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NIEN HSING

2024 ANNUAL REPORT

Nien Hsing Textile Co., Ltd.

Publication Date: May 9, 2025

Website to Inquire the Annual Report:

1. MOPS: mops.twse.com.tw

2. The Company's website: https://www.nhjeans.com/

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Name of any overseas securities exchange and method for inquiring information of such overseas securities: none.

The Company's Website: https://www.nhjeans.com/

The English version is the translation of the Chinese version and if there is any discrepancy between this English translation and the Chinese text of this document, the Chinese text shall prevail.

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Letter to Shareholders

Looking back to 2024, the global economy exhibited a high level of volatility throughout the year, which was mainly affected by multiple factors including the direction of the Federal Reserve's policy, inflation trends, changes in the unemployment rate, and uncertainties in international policies. The market kept shifting between optimism over interest rate cuts and concerns about rising inflation. In September 2024, the Federal Reserve officially cut the interest rates, and the extent of the cut exceeded market expectations. The rapid policy shift restored the market confidence, and the labor market also showed signs of improvement; the market has had much greater confidence in a soft landing of the economy. However, just as the market was gradually returning to stability, Donald Trump was elected as the US President in November. His campaign promises such as tax cuts, tariffs and immigration policies caused inflation concerns to continuously rise at the end of the year. Facing the unpredictable economic changes, the Company constantly strengthens its core competitiveness, and improves production efficiency and product quality. In addition to continuing to deepen its presence in the US market, it is also exploring the South African market while increasing the number of OEM items for denim product. In addition, the Company actively aims to achieve net zero carbon emissions, continues to promote green energy production, and works with customers to develop denim apparel that is both fashionable and environmentally friendly, to contribute to the fight against global climate change.

Looking to 2025, the global economy will still face many uncertainties, such as Trump's new policies, the monetary policy directions of central banks of various countries, China's economic stimulus policies, and domestic investment momentum. Overall, it is estimated that the US economic performance will slow down slightly in 2025, but will remain robust, mainly benefited from fiscal support and productivity improvements brought about by generative AI. The performance of the global manufacturing industry remains bipolar, with strong demand for high-end semiconductor processes and servers, while the recovery in demand for traditional products remains to be seen. In the face of an unpredictable business environment, the Company will continue to deepen its core business, focus on the development and production of denim apparel, continue to expand brand customers, develop denim apparel that meets market trends through professional production technology, and use information technology to improve production efficiency, shorten product processes, and provide real-time and highly customized services, to enhance product added value, strive to create profits for shareholders, and implement the philosophy of corporate sustainable development.

Finally, I would like to express my heartfelt gratitude to the board members for their professional governance and the dedication and hard work of all employees. I sincerely hope that all shareholders will continue to encourage and support Nien Hsing by insisting on the spirit of caring for the Company as usual.

Wish you good health and all the best

Chairman

1. 2024 business report

(1) Consolidated financial status:

Unit: NT$ Thousand

Item	2024	2023	% of change
Operating revenue	6,420,661	6,358,816	0.97
Gross profit	697,221	-11,227	-6,310.22
Operating profit	154,568	-449,924	-134.35
Profit before tax	317,861	-405,580	-178.37
Net profit	242,169	-362,912	-166.73

Standalone financial status:

Unit: NT$ Thousand

Item	2024	2023	% of change
Operating revenue	6,407,457	6,344,308	1.00
Gross profit	493,325	-63,821	-872.98
Operating profit	118,882	-425,865	-127.92
Profit before tax	310,100	-411,233	-175.41
Net profit	242,169	-362,912	-166.73

(2) Consolidated profitability analysis:

Unit: NT$ Thousand

Item	2024	2023	% of change
Average total assets	8,230,389	8,600,992	-4.31
Average total shareholders' equity	7,019,924	7,256,852	-3.26
Comparison of profitability			
1. Return on total assets	3.02	-4.16	-172.60
2. Return on shareholders' equity	3.45	-5.00	-169.00
3. Profit margin	3.80	-5.75	-166.09
4. Basic earnings per share (NT$)	1.22	-1.83	-166.67

