong Fuzhen Metal Packaging Co., Ltd.	None	None	None	
Independent Director	R.O.C.	Kuei-Chu Yeh (葉桂珠)	Female 51~60	2024.6.26	3 years	2024.6.26	0	0	0	0	0	0	0	0	Masters in Global MBA, National Changhua University of Education Specialist at the Second Credit Cooperation of Changhua	Independent Director, Audit Committee member of the Company, Director, VP, and Spokesman of Taiwan Paiho Limited, Supervisor of Indonisia Paiho Limited	None	None	None	

Major Shareholders of Corporate Shareholders

Date: April 25, 2026

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

Information of Directors (2)

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

Criteria / Name	Professional qualifications and experience (Note 1)	Status of independence (Note 2)	Number of concurrent independent director positions in other public companies
Po-Yu Yeh (葉博宇)	.Operation decisions and strategic management, leader of the organization .Experience in textile-related industries	Chairman of the Company Chairman Po-Yu Yeh (葉博宇) and Director Chun-Lin Yeh (葉俊麟) have a second degree of kinship	0
Zhenghong Investment Co., Ltd. Representative: Cheng-Hua Yeh (葉政華)	.Operation decisions and strategic management, leader of the organization .Experience in textile-related industries	Vice Chairman of the Company	0
Chun-Lin Yeh (葉俊麟)	.Operation decisions and strategic management, leader of the organization .Experience in textile-related industries	Director Chun-Lin Yeh (葉俊麟) and Chairman Po-Yu Yeh (葉博宇) have a second degree of kinship	0
Ming-Yi Lai (賴明毅)	.Operation decisions and strategic management, leader of the organization .Experience in textile-related industries	Complies	0
Jen-Hsing Hsu (許仁興)	.Operation decisions and strategic management, leader of the organization .Experience in textile-related industries	Complies	0
Mao-Lin Wang (王茂林)	.Operation decisions and strategic management, leader of the organization .Experience in textile-related industries	Complies	0
Pai-Jung Ko (柯栢榮)	.Operation decisions and strategic management, leader of the organization .Experience in textile-related industries	Complies	0
Jen-Kai Yang (楊任凱)	.Operation decisions and strategic management, leader of the organization .Experience in textile-related industries	Complies	0
Chen-Chi Hsiao (蕭珍琪)	.Operation decisions and strategic management, leader of the organization .Accountant's qualification certificate .Assistant Professor of the University's Department of Accounting	Upon verification of both internal and external public disclosures, all meet the independence requirements stipulated in the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.” During the tenure, has	3

Jung-Fu Lee (李榮福)	.Operation decisions and strategic management, leader of the organization .Adjunct lecturer of National Taichung University of Education	fully exercised legally mandated authority, effectively fulfilling supervisory functions and participating in the formulation of major decisions.	0
Kuei-Chu Yeh (葉桂珠)	.Operation decisions and strategic management, leader of the organization .Experience in textile-related industries .Finance and Accounting		0

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

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

2. The diversity and independence of the Board of Directors

(1) The diversity of the Board of Directors

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

When selecting and reviewing candidates for directors and independent directors, the Company considers multiple aspects of board diversity, including educational and professional background, gender, independence, and professional expertise (such as industry knowledge and financial experience). This ensures that each director can fulfill their responsibilities effectively and bring maximum benefits to the company. We have set diversity targets for board seats and disclose the achievement status as follows:

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

The Company currently has eleven directors, elected at the shareholders' meeting on June 26, 2024, with only one female director. This meets the legal requirement of at least one female director, but still falls to achieve the one-third target. The main reasons are the industry's characteristics and the challenges in identifying suitable candidates within a short timeframe.

The Company will actively recruit qualified candidates through various channels, continuing to seek and invite suitable individuals to join. We will propose appropriate director nominees to achieve gender diversity and inclusion, implement our board diversity policy, and increase the proportion of female directors.

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

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

Diversified core / Name of director	Basic composition									Industry experience and professional capabilities							
	Gender	Having an employee identity	Age				Length of service as an independent director			The capability of operations	The capability of decision making	The capability of management and	The capability of emergency	Knowledge of the industry	Global market perspective	Leadership	Accounting and capability of
			40~50	51~60	61~70	71~80	1~3 years	3~6 years	6~9 years								
Po-Yu Yeh (葉博宇)	M	✓	✓							✓	✓	✓	✓	✓	✓	✓	
Cheng-Hua Yeh (葉政華)	M	✓	✓							✓	✓	✓	✓	✓	✓	✓	
Chun-lin Yeh (葉俊麟)	M	✓	✓							✓	✓	✓	✓	✓	✓	✓	
Ming-Yi Lai (賴明毅)	M			✓						✓	✓	✓	✓	✓	✓	✓	
Jen-Hsing Hsu (許仁興)	M					✓				✓	✓	✓	✓	✓	✓	✓	
Mao-Lin Wang (王茂林)	M				✓					✓	✓	✓	✓	✓	✓	✓	
Pai-Jung Ko (柯栢榮)	M					✓				✓	✓	✓	✓	✓	✓	✓	
Jen-Kai Yang (楊任凱)	M		✓							✓	✓	✓	✓	✓	✓	✓	
Chen-Chi Hsiao (蕭珍琪)	M				✓				✓	✓	✓	✓	✓		✓	✓	✓
Jung-Fu Lee (李榮福)	M					✓	✓			✓	✓	✓	✓		✓	✓	
Kuei-Chu Yeh (葉桂珠)	F			✓			✓			✓	✓	✓	✓	✓	✓	✓	✓

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

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

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

April 25, 2026

Title	Nationality	Name	Gender	Date effective	Current shareholding		Spouse's/minor's shareholding		Shareholding by nominee arrangement		Major experiences and education	Other positions in another company	Managerial officials who are spouses or within two degrees of kinship			Remark
					No. of shares	Shareholding ratio %	No. of shares	Shareholding ratio %	No. of shares	Shareholding ratio %			Title	Name	Relationship	
General Manager	R.O.C.	Zheng-Pei Guo (郭正沛)	M	2024.08.12	684,856	0.53	12,047	0.01	0	0	Department of Fiber and Composite Materials, Feng Chia University Plant manager of Formosa Chemicals and Fiber Corporation	Independent Director of Acelon Chemicals & Fiber Corporation	None	None	None	
General Manager Office Executive Deputy General Manager	R.O.C.	Jin-Chang Hong (洪錦昌)	M	2022.04.01	631,241	0.49	908	0	0	0	Department of Business Administration, National Taipei University of Business	Director of Jiujiang DeYu Textile Technologies Co., Ltd.	None	None	None	
Finished Products Department Associate	R.O.C.	Cai-Juan Pan (潘彩娟)	F	2022.01.01	110,000	0.08	0	0	0	0	Department of Business, National Fengshan Senior Commercial and Industrial Vocational School	Director of Honmyue Textile (Zhejiang) Co., Ltd.	None	None	None	
Specialty Materials Department Associate	R.O.C.	Pei-Hong Zhang (張培宏)	M	2022.02.01	117,000	0.09	0	0	0	0	Industrial Engineering and Management, National Chin-Yi University of Technology	None	None	None	None	
General Manager's Office Information Management Center Manager Head of Cyber Security	R.O.C.	Shao-Rui Chen (陳紹睿)	M	2020.02.01	67,000	0.05	0	0	0	0	Master of Business Administration, National Chin-Yi University of Technology	None	None	None	None	
Corporate Governance Officer Department of Finance Manager Head of Accounting	R.O.C.	Li-Zhe Pan (潘立哲)	F	2022.01.01	191,036	0.15	94	0	0	0	Department of Accounting, Feng Chia University	None	None	None	None	
Greige Fabrics Department Manager	R.O.C.	Wei-Fang Hsu (徐為芳)	M	2022.04.01	100,000	0.08	0	0	0	0	Master of Business Administration, Chung Yuan Christian University	None	None	None	None	
Department of R&D and Technology Manager	R.O.C.	Yan-Hong Guo (郭彥宏)	M	2022.09.01	110,000	0.08	8,000	0.01	0	0	Department of Textiles and Clothing, Fu Jen University	None	None	None	None	
Administrative Department Manager	R.O.C.	Yi-Qiao Sui (隋宜樵)	M	2025.05.09	0	0	0	0	0	0	Department of Textiles and Clothing, Fu Jen University	None	None	None	None	
Department of Finance Chief and supervisor	R.O.C.	Hui-Na Hsieh (謝惠娜)	F	2022.11.11	83,000	0.06	0	0	0	0	Department of Insurance and Finance, National Taichung University of Science and Technology	None	None	None	None	

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

(1) Remuneration of general directors and independent directors Unit: NT$ thousand

Title	Name	Director remuneration								Total remuneration (A+B+C+D) and its ratio to net profit after-tax		Relevant remuneration received by directors who are also employees								Total Remuneration (A+B+C+D+E+F+G) and its ratio to net profit after tax		Remuneration from investment businesses
		Base Compensation (A)		Severance Pay (B)		Directors Compensation (C) (Note 2)		Fees for business operations (D)				Salary, Bonuses, and Allowances (E)		Severance Pay (F) (Note 1)		Employee Compensation (G)						
		The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company		All consolidated entities		The Company	All consolidated entities	
																Cash	Stocks	Cash	Stocks			
Chairman	Po-Yu Yeh (葉博宇)	0	0	0	0	1,237	1,237	1,336	1,336	2,573 5.87%	2,573 5.87%	4,001	4,001	38	38	0	0	0	0	6,612 15.10%	6,612 15.10%	None
Deputy Chairman	Zhenghong Investment Co., Ltd. Representative: Cheng-Hua Yeh (葉政華)																					None
Director	Chun-Lin Yeh (葉俊麟)																					None
	Ming-Yi Lai (賴明毅)																					None
	Jen-Hsing Hsu (許仁興)																					None
	Mao-Lin Wang (王茂林)																					None
	Pai-Jung Ko (柯栢榮)																					None
	Jen-Kai Yang (楊任凱)																					None
Independent Director	Chen-Chi Hsiao (蕭珍琪)	1,080	1,080	0	0	0	0	864	864	1,944 4.44%	1,944 4.44%	0	0	0	0	0	0	0	0	1,944 4.44%	1,944 4.44%	None
	Jung-Fu Lee (李榮福)																					
	Kuei-Chu Yeh (葉桂珠)																					

1. Please describe the policy, system, standards and structure in place for paying remuneration to directors and describe the relationship of factors such as the duties and risks undertaken and time invested by the directors to the amount of remuneration paid:
A. According to the regulations of the Articles of Incorporation of the Company, the remuneration of directors of the Company is determined by the Board of Directors based on industry standards.
B. The payment of directors' remuneration is conducted in accordance with the "Procedures for the Payment of Director and Functional Committee Remuneration". Since independent directors also serve as members of the Audit Committee and Remuneration Committee and participate in the discussions and resolutions of relevant committee meetings, therefore they have higher remunerations than general directors.
2. In addition to what is disclosed in the above table, please specify the amount of remuneration received by directors in the most recent fiscal year for providing services (e.g., for serving as a non-employee consultant to the parent company /any consolidated entities /invested enterprises):NONE.

Note 1: The amounts listed are the pension contributed/paid under the New Labor Pension System.
Note 2: The Company's Board of Directors approved the distribution of director and employee remuneration on March 11, 2026, with the listed amounts being proposed figures.

Table on Range of Remuneration

Range of Remuneration	Name of director			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company	All consolidated entities	The company	All companies in the Financial Statement
Less than NTD 1,000,000	Po-Yu Yeh (葉博宇), Cheng-Hua Yeh (葉政華), Jun-Lin Yeh (葉俊麟), Ming-Yi Lai (賴明毅), Ren-Xing Hsu (許仁興), Mao-Lin Wang (王茂林), Pai-Jung Ko (柯栢榮), Jen-Kai Yang (楊任凱), Chen-Chi Hsiao (蕭珍琪), Jung-Fu Lee (李榮福)，Kuei-Chu Yeh (葉桂珠)	Po-Yu Yeh (葉博宇), Cheng-Hua Yeh (葉政華), Jun-Lin Yeh (葉俊麟), Ming-Yi Lai (賴明毅), Ren-Xing Hsu (許仁興), Mao-Lin Wang (王茂林), Pai-Jung Ko (柯栢榮), Jen-Kai Yang (楊任凱), Chen-Chi Hsiao (蕭珍琪), Jung-Fu Lee (李榮福)，Kuei-Chu Yeh (葉桂珠)	Ming-Yi Lai (賴明毅), Ren-Xing Hsu (許仁興), Mao-Lin Wang (王茂林), Pai-Jung Ko (柯栢榮), Jen-Kai Yang (楊任凱), Chen-Chi Hsiao (蕭珍琪), Jung-Fu Lee (李榮福)，Kuei-Chu Yeh (葉桂珠)	Ming-Yi Lai (賴明毅), Ren-Xing Hsu (許仁興), Mao-Lin Wang (王茂林), Pai-Jung Ko (柯栢榮), Jen-Kai Yang (楊任凱), Chen-Chi Hsiao (蕭珍琪), Jung-Fu Lee (李榮福)，Kuei-Chu Yeh (葉桂珠)
NTD 1,000,000 (Incl.) ～NTD 2,000,000 (Not incl.)	0	0	Cheng-Hua Yeh (葉政華), Jun-Lin Yeh (葉俊麟)	Cheng-Hua Yeh (葉政華), Jun-Lin Yeh (葉俊麟)
NTD 2,000,000 (Incl.) ～NTD 3,500,000 (Not incl.)	0	0	Po-Yu Yeh (葉博宇)	Po-Yu Yeh (葉博宇)
NTD 3,500,000 (Incl.) ～NTD 5,000,000 (Not incl.)	0	0	0	0
NTD 5,000,000 (Incl.) ～NTD 10,000,000 (Not incl.)	0	0	0	0
NTD 10,000,000 (Incl.) ～NTD 100,000,000 or above	0	0	0	0
Total	11 people	11 people	11 people	11 people

(2) Remuneration of the General Manager and the Deputy General Manager Unit: NT$ thousand

Title	Name	Base Compensation (A)		Severance Pay (B) (Note 1)		Salary, Bonuses, and Allowances (C)		Employee Compensation (D) (Note 2)				Total remuneration (A+B+C+D) and its ratio to net profit after-tax		Remuneration from investment businesses other than subsidiaries or
		The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company		All consolidated entities		The Company	All consolidated entities	
								Cash	Stocks	Cash	Stocks			
General Manager	Zheng-Pei Guo (郭正沛)	4,397	4,397	211	211	1,670	1,670	150	0	150	0	6,428 14.68%	6,428 14.68%	None
General Manager Office Executive Deputy General	Jin-Chang Hong (洪錦昌)													None

Note 1: The amounts listed are the pension contributed/paid under the New Labor Pension System.
Note 2: The Company's Board of Directors approved the distribution of employee remuneration on March 11, 2026, with the listed amounts being proposed figures.

Table on Range of Remuneration

Range of remuneration	Name of General Manager and Deputy General Manager	
	The Company	All consolidated entities
Less than NTD 1,000,000	0	0
NTD 1,000,000 (Incl.) ～NTD 2,000,000 (Not incl.)	0	0)
NTD 2,000,000 (Incl.) ～NTD 3,500,000 (Not incl.)	Jin-Chang Hong (洪錦昌)	Jin-Chang Hong (洪錦昌)
NTD 3,500,000 (Incl.) ～NTD 5,000,000 (Not incl.)	Zheng-Pei Guo (郭正沛)	Zheng-Pei Guo (郭正沛)
NTD 5,000,000 (Incl.) ～NTD 10,000,000 (Not incl.)	0	0
NTD 100,000,000 or above	0	0
Total	2 people	2 people

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

Unit: NT$ thousand

<table>
<tr><th></th><th>Title</th><th>Name</th><th>Stocks</th><th>Cash
(Note)</th><th>Total</th><th>Ratio of total remuneration to net profit after-tax</th></tr>
<tr><td rowspan="10">Managerial officials</td><td>General Manager</td><td>Zheng-Pei Guo
(郭正沛)</td><td rowspan="10">0</td><td rowspan="10">370</td><td rowspan="10">370</td><td rowspan="10">370
0.84%</td></tr>
<tr><td>General Manager Office
Executive Deputy General Manager</td><td>Jin-Chang Hong
(洪錦昌)</td></tr>
<tr><td>Finished Products Department
Associate</td><td>Cai-Juan Pan
(潘彩娟)</td></tr>
<tr><td>Specialty Materials Department
Associate</td><td>Pei-Hong Zhang
(張培宏)</td></tr>
<tr><td>General Manager's Office
Information Management Center
Manager</td><td>Shao-Rui Chen
(陳紹睿)</td></tr>
<tr><td>Corporate Governance Officer
Department of Finance Manager
Head of Accounting</td><td>Li-Zhe Pan
(潘立哲)</td></tr>
<tr><td>Greige Fabrics Department
Manager</td><td>Wei-Fang Hsu
(徐為芳)</td></tr>
<tr><td>Department of R&D and Technology
Manager</td><td>Yan-Hong Guo
(郭彥宏)</td></tr>
<tr><td>Administrative Department
Manager</td><td>Yi-Qiao Sui
(隋宜樵)</td></tr>
<tr><td>Head of Finance</td><td>Hui-Na Hsieh
(謝惠娜)</td></tr>
</table>

Note: The Company's Board of Directors approved the distribution of employee remuneration on March 11, 2026, with the listed amounts being proposed figures.

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

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

Unit: NT$ thousand

Title	2025 Total remuneration ratio to net profit after tax		2024Total remuneration ratio to net profit after tax	
	The Company	All Consolidated Entities	The Company	All Consolidated Entities
Director	19.54%	19.54%	12.24%	12.24%
General Manager and Deputy General Manager	14.68%	14.68%	6.59%	6.59%

Note: Net income after tax in 2025 decreased by 59% compared to 2024, resulting in an increase in the ratios disclosed in the above table for 2025 versus 2024.

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

(1). For the paid remuneration to directors by the Company, the director compensation and traveling allowances for participating in operation businesses of the Company and attending Board of Directors Meetings are included. According to the Articles of Incorporation of the Company, if there are profits in this fiscal year, a ratio of not less than 2% of the profits shall be appropriated as employee remuneration, and they will be distributed in stocks or cash by the resolution of the Board of Directors, and the recipients include employees from subsidiaries who fulfill certain criteria. And for the aforementioned profits of the Company, a ratio of not more than 5% shall be appropriated as director remuneration by the resolution of the Board of Directors. Distribution of employee and director remunerations shall be submitted for report at the Shareholders' Meeting. However, if the Company has accumulated losses, the profits shall be retained to make up for the losses first, and the remainder allocated as employee and director remunerations afterward according to the ratio of the preceding paragraph.

(2). The remuneration provided to managerial officials is allocated in accordance with the various salary and bonus systems of the Company. The distribution is based on factors such as the scope of responsibilities associated with the position, the achievement rate of the overall operational goals of the Company, individual performance, and his/her educational background and experiences. The remuneration level is also determined by considering the salary benchmarks of positions of similar nature in the industry market. The proposed remuneration is subject to review by the Remuneration Committee and then submitted to the Board of Directors for resolution.

3. Implementation of Corporate Governance

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

6 Board meetings were held in the recent fiscal year. The presence and attendance of directors and independent directors are as follows:

Title	Name	Presence (Attendance) in person (B)	Attendance on proxy	Actual attendance rate (%)	Remark
Chairman	Po-Yu Yeh (葉博宇)	6	0	100%	
Vice Chairman	Zhenghong Investment Co., Ltd. Representative: Cheng-Hua Yeh (葉政華)	6	0	100%	
Director	Jun-Lin Yeh (葉俊麟)	5	0	83%	
	Ming-Yi Lai (賴明毅)	6	0	100%	
	Ren-Xing Hsu (許仁興)	6	0	100%	
	Mao-Lin Wang (王茂林)	6	0	100%	
	Pai-Jung Ko (柯栢榮)	6	0	100%	
	Jen-Kai Yang (楊任凱)	6	0	100%	
Independent director	Chen-Chi Hsiao (蕭珍琪)	6	0	100%	
	Jung-Fu Lee (李榮福)	6	0	100%	
	Kuei-Chu Yeh (葉桂珠)	6	0	100%	

Other mentionable items:

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

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

Date of meeting Session	Content of motion	Opinions of all independent directors	The company's treatment of the opinions of the independent directors
2025/1/15 (4th meeting of the 20th term)	1. Proposal for the acquisition of right-of-use assets in real estate from a related party.	Passed without objection	Passed without objection
	2. Proposal to lease the Company's investment property to a related party.	Passed without objection	Passed without objection
	3. Proposal for the Company to provide endorsement and guarantee for its subsidiary, Jiujiang Deyu Textile Technology Co., Ltd.	Passed without objection	Passed without objection
	4. Proposal for Distribution of the Company's 2024 Year-End Bonus.	Passed without objection	Passed without objection
	5. Proposal on the allocation ratios of directors' remuneration and employee compensation for 2025.	Passed without objection	Passed without objection
2025/3/10 (5th meeting of the 20th term)	1. The 2024 Individual and Consolidated Financial Statements.	Passed without objection	Passed without objection
	2. Proposal regarding overdue accounts receivable as of December 31, 2024, which are not of a nature constituting fund lending.	Passed without objection	Passed without objection
	3. Amendment to the "Articles of Incorporation."	Passed without objection	Passed without objection
	4. Proposal to issue the 2024 Statement on Internal Control Systems.	Passed without objection	Passed without objection
	5. Proposal for the Distribution of 2024 Remuneration to the Company's Directors and Employees.	Passed without objection	Passed without objection
	6. Proposal to Assess the Independence and Suitability of the CPAs for 2025.	Passed without objection	Passed without objection
	7. Proposal for the CPA Appointment Fees for 2025.	Passed without objection	Passed without objection
2025/5/9 (6th meeting of the 20th term)	1. The Consolidated Financial Statement of 2025 Q1.	Passed without objection	Passed without objection
	2. Proposal regarding overdue accounts receivable as of March 31, 2025, which are not of a nature constituting fund lending.	Passed without objection	Passed without objection
	3. Proposal for the Company to provide endorsement and guarantee for its subsidiary, Jiujiang Deyu Textile Technology Co., Ltd.	Passed without objection	Passed without objection
	4. Proposal on the definition of "frontline employees."	Passed without objection	Passed without objection
	5. Proposal regarding the distribution of the "2025 Dragon Boat Festival Performance Bonus" for managers.	1. Passed without objection 2. All subsidiaries are requested to draft "Operational Performance Incentive Policy" to boost employee morale and foster loyalty.	Passed without objection
	6. Proposal on Manager Promotions and the Waiver of Non-Compete Restrictions for Managers.	Passed without objection	Passed without objection
2025/6/26 (7th meeting of the 20th term)	Proposal on the conversion suspension period and conversion price adjustment for the Company's 3rd domestic unsecured convertible bonds.	Passed without objection	Passed without objection
2025/8/11 (8th meeting of the 20th term)	1. The Consolidated Financial Statement of 2025 Q2.	Passed without objection	Passed without objection
	2. Proposal regarding overdue accounts receivable as of June 30, 2025, which are not of a nature constituting fund lending.	Passed without objection	Passed without objection
	3. Proposal to loan funds to a subsidiary.	Passed without objection	Passed without objection
	4. Proposal on the distribution of directors' 2024 remuneration.	Passed without objection	Passed without objection
	5. Review of the "Performance Incentive Policy" established by each subsidiary.	The incentive policies submitted by Zhejiang Honmyue and Utex Innovation remain questionable. These two companies are requested to clarify and respond	Passed without objection

Date of meeting Session	Content of motion	Opinions of all independent directors	The company's treatment of the opinions of the independent directors
		to the parent company by September 15. Regarding Jiujiang Deyu's submission, as it is a monthly management policy, Jiujiang Deyu is requested to formulate its employee incentive policy by referring to the parent company's employee incentive policy and adapting to local conditions, and to report back to the parent company by September 30 for further discussion.	
	6. Proposal of the subsidiary "Wen Fa Development L.L.C." to transfer shares of "Nuwa Enterprise Co., Ltd."	Passed without objection	Passed without objection
2025/11/12 (9th meeting of the 20th term)	1. The Consolidated Financial Statement of 2025 Q3.	Passed without objection	Passed without objection
	2. Proposal regarding overdue accounts receivable as of September 30, 2025, which are not of a nature constituting fund lending.	Passed without objection	Passed without objection
	3. Proposal for the Company to provide endorsement and guarantee for its subsidiary, Jiujiang Deyu Textile Technology Co., Ltd.	Passed without objection	Passed without objection
	4. The Company proposes to participate in the cash capital increase of "Utex Innovation Co., Ltd."	Passed without objection	Passed without objection
	5. The Audit Department's 2026 Internal Audit Plan.	Passed without objection	Passed without objection
	6. Proposal to amend the "Payroll Cycle" internal control system.	Passed without objection	Passed without objection
	7. Proposal to amend the Company's "Rules for the Issuance and Conversion of the Third Domestic Unsecured Convertible Bonds".	Passed without objection	Passed without objection
	8. Proposal to adjust the remuneration for the appointment of the 2025 CPAs.	Passed without objection	Passed without objection

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

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

Date of meeting	Name of director	Content of motion	Reasons for recusal	Status of voting participation
2025/1/15	Po-Yu Yeh (葉博宇) Cheng-Hua Yeh (葉政華) Jun-Lin Yeh (葉俊麟)	Proposal for the acquisition of right-of-use assets in real estate from a related party.	Interested party of this proposal	Approved unanimously by all remaining attending directors
	Po-Yu Yeh (葉博宇) Cheng-Hua Yeh (葉政華) Jun-Lin Yeh (葉俊麟)	Proposal for Distribution of the Company's 2024 Year-End Bonus.	Interested party of this proposal	Approved unanimously by all remaining attending directors
2025/5/9	Po-Yu Yeh (葉博宇) Cheng-Hua Yeh (葉政華)	Proposal regarding the distribution of the "2025 Dragon Boat Festival Performance Bonus" for managers.	Interested party of this proposal	Approved unanimously by all remaining attending directors

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

Evaluation cycle	Once annually
Evaluation period	Evaluation of the performance of the Board of Directors from January 1, 2025 to December 31, 2025
Evaluation scope	Evaluation of the performance of the Board of Directors, individual Board members, and functional committees
Method of evaluation	Including self-evaluation of the Board of Directors, the Board members, the Audit Committee, and the Remuneration Committee members.
Content of evaluation	1. The performance evaluation of the Board of Directors: at least include the level of involvement in company operations, quality of decision-making by the Board, the composition and structure of the Board, the election and continuing education of directors, and internal control. 2. The performance evaluation of individual Board members: At least including the understanding of company goals and missions, awareness of director duties, participation in company operations, internal relationship management and communication, director's expertise and continuous education, and internal controls. 3. The performance evaluation of the Audit Committee: Participation in company operations, awareness of member duties of the Audit Committee, quality of decision-making by the Audit Committee, composition and election of members of the Audit Committee, and internal control. 4. The performance evaluation of the Remuneration Committee: Participation in company operations, awareness of member duties of the Remuneration Committee, quality of decision-making by the Remuneration Committee, and composition and election of members of the Remuneration Committee.