Standalone profitability analysis:

Unit: NT$ Thousand

Item	2024	2023	% of change
Average total assets	8,180,266	8,499,448	-3.76
Average total shareholders' equity	7,019,924	7,256,852	-3.26
Comparison of profitability			
1. Return on total assets	3.02	-4.23	-171.39
2. Return on shareholders' equity	3.45	-5.00	-169.00
3. Profit margin	3.80	-5.75	-166.09
4. Basic earnings per share (NT$)	1.22	-1.83	-166.67

(3) Implementation of consolidated budget:

Unit: NT$ Thousand

Item	Actual amount	Expected amount	Achievement rate %
Operating revenue	6,420,661	6,416,836	100.06
Operating cost	5,723,440	5,912,384	96.80
Gross profit	697,221	504,452	138.21
Operating expenses	542,653	378,401	143.41
Operating profit	154,568	126,051	122.62
Non-operating income and expense, net	163,293	50,795	321.47
Profit before tax	317,861	176,846	179.74

Implementation of standalone budget:

Unit: NT$ Thousand

Item	Actual amount	Expected amount	Achievement rate %
Operating revenue	6,407,457	6,416,836	99.85
Operating cost	5,914,132	5,912,384	100.03
Gross profit	493,325	504,452	97.79
Operating expenses	374,443	378,401	98.95
Operating profit	118,882	126,051	94.31
Non-operating income and expense, net	191,218	50,795	376.45
Profit before tax	310,100	176,846	175.35

(4) Research and development status: please refer to Page 74.

2. Summary of the 2025 business plan:

(1) Business guidelines and important production and sales policies

Promoting the order accepting pattern of integrating upstream and downstream of textile and garments, to exert the competitive advantages of combining textiles, garments, and washing in one-stop and quickly respond to market trends, such as the functionalization of jeans apparel. The key plans are as follows:

1. Enhance added value of products

   Depending on the market demand, the Company increases the fabric mixes sold in North America. That is because Mexico is close to North America and has the advantage of short delivery time. While the labor cost of production in Asia is rising, Mexico's textile supply chain is thus relatively more competitive. Moreover, the Company will continue to actively research and develop new types of fabrics to increase product diversity, while enhancing product added value and expanding the customer base.

2. Continuously cultivate the production areas with advantages

   The rising labor costs in Asia and the tax incentives from the African Growth and Opportunity Act have resulted in a certain competitiveness of the Company in the African production area. The Company will take orders from brands depending on the advantages of the production area, and upgrade capital equipment when appropriate. Meanwhile, the Company will actively invest in sustainable development, improve employees' welfare, and strengthen environmental protection for the continuous enhancement of the Company's competitive edges.

3. Increase service value via the information technology

   Actively improving and integrating the Company's information platform, promoting the streamlined production system, and implementing the framework and operating procedures of value-added services, to achieve the strategic goals of accurate quotations, full-process services, and increased values of products.

4. Continuously promote the talent cultivation and succession

   Responding to the external business environment and customers' needs, the Company continuously adjusts the organizational structure, and expands the foundation for talent cultivation to implement talent succession and experience inheritance.

5. Implement the business philosophy of sustainable development

The Company has successively introduced environmentally friendly and energy-saving processes to further increase the added value of products and implement the business philosophy of environmental protection and sustainable development with brand customers jointly, such as using laser machines and ozone processors to reduce water consumption during the processes; using biofuels to reduce energy consumption; construction the dehydration installation of sludge and reduction of waste discharge.

(2) Business goals

Since the interest rate cut cycle activated by the U.S. Fed in September 2024, the interest rate has been cut by one percentage point. However, the strong employment data in the US, plus the uncertainties of Trump's tariff and immigrant policies, the market expects the interest rate cut will be significantly moderate in 2025, and the high borrowing interest rate will affect the willingness of the end-consumers in the US. As for cotton prices, they are still affected by US-China trade issues, China's cotton policy, and US cotton output. After considering uncertain factors such as the overall monetary policy and geopolitical risks, overall, the Company maintains a relatively conservative attitude towards the operating outlook for 2025.

(3) Production and sales plan

Production and sales volume of each product: including the production and sales volume of subsidiaries.

Major product	Production volume	Sales volume
Denim (Note 1)	29,741 thousand yards	18,931 thousand yards
Ring-spun yarn	4,500 thousand kgs	4,500 thousand kgs
Jeans garment	876 thousand dozens	876 thousand dozens

Note 1: The 10,810 thousand yards of denim produced were for in-house usage.

3. Future development strategy

(1) Quick response to market demands

Responding to the emergence of functional apparel, the Company will actively develop various functional denim which combines innovative washing technologies to quickly provide the consumer market with jeans apparel, both functional and fashionable, to become the most professional and innovative supply chain partner for global brand customers.

(2) Improvement of process efficiency

The Company will gradually increase investment in capital equipment with a technology information management approach of KPI to improve the production efficiency, strengthen product quality supervision. Apart from the above, the Company will accelerate carbon inventory operations and seek for more energy-saving and carbon-reducing production methods to enhance our competitive advantages.

(3) Transformation of operation model

Based on the existing fabric development and efficient production, the Company strives to strength the core washing technologies and integrate the management capabilities of textile production and garment supply chain to promote a precise and efficient production system with rapid response and provide customers with complete services cross- production areas.

(4) Implement the corporate social responsibility

Actively enhance the working conditions in each production area, expand the participation in environmental protection issues and give back to the local communities, to fulfill the corporate social responsibility and to meet the expectations of the public and customers for the Company's sustainable development. Meanwhile, the Company is dedicated to the improvement of production processes and setting up energy-saving and carbon reduction goals with full implementation.

4. Effect of external competition, the regulatory environment, and the overall business environment

The interest rate cut cycle was activated by the U.S. Fed in September 2024, the strong employment data is expected to support the soft-landing of the US economy. However, many uncertain policies adopted by Trump administration may constantly affect the global political and economical landscape. The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) led by Japan is expected to accelerate economic and trade cooperation in the Pan-Pacific region. However, in China, due to the

slowing economic growth rate, the escalated government supervision and the US-China Technology War, it seems that China may have weaker influence over the East Asia. The impact of external competition and changes in regulations and the overall business environment of the textile and garment industries on the Company are described as below:

(1) The impact of the external competitive environment

1. In China, the largest garment production area, the competitiveness has been declined due to the increase in labor cost of production. Under the circumstances, the garment production orders will be shifted out of China, which, in turn, will bring the opportunities to the textile and garment supply chain in the Company's production areas in Southeast Asia, Africa and the Americas.
2. The textile and garment manufacturers in Bangladesh and other emerging markets take advantage of their cost advantages to continuously expand capacities and invest in new equipment, which making price competition fierce. In addition, the rising awareness of labor welfare, occupational safety and human rights are not favorable for Bangladeshi garment factories to maintain profitability.

(2) The impact of the legal environment

1. The ASEAN+6 agreement enables the Company's garments produced in Vietnam Production area to have tariff advantages when exporting to China, Japan, Korea, New Zealand, Australia and India markets.
2. Under the active leadership of Japan, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) came into effect on December 30, 2018, conducive to drive new momentum for economic growth in the Asian region.
3. Under the strong leadership of President Trump, the negotiation of the United States-Mexico-Canada Agreement (USMCA) was completed successfully and the agreement was signed in November 2018. With the approval of the legislatures in each country, it officially replaced the North American Free Trade Agreement (NAFTA). The new agreement mainly affects the automobile, dairy and biopharmaceutical industries and has limited impact on the textile and garment industries.
4. The African Growth Opportunity Act (AGOA) and the Third-Country Fabric Provision adopted in the Act were passed by the U.S. Congress in 2015 for a ten-year extension. Upon the passage of the extension, garment factories in countries where AGOA applies in Africa are able to continuously use fabrics produced in third countries to make garments that can be sold duty-free in the U.S. market.