Implementation status:
The self-evaluation is conducted in the form of a survey, and the contents are presented in 5 levels (No.1: Very bad (Strongly disagree); No.2: Bad (Disagree); No, 3: Neutral (Average); No.4: Good (Agree); No.5: Very good (Strongly agree)).
The overall evaluation result was between 5 (Very good (Strongly agree)) to 4 (Good (Agree)). The scores for the six evaluation items of “understanding of company goals and missions, directors’ continuing education, internal controls, management of internal relations and communication, and the composition and understanding of responsibilities of functional committees” were slightly lower than the average scores of the individual questionnaires. But overall the Board of Directors and the individual functional committees are working well, and will continuously improve according to this evaluation result, and lead to the enhancement of corporate governance effectiveness.

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

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

The Audit Committee of the company is composed of all independent directors, and 5 meetings were commenced in the most recent fiscal year (A), and the presence and attendance of independent directors are as follows:

Title	Name	Attendance in person (B)	Attendance by proxy	Attendance Rate (%) (B/A)	Remark
Independent director (Convener)	Chen-Chi Hsiao (蕭珍琪)	5	0	100%	
Independent Director	Jung-Fu Lee (李榮福)	5	0	100%	
Independent Director	Kuei-Chu Yeh (葉桂珠)	5	0	100%	

Audit Committee Key Focus Areas:

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

Other mentionable items:

1. If any of the following circumstances occur in the operation of the Audit Committee, the dates of the meetings, sessions, contents of motion, all independent directors’ objections, reserved opinions, and significant recommendations, as well as the resolution of the Audit Committee and the company’s response to it should be specified:
   (1) Matters referred to in Article 14-5 of the Securities and Exchange Act:

Date of meeting Session	Content of motion	Independent directors' objections, reserved opinions, or significant recommendations	Audit Committee Resolution results	The company's response to the opinion of the Audit Committee
2025/1/15 (3rd meeting of the 2nd term)	1. Proposal for the acquisition of right-of-use assets in real estate from a related party.	None	Passed without objection	Passed without objection
	2. Proposal to lease the Company's investment property to a related party.	None	Passed without objection	Passed without objection
	3. Proposal for the Company to provide endorsement and guarantee for its subsidiary, Jiujiang Deyu Textile Technology Co., Ltd.	None	Passed without objection	Passed without objection
2025/3/10 (4h meeting of the 2nd term)	1. The 2024 Individual and Consolidated Financial Statements.	None	Passed without objection	Passed without objection
	2. Proposal regarding overdue accounts receivable as of December 31, 2024, which are not of a nature constituting fund lending.	None	Passed without objection	Passed without objection
	3. Amendment to the "Articles of Incorporation.".	None	1. Passed without objection. 2. Please include the definition of "frontline employees" on next meeting's agenda	Passed without objection
	4. Proposal to issue the 2024 Statement on Internal Control Systems.	None	Passed without objection	Passed without objection
	5. Proposal to Assess the Independence and Suitability of the CPAs for 2025.	None	Passed without objection	Passed without objection
	6. Proposal for the CPA Appointment Fees for 2025.		Passed without objection	Passed without objection
2025/5/9 (5th meeting of the 2nd term)	1. The Consolidated Financial Statement of 2025 Q1.	None	Passed without objection	Passed without objection
	2. Proposal regarding overdue accounts receivable as of March 31, 2025, which are not of a nature constituting fund lending.	None	Passed without objection	Passed without objection
	3. Proposal for the Company to provide endorsement and guarantee for its subsidiary, Jiujiang Deyu Textile Technology Co., Ltd.	None	Passed without objection	Passed without objection
	4. Proposal on the definition of "frontline employees."	None	Passed without objection	Passed without objection
2025/8/11 (6th meeting of the 2nd term)	1. The Consolidated Financial Statement of 2025 Q2.	None	Passed without objection	Passed without objection
	2. Proposal regarding overdue accounts receivable as of June 30, 2025, which are not of a nature constituting fund lending.	None	Passed without objection	Passed without objection
	3. Proposal to loan funds to a subsidiary.	None	Passed without objection	Passed without objection
	4. The Company's preparation of the "2024 Sustainability Report."	None	Passed without objection	Passed without objection
	5. Proposal of the subsidiary "Wen Fa Development L.L.C." to transfer shares of "Nuwa Enterprise Co., Ltd."	None	Passed without objection	Passed without objection
2025/11/12 (7th meeting of the 2nd term)	1. The Consolidated Financial Statement of 2025 Q3.	None	Passed without objection	Passed without objection
	2. Proposal regarding overdue accounts receivable as of September 30, 2025, which are not of a nature constituting fund lending.	None	Passed without objection	Passed without objection
	3. Proposal for the Company to provide endorsement and guarantee for its subsidiary, Jiujiang Deyu Textile Technology Co., Ltd.	None	Passed without objection	Passed without objection
	4. The Company proposes to participate in the cash capital increase of "Utex Innovation Co., Ltd."	None	Passed without objection	Passed without objection
	5. The Audit Department's 2026 Internal Audit Plan.	None	Passed without objection	Passed without objection
	6. Proposal to amend the "Payroll Cycle" internal control system.	None	Passed without objection	Passed without objection
	7. Proposal to amend the Company's "Rules for the Issuance and Conversion of the Third Domestic Unsecured Convertible Bonds".	None	Passed without objection	Passed without objection
	8. Proposal to adjust the remuneration for the appointment of the 2025 CPAs.	None	Passed without objection	Passed without objection

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

2. For the status of implementation of independent directors' recusal to proposals with conflicts of interests, the name of the independent director, the content of the motion, reasons for recusal, and status of voting participation shall be disclosed: In 2025, the Audit Committee did not have proposals with conflicts of interests that needed the recusal of independent directors.

3. Communication status of independent directors and the internal auditor and accountants (Should include material matters that involve the communication on the financial and business conditions of the company, its methods, and results)

<table>
<tr><th>Date</th><th>Method of communication</th><th>Matter of communication</th><th>Personnel present</th><th>Recommendations by the independent directors</th></tr>
<tr><td rowspan="2">2025/11/12</td><td rowspan="2">Meeting</td><td>· Communication between CPAs and the corporate governance units - planning phrase
· The Consolidated Financial Statement of 2025 Q3.</td><td>· Independent directors:
Chen-Chi Hsiao (蕭珍琪), Jung-Fu Lee (李榮福), Kuei-Chu Yeh (葉桂珠)
PwC: Shi-Jia Tsai, Associate (蔡士嘉)</td><td>No comments.</td></tr>
<tr><td>· 2026 Audit Plan
· Implementation of the 2025 Audit Plan</td><td>· Independent directors:
Chen-Chi Hsiao (蕭珍琪) , Jung-Fu Lee (李榮福), Kuei-Chu Yeh (葉桂珠)
· Audit Supervisor:
Yu, Chen (陳昱)</td><td>No comments.</td></tr>
</table>

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

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

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

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

Item of Evaluation	Status of Operation			Deviations from the Corporate Governance Best- Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Abstract Illustration	
1. Has the company established and disclosed the Corporate Governance Best-Practice Principles based on“ Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies”?	✓		The Company established the "Corporate Governance Best-Practice Principles" on November 12, 2021, and disclosed it on the company website and Market Observation Post System (MOPS).	No deviations
2. Shareholding structure & shareholders’ rights (1) Has the Company established an internal operating procedure to deal with shareholders’ suggestions, doubts, disputes, and litigations, and implemented based on the procedure?	✓		(1) Besides the appointment of a professional stock agent to handle stock affairs, the company has established a spokesperson system and set up a channel of “Stakeholder contacts” on the company website to properly collect shareholders' recommendations, doubts, disputes, and litigations.	No deviations
(2) Does the company possess the list of its major shareholders who actually control the company as well as the ultimate owners of those shareholders ?	✓		(2) The Company has assigned specific personnel in charge responsible for stock affairs and has entrusted a professional stock affairs agency to assist with the process. This allows the Company to have real-time access to the shareholding status of major shareholders and disclosure of information on major shareholders in accordance with the law, etc.	
(3) Does the company establish and implement risk management and control measures between affiliated enterprises and set up a firewall mechanism?	✓		(3) The Company manages the transactions with affiliated enterprises in accordance with its internal control system. The Company stipulated regulations such as the “Supervision and Management of Subsidiaries”, “Operation Procedures for Acquisition and Disposal of Assets”, “Operation Procedures for Loaning Funds to Others”, “Operation Procedures for Endorsements and Guarantees”, and “Rules Governing Financial and Business Matters Between Related Parties.” The risk management and the firewall mechanism between each other are well implemented.	
(4) Does the company establish internal rules to prohibit insiders from using undisclosed information in the market in securities transactions?	✓		(4) The Company has established the “Operating procedures for handling material inside information and prevention of insider trading” to regulate all employees of the Company, managerial officials, and directors, as well as anybody who acquires information about the Company from his/her occupation or controlling relationships. All possible acts that involve insider trading are prohibited to protect investors and maintain the benefits of the company. The Company conducts training programs on insider trading prevention and ethical corporate management: 1. Upon reporting for duty, new employees undergo an immediate audiovisual training program, with a total of 30 participants. 2. The Company held two sessions on the ethical corporate management best practice principles and insider trading awareness, with a total of 400 participants (including subsidiaries). To regulate that directors and managers shall not trade the company's issued securities during the closed period (30 days before the announcement of the annual financial report and 15 days before the announcement of each quarterly financial report). The Company also sends email reminders to insiders to comply with the relevant regulations before the closed period. This procedure has been disclosed on the company's website.	
3. Composition and Responsibilities of the Board of Directors (1) Does the Board develop a diversified policy with substantial management goals and put it into implementation?	✓		(1) The Company stipulated the “Policies on the diversification of members of the Board of Directors” and “Corporate governance best practice principles”. The consideration of composition of the Board is diversified, and a suitable and diversified approach is designated according to its own operations, operating model, and development requirements. Article 23 of the regulation stated that the Board of Directors should possess the following capabilities: 1. Capability of operations judgment; 2. Accounting and capability of finances; 3. Capability of management and administration analysis;	No deviations

Item of Evaluation	Status of Operation			Deviations from the Corporate Governance Best- Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Abstract Illustration	
			4. Capability of emergency responses; 5. Knowledge of the industry; 6. Global market perspective; 7. Leadership; 8. Capability of decision-making. Currently, the Board of Directors has only one female director, in the future female director positions will be gradually increased following the principle of gender equality. For the implementation status of diversification in gender and age of the 20th Board of Directors members, please refer to pp.8 of this Annual Report.	
(2) Besides the establishment of the Remuneration Committee and the Audit Committee in accordance with the law, does the company voluntarily establish other functional committees?		✓	(2) The Company has established the “Remunerations Committee” and the “Audit Committee” according to the law. In the future, other functional committees may be established depending on evaluations of the requirement of the business environment and provisions of laws and regulations.	
(3) Does the company stipulate procedures for evaluating the performance of the Board of Directors and the evaluation methods, conducting regular performance evaluations every year, and reporting the results to the Board of Directors, which will be used as a reference for individual director's remuneration and nomination for reappointment?	✓		(3) The Company passed the “Procedures for evaluating the performance of the Board of Directors” on August 10, 2020 and implemented it accordingly. The Company has completed the performance evaluation of the 2025 Board of Directors, its director members, and functional committees. The evaluation results and directions for sustainable enhancement have been submitted to the Board of Directors on March 11, 2026. The results of the Board of Directors' performance evaluation serve as a reference for the selection or nomination of directors; The performance evaluation result of every individual director is also taken as a reference when determining their respective remuneration. For the evaluation results of 2025, please refer to pp.17 of this Annual Report.	
(4) Does the Company regularly evaluate the independence of CPA?	✓		(4) The Company's Accounting Department submits the “Review and Assessment Form for CPAs” annually and regularly to assess the independence and suitability of CPAs. The CPAs are also required to provide a "Statement of complete independence" and “Audit Quality Indicators (AQIs).” The AQI indicators include professionalism, independence, quality control, supervision, and innovation capacity, which are assessed based on these five dimensions and thirteen indicators. Based on the evaluation of all relevant indicators, the Company has not identified any circumstances that could potentially affect the CPA's independence or suitability. The evaluation results were discussed and approved by the Audit Committee on March 11, 2026, and were reported to the Board of Directors for approval on the same day..	
4. Does the company appoint a suitable number of competent personnel as corporate governance officers, and assign a supervisor responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform business operations, assisting directors and supervisors to comply with regulations, handling work related to meetings of the Board of Directors and the Shareholders' Meeting in accordance with the law, and taking minutes of Board of Directors meetings and shareholders' meetings)?	✓		On November 12, 2025, the Company's Board of Directors approved the dismissal of Manager Su-Qing Zhuo (卓素卿) as the former Head of Corporate Governance. Manager Li-Zhe Pan (潘立哲) of the Finance Department was appointed as the new Head of Corporate Governance. The Head of Corporate Governance is primarily responsible for corporate governance-related matters. This includes handling affairs related to the Board of Directors and Shareholders' Meetings in accordance with the law, assisting in the appointment and continuous education of directors, providing the information required for directors to carry out their duties, and assisting directors in complying with the laws and regulations. For the status of implementation and continuing education of the Head of Corporate Governance in 2025, please refer to Note 2.	No deviations

Item of Evaluation	Status of Operation			Deviations from the Corporate Governance Best- Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Abstract Illustration	
5. Does the Company establish a communication channel and build a designated zone on its website for interested parties (including but not limited to shareholders, employees, customers, and suppliers), as well as responding appropriately on important corporate social responsibilities issues that they care most about?	✓		In order to properly respond to the interested parties, the Company has set up communication channels and provides contact information such as corresponding telephone numbers and specialized email addresses on the company website. The Company discloses on its website the concerning issues raised by its employees, customers, shareholders, suppliers, local residents, and government agencies, as well as the response methods and communication records/frequency. The status of engagement of interested parties is also disclosed on the company website. The status of engagement of interested parties in 2025 can be referred to the company website: Investor > ESG Sustainability > Stakeholder Concerns (https://www.textile-hy.com.tw/data-301345).	No deviations
6. Does the Company appoint a professional stock service agency to deal with shareholders' meeting affairs?	✓		The Company has appointed professional services from the “Stock Agent Department of Fubon Securities Co. Ltd.” to handle shareholders' meetings and different stock affairs.	No deviations
7. Information Disclosure (1) Does the Company have a website to disclose both financial standings and the status of corporate governance? (2) Has the Company adopted other ways of information disclosure? (eg. set up an English website, designate a specialist to be responsible for the collection and disclosure of information about the Company, implement a spokesperson system, and put the transcript of the Earnings Call on the website) (3) Does the company publicize and file the annual financial statements within two months after the end of each fiscal year, and publicize and file Q1, Q2, and Q3 financial statements and monthly operation results before the specified deadline?	✓ ✓ ✓		(1) Through the “Investors' Section” on the company website, finance information, business operations, corporate governance, and other material information are disclosed whenever needed. The Company website is: https://www.textile-hy.com.tw (2) The Company has set up a spokesperson system that the Spokesperson and Deputy Spokesperson publicly release financial and business information about the Company, conduct regular earnings calls, and disclose relevant information on the company website. (3) The Company shall publicly announce and file the annual financial report within 75 days after the end of the fiscal year, and publicly announce and file the Q1, Q2, and Q3 financial reports as well as the monthly operating results before the prescribed deadlines.	No deviations The annual financial report was not publicly announced within 2 months after the end of the fiscal year.

Item of Evaluation	Status of Operation			Deviations from the Corporate Governance Best- Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Abstract Illustration	
8. Does the company has any other important information to facilitate a better understanding of its corporate governance operations (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of interested parties, continuing education of directors and supervisors, the implementation of risk management policies and risk evaluation measures, the implementation of customer policies, and the purchase of liability insurance for directors and supervisors)?	✓		The Company has set up a "Corporate Governance Section" on the company website to help interested parties understand various internal control systems and management regulations of the company. They can also get a gist of the status of the implementation of corporate governance through the corporate governance column of the Market Observation Post System (MOPS) (Stock code: 1474) Website: http://mops.twse.com.tw/mops/web/t100sb07 (1) Implementation of employee benefits, employee care, and the retirement System: The Company allocates a budget annually to take care of employees' physical and mental well-being, welfare measures, organizing work-life balance activities and seminars, and the appropriation and payment of retirement pensions. Please refer to "5.5 Labor Relations" of this Annual Report. (pp.79) (2) Investor relations: The Company has established a spokesperson system and set up an "Investors Section" on the company website, promptly disclosing information about the company. This acts as a connecting window between shareholders and juridical person investment institutions. (3) Supplier relations: The Company values highly the suppliers' requirement for sustainability, and especially focuses on the requirements from the environmental perspective, social perspective, and corporate governance perspective. "Procedures for suppliers management" is stipulated. All suppliers must pass the suppliers' evaluation and regular performance reviews, as well as receive guidance and track the improvement status of suppliers. (4) Rights of interested parties: The Company has set up an Investor \"Interested Party" on the company website. The website also provides the contact information of the spokesperson and every business window that act as a communication channel for interested parties. They are handled by specialists, and the related concerning issues of interested parties are properly responded to. (5) Status of continuing education of directors: Please refer to "Status of continuing education of directors" in this Annual Report. (Note 1) (6) Implementation of risk management policy and risk measurement standards: The Company commits from top to bottom to continuously deepen risk awareness among the management level and employees. It ensures that risk considerations are incorporated into decision-making processes and fosters employees' risk management capabilities. The implementation of risk management in operational processes is confirmed. (7) The purchase of directors' liability insurance by the company: The Company has purchased liability insurance for directors (including independent directors).	No deviations
9. Please explain the status of improvements and the prioritized improvement items and measures on areas that have not yet been addressed, regarding the most recent corporate governance evaluation results published by the Corporate Governance Center of Taiwan Stock Exchange Co., Ltd. The Company's 12th Corporate Governance Evaluation result for 2025: 1. Ranked within the 36-50% range among listed companies. 2. Ranked in the 11%-20% range for companies with market capitalization below NT$5 billion. For the measures that have been improved and the prioritized improvement areas for the future, please refer to Note 3.				