(3) The impact of the overall business environment

1. Global cotton supply and demand

   The cotton prices are mainly affected by global cotton supply and demand movement. Therefore, it is required to continuously monitor whether the output is reduced due to the climate and whether the demand is reduced due to the recession. In addition, whether China continues to increase cotton imports is also an important indicator.
2. The rising production costs in China and Southeast Asia

   The trend of rising production costs in China and Southeast Asia will make the Company's African production area more competitive in cost.
3. The weak South African Rand helps enhance the competitiveness of the country's textile and garment industries

   The relative weakness of the South African Rand against the U.S. dollar has increased the competitiveness of textile and garment industries in the country for exporting to the U.S. Meanwhile, the bargaining power of the Company's factories in Lesotho is enhanced.

By summarizing the above-mentioned changes in the external competitive, regulations and the overall business environment, the impacts on the Company in 2025 would be the co-existence of opportunities and threats. Looking forward to the future, the Company will restructure the organization, expand production capacities and add value in advantageous production areas to respond to the changes in the external environment, seeking to establish a sustainable competitive advantage.

Corporate Governance Report

1. Information regarding Directors and executives

(1) Directors

1. Information regarding Directors

April 19, 2025

Title	Nationality or place of registration	Name	Gender Age	Date elected	Term of office	Date first elected	Shareholdings when elected		Current Shareholdings		Spouse and Minor shareholdings		Shareholdings by nominee arrangements		Major education and experience	Current positions at the company and other companies	Executives or Directors who are spouses or within two degrees of kinship			Remarks (Note 12)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Chairman	R.O.C	Panda Investment Co., Ltd.	-	June 13, 2023 (June 13, 2023)	3 years	June 23, 2022 (Note 1)	28,892,146	13.99%	28,892,146	14.59%	Not applicable.	Not applicable.	0	0%	Not applicable.	Not applicable.	Not applicable.			None
	R.O.C	Representative: Wei-Han Chen	Male 26	June 13, 2023 (June 13, 2023)	3 years	June 23, 2022 (Note 1)	0	0%	0	0%	0	0%	0	0%	Department of Business Administration and Sport Management, Southern Methodist University	Note 2	None			None
Director	R.O.C	Shu-Hsuan Tsai	Male 58	June 13, 2023 (June 13, 2023)	3 years	May 13, 2003	24,150	0.01%	24,150	0.01%	698,000	0.35%	0	0%	Senior Auditor, Deloitte &Touche Finance Manager, Chih Hsing Textile Co., Ltd. Department of Accounting, Soochow University	Note 3	None			None
Director	R.O.C	Chu Chen Investment Co., Ltd.	-	June 13, 2023 (June 13, 2023)	3 years	June 14, 2006 (Note 4)	9,253,292	4.48%	9,253,292	4.67%	Not applicable.	Not applicable.	0	0%	Not applicable.	Not applicable.	Not applicable.			None
	R.O.C	Representative: Jen-Chou Chen	Male 48	June 13, 2023 (June 13, 2023)	3 years	May 13, 2003 (Note 5)	127,827	0.06%	127,827	0.06%	669	0%	0	0%	Researcher, Barits Securities Corporation Department of Business Administration, University of Southern California	Note 5	None			None
Director	R.O.C	Tai-Yuan Chou	Male 53	June 13, 2023 (June 13, 2023)	3 years	June 15, 2015	0	0%	0	0%	0	0%	0	0%	Semi-Senior Auditor, Deloitte &Touche Department of Accounting, Tamkang University	Note 6	None			None
Director	R.O.C	Jih-Chao Li	Male 67	June 13, 2023 (June 13, 2023)	3 years	June 13, 2023 (Note 7)	0	0%	0	0%	0	0%	0	0%	Associate Vice President of Textile Production Division, Nien Hsing Textile Co., Ltd.; Administrator, Tai Yuen Textile Co., Ltd.; Chien Hsin Industrial College		None			None

(Continued on next page)