Note 1: Status of continuing education of directors in 2025:

Title	Name	Date	Organizer	Course name	Hours	Total hours
Chairman	Po-Yu Yeh (葉博宇)	2025/05/23	Taiwan Institute of Directors	Challenges and Solutions in Family Business Succession, M&A and Anti-M&A	3.0	6.0
		2025/03/19	Taiwan Academy of Banking and Finance	Corporate Governance Seminar	3.0	
Vice Chairman	Cheng-Hua Yeh (葉政華)	2025/08/22	Chinese National Association of Industry and Commerce	2025 Taishin Shin Kong Net Zero Summit	3.0	6.0
		2025/07/09	Taiwan Stock Exchange (TWSE)	2025 Cathay Sustainable Finance and Climate Change Summit	3.0	
Director	Jun-Lin Yeh (葉俊麟)	2025/07/09	Taiwan Stock Exchange (TWSE)	2025 Cathay Sustainable Finance and Climate Change Summit	6.0	6.0
Director	Ming-Yi Lai (賴明毅)	2025/06/17	Taiwan Corporate Governance Association	Seminar on Key Civil and Criminal Liabilities of Directors and Case Studies	3.0	6.0
		2025/05/08	Taiwan Corporate Governance Association	The Path to Corporate Sustainability and Resilience Management	3.0	
Director	Ren-Xing Hsu (許仁興)	2025/07/09	Taiwan Stock Exchange (TWSE)	2025 Cathay Sustainable Finance and Climate Change Summit	6.0	6.0
Director	Mao-Lin Wang (王茂林)	2025/07/09	Taiwan Stock Exchange (TWSE)	2025 Cathay Sustainable Finance and Climate Change Summit	6.0	6.0
Director	Pai-Jung Ko (柯栢榮)	2025/08/22	Securities and Futures Institute (SFI)	2025 Seminar on Legal Compliance for Insider Equity Transactions	3.0	6.0
		2025/04/18	Commerce Development Research Institute (CDRI)	Workshop on Corporate Governance and Sustainable Business Operations	3.0	
Director	Jen-Kai Yang (楊任凱)	2025/08/13	Taiwan Corporate Governance Association	Corporate M&A - Introduction to Hostile Takeover Practices	6.0	6.0
Independent director	Chen-Chi Hsiao (蕭珍琪)	2025/03/24	National Federation of CPA Associations	Trends, Cases, and Preventive Measures for Emerging Financial Crimes in AML/CFT	3.0	42.0
		2025/04/01	National Federation of CPA Associations	Carbon Credit Trading and Assurance Processes	3.0	
		2025/05/06	Securities and Futures Institute (SFI)	Audit Committee Operating Practices	3.0	
		2024/05/07	Taiwan Corporate Governance Association	Trends and Risk Management in Digital Technology and AI	3.0	
		2025/06/26	Taiwan Securities Association	Regulations and Case Studies on AML/CFT	3.0	
		2025/08/06	Taiwan Corporate Governance Association	Trump 2.0: Corporate Strategies for Global Tax Reform and Supply Chain Restructuring	3.0	
		2025/09/25	Taiwan Securities Association	Adopting IFRS Sustainability Disclosure Standards and Internal Controls for Sustainability Information Management	3.0	
		2025/11/15	Commerce Development Research Institute (CDRI)	Workshop on Corporate Governance and Sustainable Business	3.0	
		2025/12/15	National Federation of CPA Associations	The Starting Point of Sustainability Data: GHG Inventory and Data Quality	3.0	
		2025/12/17	National Federation of CPA Associations	Application of Sustainability Strategy: Risk Assessment and Financial Impacts (IFRS S2)	3.0	
		2025/12/19	National Federation of CPA Associations	Application of Sustainability Strategy: Risk Assessment and Financial Impacts (IFRS S1)	3.0	

Title	Name	Date	Organizer	Course name	Hours	Total hours
Independent director	Jung-Fu Lee (李榮福)	2025/04/18	Commerce Development Research Institute (CDRI)	Workshop on Corporate Governance and Sustainable Business	3.0	15.0
		2025/06/15	Taiwan Corporate Governance Association	Mastering the Keys to Industrial Holdings and Group Operations	3.0	
		2025/07/19	Taipei Exchange (TPEx)	Practicing Sustainable Development Through the TPEx Market: Benchmark Actions in the Era of Co-Governance	3.0	
		2025/07/20	Taipei Exchange (TPEx)	Practicing Sustainable Development Through the TPEx Market: General Principles	3.0	
		2025/11/15	Commerce Development Research Institute (CDRI)	Workshop on Corporate Governance and Sustainable Business	3.0	
Independent director	Kuei-Chu Yeh (葉桂珠)	2025/07/09	Taiwan Stock Exchange	2025 Cathay Sustainable Finance and Climate Change Summit	6.0	9.0
		2025/04/18	Commerce Development Research Institute (CDRI)	Workshop on Corporate Governance and Sustainable Business	3.0	

Note 2: Implementation status of corporate governance in 2025:

1. Handle the related affairs of meetings of the Board of Directors and Shareholders' Meetings according to the law.
   A. The Board of Directors Meeting agenda is drafted, and all directors are notified at least 7 days in advance with information for the meeting. If a motion involves conflicts of interest, directors shall be notified in advance, and minutes of the meeting shall be distributed to all directors within 20 days after the meeting.
   B. The date of the shareholders' meeting is registered in advance in accordance with the law. The meeting notice, handbook, minutes, and announcements for processes are prepared within the statutory period. Changes in company registration can also be handled during the amendment of the Articles of Incorporation.
2. Providing relevant laws and regulations regarding corporate governance to members of the Board, with regular updates.
3. Arranging Board members to enroll in training courses
4. Providing directors with the information needed for business operations.
5. Assist directors to comply with the laws and regulations.
6. Based on the evaluation indicators of the "Corporate Governance Evaluation" by the Taiwan Stock Exchange, we collaborate with each unit to review and discuss the proposed plans to enhance corporate governance, and also track the implementation and results of the responsible authority units.
7. Evaluation on the purchase of liability insurance for directors of the group.
8. Arranging communication meetings between independent directors and CPAs or internal audit supervisors

The status of continuing education of the Head of Corporate Governance in 2025:

Name	Period of Study		Course name	Organizer	Hours	Total hours
	Start	End				
Su-Qing Zhuo (卓素卿) (Dismissed on November 12, 2025)	2025/07/09	2025/07/09	2025 Cathay Sustainable Finance and Climate Change Summit	Taiwan Stock Exchange	6.0	15.0
	2025/07/21	2025/07/22	Workshop on GHG Management Practices & Seminar on Sustainable Development - Taichung	Taiwan Corporate Governance Association	9.0	
Li-Zhe Pang (潘立哲) (Appointed on November 12, 2025)	2025/09/22	2025/09/23	Continuing Professional Development Program for Accounting Officers of Issuers, Securities Firms	Accounting Research and Development Foundation	12.0	18.0
	2025/11/15	2025/11/15	Workshop on Corporate Governance and Sustainable Business Operations	Commerce Development Research Institute (CDRI)	3.0	
	2025/11/21	2025/11/21	Seminar on Legal Compliance for Insider Equity Transactions	Securities and Futures Institute	3.0	

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

1. Maintaining shareholders' equities and treating shareholders fairly
   - A. The English version of the Meeting Notice, the Meeting Handbook, and the Supplementary Information for the Meeting has been uploaded simultaneously 30 days prior to the date of the Annual Shareholders' Meeting.
   - B. The English version of the Annual Financial Report has been uploaded 16 days prior to the date of the Annual Shareholders' Meeting.
   - C. The Annual Report has disclosed the link between the performance evaluation of directors and managerial officials and their remunerations.
   - D. The full audio and video recording of the meeting has been uploaded after the Shareholders' Meeting.
   - E. The English version of the Annual Report is uploaded 18 days prior to the date of the Annual Shareholders' Meeting.
   - F. The individual remunerations to directors, general managers, and deputy general managers are planned to be disclosed in the Annual Report and at the Annual Shareholders' Meeting.

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

3. Increase the information transparency
   Two investor conferences have been held in 2025.

4. Promoting sustainable development
   - A. A human rights policy and substantial management plans have been formulated, taking into consideration the provisions of the International Bill of Human Rights.
   - B. The workplace diversity or promotion policies on gender equality have been formulated and the implementation status has been disclosed.
   - C. The signing of Social Responsibility Commitment by supply chain vendors has been promoted. The Supplier Management Policy has also been established, requiring suppliers to comply with the relevant regulations related to environmental protection, occupational safety and health, or human rights of labors.
   - D. The relevant information on corporate Governance, Strategy, Risk Management, and Metrics and Targets regarding climate risks and opportunities has been disclosed in accordance with the Task Force on Climate-Related Financial Disclosures (TCFD).
   - E. Verification of the 2022 organizational greenhouse gas inventory in accordance with ISO 14064-1:2018 has been completed.
   - F. Introduce and construct the ISO 45001 occupational health and safety system.
   - G. Completed the preparation of 2024 ESG Report by August 2025.

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

Subject of assessment: ☐Current ☑CPA nominee (2026): Mei-Lan Liu 劉美蘭, Song-Yuan Wu 吳松源

1. Evaluation items on independency			
Item No.	Content of evaluation	Result	Meets Independence
1	If the appointed accountant of the company has a direct or significant indirect conflict of interest that may affect their impartiality and independence regarding the assigned matters, they should recuse and abstain from undertaking the assignment.	Yes	Yes
2	The accountant provides the audit, review, re-audit, or project examination of financial statements and issues a letter of opinion. In addition to maintaining substantial independence, the accountant should also maintain formal independence. Thus, do members of the audit service team, other co-practicing accountants, or shareholders of juridical person accounting firms, accounting firms, affiliated enterprises of the firms, and alliance firms maintain independence from the company?	Yes	Yes
3	Does CPA appointed by the company maintain the following items: (1) Integrity: Accounts should execute professional services with integrity and a rigorous attitude. In professional and business relationships, accountants should be honest, sincere, fair, and trustworthy. (2) Fairness and objectivity: Accountants should execute professional services with a stance of fairness and objectivity, avoiding bias in professional judgments from prejudices, conflicts of interests, or vested interests. The stance on fairness and objectivity entails impartiality and staying professionally aware in providing information to and interacting with users. (3) Independence: Accountants should maintain both formal and substantive independence when performing the audit, review, re-audit, or project examination of financial statements and issuing a letter of opinion. They should express their opinions impartially.	Yes	Yes
4	The independence of accountants is related to their integrity, fairness, and objectivity. If independence is lacking or compromised during the appointment, it may affect their ability to maintain a stand of integrity, fairness, and objectivity.	None	Yes
5	The independence of accountants may be influenced by self-interest, self-review, advocacy, familiarity, and intimidation.	None	Yes
6	Independence affected by self-interest refers to situations where accountants obtain financial benefits from the company or experience conflicts of interest due to other vested interests. Whether the following circumstances impacts have occurred: (1) Direct or significant indirect financial interests associated with the company. (2) Financing or guaranteeing activities with the company or its directors. (3) Considering the potential for loss within the company. (4) Have a close business relationship with the company. (5) Have potential employment relationships with the company (6) Related to the audit case of the company or receiving audit-fees.	None	Yes
7	Since independence is affected by self-assessment, the reports issued or judgments made by accountants in performing non-audit cases are important evidence for evaluation conclusions during the process of audit or review of financial information. Additionally, if a member of the audit service team has	None	Yes

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

11	The firm and the members of the audit service team have a responsibility to maintain independence. When maintaining independence, they should consider whether the nature of the work being executed may impact independence and take measures to eliminate or reduce such impacts to an acceptable level.	Yes	Yes
12	When impacts on independence are confirmed to be material, the company, the firm, and the members of the audit service team have adopted appropriate and effective measures to eliminate or reduce these impacts to an acceptable level, and the conclusions are recorded.	None	Yes
13	If an accountant or accounting firm fails to take any measures or if the measures taken are unable to effectively eliminate the impacts on independence or reduce them to an acceptable level, it may be necessary to consider replacing the accountant in order to maintain independence.	None	Yes
14	Currently or within the past two years, whether the accountant and their audit team members have provided professional service reports that contain significant errors.	None	Yes
2. Evaluation Item on suitability			
Item No.	Content of evaluation	Result	Meets suitability
1	Whether possessing accountant qualifications so that becoming eligible to execute accounting services.	Yes	Yes
2	Whether there are no disciplinary actions imposed by the competent authority or accountant associations, or no penalties under Article 37, Paragraph 3 of the Securities and Exchange Act.	Yes	Yes
3	Whether possessing industry related-knowledge of the company.	Yes	Yes
4	Whether the audit work of financial statements is conducted in accordance with generally accepted auditing standards and the “Regulations governing auditing and attestation of financial statements by Certified Public Accountant”.	Yes	Yes
5	Whether there is no misuse of the accountant's position for improper competition in commercial activities.	Yes	Yes
3. Evaluation of AQI			
In the need for high-quality audit services to increase the credibility of financial statements and ensure outsiders' confidence in the financial information of the Company, the Company has adopted the Financial Supervisory Commission's AQI (Audit Quality Indicators) disclosure framework, issued in August 2021. It includes five dimensions: professionalism, independence, quality control, supervision, and innovation capability, along with 13 indicators. These indicators broadly cover items relevant to audit quality and assist audit committees in more effectively and objectively assessing the audit quality of accounting firms and audit teams when selecting CPA. After reviewing the Audit Quality Indicators (AQI) of PwC Taiwan, there are no abnormal circumstances regarding the independence and suitability of CPA.			
4. Assessment and audit opinions			
☑ Audit passed, recommended to appoint ☐There are doubts in the audit, recommended not to appoint / change the accountant. Explanations:			

(4) Information on members of the Remuneration Committee

March 31, 2026

Identity	Criteria / Name	Professional qualifications and experience (Note 1)	Independence status	Number of concurrent remuneration committee members in other public companies	Remark
Independent Director (Convener)	Chen-Chi Hsiao (蕭珍琪)	• Operation decisions and strategic management, leader of the organization • Accountant's qualification certificate • Assistant Professor of the University's Department of Accounting	Meets the requirements of the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies”	3	
Independent Director	Gui-Zhu Yeh (葉桂珠)	• Operation decisions and strategic management, leader of the organization • Experience in textile-related industries • Finance and accounting		0	
Independent Director	Jung-Fu Lee (李榮福)	• Operation decisions and strategic management, leader of the organization • Adjunct lecturer of EMBA, National Taichung University of Education		0	

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

Note 2: Status of Independence

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

Information on the operation of the Remuneration Committee

1. The Remuneration Committee of the Company consists of 3 members.
2. The term of office for this committee: From June 26, 2024 to June 25, 2027. The Remuneration Committee has convened 5 meetings during the latest fiscal year (A). The qualifications and attendance of committee members are as follows:

Title	Name	Attendance in person (B)	Attendance by proxy	Attendance Rate (%) (B/A)	Remark
Independent Director (Convener)	Chen-Chi Hsiao (蕭珍琪)	5	0	100%	
Independent Director	Gui-Zhu Yeh (葉桂珠)	5	0	100%	
Independent Director	Jung-Fu Lee (李榮福)	5	0	100%	

The duties of the Remuneration Committee are as follows:
1. Regularly review the organizational regulations of the Remuneration Committee and propose amendments.
2. Establish and regularly review the policies, systems, standards, and structure for the annual performance objectives and remuneration of directors and managers.

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

3. Important resolutions of the Remuneration Committee in 2025:

<table>
<tr><th>Date</th><th>Proposal</th><th>Result of resolution</th><th>The Company's response to the opinion of the Remuneration Committee</th></tr>
<tr><td rowspan="3">2025/1/15
(3rd meeting of the 6th term)</td><td>1. Proposal to relieve You-Dian Tsai, Associate of the Department of Production, and reassign him to the position of Special Assistant to the General Manager.</td><td>Passed without objection</td><td>Passed without objection</td></tr>
<tr><td>2. Proposal on the distribution of year-end bonuses for managerial officials for 2024.</td><td>Passed without objection</td><td>Passed without objection</td></tr>
<tr><td>3. Proposal on the allocation ratios of directors' remuneration and employee compensation for 2025.</td><td>Passed without objection</td><td>Passed without objection</td></tr>
<tr><td>2025/3/10
(4th meeting of the 6th term)</td><td>1. Proposal for the Distribution of 2024 Remuneration to the Company's Directors and Employees.</td><td>Passed without objection</td><td>Passed without objection</td></tr>
<tr><td rowspan="2">2025/5/9
(5th meeting of the 6th term)</td><td>1. Proposal regarding the distribution of the “2025 Dragon Boat Festival Performance Bonus” for managers.</td><td>1. Passed without objection
2. To boost employee morale and foster loyalty, the two mainland China subsidiaries are requested to establish their own operational performance incentive policies by the end of July this year, based on the Taiwan parent company's “Operational Performance Incentive Policy.” These policies must be approved by the Committee before being submitted to the Board of Directors for approval.</td><td>Passed without objection</td></tr>
<tr><td>2. Proposal on Manager Promotions and the Waiver of Non-Compete Restrictions for Managers.</td><td>Passed without objection</td><td>Passed without objection</td></tr>
</table>

Date	Proposal	Result of resolution	The Company's response to the opinion of the Remuneration Committee
2025/8/11 (6th meeting of the 6th term)	1. Review of the “Performance Incentive Policy” established by each subsidiary.	The incentive policies submitted by Zhejiang Honmyue and Utex Innovation remain questionable. These two companies are requested to clarify and respond to the parent company by September 15. Regarding Jiujiang Deyu's submission, as it is a monthly management policy, Jiujiang Deyu is requested to formulate its employee incentive policy by referring to the parent company's employee incentive policy and adapting to local conditions, and to report back to the parent company by September 30 for further discussion.	Passed without objection
	2. Proposal for the Distribution of 2024 Remuneration to the Company's Directors.	Passed without objection	Passed without objection
	3. Proposal for the Distribution of 2024 employees' compensation to company managers.	Passed without objection	Passed without objection
2025/11/12 (7th meeting of the 6th term)	1. Proposal on the promotion and compensation of the Manager of the Specialty Materials Department.	Passed without objection	Passed without objection
	2. Proposal on personnel changes for the Head of Corporate Governance.	Passed without objection	Passed without objection

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

<table>
<tr><th rowspan="2">Promoting item</th><th colspan="3">Implementation status</th><th rowspan="2">Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td>1. Does the Company establish a governance framework to promote sustainable development and set up a specialized (part-time) position to promote sustainable development? Has the Board of Directors authorized senior management to handle this, and what is the status of supervision by the Board?</td><td>✓</td><td></td><td>The Company officially established the “ESG Sustainable Development Promotion Committee” in 2022, with the Company's General Manager serving as the Chairman. The committee comprised of four working groups: Environmental Sustainability, Social Responsibility, Corporate Governance, and Green Products, each led respectively by the heads of Greige Fabric Department, Administration Department, Corporate Governance Office, and R&D Technology Department.
The Sustainable Development Committee holds regular quarterly meetings, convening a total of 4 meetings in 2025. The agenda items included: (1) Identifying sustainability issues requiring attention and formulating corresponding action plans; (2) Establishing or amending objectives and policies related to sustainability issues; (3) Implementing sustainability initiatives and evaluating their execution. In addition, a special meeting was convened at the end of 2025 to initiate the implementation of the sustainability report, as well as to identify material topics and formulate a drafting plan.
Report the execution progress to the Board of Directors at least once a year, with the Chairman attending the Board meeting to present the report. Furthermore, all meeting results are not only recorded in minutes but also preserved with audio-visual files to ensure proper tracking of meeting resolutions, demonstrating the Company’s commitment to corporate sustainable development. The ESG Sustainable Development Promotion Committee’s 2025 Implementation Status and 2026 Work Plan & Objectives Report was submitted to the Board of Directors on March 11, 2026. Based on the corporate sustainable development goals, policies, and strategies proposed by the Committee, as well as the various action plans initiated and the results achieved against actual targets and action plans, the Board of Directors provided recommendations to urge the management team to make relevant adjustments."</td><td>No deviations</td></tr>
<tr><td>2. Has the Company conducted risk assessments on environmental, social, and corporate governance issues relevant to its business operations based on the principle of materiality? Has the Company established related risk management policies or strategies?</td><td>✓</td><td></td><td>The risk assessment boundary of the Company is primarily based on its Taiwan parent company. According to the materiality principle of the sustainability report, we conduct analysis, communicate with internal and external stakeholders, and by reviewing domestic and foreign research reports/literature as well as integrating assessment data from various departments, we evaluate material ESG issues. This enables us to establish effective risk management policies for identification, measurement, evaluation, monitoring, and control, and to implement concrete action plans to mitigate the impact of related risks. Based on the assessed risks, relevant risk management policies or strategies are formulated as follows. Please refer to Note 1."</td><td>No deviations</td></tr>
<tr><td>3. Environmental Issues
(1) Does the Company establish a suitable environmental management system according to the industry characteristics?</td><td>✓</td><td></td><td>(1) The Company's Taiwan factories have established a management system based on ISO 14001 Environmental Management System. They have also stipulated management policies and moved towards the plan for the progress of energy saving and carbon reduction. Verification of the 2022 organizational greenhouse gas inventory in accordance with ISO 14064-1:2018 has been completed. The Company is gradually moving towards the goal of achieving net-zero carbon emissions.
The Company has obtained industry-related environmental certifications: the Bluesign® certification by the Swiss international environmental certification organization (certificate validity: May 21, 2024 ~ August 10, 2026), Global Recycle Standard (GRS) certification (renewed annually since 2012, latest certificate valid until September 17, 2026), Higg FEM (Facility Environmental Module) certification, U.S. GREENGUARD Gold certification."</td><td>No deviations</td></tr>
</table>

<table>
<tr><th rowspan="2">Promoting item</th><th colspan="3">Implementation status</th><th rowspan="2">Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td>(2) Does the Company endeavor to use energy more efficiently and to use renewable materials with low environmental impact?</td><td>✓</td><td></td><td>(2)
1. Energy usage and energy intensity
The Company (including the Taiwan factories: Shengang, Quanxing, and Hemei) continues to improve energy efficiency through process optimization and equipment automation. Total energy consumption in 2025 was 150,507.88 GJ, a decrease of 28,956.81 GJ compared to 2024, representing approximately 16.1%. Purchased electricity was the primary energy source (accounting for 56.63%). In 2025, energy intensity decreased to 77.01 (GJ/million NTD), primarily due to the implementation of the “Weaving Machine Consolidation Plan” during the year. By replacing energy-intensive older machines and centralizing management on a large scale, the plan significantly improved electricity utilization per unit of production capacity.
2. Weaving a Zero-Waste Future
The Company views waste materials as innovative resources with unlimited potential. When the Company participated in TITAS in 2025, it adopted the theme “Weaving a Zero-Waste Future,” with “sustainability and environmental protection, functional applications, and smart manufacturing” as the three main pillars of its product lineup. Through deep technical expertise and collaborative supply chain management, the Company continues to actively transform “waste” into raw materials for core eco-friendly products, including recycled PET bottles, recycled fishing nets, rPVB, recycled textiles, and the capture and reuse of waste gases.
By developing eco-friendly fabrics from recycled materials (such as recycled fishing net yarn, recycled textile yarn, etc.), the Company aims to reduce its environmental impact. In 2025, revenue from eco-friendly products, including those made from recycled materials, eco-friendly post-processing, and pre-dyed yarn, accounted for 36.46% of annual revenue.</td><td></td></tr>
<tr><td>(3) Has the company evaluated the impacts of climate change on current and future potential risks and opportunities of the company, and adopted relevant measures in response to them?</td><td>✓</td><td></td><td>(3) The “ESG Sustainable Development Promotion Committee” is the highest organization governing the Company’s management on climate change.
The Company discloses the relevant information on Governance, Strategy, Risk Management, and Metrics and Targets regarding climate risks and opportunities in compliance with the framework of the TCFD recommendations issued by the Financial Stability Board. We also continue to execute various energy-saving and carbon-reducing plans, including implementing green projects in plants, reducing the usage amount of electricity and diesel oil for vehicles, promoting high efficiency at the 5S campaign, lessening unnecessary energy consumption, improving equipment efficacy, maintaining equipment in good condition, reducing refrigerant fugitiveness, and encourage employees to practice low-carbon emissions and plastic-free in daily life. The detailed description of the risk and opportunity analysis on climate change of the Company, already disclosed on the company website (https://pse.is/5vxslw).</td><td></td></tr>
<tr><td>(4) Has the company calculated the volume of greenhouse gas emissions, water used, and the total weight of wastes generated in the past two years? Has the company stipulated management policies on greenhouse gas reduction, reducing water use and other wastes?</td><td>✓</td><td></td><td>(4)
The Company has inspected the Taiwan factories (Shenkang, Chuansing, Hemei and the Northern Office), and the statistic figures for 2024 and 2025 are as follows:

(1) Volume of greenhouse gas emissions:
Unit: (Metric Ton CO_2e/ Year)
<table><tr><th>Year</th><th>Scope 1</th><th>Scope 2</th></tr><tr><td>2024</td><td>1,642.06</td><td>12,967.67</td></tr><tr><td>2025</td><td>1,255.34</td><td>11,360.85</td></tr></table></td><td></td></tr>
</table>

Promoting item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Description	

2025 Target	Compliance level of 2025	2026 Target
Carbon emissions reduced by 6% compared to the base year (2022)	The annual greenhouse gas emissions reduced by 23.6% (reached the target) compared to the base year (2022).	Carbon emissions reduced by 25% compared to the base year (2022)

(2) Volume of water used: Including Taiwan factories (Shenkang, Chuansing and Hemei)

The Company's core operations focus on water-based weaving processes. Beyond maintaining water quality, improving process water recovery rates is a key sustainability challenge. Looking ahead, the Company has built a strategy around two core principles: “diversified water sourcing” and “optimizing recycling efficiency.” By integrating tap water, groundwater, recycled water, and rainwater systems, along with water storage and process improvements, the Company aims to ensure long-term operational resilience.