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Title	Nationality or place of registration	Name	Gender Age	Date elected	Term of office	Date first elected	Shareholdings when elected		Current Shareholdings		Spouse and Minor shareholdings		Shareholdings by nominee arrangements		Major Education and Experience	Current Positions at the Company and Other Companies	Executives or Directors who are spouses or within two degrees of kinship			Remarks (Note 12)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Director	R.O.C	Rong-Hwa Fang	Male 66	June 13, 2023 (June 13, 2023)	3 years	June 16, 2020	0	0%	0	0%	0	0%	0	0%	Associate Vice President in American and African District, Nien Hsing Textile Co. Ltd Command and General Staff College, Republic of Guatemala		None			None
Independent Director	R.O.C	Chu-Feng Yang	Male 63	June 13, 2023 (June 13, 2023)	3 years	June 16, 2020	0	0%	0	0%	0	0%	0	0%	CPA, ACCPRO&Co., CPAs Department of Business Administration, National Cheng Kung University	Note 8	None			None
Independent Director	R.O.C	Chia-Hong Hung	Male 65	June 13, 2023 (June 13, 2023)	3 years	March 13, 2000	395	0%	0	0%	0	0%	0	0%	Lawyer, Honga Law Firm The 23rd Term of the Academy for the Judiciary	Note 9	None			None
Independent Director	R.O.C	Wen-Hsiung Chan	Male 54	June 13, 2023 (June 13, 2023)	3 years	June 16, 2020	0	0%	0	0%	0	0%	0	0%	Chairman and President, iCatch Technology Inc. Chairman, eChem Solutions Corp. International Business Management, National Taiwan University	Note 10	None			None

Note: 1. Panda Investment Co., Ltd. was elected as a Director in the re-election on June 23, 2022, and elected by the Board of Directors as the Chairman; Wei-Han Chen is appointed as the representative; On June 13, 2023, during the re-election, the legal representative of Panda Investment Co., Ltd. was elected as a Director.

2. Chairman of Nien Hsing International Investment Co., Ltd, Nien Hsing International (B.V.I.) Ltd., Nien Hsing International (Bermuda) Ltd., Nien Hsing International (Samoa) Ltd., Phoenix Development & Marketing Co., Ltd., Nien Hsing (Ninh Binh) Garment Co., Ltd., Formosa Textile Company (Pty) Ltd., Nien Hsing International Lesotho (Pty) Ltd., and Glory International (Pty) Ltd.

3. President of Nien Hsing Textile Co., Ltd.; Director of Nien Hsing International Investment Co., Ltd, Nien Hsing International (B.V.I.) Ltd., Nien Hsing International (Bermuda) Ltd., Nien Hsing International (Samoa) Ltd., Phoenix Development & Marketing Co., Ltd., Formosa Textile Company (Pty) Ltd., C&Y Garments Company (Pty) Ltd., Nien Hsing International Lesotho (Pty) Ltd., Global Garments Company (Pty) Ltd., and Glory International (Pty) Ltd.

4. Chu Chen Investment Co., Ltd. was elected as a Supervisor on June 14, 2006, until it was elected as a Director in the re-election on June 16, 2020.

5. Jen-Chou Chen was elected as a Director on May 13, 2003 until the re-election on June 16, 2020; he was then appointed as a Director as the representative of Chu Chen Investment Co., Ltd.; Associate Vice President, Textile Division of Nien Hsing Textile Co., Ltd.; Director of Nien Hsing International Investment Co., Ltd, Sheng Zhou Investment Co., Ltd, and Chu Chen Investment Co., Ltd.; Supervisor of Jing-Hsia Investment Co., Ltd.

6. Vice President, Textile Production & Sales Marketing Support Division of Nien Hsing Textile Co. Ltd.; Director of Nien Hsing International (B.V.I.) Ltd., Nien Hsing International (Bermuda) Ltd., Nien Hsing International (Samoa) Ltd., and Phoenix Development & Marketing Co., Ltd.; Supervisor of Nien Hsing International Investment Co., Ltd.

7. Jih-Chao Li was elected as a Director on June 13, 2023.

8. CPA at ACCPRO Accounting Firm; Supervisor of Star Era International Co., Ltd.

9. Lawyer and Head of Honga Law Firm; Chairman of Justice and Human Rights Foundation; Director of Maria Social Welfare Foundation. Chia-Hong Hung was elected as a Supervisor on March 13, 2000, and elected as a Director in the re-election on June 14, 2006 and discharged upon the end of his term of office on June 15, 2012; he was elected as an Independent Director in the re-election on June 16, 2020.

10. Independent Director of Biostar Microtech International Corp. and Champion Microelectronic Corp.; Director of Fine Ace Asset Management Co., Ltd.; Representative of Corporate Director of iCatch Technology, Inc., Sunplus Technology Co., Ltd., eChem Solutions Corp., Ability Enterprise Co., Ltd., Hiyes International Co., Ltd., Oleader Technologies Co., Ltd., Sciwin Laboratories Co., Ltd., TSS2 Holdings Limited, and AEMC Japan Corporation.

11. When the Company's Chairman and the President or an officer of equivalent position (the most senior manager) are the same person, spouses, or within the first degree of kinship, the reason, rationality, necessity and countermeasure shall be disclosed (e.g., increasing the number of Independent Directors and ensuring that a majority of directors do not concurrently serve as an employee or executive).

2. Major shareholders of corporate shareholders

April 19, 2025

Name of corporate shareholders	Major shareholders of corporate shareholders	
Panda Investment Co., Ltd.	Ron Yuan Enterprise Inc.	100%
Chu Chen Investment Co., Ltd.	Sheng Zhou Investment Co., Ltd.	7.142857%
	Jing Hsia Investment Co., Ltd.	7.142857%
	Jing-Hsia Chen	66.66667%
	Jen-Chou Chen	9.52381%
	Taipei City Chiu Yu Education Foundation	9.52381%

3. Major shareholders of the major shareholders that are juridical persons

April 19, 2025

Name of juristic persons	Major shareholders of juristic persons	
Ron Yuan Enterprise Inc.	Jia Tian Xia Investment Co., Ltd.	19.988%
	Fu Yuan Investment Co., Ltd.	19.988%
	Li Feng Investment Co., Ltd.	19.988%
	Kuo Chung Investment Co., Ltd.	19.988%
	Hong Yuan Investment Co., Ltd.	19.988%
	Zhui Gen Investment Co., Ltd.	0.06%
Sheng Zhou Investment Co., Ltd.	Jen-Chou Chen	98.66344%
	Yu-Rui Chen	0.64341%
	Yu-Sheng Chen	0.64341%
	Jing-Hsia Chen	0.04974%
Jing Hsia Investment Co., Ltd.	Jen-Chou Chen	99.75%
	Yu-Rui Chen	0.09933%
	Yu-Sheng Chen	0.09933%
	Jing-Hsia Chen	0.05134%