The Company's water management goals are as follows:

1. Meet discharge water quality standards.
2. Reduce annual water consumption by 2% compared to the base year (2022), with an additional 2% reduction each year thereafter.
3. Achieve an 80% wastewater recycling rate.

Through a resource integration strategy, the Company has consolidated water-intensive water-jet looms into a single facility for more efficient, scaled management — improving water supply efficiency and reducing pipeline losses. Meanwhile, another facility has shifted its production lines to focus on non-water-jet loom products. This structural change has not only optimized production efficiency but also significantly cut industrial water demand at the source. The impact of this decision is clearly reflected in the 2025 performance data:

Unit: (Metric Ton / Year)

Year	Total Water Usage (A)	Wastewater Recycled (B)	Recycling Rate (B/A)	Change from Base Year (2022)
2024	735,254	560,648	76.3%	-76,335 tons (-9.4%)
2025	629,508	479,271	76.1%	-182,081 tons (-22.4%)

Through ongoing improvements to its process water recycling system, the Company has achieved a stable average water recovery rate of 76%, already above the industry average. It is now working toward its target of 80%, aiming to maximize resource use while maintaining product quality. By continuing to fine-tune its recycled water system, the Company is reducing its reliance on fresh water sources.

(3) Waste Management

Following the principles of ISO 14001, the Company actively monitors waste sources, generation, and management measures, while thoroughly assessing and addressing both actual and potential waste-related impacts. The Company's waste management objectives are:

1. Reduction Targets: Using the Company's 2022 waste volume as the baseline, the Company has established annual reduction targets to achieve gradual year-over-year decreases.

Promoting item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Description	

2. Resource Recovery Transition: Continuously develop reuse pathways for textile sludge and scrap materials to increase the proportion of waste that is converted into resources.
3. Supply Chain Compliance Monitoring: Engage only vendors certified by the local Environmental Protection Bureau and regularly track the final disposal flow of waste.

Taiwan Factories (Shengang, Quanxing, and Hemei) Unit: (Metric Ton / Year)

Year	Incineration & Landfill	Recycling & Reuse		Total	Recycling Rat
	General Industrial Waste	Sludge	Scrap		
2024	80.7	567.3	2,688	3,336	97.6%
2025	99.6 (Note)	525.2	2,323	2,947.8	96.6%

Note: In 2025, the Company implemented a 'Weaving Machine Consolidation Plan," centralizing high-energy-consumption looms and relocating some production lines. While this structural overhaul led to a short-term, non-recurring increase in waste, it will improve resource utilization per unit of production over the long run. As the table shows, the Company's total waste output dropped significantly, down 437.5 tons (12.9%) from the base year (2022). Thanks to a strategic focus on reusing offcuts, the share of recyclable waste (textile sludge + offcuts) has remained at 96–97%, turning what was once a material burden into circular capital.

2025 Targets	2025 Achievement Level	2026 Targets
(compared to base year 2022) 1. Reduce general industrial waste disposal volume by 17%. 2. Reduce sludge disposal volume by 8%	Due to the plant-wide loom consolidation plan, general industrial waste disposal volume increased by 28.6 tons (compared to the base year), target not met. Sludge disposal volume decreased by 50.1 tons (8.7%), target met.	1. General industrial waste at the Quanxing Plant: less than 7 tons/month 2. Reduce sludge disposal volume by 5% (compared to the base year)

In addition to establishing environmental protection policies and disclosing them on the company website, the Company continues to drive energy-saving and carbon-reduction strategies. It further established an internal carbon price of NT$2,000 per ton in August 2025 to serve as the basis for evaluating carbon reduction investment plans. Based on this, the Company is now planning and implementing carbon reduction measures such as renewable energy investments, carbon credit project development, and the purchase of Renewable Energy Certificates (RECs).

To continuously strengthen our environmental management system and sustainable supply chain management capabilities, we have adopted the Higg Facility Environmental Module (FEM) as a tool for self-assessment and continuous improvement of our facilities' environmental performance.

Promoting item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Description	
4. Social Issues (1) Has the company established management policies and procedures in accordance with relevant laws and regulations and the International Bill of Human Rights?	✓		(1) The Company complies with local labor regulations in all the global business locations, adhering to internationally recognized human rights standards such as the “International Bill of Human Rights”, the “Core Labor Standards of the International Labour Organization”, and the Social Accountability Standard System. Besides treating all employees, including current staff, contract workers, temporary personnel, and interns respectfully, the Company also discloses its policies on labor rights on the company website. We are committed to concerning human rights issues and continuously raising awareness among its employees to further reduce the occurrence of potential risks. The Company’s execution guidelines include respect in human rights of labor, gender equality in the workplace, safety measures for female workers during night shifts, and the prohibition of child labor. In 2025, the Company did not have appeals related to human rights or incidents of breach of human rights commitment with employees and all stakeholders.	No deviations
(2) Does the Company establish and implement reasonable employee welfare measures (including salaries, leaves, and other benefits), and appropriately reflect business performance or results in employee salaries?	✓		(2) Employee remuneration: The Company will reflect its operational performance properly in employee remuneration. According to the provision of the Articles of Incorporation, if there are profits in the fiscal year, a minimum of 2% of the profits should be appropriated for employee compensation. At least 30% of the employee compensation amount shall be allocated to frontline employees. In 2025, an appropriation of 3% was made for employees' compensation. Additionally, in accordance with the Company's “Operational Performance Incentive Policy,” 15%-17% of the interim and year-end self-calculated net profit after tax is appropriated as performance bonuses. Employee leave: It is implemented in accordance with the regulations of one fixed day off and one flexible rest day stated in the Labor Standards Act. Also, employees are provided with annual leave and leaves specified in the Act of Gender Equality in Employment. Measures for employee welfare: The Company has established the Employee Welfare Committee to implement various measures for employee welfare. Please refer to "5. Labor Relations" of this Annual Report. (pp.79) In 2012, a Retirement and Former Employees Association was established to care for retired and former employees. As of 2025, 361 individuals have joined the association. If any retired or former colleagues encounter major incidents or emergencies, timely financial assistance is provided.	
(3) Does the Company provide a safe and healthy working environment, and regularly implement safety and health education to employees?	✓		(3) The Company provides employees with a safe workplace environment, strictly complies with relevant regulations, and has established the “Occupational Safety and Health Management Regulations” and “Personal Protective Equipment Usage Management Rules.” In 2022, we established an Occupational Safety and Health Committee and formulated relevant work guidelines to prevent occupational hazards. We regularly conduct fire safety regulation and emergency disaster response drills (twice annually) and perform comprehensive disinfection of factory premises and office buildings yearly. Annual health check-ups are provided for all employees, and wellness lectures and courses on physical and mental health are held periodically to holistically support employees' balanced development in body, mind, and spirit. The Company employs onsite doctors and nurses to provide health consultation services to employees and organizes periodic preventive healthcare seminars. Considering employee safety protection measures, we have strategically placed electronic blood pressure monitors and AEDs (Automated External Defibrillators) to secure critical response time during emergencies, ensuring greater peace of mind for our staff. Noise level testing is conducted twice a year to maintain a safe working environment.	

Promoting item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Description	
			In 2025, there was a total of 1 employee workplace accident. In addition to properly handling the incidents, the causes were reviewed, and awareness education was conducted to ensure employees clearly understood the causes and prevent recurrence, thereby ensuring workplace safety. The Company has implemented the ISO 45001 system, gradually identifying potential risks within the facility and implementing controls to reduce accidents. In 2025, there were no major occupational safety incidents or regulatory fines. In 2025, occupational safety training was conducted for employees on workplace safety and day and night fire safety. A total of three training sessions were held, with 100 participants in total.	
(4) Has the Company established an effective training scheme for the development of career skills?	✓		(4) To implement employee training and competency development, the Company provides various job-related training programs. Based on the Company's medium-to-long-term strategies and annual policy plans, we identify gaps in achieving strategic objectives and develop corresponding training course plans to enhance both individual and corporate competitiveness. Implementation status in 2025: 1. New Employees: To help new employees quickly integrate into the Company and understand corporate culture, we conducted 30 new employees training sessions with a total of 30 participants. 2. All Employees: We planned and implemented a series of lean courses, developing diversified and advanced programs based on the Company's three core values: "Increase Profits, Reduce Costs, and Eliminate Risks." Throughout the year, we conducted 230 internal and external training courses with 1,589 participants.	
(5) Regarding issues related to customer health and safety, customer privacy, marketing, and labeling of products and services, does the company adhere to relevant laws and regulations and international standards and develop related policies and appeal procedures to protect consumer or customer rights?	✓		(5) The Company complies with relevant laws and regulations and international standards in the marketing and labeling of products and services. We have established a customer service unit and a zone for interested parties to act as a channel of complaint, and protect clients' and consumers' rights.	
(6) Has the company established a supplier management policy that requires suppliers to adhere to relevant standards in environmental protection, occupational health and safety, and labor rights? If so, what is the implementation status?	✓		(6) The Company is concerned about sustainable business, which consists of environment, social, and economic aspects, and is committed to enhance the performance management of the supply chain to bring the sustainable influence of responsible supply chain into full play. To select suppliers that meet the Company's needs, to stabilize the quality of imported materials, and to regulate the relevant issues of environment protection, safety, and health, the Company formulated and the "Regulations of Suppliers Management" for compliance. The levels of suppliers are evaluated and categorized by responsible units. Only those who obtain an Excellence or A in the evaluation can be the Company's qualified suppliers. Furthermore, to continuously implement the improvement actions through the Company's influence, we promote standards in environmental protection, occupational safety and health, and human rights of labors. Also, we gradually require major suppliers to sign a "Supplier Social Responsibility Commitment" to ensure the respect for all works, environmental safety, and employees in the supply chain, the responsibility for environment during the manufacturing process, and compliance of labor's safety and health. In 2025, a total of 8 suppliers signed the "Supplier Social Responsibility Commitment."	

<table>
<tr><th rowspan="2">Promoting item</th><th colspan="3">Implementation status</th><th rowspan="2">Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td>5. Does the company refer to international reporting standards or guidelines when preparing its sustainability report and other reports disclosing non-financial information? Has the aforementioned report been assured and verified by a third-party accreditation unit?</td><td>✓</td><td></td><td>The Company has prepared a sustainability report in compliance with the GRI Standards issued by the Global Reporting Initiative (GRI) in 2021. The report also adheres to the Taiwan Stock Exchange Corporation “Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies,” while referencing the framework of the Sustainability Accounting Standards Board (SASB) and the Task Force on Climate-related Financial Disclosures (TCFD). In addition, it aligns with the United Nations Sustainable Development Goals (SDGs). Third-party verification is expected to be completed in 2028.</td><td>No deviations</td></tr>
<tr><td colspan="5">6. If the company has adopted its own sustainable development best practice principles based on the “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies”, please explain the discrepancy, if any, of the operation principles:
Although the Company has not formally established the “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies,” we consistently fulfill our corporate social responsibilities across three key areas: corporate governance, environmental protection, and social welfare. The Company strives to achieve practical performance that surpasses written guidelines, creating mutually beneficial outcomes for the company, clients, society, and the environment.</td></tr>
<tr><td colspan="5">7. Other important information that helps to understand the implementation of sustainable development:
Environmental Sustainability: The Company’s Taiwan factories have established a management system based on the ISO 14001 Environmental Management System and formulated management policies with a focus on energy conservation and carbon reduction. We have completed verification of the 2022 organizational greenhouse gas inventory in accordance with ISO 14064-1:2018 and are progressively advancing toward our net-zero carbon goal.
Company Products: The Company’s roller shade products have received the GreenGuard Gold Certification.
Social Responsibility: The Company actively integrates internal resources and collaborates with stakeholders to engage in various social welfare initiatives annually through the “Changhua County Honmyue Charity Association.” We generously contribute to social welfare causes. Additionally, we emphasize the operation of the ESG Committee to ensure sustainable development in the social dimension. We prioritize hiring local talent to provide employment opportunities, fostering regional development in Changhua County and contributing to the prosperity of local communities.
1. Underprivileged Care: A. Participation in the Winter Relief Program at Huide Nengren Monastery in Changhua County (236 households assisted in 2025).
B. Participation in the O&S Charity Foundation Winter Relief Program (35 households assisted in 2025).
C. Emergency aid for neighboring townships (Hemei, Xianxi, and Shengang) (10 cases assisted in 2025).
D. Participation in the “Cherish Changhua Fund for Children” Charity Fair, selling second-hand goods to support the Changhua Fund for Children.
2. Education Care: Scholarships for underprivileged students in junior high, high school, and vocational schools, as well as book awards for elementary students in neighboring townships (Hemei, Xianxi, and Shengang). (A total of 73 scholarship recipients for the two semesters of the 2025 academic year.)
3. Community Care: A. Sponsorship of neighborhood community activities and cultural and educational development funds, total expenditure of NT$444,700.
B. Donations and equipment support for local police and fire departments in Hemei and Shengang, total expenditure of NT$175,000.
4. Environmental Care: Participation in environmentally friendly public welfare activities, 2 beach cleanup events were held in 2025 as part of the Love the Earth initiative.
5. Awards & Recognitions: A. Received the 1st “Work-Life Balance Award” from the Ministry of Labor, Executive Yuan.
B. Awarded the 3rd “Four-Star Award” in “Vibrant Changhua – Happy Workplace” by Changhua County Government.
C. Honored with the “Labor Model Organization Award” by the Ministry of Labor.
D. Certified as a “Sports-Friendly Enterprise” by the Sports Administration, Ministry of Education.
E. Recognized as an “Outstanding Member” by the Changhua Labor-Management Relations Association.
F. Designated as a “CHR2020 Healthy Corporate Citizen Pledge Enterprise” by Common Health Magazine.
G. Received the “Golden Proposal Award” for labor innovation.
H. Recognized as a benchmarking company for gender mainstreaming by the Industrial Development Administration of the Ministry of Economic Affairs (6th edition).</td></tr>
</table>

Note 1:
According to the risks after evaluation, the following are the policies or strategies related to risk management formulated for the implementation of sustainable development in 2025:

Material Issues	Risk Assessment Item	Description
Environmental	Environmental Impact and Management	1. The Company effectively reduces the emissions of pollution and the impact on the environment by the executing the managerial circulation of process safety and systemization. 2. The U.S. and the EU are the Company's main markets, where the products and factories are required to meet certain environmental regulations. Therefore, the Company obtained the "Bluesign®" certification from the Swiss international environmental certification organization in 2010, the "Global Recycle Standard (GRS)" certification in 2015, as well as the Higg FEM (Facility Environmental Module) certification. Since then, all certifications have been regularly renewed on an annual basis. 3. Annually develop internal audit plans to verify compliance with all applicable environmental regulations, and conduct audits to ensure all operational processes meet required standards.
	Climate Change	1. The Company's Taiwan factories have established a management system based on the ISO 14001 environmental management system and have formulated management policies to pursue energy saving and carbon reduction. The Company has completed verification of the 2022 organizational greenhouse gas inventory in accordance with ISO 14064-1:2018 and conducted internal independent inventories in 2024 and 2025. The Company is moving forward with the goals of "25% carbon reduction by 2030 and achieving net-zero emissions by 2050." 2. Referring to the IEA Energy Outlook Report, the World Bank State and Trends of Carbon Pricing Report, the carbon reduction costs of its production bases, and considering industry pricing strategies, The Company established a shadow carbon price of NT$2,000 per ton in August 2025 as the basis for evaluating carbon reduction investment plans. Based on this shadow carbon price, the Company evaluates carbon reduction measures including renewable energy investments, carbon credit project development, or the purchase of Renewable Energy Certificates (RECs).
	Resource Management (Energy, Waste, Water, etc.)	1. The Company complies with relevant environmental laws and regulations, actively procures various high-efficiency equipment to improve resource utilization, and uses the global standard platform (Higg Index) as its management framework. 2. For waste management, the Company prioritizes waste reduction first, followed by reuse, and finally disposal. To ensure proper tracking of waste flows, the Company carefully selects qualified waste removal or recycling vendors. The 2025 targets are a 17% reduction in household waste disposal and an 8% reduction in sludge disposal (compared to the 2022 base year). 3. For energy management, the Company follows regulations by reducing electricity use by 1% annually, conducts energy usage audits and efficiency assessments, and sets energy-saving goals and plans. In 2025, the Company's energy intensity was 77.01 GJ/million NTD, a significant decrease of 10.2% from 85.76 GJ/million NTD in 2024. 4. For water resource management, the Company complies with regulations by properly treating all post-production wastewater through on-site wastewater treatment facilities before discharging it in compliance with effluent standards. The Company also regularly engages third parties to sample and analyze wastewater quality to prevent environmental impact from wastewater discharge, ensuring that wastewater quality consistently meets local effluent standards.
	Green Products	The Company continues to use various recycled materials (such as recycled fishing net yarn, recycled textile yarn, etc.) to develop eco-friendly fabrics in order to reduce its environmental impact. Increasing the proportion of revenue contributed by green products has been adopted as a management target.
Social	Occupational Safety and Health	1. To ensure the safety and health of its employees and prevent occupational accidents, the Company established an "Occupational Safety and Health Management Regulations" in 2022 to create and promote safety and health activities. 2. The Company has established "Safety and Health Management Regulations" and "Personal Protective Equipment Usage Management Rules," among others, and provides a safe and healthy working environment in compliance with legal requirements. The Company has also formed an Occupational Safety Committee, regularly conducts fire safety and emergency response drills each year, and holds irregularly workplace safety briefings to help employees develop emergency response and self-safety management skills.

		3. The Company is committed to raising employees' overall safety awareness. In 2025, a total of 769 employees participated in occupational safety and health training, with total training hours reaching 1,058.5 hours. The Company is also preparing a “Safety Culture Month” and plans to launch it in 2026. 4. Through ongoing health intervention measures and improvements to the working environment, the indicator of tier 4 management ratio has decreased from 22% in 2023 to 14% in 2025, effectively reducing the risk of occupational injuries related to severe hearing loss. 5. Each year, the Company provides health check-ups that exceed legal requirements, and for employees with abnormal results, arranges follow-up interviews and monitoring with company physicians and nurses. 6. The Company provides venues and financial support for health-related employee clubs, helping employees maintain physical and mental well-being and achieve work-life balance.
	Product, Equipment, and Plant Safety	Fire could cause huge losses beyond assessment to enterprises. Products, equipment, and plants are protected with fire insurances.
	Employee Rights, Benefits, and Continuous Training & Learning	1. In addition to the statutory holidays and leave entitlements under the Labor Standards Act, the Company also provides subsidies for weddings, funerals, and other life events. Employees are encouraged to pursue continuing education, with the Company providing tuition subsidies and scholarships. 2. New employees are mentored by senior colleagues, implementing the “Learning by Doing” approach and promoting the “TWI Job Instruction” model to strengthen on-the-job training. 3. The Company's training programs focus on several key areas: new employee orientation, on-the-job training, project-based courses, and general knowledge courses. These programs not only enhance professional and technical skills but also support employees' mental and physical well-being. 4. The Company values gender equality and does not discriminate against pregnant employees. A “Maternal Health Protection Plan” has been established. For pregnant employees and those returning to work after childbirth, the Company provides a "Health Hazard Assessment and Work Suitability Recommendation Form" and a “Self-Assessment Form for Employee Health Status” to evaluate the impact of work on maternal health. Upon presenting proof of pregnancy, employees receive a “Wellness Package for Expecting Mothers” along with access to dedicated parking spaces and other benefits. In addition, the Company has set up a nursing room to provide a comfortable space that supports postpartum employees in balancing work and breastfeeding, ensuring maternal health and workplace adaptability.
Corporate Governance	Social Economy and Legal Compliance	1. Through the establishment of corporate governance organization and the implementation of internal control system, the Company ensures every member and operation to adhere to the relevant laws and regulations. 2. The Company files patents for its R&D products to protect company rights and interests. 3. Regularly disclose the Company’s information security plan and its implementation status.
	Strengthening of Directors’ Functions	1.Plan relevant continuing education topics for directors and provides them with annual updates on the latest regulatory developments and policies. 2. We have established “Rules for Performance Evaluation of Board of Directors” and conducts regular elevations to enhance the operational efficiency of the Board of Directors. 3. Purchase directors liability insurance for directors and managers, which helps reduce litigation risks for directors and managers, increase their willingness to take risks, and enable them to perform their functions effectively.
	Communication with Stakeholders	Various communication channels are established for active communication and reduction of confrontation and misunderstanding. The contact information of spokesman and representative spokesman is disclosed on the company’s website to actively handle and respond to stakeholders’ questions.
	Enhancing Corporate Value	The Company has proposed an “Enhancing Corporate Value Plan,” which includes an analysis of the current industry landscape, financial performance, and corporate governance, and sets forth specific measures for enhancing corporate value. This enables investors to gain a better understanding of the Company's current status and future plans.

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

1. Implementation of Climate-Related Information

<table>
<tr><th>Item</th><th>Implementation status</th></tr>
<tr><td>1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.</td><td>The supervision and governance work are led by the General Manager serving as the Chairman of the ESG Sustainable Development Promotion Committee. The Committee holds quarterly meetings to regularly track climate-related risks, thoroughly document actual and potential impacts, and formulate risk mitigation and elimination strategies. Special meetings may be convened when necessary.
The aforementioned operations annually report to the Board of Directors on the ESG Committee's implementation results and the target plans for the new year.</td></tr>
<tr><td>2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).
3. Describe the financial impact of extreme weather events and transformative actions.</td><td>Climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term):
<table>
<tr><th rowspan="2">Risk Type</th><th rowspan="2">Risk Dimension</th><th rowspan="2">Risk Item</th><th rowspan="2">Time Horizon (Short/Medium/Long)</th><th colspan="2">Risk Description & Potential Financial Impact</th><th colspan="2">Opportunity & Potential Financial Impact</th></tr>
<tr><th>Risk Impact Description</th><th>Financial Impact</th><th>Opportunity Description</th><th>Financial Impact</th></tr>
<tr><td>Transition Risk</td><td>Policy & Regulation</td><td>Stricter energy regulations, implementation of carbon fee system</td><td>Short to Medium</td><td>Increasing carbon fee expenditures, higher costs for renewable energy procuremen</td><td>Operating cost increase</td><td>Launch an internal carbon pricing mechanism and incorporate carbon costs (shadow carbon price of NT$2,000/ton) into capital expenditure assessments, thereby accelerating investment in low-carbon equipment and improving energy use efficiency.</td><td>Capital expenditures increase in the short term, while in the medium to long term, improved energy efficiency leads to tangible operating cost benefits.</td></tr>
<tr><td>Transition Risk</td><td>Technology</td><td>R&D for low-carbon processes, development of eco-friendly materials</td><td>Short-term</td><td>To maintain a leadership position in environmental protection, the Company continues to invest in the research and development of green materials (such as pre-dyed yarn and recycled eco-friendly materials).</td><td>R&D expenses increase, putting pressure on short-term gross margins.</td><td>The Company is actively driving the transition to green products. The share of revenue from environmentally sustainable products has grown steadily from 23.5% (in 2023) to 36.46% (in 2025), a remarkable achievement.</td><td>Optimize product mix, increase the proportion of high-margin green orders, and strengthen customer loyalty among international brand clients.</td></tr>
<tr><td>Physical Risk</td><td>Acute</td><td>Extreme weather causing droughts</td><td>Short-term</td><td>Climate anomalies increase the risk of water shortages. If water restriction measures are implemented, production line utilization rates and delivery schedules may be impacted.</td><td>Increased production scheduling costs and potential risk of default losses.</td><td>1. Installed online water quality monitoring equipment to achieve 24/7 digital real-time monitoring, ensuring stable water quality and compliance with discharge standards.
2. Achieved a wastewater recycling rate of 76%, which is above the industry average.</td><td>Enhanced operational resilience, reduced water consumption per unit of production, and effective avoidance of losses due to production stoppages caused by water restrictions.</td></tr>
</table></td></tr>
<tr><td>4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.</td><td>The Company conducts climate risk scenario assessments at least once a year for potential business risks, in accordance with the “Risk Management Policy and Procedures” approved by the 18th Meeting of the 19th Term Board of Director. When performing climate risk assessments, the company first distributes a risk checklist to senior executives for completion, requiring all managers to provide detailed descriptions of potential climate risks. These risks are then quantified through a scoring process and prioritized from high to low based on their potential threat to the Company.
The Company's risk identification and assessment process are as follows: Risk Identification → Risk Analysis → Risk Evaluation → Risk Treatment → Risk Disclosure.
For climate risk management processes, the Company regularly tracks mitigated and eliminated risks through the ESG Sustainable Development Promotion Committee. Which includes</td></tr>
</table>

<table>
<tr><th>Item</th><th>Implementation status</th></tr>
<tr><td></td><td>comprehensive documentation of both actual and potential impacts of various risks, along with the corresponding mitigation and elimination strategies implemented by the Company. The committee monitors the execution outcomes of these strategies, submits annual reports to the Audit Committee for review, and receives guidance and recommendations for management strategy adjustments under the Audit Committee's supervision.</td></tr>
<tr><td>5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.</td><td>The Company references international sustainability standards and collaborates with its finance, production, and sustainability units to jointly identify material factors. The following two scientific scenarios have been selected for stress testing to evaluate the resilience of the Company's strategy:
1. Transition Risk Scenario: IEA NZE 2050 (Net Zero Emissions Scenario)
• Scenario Description: Simulates a global pathway to achieving the 1.5°C temperature control target, with governments implementing aggressive carbon pricing, energy transition policies, and cross-border carbon adjustment measures (e.g., CBAM).
• Key Parameter: Internal shadow carbon price set at NT$2,000/ton.
• Analysis Factors: Carbon fee/tax expenditures, low-carbon equipment investment costs, and market demand for eco-friendly products.
• Financial Impact & Resilience: Although a high shadow carbon price increases the implicit costs of traditional products, the Company's revenue share from green products (such as pre-dyed yarn and recycled eco-friendly materials) has already reached 36.46%. Due to their low energy consumption and waterless dyeing characteristics, under a carbon price of NT$2,000/ton, the total cost competitiveness of the Company's green products actually outperforms traditional competitors. This helps expand market share among high-end brands and ensures stable long-term gross margins.
2. Physical Risk Scenario: IPCC RCP 8.5 (High Emissions Scenario)
• Scenario Description: Simulates global temperature rise exceeding 4°C, with a sharp increase in the frequency and intensity of extreme weather events (e.g., droughts, heavy rainfall).
• Key Parameters: Number of water shortage days, number of extreme high-temperature days, and the magnitude of water and electricity price adjustments.
• Analysis Factors: Losses from production stoppages, supply chain disruption risks, insurance costs, and asset damage risks.
• Financial Impact & Resilience: In an extreme water shortage scenario, even if external tap water supply is interrupted, the Company has minimized its dependence on external water sources through a process water recycling rate of 76% and real-time management via online water quality monitoring equipment. Based on assessments, the Company has the capability to maintain normal production capacity under Stage 3 water restrictions. This significantly reduces losses from climate-related production stoppages and protects asset value.</td></tr>
<tr><td>6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.</td><td>1. Transition Plan Content: Promoting Low-Carbon Operations and Green Product Strategy
The Company has incorporated a “low-carbon transition pathway” into its core sustainability strategy. Through the following two key initiatives, the Company is strengthening its resilience to climate-related risks:
•Internal Governance and Financial Tools: In 2025, the Company formally launched an internal carbon pricing mechanism, incorporating carbon costs into capital expenditure assessments. This initiative is designed to use economic incentives to drive all departments to prioritize investments in low-carbon process equipment and energy efficiency improvement projects.
•Green Product Transition Plan: Centered on the circular economy, the Company is expanding the development of eco-friendly recycled materials and low-energy products such as pre-dyed yarn. The goal is to reduce the supply chain carbon footprint through product mix optimization while meeting the carbon reduction requirements of international brand customers.
2. Indicators and Targets for Risk Identification and Management
We continuously monitor the effectiveness of risk management through quantitative key performance indicators (KPIs), as specifically set out below:
<table>
<tr><th>Category</th><th>Management Indicator</th><th>Annual Target and Performance</th></tr>
<tr><td rowspan="2">Transition Risk</td><td>Green product revenue share</td><td>Target: Steady year-over-year increase.
Performance: Grew steadily from 23.5% in 2023 to 36.46% in 2025.</td></tr>
<tr><td>Internal carbon pricing implementation progress</td><td>Target: Starting in 2025, incorporate a shadow carbon price (NT$2,000/ton) into major equipment Procurement assessments.
Performance: Carbon costs are now factored into the cost and ROI assessments of carbon reduction projects, with targets set to “reduce carbon emissions by 25% by 2030 and achieve net zero by 2050.”</td></tr>
<tr><td rowspan="2">Physical Risk</td><td>Process water recycling rate</td><td>Target: Achieve an 80% recycling rate.
Performance: Currently at 76%, above the industry average, with online water quality monitoring equipment installed to ensure stable operation.</td></tr>
<tr><td>Renewable energy substitution rate</td><td>Target: In line with the Group's plan, continue evaluating rooftop solar installations and green power purchase agreements, gradually increasing the share of green electricity used and installed capacity.</td></tr>
</table></td></tr>
<tr><td>7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.</td><td>The Company has referenced international reports such as the IEA's “World Energy Outlook” and the World Bank's “State and Trends of Carbon Pricing”, as well as internal and external carbon reduction costs across its production sites after considering industry pricing practices and strategies. It further established an internal carbon price of NT$2,000 per ton in August 2025 to serve as the basis for evaluating carbon reduction investment plans. Based on this shadow carbon price, the Company is now assessing various carbon reduction measures, including renewable energy investments, carbon credit project development, and the purchase of Renewable Energy Certificates (RECs).</td></tr>
</table>

Item	Implementation status
8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.	The Company's established climate-related carbon reduction targets, greenhouse gas emission scopes, and relevant planning timelines are described in Sections 1-1 and 1-2 below. In addition to implementing the established targets and plans, we will use our internally determined shadow carbon price as a basis to evaluate feasible renewable energy investment options, execute carbon credit project development, or adopt methods such as purchasing Renewable Energy Certificates (RECs) to achieve carbon emission offsets.
9. Greenhouse gas inventory and assurance status and reduction targets, strategy, and concrete action plan (separately fill out in points 1-1 and 1-2 below).	As described in Sections 1-1 and 1-2 below.

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

1-1-1 Greenhouse Gas Inventory Information

Describe the emission volume (metric tons CO_2e), intensity (metric tons CO_2e/NT$ million), and data coverage of greenhouse gases in the most recent 2 fiscal years.

The Company has established systematic greenhouse gas inventory procedures, reduction initiatives, and related management and audit systems in accordance with standards set by ISO (the International Organization for Standardization) and the GHG Protocol of the World Business Council for Sustainable Development. This implementation follows the PDCA cycle to effectively control greenhouse gas emissions. The inventory procedures are developed based on ISO 14064-1:2018 and related standards, utilizing the emission factor method commonly adopted domestically for quantification. The inventory results are verified by an audit team through internal verification of data collection, quantification methods, emission factors, and related documentation. The inventory scope covers the Company's Taiwan factories (Shengang, Quanxing, Hemei, and Taipei Office), the greenhouse gases covered in the inventory include CO_2, CH_4, N_2O, PFCs, HFCs, SF_6, and NF_3. GWP values are based on the IPCC Sixth Assessment Report (2021). The data, after materiality assessment, is disclosed as follows:

Year	Scope 1 (metric tons CO_2e)	Scope 2 (metric tons CO_2e)	Scope 3 (metric tons CO_2e)	Annual emissions (metric tons CO_2e)	Annual net revenue (NT$ million)	Density* (metric tons CO_2e/NT$ million)
2022	1,456.80	15,054.16	26,754.37	43,265.33	2,484,812	6.65
2024	1,642.06	12,967.67	20,405.52	35,015.25	2,092,743	6.98
2025	1,255.34	11,360.85	20,891.66	33,507.86	1,954,337	6.46

* Intensity calculation formula = (Scope 1 + Scope 2) / Annual revenue (in millions of NTD)
* Regarding the greenhouse gas emission data for 2022, there are slight discrepancies compared to figures previously disclosed in annual reports or on the company website. The variance remains within 3%, which is below the industry's commonly accepted materiality threshold of 5%. Therefore, it does not affect stakeholders' assessment of the Company's overall performance. The data in this version has been adjusted and disclosed based on the third-party verification report issued by DNV on March 26, 2024 (2024 AD). The primary reason for the minor variance is the refinement of calculation methodologies and alignment with the latest third-party verification results. The data presented in this report should be considered the final approved version, ensuring transparency and high reliability of environmental performance information.

Details of Scope 3 Emissions by Category for 2025:

Indirect Greenhouse Gas Emissions (Categories 3-6, including subcategories)	Emissions (metric tons CO_2e)
Category 3: Indirect Greenhouse Gas Emissions from Transportation	370.89
3.1 Emissions from Upstream Transportation and Goods Distribution	41.57
3.2 Emissions from Downstream Transportation and Goods Distribution	173.18
3.3 Emissions from Employee Commuting	156.14
Category 4: Indirect Greenhouse Gas Emissions from Products Used by the Organization	20,520.76
4.1 Emissions from Purchased Goods	20,411.79
4.3 Emissions from Solid and Liquid Waste Treatment	106.61
4.4 Emissions from Asset Usage	2.36

* Due to rounding, the figures in the table may have slight discrepancies (e.g., 0.01) from the total values. These differences are attributable to decimal rounding.

1-1-2 Greenhouse Gas Assurance Information

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

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

Specify the greenhouse gas reduction base year and its data, the reduction targets, strategy and concrete action plan, and the status of achievement of the reduction targets

Following from section 1-1, the Company designated 2022 as the base year for greenhouse gas reduction, with the goal of reducing overall Scope 1 and Scope 2 emissions. In January 2026, the ESG Sustainable Development Promotion Committee passed a resolution establishing the targets of "achieving a 25% carbon reduction by 2030 and moving toward net-zero emissions by 2050."

The Company's greenhouse gas reduction base year is 2022, with the goal of reducing overall Scope 1 and Scope 2 emissions. Below are the greenhouse gas emissions for the base year and the past two years:

Year	Scope 1 + 2 (metric tons CO_2e)	Change from Base Year (tons & %)	Intensity (metric tons CO_2e / NT$ million)	Change from Base Year (points & %)
2022	16,510.96	Base year	6.65	Base year
2024	14,609.73	- 1,902.20 tons (-11.5 %)	6.98	+ 0.34 (+ 5.1 %)
2025	12,616.19	- 3,895.74 tons (-23.6 %)	6.46	- 0.19 (- 2.9 %)

The data shows that in 2025, the regional consolidation of weaving machines led to a reduction in energy consumption, which directly impacted carbon emissions, achieving a 23.6% reduction. While intensity can serve as an objective supplementary reference, carbon emission intensity in 2025 also decreased by 0.19 metric tons CO_2e per million NTD (a 2.9% reduction) compared to 2022. It is anticipated that in 2026, following the full completion of the weaving machine consolidation and regional reconfiguration project and the return to normal production capacity, energy use and carbon emissions will see a slight rebound.

The Company has set its energy saving and carbon reduction targets on electricity, which accounts for the highest proportion of energy consumption. The carbon reduction strategies and concrete action plans for 2025 are as follows:

Strategy	Improvement Projects	Estimated Benefits	Factories
Equipment Replacement	Replace return air fans from IE1 to IE3	6 units replaced, saving 113,977 kWh	Quanxing & Shengang
	Replace supply air fan motors with IE3 energy-efficient motors	7 units replaced, saving 77,308 kWh	
	Replace automatic air compressor	Previously required 2 units; replaced with 1 variable-frequency air compressor, saving 118,750 kWh	
Factory Weaving Machine Consolidation	Consolidate water-jet loom work areas across two plants; replace and purchase 74 new, more efficient looms	By consolidating weaving areas, reduce corresponding startup costs, minimize waste, and improve loom area efficiency. Replaced 60 plain looms and 14 dobby looms, saving 338,520 kWh	

Through these concrete actions, the Company achieved a 21.6% reduction in electricity consumption in 2025 compared to the base year, far exceeding the management target of a 3% reduction. The data for the base year and the past two years is as follows:

Item	2022	2024	2025
Electricity (Mwh)	30,219.50	27,087.27	23,689.10
Change from base year (MWh & %)	-	-3,132.23 Mwh (-10.4%)	-6,530.40 Mwh (-21.6%)
Management Target	Base year	-2% from base year (target met)	-3% from base year (target met)

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

<table>
<tr><th rowspan="2">Evaluation item</th><th colspan="3">Implementation status</th><th rowspan="2">Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td>1. Establishment of ethical corporate management policies and programs
(1) Does the company have an ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?

(2) Whether the company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates, within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in Article 7, paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPE Listed Companies?

(3) Does the company clearly set out the operating procedures, behavior guidelines, and punishment and appeal system for violations in the unethical conduct prevention program, implement it, and regularly review and revise the plan?</td><td>✓

✓

✓</td><td></td><td>(1) The Company has established the “Procedures for Ethical Management and Guidelines for Conduct,” which were approved by the Board of Directors in March 2017 and amended in March 2020. Based on ethical, the Company externally emphasizes honesty toward customers and internally strictly requires employees to exercise self-discipline, comply with internal regulations, and establish sound corporate governance and risk control mechanisms to create a sustainable business environment.

(2) The Company has formulated the “Procedures for Ethical Management and Guidelines for Conduct” in accordance with the “Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies.” The content requires all employees to uphold the important responsibilities of maintaining high ethical standards, protecting the Company's reputation, and complying with laws and regulations. To ensure employees remain consistently aware of ethical conduct, in addition to publishing the “Procedures for Ethical Management and Guidelines for Conduct” on the website for easy reference, the Company also discloses its annual ethical management implementation status in its annual report and website. Furthermore, regular training sessions are conducted each year to reinforce ethical awareness among employees. Regarding unethical behavior, the Company provides reporting channels. For any conduct that may violate professional ethics, the Company adopts a strict and impartial approach, thoroughly investigating and verifying all cases.
(3) The Company has established the “Procedures for Ethical Management and Guidelines for Conduct” and has formulated relevant regulations and guidelines for different compliance areas. Additionally, the employee code of conduct explicitly outlines disciplinary measures for violations. Furthermore, a whistleblowing system and complaint channel have been set up in the stakeholder section of the website. The Company’s audit department also plays a crucial role in ensuring ethical business practices and regulatory compliance. Internal audits are conducted in accordance with the annual audit plan approved by the Board of Directors, and the audit findings along with subsequent improvement plans are reported to the Board and the management. This ensures the effective implementation of the ethical management procedures and conduct guidelines.</td><td>No deviations</td></tr>
<tr><td>2. Ethical Management Practice
(1) Does the company assess the ethics records of those it has business relationships with and include ethical conduct related clauses in the business contracts?</td><td>✓</td><td></td><td>(1) In addition to training employees to uphold the principles of ethical business conduct, the Company ensures that suppliers, clients, business partners, and other stakeholders understand and adhere to our ethical business practices. Commercial contracts explicitly include integrity clauses. We assess the legitimacy of business partners and check for any history of unethical behavior through credit evaluations, due diligence investigations, or audit procedures. If any</td><td>No deviations</td></tr>
</table>

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Description	
			party involved in business dealings or cooperation is found to engage in unethical conduct, the company reserves the right to terminate or cancel the contract unconditionally.	
(2) Has the company set up a dedicated unit to promote ethical corporate management under the board of directors, and does it regularly (at least once a year) report to the board of directors on its ethical corporate management policy and program to prevent unethical conduct and monitor their implementation?	✓		(2) The Company has established an “Ethical Management Committee” composed of members from the General Manager's Office, Management Center, and relevant departments, dedicated to assisting in the promotion of corporate integrity initiatives. The committee conducts annual training programs for all employees and reported the implementation results of integrity advocacy and training for 2025 to the Board of Directors on January 27, 2026.	
(3) Has the company established policies to prevent conflict of interests, provided appropriate communication and complaint channels, and properly implemented such policies?	✓		(3) The Company has established and strictly implemented conflict of interest provisions in the Rules of Procedure for Board of Directors Meetings, requiring all employees to fully comply in order to uphold the spirit of ethical corporate governance. Furthermore, we have clearly defined policies to prevent conflicts of interest for senior management, including directors and managers, and all employees, while also establishing mechanisms for reporting illegal, unethical, or non-compliant conduct. Employees are provided with a dedicated ethics hotline or employee care mailbox and appropriate channels to voice concerns.	
(4) Does the company have effective accounting and internal control systems in place to enforce ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit compliance with the systems to prevent unethical conduct or hire outside accountants to perform the audits?	✓		(4) The Company places utmost emphasis on ensuring the accuracy and completeness of financial reporting processes and internal controls, with specific internal control mechanisms designed for operational procedures that carry higher risks of unethical conduct. Furthermore, through the annual internal control self-assessment, all departments are required to evaluate the design and operational effectiveness of their internal control systems. The internal audit unit also formulates an annual internal audit plan based on risk assessment outcomes, conducts audits accordingly, and reports the findings to the Board of Directors and the management.	
(5) Does the company provide internal and external ethical corporate management training programs on a regular basis?	✓		(5) The Company organizes annual ethics training for all employees through the Management Center of the General Manager's Office, covering topics such as “Operating procedures for handling material inside information and prevention of insider trading” and “Ethical Management.” The training is conducted through the internal education system to communicate key points to employees. In addition, new employees receive training on “Ethical Management Best Practice Principles and Insider Trading” during their onboarding. In 2025, a total of 2 training sessions were held, with 400 participants (including subsidiaries). Additionally, 30 new employees completed the “train upon arrival” program. Overall training coverage continues to rise.	

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Description	
3. Implementation of Complaint Procedures (1) Has the company established specific whistle-blowing and reward procedures, set up conveniently accessible whistle-blowing channels, and appointed appropriate personnel specifically responsible for handling complaints received from whistle- blowers? (2) Has the company established standard operation procedures for investigating the complaints received, follow-up measures taken after investigation, and mechanisms ensuring such complaints are handled in a confidential manner? (3) Has the company adopted proper measures to protect whistle- blowers from retaliation for filing complaints?	✓ ✓ ✓		(1) The Company's website and internal network have set up an independent reporting mailbox and telephone to allow employees and external individuals to report any instances of financial, legal, and integrity-related misconduct. These reporting channels also allow anonymous reporting, the audit office is the investigation unit for reported cases. (2) Within the “Investors' Section” of the company website, an independent section is established specifically for contact with interested parties. A reporting system is also implemented to allow both employees and external individuals to make reports, and they are received and investigated by specialized personnel. The Company maintains strict confidentiality regarding the identity of the whistleblower and the content of the report with a written statement, and conducts with a rigorous approach. (3) When the Company accepts a report and starts the investigation, besides ensuring the confidentiality of the whistleblower, the handling, investigation process, findings, and related records are treated with utmost confidentiality and rigor. The Company is committed to safeguarding whistleblowers from any improper treatment or punishments as a result of their reporting. No reported matters were received in 2025.	No deviations
4. Strengthening Information Disclosure Does the company disclose its ethical corporate management policies and the results of their implementation on its website and the Market Observation Post System (MOPS)?	✓		The “Procedures for Ethical Management and Guidelines for Conduct” are stipulated under the resolution of the Board of Directors, and the relevant information is publicized on the company website and Market Observation Post System (MOPS).	No deviations
5. If the company has adopted its own ethical corporate management best practice principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, please describe any deviations between the principles and their implementation: The Company has established the “Procedures for Ethical Management and Guidelines for Conduct,” and there are no deviations between the Company's ethical management operations and the contents of the principles.				
6. Other important information to facilitate a better understanding of the status of operation of the company’s ethical corporate management policies (e.g., the company’s reviewing and amending of its ethical corporate management best practice principles): The Guidelines for Conduct established by the Company shall evolve with the times. In addition to complying with legal requirements, we will review and amend the guidelines as appropriate to meet the needs of ethical management practices. Furthermore, we will conduct training programs to strengthen ethical management and ensure proper implementation of these principles.				

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

1.The Company has stipulated “Operating procedures for handling material inside information and prevention of insider trading” which clearly regulates the handling of material inside information of the Company and disclosure mechanisms. The prevention of insider trading is also strengthened. Directors, managerial officers, and employees should comply with these regulations, and publication sessions will be conducted periodically for all employees.

2. Status of continuing education of managerial officials, auditors, and other related personnel:

Name	Date	Organizer	Name of course	Study Hours
Head of Accounting Li-Zhe Pan (潘立哲)	2025/09/22 ~ 2025/09/23	Accounting Research and Development Foundation	Continuing Professional Development Program for Accounting Officers of Issuers, Securities Firms	12
	2025/11/15	Commerce Development Research Institute	Workshop on Corporate Governance and Sustainable Business Operations	3
	2025/11/21	Securities and Futures Institute	Seminar on Legal Compliance for Insider Equity Transactions	3
Audit Supervisor Yu Chen (陳昱)	2025/04/22	The Institute of Internal Auditors	Analysis of Sustainability Reports and Sustainability Information Disclosure Policies, and Audit Practices with a Focus on Key Internal Control and Internal Audit Issues	6
	2025/04/25		Practical Audit Techniques	6
	2025/07/11		How to Adjust Internal Controls in Response to ESG — What Auditors Must Know About the Key Provisions and Impacts of IFRS S1/S2, and New Compliance Requirements for Internal Audit to Consider	6
	2025/09/19		Analysis of Sustainability Reports and Sustainability Information Disclosure Policies, and Audit Practices with a Focus on Key Internal Control and Internal Audit Issues	6

(9) Implementation status of the internal control system

1. Statement on Internal Control System:
Please refer to the Statement on Internal Control System disclosed on the Market Observation Post System (MOPS):
https://mops.twse.com.tw/mops/web/t06sg20

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

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

1. Important resolutions of the Shareholders' Meeting

Date	Proposal	Resolution and the status of implementation
2025/6/26	1. The 2024 Business Report and Financial Statement.	The proposal was approved by all attending shareholders as originally presented, and the key resolutions of the shareholders' meeting were duly announced.
	2. The Company's 2024 Earnings Distribution.	The proposal was approved by all attending shareholders as originally presented, and the key resolutions of the shareholders' meeting were duly announced: A cash dividend of NT$0.4 per share was distributed on September 12, 2025.
	3. Amendment to the "Articles of Incorporation."	The proposal was approved by all attending shareholders as originally presented. Change of registration has been completed. Letter No. 11430111330 from the Ministry of Economic Affairs, dated July 29, 2025.