4. Disclosure of the professional qualifications of Directors and the independence of Independent Directors

Criteria / Name	Professional qualifications and experience	Independence	Number of serve as Independent Director at other public companies
Chairman Wei-Han Chen	Obtained a degree in wealth management with rich experience in the operation and management of the textile and garment industry; Former Executive Assistant to the President of Nien Hsing Textile Co., Ltd. Do not violate any clause under Article 30 of Company Act.	Not applicable.	0
Director Shu-Hsuan Tsai	Obtained a degree in accounting and passed the Senior Examination of CPA with certificate of qualification; with rich experience in financial administration and management; Former Senior Auditor of Deloitte &Touche; Former Financial Manager of Chih Hsing Textile Co., Ltd.; President and CFO of Nien Hsing Textile Co., Ltd. Do not violate any clause under Article 30 of Company Act.	Not applicable.	0
Director Jen-Chou Chen	Obtained a degree in business administration with rich experience in sales management of the textile business; Former Researcher of Barits Securities Corporation; Associate Vice President of Textile Division of Nien Hsing Textile Co., Ltd. Do not violate any clause under Article 30 of Company Act.	Not applicable.	0
Director Tai-Yuan Chou	Obtained a degree in accounting, with rich experience in accounting practice, financial planning and bargaining negotiation for procurement; Former Semi-Senior Auditor of Deloitte &Touche; Former Financial Manager of Nien Hsing Textile Co., Ltd.; Vice President, Textile Production & Sales Marketing Support Division of Nien Hsing Textile Co., Ltd. Do not violate any clause under Article 30 of Company Act.	Not applicable.	0
Director Jih-Chao Li	Obtained a degree in mechanical engineering; Former Administrator of Tai Yuen Textile Co., Ltd.; Former Associate Vice President, Textile Production Division of Nien Hsing Textile Co., Ltd. Do not violate any clause under Article 30 of Company Act.	Not applicable.	0
Director Rong-Hwa Fang	Obtained a degree from Command and General Staff College, Republic of Guatemala, with rich experience in foreign languages and overseas production management practice; Former Associate Vice President, Textile Production Division of Nien Hsing Textile Co., Ltd. Do not violate any clause under Article 30 of Company Act.	Not applicable.	0

Criteria / Name	Professional qualifications and experience	Independence	Number of serve as Independent Director at other public companies
Independent Director Chia-Hong Hung	Obtained the lawyer license and qualification of judges and prosecutors, with rich legal experience; Fromer Supervisor of Nien Hsing Textile Co., Ltd.; Head of Honga Law Firm; Chairman of Justice and Human Rights Foundation; Supervisor of Maria Social Welfare Foundation. Do not violate any clause under Article 30 of Company Act.	None of the Independent Director, his spouse or relatives within the second degree of kinship are hired by the Company and its affiliates as a Director, a Supervisor or an employee. The shareholdings and ratio of shares of the Company hold by the Independent Director, his spouse or relatives within the second degree of kinship (or under others' names) are zero. The Independent Director has not hired by any company having a specified relationship with the Company as a Director, a Supervisor or an employee. The Independent Director has not provided any commercial, legal, financial, or accounting services to the Company or its affiliates in recent two years.	0
Independent Director Chu-Feng Yang	Obtained a degree in business administration and the license of CPA; with rich experience in financial report, tax return attesting, and administrative relief for tax; Former Senior Auditor of Deloitte &Touche; CPA at ACCPRO Accounting Firm; Supervisor of Star Era International Co., Ltd. Do not violate any clause under Article 30 of Company Act.	None of the Independent Director, his spouse or relatives within the second degree of kinship are hired by the Company and its affiliates as a Director, a Supervisor or an employee. The shareholdings and ratio of shares of the Company hold by the Independent Director, his spouse or relatives within the second degree of kinship (or under others' names) are zero. The Independent Director has not hired by any company having a specified relationship with the Company as a Director, a Supervisor or an employee. The Independent Director has provided commercial, legal, financial, and accounting services to the Company or its affiliates in recent two years for NT$ 35,000.	0
Independent Director Wen-Hsiung Chan	Obtained a degree in international business management, with rich experience in financial planning, analysis of investment strategies, and operation and management practice; Independent Director of Biostar Microtech International Corp. and Champion Microelectronic Corp.; Director of Fine Ace Asset Management Co., Ltd.; Representative of Corporate Director of iCatch Technology, Inc., Sunplus Technology Co., Ltd., eChem Solutions Corp., Ability Enterprise Co., Ltd., Hiyes International Co., Ltd., Oleader Technologies Co., Ltd., Sciwin Laboratories Co., Ltd., TSS2 Holdings Limited, and AEMC Japan Corporation. Do not violate any clause under Article 30 of Company Act.	None of the Independent Director, his spouse or relatives within the second degree of kinship are hired by the Company and its affiliates as a Director, a Supervisor or an employee. The shareholdings and ratio of shares of the Company hold by the Independent Director, his spouse or relatives within the second degree of kinship (or under others' names) are zero. The Independent Director has not hired by any company having a specified relationship with the Company as a Director, a Supervisor or an employee. The Independent Director has not provided any commercial, legal, financial, or accounting services to the Company or its affiliates in recent two years.	2