2. Important resolutions of the Board of Directors

Date	Proposal	Result of resolution
2025/1/15 (4th meeting of the 20th term)	1. The 2025 Business Report.	After the chairperson consulted all attending directors and independent directors, the motion was passed without objection.
	2. Proposal for the acquisition of right-of-use assets in real estate from a related party.	After the acting chairperson consulted all attending directors and independent directors, the motion was passed without objection. [The related party involved in this matter temporarily recused themselves from the meeting and did not participate in the vote.]
	3. Proposal to lease the Company's investment property to a related party.	After the chairperson consulted all attending directors and independent directors, the motion was passed without objection.
	4. Proposal for the Company to provide endorsement and guarantee for its subsidiary, Jiujiang Deyu Textile Technology Co., Ltd.	After the chairperson consulted all attending directors and independent directors, the motion was passed without objection.
	5. Proposal to relieve You-Dian Tsai, Associate of the Department of Production, and reassign him to the position of Special Assistant to the General Manager.	After the chairperson consulted all attending directors and independent directors, the motion was passed without objection.
	6. Proposal on distribution of 2024 year-end bonuses.	After the acting chairperson consulted all attending directors and independent directors, the motion was passed without objection. [The related party involved in this matter temporarily recused themselves from the meeting and did not participate in the vote.]
	7. Proposal on the allocation ratios of directors' remuneration and employee compensation for 2025. [The appropriation rate for director and employee remunerations in 2025 was set at 3% respectively.]	After the chairperson consulted all attending directors and independent directors, the motion was passed without objection.
	8. To meet the Company's working capital requirements, the Company proposes to renew and enter into a credit facility agreement with its existing financial institution.	After the chairperson consulted all attending directors and independent directors, the motion was passed without objection.
2025/3/10 (5th meeting of the 20th term)	1. The 2024 Individual and Consolidated Financial Statements.	After the chairperson consulted all attending directors and independent directors, the motion was passed without objection.
	2. Proposal regarding overdue accounts receivable as of December 31, 2024, which are not of a nature constituting fund lending.	After the chairperson consulted all attending directors and independent directors, the motion was passed without objection.

Date	Proposal	Result of resolution
	3. Amendment to the “Articles of Incorporation.”	After the chairperson consulted all attending directors and independent directors, the motion was passed without objection.
	4. Proposal to issue the 2024 Statement on Internal Control Systems.	After the chairperson consulted all attending directors and independent directors, the motion was passed without objection.
	5. Proposal to Convene the 2025 Shareholders' Meeting. [Shareholders' Meeting: June 26, 2025, at 9:00 a.m.]	After the chairperson consulted all attending directors and independent directors, the motion was passed without objection.
	6. The Company's 2024 Earnings Distribution.	After the chairperson consulted all attending directors and independent directors, the motion was passed without objection.
	7. Proposal on handling shareholder proposals for the 2025 shareholders' meeting.	After the chairperson consulted all attending directors and independent directors, the motion was passed without objection.
	8. Proposal for the Distribution of 2024 Remuneration to the Company's Directors and Employee.	After the chairperson consulted all attending directors and independent directors, the motion was passed without objection.
	9. Proposal to Assess the Independence and Suitability of the CPAs for 2025.	After the chairperson consulted all attending directors and independent directors, the motion was passed without objection.
	10. Proposal of appointment and remuneration of the CPAs for 2025.	After the chairperson consulted all attending directors and independent directors, the motion was passed without objection.
2025/5/9 (6th meeting of the 20th term)	1. The Consolidated Financial Statement of 2025 Q1.	After the chairperson consulted all attending directors and independent directors, the motion was passed without objection.
	2. Proposal regarding overdue accounts receivable as of March 31, 2025, which are not of a nature constituting fund lending.	After the chairperson consulted all attending directors and independent directors, the motion was passed without objection.
	3. Proposal for the Company to provide endorsement and guarantee for its subsidiary, Jiujiang Deyu Textile Technology Co., Ltd.	After the chairperson consulted all attending directors and independent directors, the motion was passed without objection.
	4. Proposal on the definition of “frontline employees.”	After the chairperson consulted all attending directors and independent directors, the motion was passed without objection.
	5. Proposal regarding the distribution of the “2025 Dragon Boat Festival Performance Bonus” for managers.	1. After the acting chairperson consulted all attending directors and independent directors, the motion was passed without objection. [The related party involved in this matter temporarily recused themselves from the meeting and did not participate in the vote.] 2. All subsidiaries are requested to draft the “Operational Performance Incentive Policy” as scheduled.
	6. Proposal on Manager Promotions and the Waiver of Non-Compete Restrictions for Managers.	The matter was put by the Chair before all directors and independent directors present at the meeting, where no objection was voiced, and was approved unanimously and proposed to the Shareholders Meeting for discussion.
	7. To meet the Company's working capital requirements, the Company proposes to renew	The matter was put by the Chair before all directors and independent directors present at the

Date	Proposal	Result of resolution
	and enter into a credit facility agreement with its existing financial institution.	meeting, where no objection was voiced, and was approved unanimously.
2025/6/26 (7th meeting of the 20th term)	1. Proposal to set the ex-dividend record date and the cash dividend payment date for the shareholder dividends distributed from the 2024 earnings. [Cash dividend payment date: September 12, 2025]	After the chairperson consulted all attending directors and independent directors, the motion was passed without objection.
	2. Proposal on the conversion suspension period and conversion price adjustment for the Company's third domestic unsecured convertible bonds.	After the chairperson consulted all attending directors and independent directors, the motion was passed without objection.
2025/8/11 (8th meeting of the 20th term)	1. The Consolidated Financial Statement of 2025 Q2.	After the chairperson consulted all attending directors and independent directors, the motion was passed without objection.
	2. Proposal regarding overdue accounts receivable as of June 30, 2025, which are not of a nature constituting fund lending.	After the chairperson consulted all attending directors and independent directors, the motion was passed without objection.
	3. Proposal to loan funds to a subsidiary.	After the chairperson consulted all attending directors and independent directors, the motion was passed without objection.
	4. The Company’s preparation of the “2024 Sustainability Report.”	After the chairperson consulted all attending directors and independent directors, the motion was passed without objection.
	5. Proposal on the distribution of directors' 2024 remuneration.	After the chairperson consulted all attending directors and independent directors, the motion was passed without objection.
	6. Proposal for the Distribution of 2024 employees' compensation to company managers.	After the chairperson consulted all attending directors and independent directors, the motion was passed without objection.
	7. Review of the “Performance Incentive Policy” established by each subsidiary.	After the chairperson consulted all attending directors and independent directors, the motion was passed without objection, based on the review results of the Remuneration Committee: the incentive policies submitted by Zhejiang Honmyue and Utex Innovation remain questionable. These two companies are requested to clarify and respond to the parent company by September 15. Regarding Jiujiang Deyu's submission, as it is a monthly management policy, Jiujiang Deyu is requested to formulate its employee incentive policy by referring to the parent company's employee incentive policy and adapting to local conditions, and to report back to the parent company by September 30 for further discussion.
	8. To meet the Company's working capital requirements, the Company proposes to renew and enter into a credit facility agreement with its existing financial institution.	After the chairperson consulted all attending directors and independent directors, the motion was passed without objection.
	9. Proposal of the subsidiary “Wen Fa Development L.L.C.” to transfer shares of “Nuwa Enterprise Co., Ltd.”	After the chairperson consulted all attending directors and independent directors, the motion was passed without objection.
	10. Proposal for renewal of directors' liability insurance.	After the chairperson consulted all attending directors and independent directors, the motion was passed without objection.
2025/11/12 (9th meeting of the 20th term)	1. The Consolidated Financial Statement of 2025 Q3.	After the chairperson consulted all attending directors and independent directors, the motion was passed without objection.
	2. Proposal regarding overdue accounts receivable as of September 30, 2025, which are not of a nature constituting fund lending.	After the chairperson consulted all attending directors and independent directors, the motion was passed without objection.
	3. Proposal for the Company to provide endorsement and guarantee for its subsidiary, Jiujiang Deyu Textile Technology Co., Ltd.	After the chairperson consulted all attending directors and independent directors, the motion was passed without objection.

Date	Proposal	Result of resolution
	4. The Company proposes to participate in the cash capital increase of “Utex Innovation Co., Ltd.”	After the chairperson consulted all attending directors and independent directors, the motion was passed without objection.
	5. The Audit Department’s 2026 Internal Audit Plan.	After the chairperson consulted all attending directors and independent directors, the motion was passed without objection.
	6. Proposal to amend the “Payroll Cycle” internal control system.	After the chairperson consulted all attending directors and independent directors, the motion was passed without objection.
	7. Proposal to amend the Company’s “Rules for the Issuance and Conversion of the Third Domestic Unsecured Convertible Bonds".	After the chairperson consulted all attending directors and independent directors, the motion was passed without objection.
	8. Proposal to adjust the remuneration for the appointment of the 2025 CPAs.	After the chairperson consulted all attending directors and independent directors, the motion was passed without objection.
	9. Proposal on the promotion and compensation of the Manager of the Specialty Materials Department.	After the chairperson consulted all attending directors and independent directors, the motion was passed without objection.
	10. Proposal on personnel changes for the Head of Corporate Governance.	After the chairperson consulted all attending directors and independent directors, the motion was passed without objection.
	11. Proposal to establish an "Enhancing Corporate Value Plan.	After the chairperson consulted all attending directors and independent directors, the motion was passed without objection.
	12. To meet the Company's working capital requirements, the Company proposes to renew and enter into a credit facility agreement with its existing financial institution.	After the chairperson consulted all attending directors and independent directors, the motion was passed without objection.

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

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

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

Unit: NT$ thousand

Name of accounting firm	Name of CPA	Duration of audit	Audit fee	Non-audit fee (Note)	Total	Remark
PwC Taiwan	Yu-Juan Wang (王玉娟) Shu-Hua Hong (洪淑華)	2025.01.01~ 2025.12.31	3,030	1,039	4,069	

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

(2) If there is a change in the accounting firm, and in the year of the change the audit fee is lower than that in the previous year, the audit fees before and after the change, as well as the reasons, shall be disclosed: None

(3) If the audit fee is reduced by more than 10% compared to the previous year, the amount of the audit fee reduced, its proportion, and the reasons for the reduction shall be disclosed: None

5. Replacement of CPA

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

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

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

Title	Name	2025		Current fiscal year as of April 25	
		Increment (Reduction) in shareholding	Increment (Reduction) in equity pledge	Increment (Reduction) in shareholding	Increment (Reduction) in equity pledge
Chairman	Po-Yu Yeh (葉博宇)	–	–	–	–
Vice Chairman	Zhenghong Investment Co., Ltd.	–	–	–	–
	Representative: Cheng-Hua Yeh (葉政華)	–	–	–	–
Director	Jun-Lin Yeh (葉俊麟)	(27,000)	–	–	–
Director	Ming-Yi Lai (賴明毅)	–	–	–	–
Director	Ren-Xing Hsu (許仁興)	–	–	–	–
Director	Mao-Lin Wang (王茂林)	–	–	–	–
Director	Pai-Jung Ko (柯栢榮)	–	–	–	–
Director	Jen-Kai Yang (楊任凱)	–	–	–	–
Independent Director	Chen-Chi Hsiao (蕭珍琪)	–	–	–	–
Independent Director	Jung-Fu Lee (李榮福)	–	–	–	–
Independent Director	Kuei-Chu Yeh (葉桂珠)	–	–	–	–
General Manager	Zheng-Pei Guo (郭正沛)	–	–	–	–

General Manager's Office Executive Deputy General Manager	Jin-Chang Hong (洪錦昌)	44,000	–	13,000	–
Department of Production Associate	You-Dian Tsai (蔡佑典) (Note 1)	2,000	–	-	–
Finished Products Department Associate	Cai-Juan Pan (潘彩娟)	19,000	–	6,000	–
General Manager's Office Management and Administration Center Manager Head of Corporate Governance	Su-Qing Zhuo (卓素卿) (Note 2)	16,000	–	-	–
General Manager's Office Information Management Center Manager	Shao-Rui Chen (陳紹睿)	16,000	–	5,000	–
Corporate Governance Officer Department of Finance Manager Head of Accounting	Li-Zhe Pang (潘立哲)	19,000	–	7,000	–
Specialty Materials Department Associate	Pei-Hong Zhang (張培宏)	22,000	–	6,000	–
Greige Fabrics Department Manager	Wei-Fang Hsu (徐為芳)	17,000	–	6,000	–
Department of R&D and Technology Manager	Yan-Hong Guo (郭彥宏)	20,000	–	6,000	–
Administrative Department Manager	Yi-Qiao Sui (隋宜樵)	—	—	—	—
Head of Finance	Hui-Na Xie (謝惠娜)	17,000	–	5,000	–

Note 1: The manager position was terminated on February 28, 2025. Therefore, changes in shareholding are not reported after the date of termination.

Note 2: The position of Head of Corporate Governance and manager was dismissed on November 12, 2025. Therefore, changes in shareholding are not reported after the date of dismissal.

Note 3: The Company has no shareholders with more than 10% of the total shares of the Company yet.

Note 4: The aforementioned counterparties who are involved in the change of shareholding are not interested parties.

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

April 25, 2026

Name	Current shareholding		Spouse's/minor's shareholding		Shareholding by nominee arrangement		Name and relationship between the top ten shareholders who are mutually interested parties, spouses, or relatives within two degrees of kinship		Remark
	No. of shares	Shareholding ratio (%)	No. of shares	Shareholding ratio (%)	No. of shares	Shareholding ratio (%)	Name	Relationship	
Zheng Hong Investments Co., Ltd Representative: Min-Chao Yeh (葉閔超)	11,427,805 4,487,850	8.80 3.45	0	0	0	0	Min-Chao Yeh (葉閔超) Zheng-Hua Yeh (葉政華)	Chairman Supervisor	
Jun-Lin Yeh (葉俊麟)	6,311,088	4.86	0	0	0	0	Jin-Feng Chen (陳金鳳) Po-Yu Yeh (葉博宇) Rui-Ke Yeh (葉瑞克) Po Yu Invest (Share)	FDR SDR SDR Director	

Jing Wei Investment Co. Ltd Representative: Zong Gang Yeh (葉宗鋼)	5,893,726 0	4.54 0	0	0	0	0	None	None	
Po-Yu Yeh (葉博宇)	5,762,132	4.44	1,825,507	1.41	0	0	Jin-Feng Chen (陳金鳳) Jun-Lin Yeh (葉俊麟) Rui-Ke Yeh (葉瑞克) Po Yu Invest (Share)	FDR SDR SDR Director	
Po Yu Invest Co. Ltd. Representative: Jin-Feng Chen (陳金鳳)	5,188,351 4,810,080	3.99 3.70	0	0	0	0	Jin-Feng Chen (陳金鳳) Jun-Lin Yeh (葉俊麟) Po-Yu Yeh (葉博宇) Rui-Ke Yeh (葉瑞克)	Chairman Director Director Supervisor	
Jin-Feng Chen (陳金鳳)	4,810,080	3.70	0	0	0	0	Po Yu Invest (Share) Jun-Lin Yeh (葉俊麟) Po-Yu Yeh (葉博宇) Rui-Ke Yeh (葉瑞克)	Chairman FDR FDR FDR	
Min-Chao Yeh (葉閔超)	4,487,850	3.45	0	0	0	0	Ming-Zhou Yeh (葉明洲) Zheng-Hua Yeh (葉政華) Zong Gang Yeh (葉宗鋼)	FDR SDR SDR	
Ming-Zhou Yeh (葉明洲)	4,426,421	3.41	0	0	0	0	Min-Chao Yeh (葉閔超) Zheng-Hua Yeh (葉政華) Zong Gang Yeh (葉宗鋼)	FDR FDR FDR	
Rui-Ke Yeh (葉瑞克)	4,317,104	3.32	0	0	0	0	Jin-Feng Chen (陳金鳳) Jun-Lin Yeh(葉俊麟) Po-Yu Yeh (葉博宇) Po Yu Invest Co. Ltd.	FDR SDR SDR Supervisor	
Zheng-Hua Yeh (葉政華)	2,644,792	2.04	0	0	0	0	Zheng Hong Investments (Shares) Ming-Zhou Yeh (葉明洲) Min-Chao Yeh (葉閔超) Zong-Gang Yeh (葉宗鋼)	Supervisor FDR SDR SDR	

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

December 31, 2025

Invested Business (Note)	Investment by the company		Investment by directors, supervisors, managerial officials, or any companies controlled either directly or indirectly by the company		Comprehensive investment	
	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio
Hongyu Holdings L.L.C.	N/A	100.00%	0	0	N/A	100.00%
Honmyue Textile (Zhejiang) Co., Ltd.	N/A	100.00%	0	0	N/A	100.00%
Jiujiang De Yu Textile Technologies Co., Ltd.	N/A	100.00%	0	0	N/A	100.00%
Wen Fa Development L.L.C.	N/A	100.00%	0	0	N/A	100.00%
Utex Innovation Co., Ltd.	11,100,000	92.50%	0	0	11,100,000	92.50%
Jiujiang Hongzhi Textile Technology Co., Ltd.	N/A	N/A	N/A	70.00%	N/A	70.00%

Note: Investments accounted for using the equity method by the Company.

III. Information on capital raising activities

1. Capital and shares

(1) Source of capital stock

1. Formation process of capital stock

March 31, 2026

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

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

2. Type of stock

April 25, 2026
Unit: shares

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

(2) Major list of shareholders:

April 25, 2026

Name of major shareholders \ Shareholding	Shares held	Shareholding percentage
Zheng Hong Investments Co., Ltd.	11,427,805	8.80%
Jun-Lin Yeh (葉俊麟)	6,311,088	4.86%
Jing Wei Investment Co.	5,893,726	4.54%
Po-Yu Yeh (葉博宇)	5,762,132	4.44%
Po Yu Invest Co., Ltd.	5,188,351	3.99%
Jin-Feng Chen (陳金鳳)	4,810,080	3.70%
Min-Chao Yeh (葉閔超)	4,487,850	3.45%
Ming-Zhou Yeh (葉明洲)	4,426,421	3.41%
Rui-Ke Yeh (葉瑞克)	4,317,104	3.32%
Zheng-Hua Yeh (葉政華)	2,644,792	2.04%

(3) Dividend policy and implementation status

1. Dividend policy formulated by the Articles of Incorporation

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

   The Company's proposal for the distribution of earnings for 2025 was approved by the Board of Directors on March 11, 2026, and has been submitted to the annual shareholders' meeting for discussion. It is proposed to distribute a cash dividend of NT$0.25 per share, amounting to approximately NT$32,474,242.
3. Explanation of expected significant changes in the dividend policy: None

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

(5) Remuneration of employees and directors:

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

   The Articles of Incorporation of the Company states that: if there are profits in this fiscal year, a ratio of not less than 2% of the profits shall be appropriated as employees' remunerations, at least 30% of the employee compensation amount shall be allocated to frontline employees, and they shall be distributed in stocks or cash by the resolution of the Board of Directors, and the recipients include employees from subsidiaries who fulfill certain criteria. And for the aforementioned profits of the Company, a ratio of not more than 5% shall be appropriated as directors' remunerations by the resolution of the Board of Directors. Distribution of employee and director remunerations shall be submitted for report at the Shareholders' Meeting. However, if the Company has accumulated losses, the profits shall be retained to make up for the losses first, and the remainder allocated as employee and director remunerations afterward according to the ratio of the preceding paragraph.
2. The basis for estimating the amount of current employee and director remunerations, for calculating the number of shares to be distributed as employee remunerations, and the accounting treatment if there are discrepancies between the actual distributed amount and the estimated figure:

(1). The basis for estimating the amount of current employee and director remunerations:
The estimates of employees' and directors' remuneration were based on the profit for 2025, at 3% and 3%, respectively, and the amounts were approved by the Board of Directors.

(2). The basis for calculating the number of shares to be distributed as employee remuneration: N/A

(3). The accounting treatment if there are discrepancies between the actual distributed amount and the estimated figure:
After the end of the fiscal year, when there are changes in the distribution amount approved by the Board of Directors, the original provisioned annual expenses are adjusted accordingly. If there are still changes in the amount at the date of the shareholders' meeting, they will be handled based on the changes in accounting estimates, and the adjustments for the year will be entered into the accounts at the shareholders' meeting resolution.

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

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

Item		2025		Explanation on the discrepancy
		Estimated amount of the recognized expenses	Distribution of remunerations approved by the Board of Directors	
Director remuneration		NT$1,236,635	NT$1,236,635	N/A
Employee remuneration	Cash	NT$1,236,635	NT$1,236,635	N/A
	Stocks	None	None	

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

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

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

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

2. Status of Corporate Bonds

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

Types of corporate bonds		The 3rd domestic unsecured convertible bonds
Issue (Process) date		March 31, 2025
Denomination		NT$ 100,000
Venue of Issuance and transaction		Taipei Exchange
Issue price		Issued at 101.5% of the denomination
Total price		NT$ 300 million
Coupon rate		Coupon rate 0%
Tenor		3 years Maturity: March 31, 2028
Guarantee agency		N/A
Consignee		Yuanta Commercial Bank Co., Ltd.
Underwriting institution		Mega Securities Co., Ltd.
Certified Lawyer		Lawyer Chiu Ya-Wen (邱雅文) from Handsome Attorneys-at-Law
Certified Public Accountant		Accountant Wang Yu-Juan(王玉娟), Hong Shu-Hua (洪淑華) from PwC Taiwan
Method of repayment		With the exception of holders of the convertible corporate bonds who converts them into common shares of the company in accordance with Article 10 of this regulation, or those redeemed in advance by the company in accordance with Article 18 of this regulation, or bought back by the company from the financial institution for cancellation, the company shall, within five business days after the maturity date of the convertible corporate bonds, repay the bondholders of the previously mentioned bonds with a one-time cash repayment according to the denomination of the bonds, plus an interest compensation. (The interest compensation at maturity is 1.5075% of the denomination, with an actual yield of 0.5%.)
Outstanding principle		NT$ 300,000,000
Terms of redemption or advance repayments		Please refer to the procedure of issuance and conversion of the 3rd domestic unsecured convertible bonds of the company
Restrictive clause		Please refer to the procedure of issuance and conversion of the 3rd domestic unsecured convertible bonds of the company
Name of credit rating agency, rating date, rating of corporate bonds		N/A
Other rights attached	As of the date of the publication of the Annual Report, the amount of converted (exchanged or subscribed) common shares, global depository receipts, or other securities	No unconverted bonds.
	Issuance and conversion (exchange or subscription) method	Please refer to the procedure of issuance and conversion of the 3rd domestic unsecured convertible bonds of the company
Possible dilution of shares and impact on existing shareholders' equity from the issuance and conversion, exchange or subscription method, and issuing condition		Assuming under the current conversion price, if all outstanding corporate bonds are converted to common shares, about 21,428,571 shares of common shares of the company will be converted. The company currently has 129,896,969 outstanding shares, and in addition to the number of convertible shares, the impact on shareholders' equity is still very limited.
Name of the entrusted custodian institution for the exchange target		None

3. Status of Preferred Stock: None

4. Status of Global Depository Receipts: None

5. Status of Employee Stock Option: None

6. Status on Employee Restricted Stocks: None

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

8. Implementation of Capital Allocation Plans:

The implementation status of the Company's fund utilization plan has been reported and disclosed on the Market Observation Post System (MOPS), please refer to the Fundraising Plan Implementation section on MOPS for details.

https://mopsov.twse.com.tw/mops/web/bfhtm_q2

IV. Overview of Business Operations

1. Description of the Business

(1) Business Scope

1. Main areas of business operations

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

2. Revenue distribution

The Company's product categories in 2025 and their revenue distribution are as follows:

Unit: NT$ thousand

Production item	Operating revenue	Revenue distribution
Long-fiber fabrics	2,629,328	90.15%
Short-fiber fabrics	63,107	2.16%
Raw yarn	24,222	0.83%
Medical textiles	63,049	2.16%
Labor services	147,455	5.06%
Other	25,290	0.87%
Sales returns and allowance	(35,965)	(1.23%)
Total	2,916,486	100.00%

3. Main product items of the company

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

(2) Overview of the Industry

1. Current status and development of the industry

Based on Taiwan’s customs trade data, the total value of textile exports in 2025 came to US$ 6.223 billion, down 7.59% year-on-year; the total value of imports was approximately US$ 3.85 billion, keeping the trade surplus positive. The export drop was largely driven by US-China trade tensions and Trump’s reciprocal tariff policies. Exports to mainland China took a significant hit, plunging 23.4% from US$0.88 billion in 2024 to US$0.671 billion, accounting for about 40% of the total export decline.

Looking at export composition, fabrics remained the dominant category (72.65% of total exports), followed by yarn (12.30%), miscellaneous textiles (5.53%), garments and apparel (6.00%), and fibers (3.52%). In the fourth quarter of 2025, fabric exports fell 7.10% year-over-year, yarn dropped 22.22%, and fibers saw the steepest decline at 37.46%, pointing to weakening demand for upstream materials. On the import side, garments and apparel made up the largest share (63.62%), growing 6.37% year-over-year, followed by miscellaneous textiles (13.13%), fabrics (10.61%), and yarn (8.08%). This import structure shows that domestic demand for clothing continues to rely heavily on foreign suppliers.

In terms of export destinations, Vietnam ranked as the top market for Taiwan's textiles, accounting for 30.11% of total exports, followed by mainland China (11.63%), the United States (9.53%), Indonesia (7.13%), and Cambodia (4.55%). Together, these top five markets made up 62.95% of total exports. Impacted by tariff policies, exports to mainland China saw the sharpest drop, down 24.45% compared to the same period last year. On the import side, mainland China was the largest source of textile imports, accounting for 49.71% of Taiwan's total textile imports.

Table: Analysis of the export items of Taiwan textiles in 2025

Product	Export value (100 million USD)	Ratio (%)	Compared to the same period (%)	Export volume (10,000 metric tons)	Compared to the same period (%)	Unit price (USD/kg)	Compared to the same period (%)
Fibers	2.31	4	-32	17.42	-32	1.33	0.3
Yarns	7.55	12	17	24.14	-19	3.13	3
Fabrics	45.45	73	-5	45.13	-9	10.07	5
Garments and apparel	3.44	5	-1	1.35	-1	25.49	-1
Miscellaneous textile products	3.48	6	-3	5.91	-3	5.89	-0.2
Total	62.23	100	-8	93.95	-17	6.62	11

Source: Taiwan's Customs Trade Data

In 2025, after nearly two years of working through excess inventory, global brands shifted toward more agile procurement strategies. Demand for outdoor performance wear and functional textiles kept growing, with high-performance, high-value products continuing to be a key focus for the industry. That said, rising tensions in the Middle East caused energy prices and transport costs to swing unpredictably, adding to global inflation and making operating costs harder to forecast.

Amid all the shifts in global politics and economics, the Trump administration brought back tariff tools and pushed for reciprocal tariffs, leading global brands to rethink their supply chain risks. As a result, supply chains are moving faster toward nearshoring and multi-hub setups. Countries like Vietnam, Cambodia, and Indonesia have formed complementary manufacturing networks in Southeast Asia, where the ability to flexibly shift production and maintain supply chain resilience has become a real competitive edge. In 2025, Taiwan's total textile exports fell from US$6.73 billion to US$6.223 billion, down 7.59% year over year. The drop was heavily concentrated in the Chinese market, exports to mainland China went from US$0.88 billion in 2024 to US$0.671 billion, a steep 23.4% decline. That's a drop of over US$0.200 billion, accounting for 40% of Taiwan's total export decrease, far more than in any other major market.

Meanwhile, climate change and carbon policies are pushing the global industry toward a greener future. Taiwan passed its carbon pricing law in 2024, with the first fees set to be collected in 2026. The initial phase alone will affect more than 20 textile companies that exceed carbon emission limits. On top of that, the EU's Carbon Border Adjustment Mechanism (CBAM) and various national ESG rules are gradually rolling out. The EU's Ecodesign for Sustainable Products Regulation (ESPR) is expected to take effect in 2028, with textiles as one of the five priority categories. The new Digital Product Passport (DPP) requirement will raise the bar significantly for supply chain traceability. All these policy moves point in the same direction to low-carbon manufacturing, circular materials, and supply chain transparency are now crucial to staying competitive. Textile companies will need to step up their green manufacturing and low-carbon strategies to keep up with regulatory pressure and meet what international buyers are asking for.

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

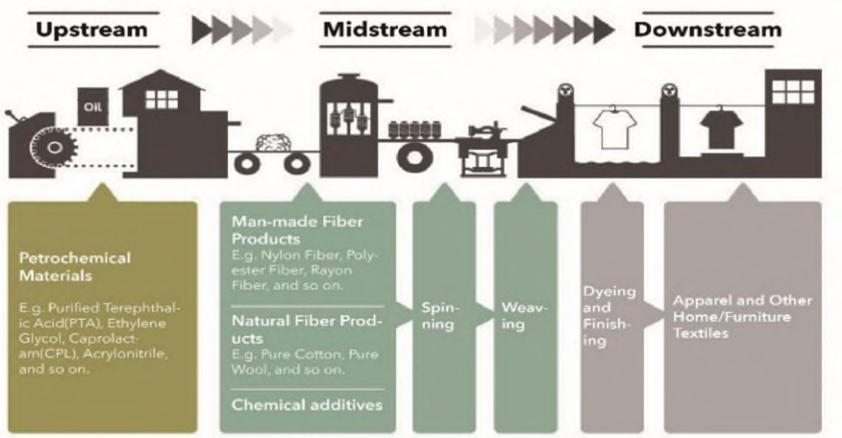
The textile industry in Taiwan has shifted from importing raw materials for processing and exporting in the early days to using materials provided by petrochemical industry for the development of man-made fibers.

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

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

The Company primarily specializes in the production and distribution of long and short-fiber fabrics, operating as a midstream player in the textile industry. The upstream suppliers provide us with petrochemical raw materials, which are then processed into various synthetic fibers such as nylon, polyester, Rayon, and carbon fibers. Then these fibers are further spun into yarn and woven into fabric through the weaving process. In the downstream process, the fabric undergoes bleaching, dyeing, printing, coating, and finishing processes. Finally, the fabric is cut and sewn into garments or other related textile products.

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



資料來源：產業價值鏈資訊平台
Source: https://ic.tpex.org.tw/index.php

3. Product development trend and status of competition

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

(1) Eco-Friendly and Circular Economy-Driven Material Innovation

In 2025, the global textile circular economy saw a range of meaningful breakthroughs, with the spotlight firmly on the "textile-to-textile" closed-loop recycling path. On the chemical recycling front, patented depolymerization technologies have made it possible to break down cotton, polyester, and blended waste and turn them into recycled fibers that rival virgin quality. Mechanical recycling is also leveling up for higher-end uses, producers have already started making quality fabrics with 25% to 50% recycled content. At the same time, the EU's Ecodesign for Sustainable Products Regulation (ESPR) is set to kick in by 2028, with textiles named as one of five priority product categories. Requirements like the Digital Product Passport (DPP) and a ban on destroying unsold goods will significantly raise the stakes for supply chain digital traceability.

(2) High-Value-Added Products that Blend Functionality with Fashion

According to recent data, the global sportswear market reached US$245.7 billion in 2025, growing 3.8% year over year, and is expected to post a compound annual growth rate of 4.3% between 2025 and 2030. Outdoor apparel and athleisure wear saw annual growth of 7.3% and 3.3%, respectively. The rise of running culture continues to drive demand for performance apparel, with highly breathable running gear and trail running vests standing out as key product segments. Meanwhile, the “Urban Tech” design aesthetic is steadily taking the lead, blending everyday city-ready looks with outdoor functionality. For brands looking to tap into this fast-growing segment, doubling down on technical fabrics and composite materials is becoming a critical strategic move.

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

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

Overall, Taiwan's textile industry continues to maintain a competitive edge in recycling technologies, functional materials, and flexible small-batch manufacturing. However, it must proactively strengthen brand strategies, expand customer services, and enhance smart manufacturing capabilities to counter the increasingly aggressive price and production competition from emerging markets such as China and Southeast Asia. 2026 won't be a year of full-scale recovery, but rather one that accelerates industry diversification and restructuring. Companies with high added value, strong technological capabilities, and regional resilience will find greater opportunities ahead. Meanwhile, supply chain restructuring, deeper sustainability compliance (including the ESPR Digital Product Passport), and digital integration and upgrades will together form the core pillars shaping the future of the textile industry.

(3) Status of Technologies and Research

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

Year	Amount of expenses (NT$ thousand)	Results of R&D
2025	24,012	1. New fabric materials from textile waste recovery 2. rPVB eco-friendly bag material series 3. Recycled nylon fishing net materials 4. Terslin waste fabric recycled & remanufactured 5. Anti-static workwear fabrics
2026 (January to March)	6,199	1. New material fabrics from textile recycling 2. Fiberglass solar shade roller blind fabrics 3. High-tenacity & abrasion-resistant products

2. Future research and development plans:

The Company is dedicated to developing high-value products that meet market needs, guided by four core principles: environmental sustainability, safety protection, functional comfort, and tech-driven fashion. In light of the global industry's low-carbon transition and the textile sector's net-zero emission goals, the Company's future R&D efforts will place a strong emphasis on environmental sustainability. With a core strategy built around “zero-waste design and circular regeneration,” the Company is actively developing new eco-friendly products that embrace circular economy concepts. The Company also continues to increase the share of development and sales for low-carbon, energy-saving, eco-friendly, and recycled materials, further contributing to a globally circular and sustainable supply chain. At the same time, the Company has established a medium-to-long-term product development roadmap, focusing on three key areas: industrial bag materials, home textile fabrics, and high-performance functional apparel. By investing in forward-looking product initiatives and exploring emerging application markets for textiles, the Company aims to maximize the overall effectiveness of its product R&D.

Through the Sustainable Innovation R&D Center project, the Company continues to upgrade its R&D systems, actively recruit and train top-tier R&D talent, and collaborate with domestic and international research institutions and expert advisors to integrate cross-disciplinary resources. These efforts support ongoing research into eco-friendly materials and the optimization of low-carbon manufacturing processes. The Company's key initiatives include three major programs: technology development for composite coated fibers and mesh fabrics, functional protective textile technologies, and sustainable innovation and regeneration technologies. At the same time, the Company is keeping a close eye on emerging technologies such as carbon capture and bio-based circular fibers, while planning its new product outcomes and patent strategies. The goal is to develop even more sustainable, low-carbon materials and establish a forward-looking position in the eco-friendly and functional textile space. By shifting from a development partner to a pioneer in advanced, cutting-edge R&D, the Company is building its independent technological capabilities. It aligns these capabilities with the latest high-performance textile trends from international exhibitions and brand-driven design and development, creating high-value-added products and strengthening its competitive edge. In addition, the Company continues to adopt international environmental verification and assessment tools and enhance its product digital platform. This helps the R&D team and clients jointly evaluate the environmental impact of new materials in the early stages of design and development. By expanding product lines that meet environmental certifications, the Company reinforces its image as a provider of green, eco-friendly solutions and opens up new application markets for its products.

To maximize overall product development efficiency, the Company integrates production resources from its overseas manufacturing facilities within the Group to support customer needs and product promotion, working more closely with brand partners to drive revenue growth. At the same time, the Company continues to invest in product functionality testing and inspection equipment, aligning with international testing standards also to improve R&D quality for finished fabric processes. In line with new product development for emerging application markets, the Company's product marketing strategy embraces the digitalization trend in textiles. Plans include introducing digital tools for end-use products, upgrading product development and design systems, and connecting with global textile sales and promotion platforms. The Company actively pursues government funding for R&D and marketing initiatives. It plans to implement programs that support textile R&D transformation and integrated marketing development, with the goal of exploring key new markets and securing new customer opportunities, further strengthening the Company's competitive edge in both marketing and R&D technology. The Company's R&D plans and actions reflect its deep commitment to environmental protection and sustainable development. By building in-house R&D capabilities and investing in advanced product design and development, the Company aims to create high-value-added products and further enhance its overall competitiveness.

3. Research and development plans:

3.1 Industrial fabrics for bags

Fabric series	Explanation
(1) Recycled PET/Nylon Fishing Net High-Strength Eco-Colored Yarn Bag Series	This series utilizes high-strength recycled fibers from fishing nets and marine waste, combined with eco-friendly post-processing techniques, to design and develop a new series of functional outdoor bags and equipment fabrics.
(2) Eco-Friendly Post-Processing Mono-Material Series	This series applies eco-friendly finishing processes such as TPEE, PET, and mono-material processing to put circular regenerative design concepts into practice. The goal is to develop new mono-material, recyclable eco-friendly fabrics for bag and material applications.
(3) Industrial Niche Product Development Series	This series focuses on developing outdoor gear products using high-tenacity, high-performance raw materials.

3.2 Fabric for clothing

Fabric series	Explanation
(1) Eco-Friendly New Material Fabric Series	This series uses new textile recycled materials, recovered ocean waste, carbon capture yarns, bio-based materials, easily degradable fibers, and micro-denier fibers, combined with eco-friendly post-processing techniques, to develop sustainable apparel fabrics for outdoor performance and sports leisure applications.
(2) Eco-Friendly Stretch Performance Fabric Series	This series applies functional new materials such as eco-friendly recycled fibers and next-generation bio-based circular stretch fibers to design and develop a range of high-elasticity nylon and polyester performance fabrics that meet the growing demand for both comfort and functionality.
(3) Eco-Friendly Solution-Dyed Yarn Fabrics for Anti-Static Workwear	This series uses eco-friendly solution-dyed anti-static yarns and follows brand customers' lead in adopting eco-conscious design trends. The goal is to develop new products for lightweight outdoor wear and workwear, tapping into the industrial and functional apparel market.

3.3 Fabrics for home furnishing

Fabric series	Explanation
(1) Eco-Friendly Lightweight Solar Shade Roller Blind Fabric	This series uses eco-friendly recycled polyester yarns, new textile recycled materials, and flame-retardant finishing technologies, combined with wide-width manufacturing equipment, to develop a range of light-transmitting, lightweight eco-friendly shading fabrics. These are suitable for roller blind products in both outdoor and indoor applications.
(2) High-Performance Outdoor Protective Curtain Fabrics	In response to international market demand for material upgrades, this series aims to develop composite mesh fabrics with exceptional durability and high protection ratings. These are primarily targeted at high-end home furnishings and protective applications.
(3) Blackout Roller Blind Fabric Development	This series focuses on developing lightweight, non-transparent treated fabrics to meet specific customer requirements.
(4) Terslin Waste Fabric ESG Circular Remanufacturing	Targeting PVC-coated PET composite Terslin waste fabric, this project applies physical processing methods for formula modification and product remanufacturing. This approach addresses the recycling challenges of composite materials and puts circular economy principles into practice.

3.4 Fabrics for the new application market

Fabric series	Explanation
(1) High Protection Industrial Fabric Series	Developing textiles for the EU and U.S. industrial markets with anti-static, flame-retardant, anti-mold, and waterproof finishes to boost protective performance.
(2) Advanced Workwear Fabric Series	Using eco-friendly and advanced materials with functional finishes to create fabrics for high-performance work environments, delivering safety, comfort, and protection.

(4) Long and short-term business development plan

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

1. Short-term business development plan

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

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

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

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

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

In the face of ongoing uncertainties caused by US-China trade tensions and the Trump administration's reciprocal tariff policies, Taiwan's exports to mainland China fell sharply by 23.4% in 2025. In response, the Company has gradually built up cross-regional production and sales capabilities to keep pace with the global supply chain's shift toward a multi-hub system consisting of three major corridors: Asia, the Americas, and nearshoring to Europe. Beyond integrating resources across its Taiwan and mainland China facilities, the Company has also established the Bandung factory in Indonesia to meet customer demand for diversified production bases, ensuring flexible supply and effective cost control. Taiwan factories focus on high-value-added product development and small-batch, high-mix production processes, while the China plants maintain economies of scale and price competitiveness.

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

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

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

Taiwan's carbon fee policy is set to take effect in 2026, with the first wave covering more than 20 textile companies that exceed carbon emission thresholds. In response, the Company has launched carbon inventory procedures and introduced energy-saving equipment along with carbon reduction improvement projects to strengthen overall carbon management capabilities. Beyond continuously reinforcing compliance with environmental certification systems such as Bluesign, GRS, and Higg FEM, the Company is also actively helping clients by providing product carbon footprint data, supporting brands as they work toward their net-zero goals. With the EU's ESPR Digital Product Passport (DPP) set to take effect in 2028, the Company is proactively building product digital identity and supply chain data integration capabilities. These efforts are designed to ensure a competitive edge when participating in European brand supply chains in the years ahead.

2. Long-term business development plan

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

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

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

In response to brand requirements for LCA (Life Cycle Assessment) and EPR (Extended Producer Responsibility), as well as upcoming EU green policies such as the ESPR regulation (expected to take effect in 2028), the Company is actively developing a range of circular economy solutions. These include r-TEX (recycled textiles) and mono-material recyclable fabrics, aligning with the global industry trend toward a textile-to-textile closed-loop recycling pathway. The Company is also continuously evaluating the feasibility of introducing material innovations such as biodegradable synthetic fibers. At the same time, the Company is developing a medium-to-long-term carbon neutrality roadmap, gradually advancing factory energy transitions and carbon credit strategies. These efforts are designed to address the cost pressures from Taiwan's official carbon fee collection in 2026 and meet the requirements of international customers.

(3) Digital transformation to upgrade operational efficiency with AI and smart manufacturing

The Company will gradually roll out intelligent scheduling, quality traceability, and real-time production and sales data analysis systems. By integrating generative AI into areas such as development recommendations, anomaly detection, and customer complaint response, the Company aims to boost operational efficiency and customer satisfaction. Through the adoption of AI and digital technologies, the Company is optimizing production scheduling, quality management, and operational decision-making processes to enhance overall business efficiency. The long-term goal is to build a digital decision-making platform, improve cross-departmental collaboration and automation, and establish a resilient smart factory. At the same time, the Company is developing supply chain digital traceability capabilities to meet compliance requirements for the EU's ESPR Digital Product Passport (DPP), ensuring a strong market position within European brand supply chains.

(4) Deepening Market Expansion and Strategic Brand Partnerships

The Company will continue to strengthen strategic partnerships with international customers, actively respond to the supply demands of high-growth performance brands and the military sector, and expand distribution channels in key consumer markets such as Central and Eastern Europe and North America. As global supply chains restructure toward multi-hub systems, the Company will simultaneously reinforce three core capabilities: regional diversification, speed-to-market competitiveness, and supply chain resilience. These efforts will ensure a strong competitive position in the high-value-added product space and solidify the Company's role as a long-term, trusted, high-quality textile partner for international brands.

2. Market and Sales Overview

(1) Market analysis

1. Sales Regions and Market Share

Honmyue is Taiwan's largest industrial fabric manufacturer, playing a key mid-stream role in the textile supply chain. The Company places equal emphasis on domestic and export sales, with major export markets including China (including Hong Kong), the six ASEAN nations, and the United States. As global brand customers adjust their supply chains, the Company's revenue share from the U.S. market has shown significant growth, demonstrating its increasing penetration into international brand supply chains.

2. Future Market Supply, Demand, and Growth Outlook

The textile industry gradually emerged from its inventory adjustment period in 2025, with overall market conditions showing signs of recovery.

- Demand drivers: With brand customers pulling orders ahead of the 2026 World Games, combined with strong global demand for sustainable eco-friendly fabrics, the Company expects solid growth potential in its operations.
- Trend-driven growth: Global brands are actively pushing for sustainable supply chains. Green fabrics are no longer just an option, they're becoming standard. This plays directly into Honmyue's strengths, giving the Company a strong niche for growth given its established green certifications.

3. Competitive Niche

- Vertical integration and responsiveness: Honmyue has vertically integrated weaving and dyeing/finishing capabilities (through its subsidiary Yuchen Innovation), enabling effective quality control, stable delivery schedules, and lower production costs.
- Niche R&D and brand development: The Company focuses on developing niche fabrics with high strength, abrasion resistance, and noise reduction properties. Through its “Ü” series brand, Honmyue has entered the performance apparel market with high-performance fabrics such as Dümax and Düflex, meeting the high technical demands of hunting gear, tactical equipment, and electric vehicle interiors.
- Sustainability as a competitive edge: Honmyue leads its peers in obtaining international certifications such as GRS, BLUESIGN, and ISO 14064-1. The Company also has the technical capability to transform discarded fishing nets and automotive laminated film into high-performance fabrics, making it a preferred partner for international sustainability-focused brands.

4. Positive and Negative Factors for Future Development, and Response

Positive Factors: The ongoing shift of global supply chains toward Southeast Asia , demand. driven by major sporting events, and policy-driven stimulus boosting domestic demand in China.

Negative Factors: The domestic textile supply chain faces disruption risks, Taiwan's raw material and labor costs remain significantly higher than those in China, and geopolitical volatility continues to affect production capacity flexibility.

Response Strategies:

- Southeast Asia expansion and cost optimization: The Company has officially launched its Indonesia factory setup plan, with the goal of building its own production base to stay close to customer supply chains while leveraging local labor cost advantages.
- Asset revitalization and capacity rationalization: To strengthen competitiveness, the Company is gradually scaling down older weaving capacity in Taiwan, with equipment optimization expected to be completed by 2026. At the same time, the Company's Zhejiang factory in China is being converted to rental use, maximizing asset efficiency.
- Flexible raw material procurement: The Company flexibly sources lower-cost raw materials through its Jiujiang plant in China and overseas equity-invested locations. This helps offset Taiwan’s cost pressures and supports a steady recovery in gross margins.

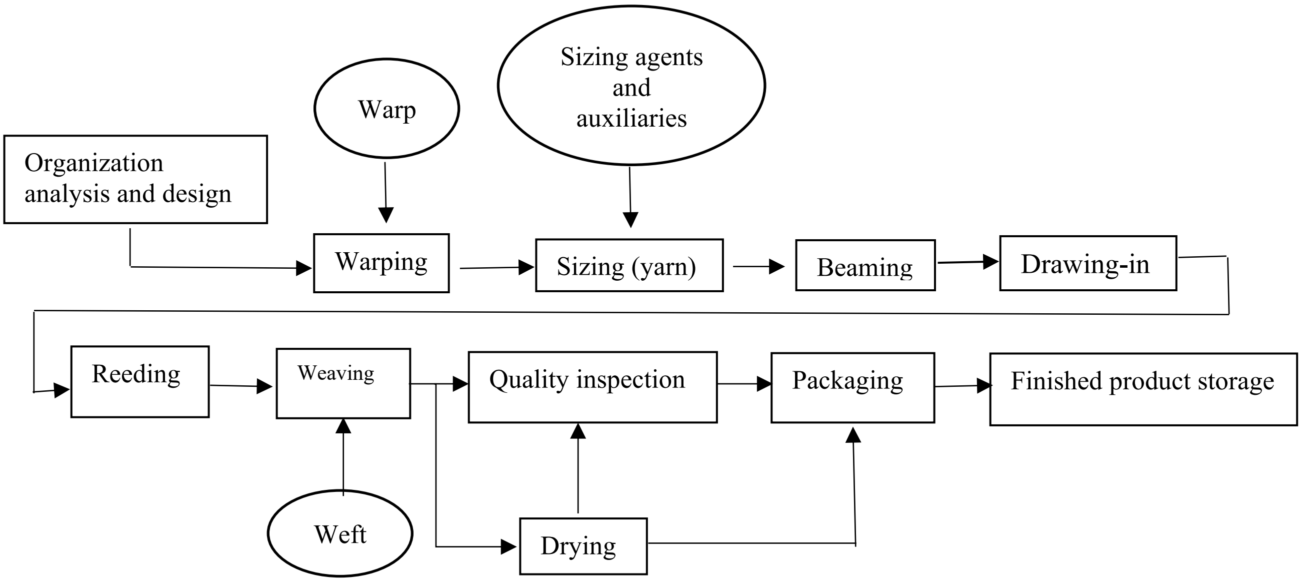
(2) Usage and manufacturing processes for the Company's main products

1. The Company's products are used across a wide range of applications, primarily divided into the following five categories:
   - Industrial bag and material fabrics: Beyond traditional luggage, stroller, and tent fabrics, The Company has expanded into the technically demanding hunting and tactical equipment market. The Company develops specialized fabrics featuring high strength, abrasion resistance, low noise (Silent series), and environmental concealment effects (Camouflage prints)—meeting the performance needs of military, law enforcement, and professional users in harsh environments.
   - Performance apparel fabrics: Through the “Ü” series brand, the Company offers multifunctional fabric lines for outdoor sports, including elasticity (Ümove), softness (Üsoft), breathability (Üairy), and protection (Üfend). These fabrics provide excellent next-to-skin comfort and elastic recovery.
   - Home furnishing fabrics: Used in indoor and outdoor roller blinds, solar shades, and sofas. The Company has specially developed evolve, an eco-friendly roller blind fabric made from recycled textile waste. It retains the natural texture of the raw materials and requires no additional dyeing, showcasing sustainable aesthetics.
   - Medical textiles: The Company produces surgical gowns, medical drapes, and scrub suits that meet GMP quality standards. These feature protective barriers such as high-density lining to block blood penetration, ensuring the safety of healthcare workers.
   - Automotive textiles: Actively positioning itself in the electric vehicle supply chain, the Company provides highly functional and aesthetically pleasing interior fabrics such as side window curtains, trunk cargo covers, and interior storage bags.
2. Manufacturing Processes and Core Technologies

   The Company operates in the mid-stream segment of the textile supply chain, integrating development, weaving, and dyeing/finishing processes, all while staying committed to the vision of a “zero-waste future.”
   - Sustainable raw material selection: In addition to using high-quality chemical fibers, the Company actively incorporates ocean waste yarns, transforming discarded fishing nets and ocean waste plastic bottles into recycled nylon and polyester fabrics.
   - High-efficiency weaving: At the Company's production bases in Changhua, Taiwan, and Jiujiang, China, high-precision weaving is carried out using water-jet looms. Throughout the process, the Company promotes mono-material design, where fibers, membranes, and coatings all come from the same material type. This ensures that fabrics can go directly back into the recycling loop after use, significantly improving recycling efficiency.

- Vertically integrated finishing: Working with subsidiary Yuchen Innovation's dyeing and finishing capabilities, the Company strictly follows ISO 14064-1 carbon footprint verification and BLUESIGN sustainability standards. This ensures that products meet international brand requirements for both quality and environmental compliance.
- Quality verification and application: Finished fabrics, after weaving and post-processing, go through rigorous quality control before being supplied to global downstream manufacturers of luggage, apparel, medical products, and furniture.

(2) The manufacturing process of products



(3) The supply condition of major raw materials:

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

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

1. Procurement:

Major supplier for the past two years

Unit: NT$ thousand

Item	2024				2025				2026 as of the previous quarter			
	Name	Amount	Percentage accounted for the annual net purchases	Relationship with the Issuer	Name	Amount	Percentage accounted for the annual net purchases	Relationship with the Issuer	Name	Amount	Percentage accounted for the net purchases as of the end of Q1 of the fiscal year (%)	Relationship with the Issuer
1	ZH0001	186,273	10.07	None				None				None
2												
	Others	1,663,039	89.93		Others	1,551,793	100.00		Others	319,823	100.00	
	Amount of net purchases	1,849,312	100.00		Amount of net purchases	1,551,793	100.00		Amount of net purchases	319,823	100.00	

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

2. Sales:

Major customer of sales for the past two years

Unit: NT$ thousand

Item	2024				2025				2026 as of the previous quarter			
	Name	Amount	Percentage accounted for the annual net sales (%)	Relationship with the Issuer	Name	Amount	Percentage accounted for the annual net sales (%)	Relationship with the Issuer	Name	Amount	Percentage accounted for the net sales as of the end of Q1 of the fiscal year (%)	Relationship with the Issuer
1												
2	Others	3,168,177	100.00		Others	2,916,486	100.00	-	Others	691,030	100.00	-
	Amount of net sales	3,168,177	100.00		Amount of net sales	2,916,486	100.00	-	Amount of net sales	691,030	100.00	-

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

3. Information on the employees

Number of working employees, average years of service, average age and distribution ratio of education in the past two fiscal years and as of March 31, 2026

Year		2024	2025	Fiscal year as of March 31, 2026
No. of employees	Direct workforce	478 persons	485 persons	493 persons
	Indirect workforce	255 persons	245 persons	245 persons
	Total	733 persons	730 persons	738 persons
Average age		42.81 years old	41.8 years old	41.9 years old
Average years of service		8.65 years	8.5 years	8.6 years
Distribution ratio of education %	PhD	0%	0.%	0%
	Master degree	4.29%	4.2%	4%
	College degree	28.67%	29.9%	30.1%
	Senior high school	15.8%	16.6%	16.5%
	Below senior high school	51.24%	49.3%	49.4%

4. Disbursements for Environmental Protection

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

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

5. Labor Relations

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

1. Welfare measures:

A. Bonuses: Dragon Boat Festival bonus, Chinese New Year bonus, year-end bonus, outstanding employee reward, long-service employee reward, performance bonus, and reward for improvement proposals.

B. Leave benefits: Special leave, pregnancy checkup leave, paternity leave, parental leave, menstrual leave, family care leave, maternity leave, marriage leave, bereavement leave, pandemic care leave, quarantine leave, vaccination leave, etc. 48.5% of the Company's employees are female. The Company is committed to providing employees with maternal health protection and a gender-equality working environment. Application of unpaid parental leaves in the most recent year is as follows:

Item	No. of people	Remark
Applied for unpaid parental leave in 2025	2	Period of the unpaid leave 2025/2/1~2026/1/31, 2025/4/28~2025/10/27

C. Insurance benefits: Labor Insurance, National Health Insurance, group accident insurance for employees/family members, special insurance for employee business travel, and labor pension reserve.

D. Catering benefits: The Catering Committee provides employees with healthy and nutritious meals, meal subsidies for employees who miss meals, and snacks for afternoon shift and night shift employees.

E. Clothing benefits: Summer and winter uniforms for employees.

F. Housing benefits: Employee dormitory, breastfeeding room, and library.

G. Transportation benefits: Free parking space and carparks with automatic LED sensor lightings, business travel fuel subsidies, free charging for electric vehicles, interest-free car loans, and subsidies for employees.

H. Subsidy benefits: Marriage subsidy, maternity subsidy, on-the-job training subsidy for employees, scholarships for outstanding academic performance, educational subsidies and scholarships for outstanding academic performance for children, funeral subsidies for employees and their dependents, etc.

I. Other benefits

a. Various gifts: Gifts for Chinese New Year, International Worker's Day, Dragon Boat Festival, Mid-Autumn Festival, employee birthday gifts, birthday cakes for their parents, Father's & Mother's Day cakes or gifts.

b. Leisure and entertainment: Annual domestic and international travel subsidies, biannual outings subsidies, welfare committee club activities (table tennis, outdoor excursions, singing, basketball, badminton, fitness, handicrafts, traditional arts, etc.)

c. Others: Long-term and retirement/ resignation appreciation bonuses, hospitalization allowance, housewarming gifts, discounts at contracted stores for food, clothing, accommodation, and transportation, Chinese New Year celebrations and lucky draw, free annual health check-ups, social gatherings for retired and resigned employees.

2. Retirement system and its status of implementation

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

And according to the law, the Company will estimate the balance of the labor retirement reserve account before the end of each fiscal year to ensure it is sufficient to cover the retirement reserve for eligible retired employees in the following year. In 2025, there was total of 1 retiree.

B. The requirements for retirement are as follows:

a. Voluntary retirement: Employees may voluntarily retire if they meet one of the following conditions.

①Worked for fifteen years or above and reached the age of fifty-five or above

②Worked for twenty-five years or above

③Worked for ten years or above and reached the age of sixty or above

b. Mandatory retirement: The Company may order the retirement of an employee if they meet one of the following conditions.

①reached the age of sixty-five or above.

②If an employee experiences mental incapacity or physical disability that leads to the inability to perform their job duties, and this condition is verified by a public hospital or a hospital designated by Labor Insurance.

c. 2025 Pension Contribution Status:

Pension system	Old system	New system
Legal basis	Labor Standards Act	Labor Pension Act
Contribution amount	NT$ 835 thousand	NT$ 9,492 thousand

3. Continuing education and training:

To align with the key opening areas of the annual strategic plan and integrate with competency and strategic gaps, the Company has formulated an education and training plan to support its development and organizational change, which aims to enhance the quality of the Company's human resources. Status of implementation: The Company has incorporated the personal education and training records of employees into an electronic system, allowing for a better grasp of the overall condition of personnel education and training as well as learning outcomes. The results of education and training and the analysis of courses in 2025 are as follows:

Training sessions: 230 (with 1,589 participants in total)

Course Categories: Textile Professional (12), Marketing Management (1), Business Management (55), Daily Operations (131), Production Management (7), HR Management (16), Financial Management (8).

Average course satisfaction: 91.16 points

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

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

Item	Content
Access control security	1. Strict access control security and plant safety inspection systems are implemented during daytime and at night, safeguarding the factory plant and its surroundings. 2. Security guards are stationed during daytime and at night. They are responsible for ensuring the safety of working personnel and manufacturing partners at the crossroads of the factory plant.
Workplace safety	1. Adequate lighting or illumination should be provided at workplace entrances, stairs, corridors, safety doors, and safety ladders in accordance with the provisions of laws and regulations. Emergency lighting systems should be installed in important passageways and safety doors for use in case of a failure of the regular lighting system. 2. Safety shoes are provided for employees who engage in heavy lifting operations, and employees are urged to use them properly. 3. To prevent employees from operating or approaching machinery in operation, where there is a risk of their hair getting caught in the machine, protective caps are provided and employees are urged to wear them properly. 4. An independent first-aid kit is provided and maintained in the workplace for use by employees when needed. 5, To prevent employees from being exposed to excessive noise in the workplace and causing damage, earplugs, earmuffs, and other protective equipment are provided. Employees are educated on the points of notice when using these types of equipment and they are required to wear them properly.
Maintenance and inspection of equipment	1. Fire inspections should be outsourced annually in accordance with the regulations of the Fire Services Act. 2. Regular maintenance and inspections should be conducted on high and low-voltage electrical equipment, elevators, water dispensers, vehicles, fire extinguishers, and other equipment as required by regulations. 3. All hazardous machinery equipment should be inspected regularly in accordance with the laws and regulations, and operators should obtain professional licenses and undergo regular on-the-job training.
Disaster prevention measures and emergency responses:	A “Disaster Prevention and Emergency Response Plan” and an emergency response command system are established, clearly defining the responsibilities and missions of personnel at all levels in responding to material emergencies, before and after the incident. Moreover, regular safety protection drills are conducted by specialized units.
Energy saving and carbon reduction:	1. Plastic pallets are purchased as they have better reusability and reduce the waste of resources from the lack of durability in wooden pallets. 2. Actively promoting various energy-saving projects, including the transition to LED lighting equipment, and projects that reduce the energy consumption of power and heating equipment/systems.
Occupational environment assessment	Qualified occupational environment assessment institutions are commissioned to conduct regular environmental noise measurements in accordance with the “Regulations for the Implementation of Occupational Environment Measurements”. The measurement results are evaluated if they comply with the legal requirements. If there is any abnormality in the results, improvements and corrective actions are implemented to ensure personnel safety.
Health care and management	1. Employees are entitled to an annual free health check-up, which exceeds legal requirements. In 2025, 440 out of 461 eligible employees completed their check-ups, representing a participation rate of 95%. The Company also provides premium health check-up subsidies for long-serving employees. 2. For employees exposed to occupational hazards such as noise, the Company conducts hearing tests and manages health based on the results. Those with abnormal hearing findings receive individual hearing health education. In addition, Company representatives conduct on-site hazard assessments together with occupational safety personnel at least once a year. 3. In accordance with relevant regulations, the Company arranges for occupational health service providers to offer on-site services four to six times per year. These provide employees with health consultations, regular preventive health lectures, and health promotion activities. In 2025, there were 10 on-site occupational physician sessions and 227 employee consultations with the occupational health nurse. The Company also held two first-aid training courses, three hearing protection education sessions, one workplace injury and wound care skills course, and invited a specialist physician to give a talk on preventing high blood pressure, high blood sugar, and high cholesterol (the "three highs"). 4. Employees are encouraged to join the Company's various sports clubs and outdoor hiking clubs. The Company also hires professional instructors to offer yoga classes and physical fitness activities.

6. Any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to labor disputes (including any violations of the Labor Standards Act found in labor inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the substance of the legal violations, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided:

Date of penalty	Penalty case No.	Violated regulation	Violation details	Penalty content	Measures taken
2025.3.11	Dept. of Labor Reference No. 1140084839	Article 22 (2) of the Labor Standards Act	Failed to pay full wages directly to employees.	Fine Amount: NT$20,000	Fine paid. Measures implemented per Labor Standards Act.
2025.12.24	Dept. of Labor Reference No. 1140523779	Article 24, Article 32, Paragraph 2, and Article 39 of the Labor Standards Act	Failure to pay overtime wages as required by law; Exceeding the legally permitted overtime hour limits; Failure to pay holiday wages, or failure to provide additional holiday pay for work performed on statutory holidays	Fine Amount: NT$270,000	Fine paid. Measures implemented per Labor Standards Act.

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

In 2025, the average proportion of female employees was 48.5%, while the average proportion of female managers was 6.5%.
We value employee diversity and ensure and promote employment for people with disabilities. In accordance with the "People with Disabilities Rights Protection Act," in 2025, the Company employed 11 individuals with disabilities.

6. Cyber Security Management

(1) Explanation of the structure of cyber security and risk management, cyber security policies, substantial management plans, and resources to be invested in information security management.
The Company established the "Cyber security and risk management Committee". Its members are responsible for reviewing the governance, planning, supervision, and implementation of cyber security policies in each business unit, thus constructing defense capabilities of cyber security and fine awareness of cyber security among colleagues.

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

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

Status of implementation in 2025:

1. Employee information & cybersecurity awareness training (conducted through weekly meeting briefings and email bulletins).
2. User computer access rights verification (automated monthly audit).
3. Web application server security vulnerability scans (results: low risk).
4. Cloud backup: 10TB of storage with AES-256 encrypted backups.
5. Implemented NOC and SOC for network operations, cybersecurity monitoring, data collection, and analysis.
6. Enabled two-factor authentication for the email system.
7. Completed cybersecurity training courses and attended a cybersecurity conference for listed companies.
8. Conducted social engineering drills.

(2) List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None

7. Important Contracts

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

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

1. Analysis of Financial Position

Main reasons for any material change in the company's assets, liabilities, or equity during the past 2 fiscal years, and describe the effect thereof. Where the effect is of material significance, the annual report shall describe the measures to be taken in response:

Unit: NT$ thousand

Item \ Year	2025	2024	Increase/decrease	
			Amount	Ratio of change %
Current assets	2,006,787	2,259,928	(253,141)	(11.20%)
Property, plant, and equipment	1,417,701	1,400,668	17,033	1.22%
Intangible assets	19,396	15,196	4,200	27.64%
Other assets	235,226	221,516	13,710	6.19%
Total assets	3,679,110	3,897,308	(218,198)	(5.60%)
Current liabilities	879,040	1,518,797	(639,757)	(42.12%)
Non-current liabilities	631,508	205,203	426,305	207.75%
Total liabilities	1,510,548	1,724,000	(213,452)	(12.38%)
Equity attributable to shareholders of the parent company	2,150,574	2,137,644	12,930	0.60%
Capital stock	1,298,970	1,298,970	0	0
Capital surplus	66,368	50,735	15,633	30.81%
Retained earnings	842,038	849,714	(7,676)	(0.90%)
Other equity interest	(56,802)	(61,775)	4,973	8.05%
Treasury stock	0	0	0	0
Non-controlling interest	17,988	35,664	(17,676)	(49.56%)
Total Equity	2,168,562	2,173,308	(4,746)	(0.22%)

Explanation of the change in percentage of over 20%

1. Intangible assets: Replacement of the ERP system.
2. Current liabilities: Repayment of corporate bonds maturing within one year.
3. Non-current liabilities: Issuance of corporate bonds and an increase in long-term borrowings.
4. Capital surplus: Premium arising from the issuance of the third corporate bond.
5. Non-controlling interests: Share transfer of subsidiaries.

Measures to be taken in response in the future:

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

2. Analysis of financial performance

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

Unit: NT$ thousand

Item \ Year	2025	2024	Change	
			Amount	Changing percentage %
Net operating revenue	2,916,486	3,168,177	(251,691)	(7.94%)
Operating costs	2,586,148	2,879,221	(293,073)	(10.18%)
Operating gross profit	330,338	288,956	41,382	14.32%
Operating expenses	326,741	351,563	(24,822)	(7.06%)
Operating income (loss)	3,597	(62,607)	66,204	105.75%
Net non-operating income and expenditure	33,791	176,396	(142,605)	(80.84%)
Net profit before tax	37,388	113,789	(76,401)	(67.14%)
Income tax benefit (expenses)	3,992	(6,097)	10,089	165.47%
Net profit (loss) of current period	41,380	107,692	(66,312)	(61.58%)
Explanation of the change in percentage of over 20%: In the prior period, the recognition of relocation subsidy income increased profit. Since no such income was recognized in the current period, profit decreased.				

Sales volume forecast and the basis therefor: The Company expects to sell approximately 120,000 thousand yards of products in the coming year. This forecast is based on factors such as efforts to strengthen product quality and product differentiation, consideration of customer orders, and an assessment of future economic and market conditions.

Effect upon the company's financial operations as well as measures to be taken in response: The Company will continue investing in new material R&D and post-processing application innovation to strengthen its competitive advantages and achieve profit targets.

3. Analysis of cash flow

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

Unit: NT$ thousand

Cash balance at the starting period (1)	Year net cash flow from operating activities (2)	Year cash inflow (3)	Cash remaining (deficiencies) (1)+(2)−(3)	Remedies to cash deficiencies	
				Investment plan	Financial plan
450,000	192,671	140,305	502,366	—	—
1. Operating activities: Net cash inflow of NT$192,671 thousand, an increase of NT$124,085 thousand from the previous period. This was mainly due to collections of notes and accounts receivable. 2. Investment activities: Net cash outflow of NT$115,005 thousand, an increase of NT$95,963 thousand from the previous period. This was mainly due to higher capital expenditures. 3. Fundraising activities: Net cash outflow of NT$27,258 thousand, a decrease of NT$696 thousand from the previous period. This was mainly due to an increase in borrowings.					

2.Analysis of cash fluidity for the coming year:

Unit: NT$ thousand

Cash balance at the starting period (1)	Estimated year net cash flow from operating activities (2)	Estimated year cash outflow (3)	Estimated cash remaining (deficiencies) (1)+(2)−(3)	Remedies to estimated cash deficiencies	
				Investment plan	Financial plan
502,366	108,000	119,000	491,366	—	—

Remedies to estimated cash deficiencies and fluidity analysis: None

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

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

Reinvestments remain a medium-to-long-term strategic goal of the Group. The Company will continue to prudently evaluate reinvestment plans in Southeast Asia, with the aim of increasing revenue and profitability.

The Zhejiang factory in mainland China achieved profitability this year, benefiting from rental income after the dyeing facility was relocated, as well as ongoing weaving operations and the development of finished product markets in inland regions. The Jiujiang factory in mainland China also turned profitable this year, thanks to lower inland raw material costs and the commencement of mass production using its equipment, which has helped expand its presence in the inland market..

The dyeing and finishing business unit of the Taiwan subsidiary, however, remained unprofitable due to rising energy costs and the inability to reach economies of scale.

Improvement plans and investment plans for the coming year:

Through customer and market structure optimization, production capacity and supply chain reconfiguration, and geographic expansion into Southeast Asia, the Group will systematically drive revenue growth and improve its profit structure. By focusing on high-value-added products and integrated R&D efforts, the Company aims to strengthen its competitiveness and achieve growth in both revenue and profitability.

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

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

1. The impact on the income of the Company from changes in interest rates and exchange rates:
   Interest rate risks mainly come from bank loans with floating interest rates. When the loan interest rate fluctuates by±0.1%, the net profit after tax in 2025 will increase or decrease by NT$ 547 thousand respectively, mainly due to fluctuating interest expenses caused by loans with floating interest rates.
   The exchange rate risk primarily relates to the operating activities and net investments in foreign operating agencies. in which mainly US dollars and RMB. When the exchange rate fluctuates by ±1%, the net profit after tax in 2025, it will increase or decrease by NT$ 1,444 thousand.
2. The impact on the income of the company from inflation:
   The inflations in 2025 did not have a significant impact on the Company.
3. Future response measures:
   (1) Depending on the impact of trade wars and geopolitical conflicts, to mitigate the interest rate risks, changes in the interest rates of the market are monitored persistently. Besides loaning in banks, the Company also facilitates various fundraising tools and locks in advantageous long-term fixed-rate liabilities depending on market conditions. Thus, the funds for operational needs can be raised.
   (2) The Company's foreign exchange earnings are roughly balanced between US dollars and RMB. A flexible natural hedging operation is adopted and through continuous monitoring of fluctuations of the exchange rate in the market, impacts caused by significant fluctuations of the exchange rate can be responded to promptly.
   (3) The trend of international raw materials will still be monitored closely so that a marketing strategy that is the most advantageous to the Company can be formulated.

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

1. Engaging in high-risk and high-leverage investments: None.
2. Loaning funds to others: The loaning of funds within the group to others refers to the provision of financial loans between parent and subsidiary companies. It is handled in accordance with the established procedures for loaning funds to others.
3. Endorsement and guarantees: The Company's handling of endorsement and guarantees are in accordance with the provision of procedures for endorsement and guarantees of the Company. To meet the financing needs of subsidiary companies, the Company provides endorsement and guarantees, with the amount not exceeding 40% of the net value in the latest Financial Statement.
4. Derivative trading: The Company has established procedures for handling derivative transactions, which regulate related strategies of foreign exchange operations, and control processes to monitor foreign exchange fluctuations.

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

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

Through the continuation of the Sustainable Innovation R&D Center construction project, the Company is upgrading its R&D systems, actively recruiting and training high-level R&D talent, and introducing international environmental certification assessment tools along with a digital product platform. This supports the R&D team in evaluating the environmental impact of new materials during the early stages of product design and development, enabling the creation of products that meet environmental certification standards. These efforts strengthen the Company's image as a provider of green and eco-friendly products, while also opening up new application markets for innovative products.

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

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

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

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

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

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

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

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

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

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

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

The expansion of the factory plant can enhance productivity and the capacity to receive more orders from customers, leading to an increase in revenue and profits and also an opportunity to expand the market share. Once production capacity reaches an economy of scale, the production costs can also be reduced significantly. When idle capacity is generated, it is still necessary to allocate for depreciation of the factory equipment. This risk will become one of the burdens for the Company.

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

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

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

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

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

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

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

(12) Litigation or non-litigation events: None

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

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

7. Other Important Matters: None

VI. Special Items To Be Included

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

(1) Please refer to the Related Enterprises (Three Statements) Section on the Market Observation Post System (MOPS)
https://mopsov.twse.com.tw/mops/web/t57sb01_q10

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

3. Other matters that require additional description: None

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

Honmyue Enterprise Co., Ltd.

Representative:

Po-Yu Yeh (葉博宇)