5. The diversity and independence of the Board of Directors:

① The diversity of the Board of Directors

Pursuant to the Company's "Corporate Governance Principles," Article 20, all members of the Board of Directors shall have the knowledge, skills and experience necessary to perform their duties. To achieve the ideal goal of corporate governance, the Board of Directors shall possess the following abilities:

a. Ability to make operational judgments.
b. Ability to perform accounting and financial analysis.
c. Ability to conduct management administration.
d. Ability to conduct crisis management.
e. Knowledge of the industry.
f. An international market perspective.
g. Ability to lead.
h. Ability to make policy decisions.
i. Knowledge and ability of risk management.

The Company's diversity policy has set the specific targets that at least one Director has the practical experience and expertise in law, and three Directors have the practical experience and expertise in finance and accounting. The targets are met currently, and the implementation status is as below:

The Company's Board of Directors is composed of members from diverse backgrounds. In addition to evaluating their academic and career experience, the Company complies the "Rules for Election of Directors" and "Corporate Governance Principles" to ensure Directors' diversity and independence. The 14th Board of Directors is composed of nine Directors and three of them are Independent Directors. All members have well-experienced in operational management, leadership and decision-making and related industrial know-how, such as backgrounds in procurement, textile production, finance, accounting, law, and marketing, etc. Each Director is good at leading, operating decisions, operation management, crisis handling and perspectives of international market. Among them, Wei-Han Chen, Shu-Hsuan Tsai, Tai-Yuan Chou, Jih-Chao Li, Rong-Hwa Fang and Jen-Chou Chen have multi-year experience in the textile and garment industry; Wei-Han Chen, Jen-Chou Chen and Wen-Hsiung Chan have the expertise of marketing; Tai-Yuan Chou has the professional experience in textile procurement; Shu-Hsuan Tsai, Tai-Yuan Chou and Chu-Feng Yang have the professional knowledge and skills in finance and accounting; and Chia-Hong Hung has extensive practical experience in law. The backgrounds of the Board of Directors are as follows: 44% of the Company's Directors concurrently serve as employees; 33% are Independent Directors; 2 are under 50 years old; 3 are 51-60 years old, and 4 are 61-70 years old. All of three Independent Directors have served for 4-6 years.

To strengthen gender diversity on the Board of Directors, it is planned to appoint at least one female director upon the expiration of the current term of office, during the board election in 2026.

Implementation of the Board of Directors diversity

Core items of diversity / Name of Director	Basic composition									Experience of the industry					Professional ability				
	Nationality	Gender	Positions held concurrently in the company	Age					Term of office and years serving as an Independent Director	Procurement	Textile production	Finance and accounting	Marketing	Legal practices	Accounting	Law	Risk management	Business administration	Textile and garment
				21-40	41-50	51-60	61-70	71-75	4-6 years										
Wei-Han Chen	R.O.C	Male	✓	✓									✓					✓	✓
Jen-Chou Chen	R.O.C	Male	✓		✓						✓		✓					✓	✓
Shu-Hsuan Tsai	R.O.C	Male	✓			✓					✓	✓			✓		✓	✓	
Tai-Yuan Chou	R.O.C	Male	✓			✓				✓	✓	✓			✓		✓		
Jih-Chao Li	R.O.C	Male					✓				✓								✓
Rong-Hwa Fang	R.O.C	Male					✓				✓								✓
Chia-Hong Hung	R.O.C	Male					✓		✓					✓		✓	✓		
Wen-Hsiung Chan	R.O.C	Male				✓			✓				✓				✓	✓	
Chu-Feng Yang	R.O.C	Male					✓		✓			✓			✓			✓	

② Independence of the Board:

The 14th Board of Directors is composed of nine Directors and three of them are Independent Directors. The proportion of Independent Directors is 33.33%. The Board of Directors complies with paragraphs 3 and 4, Article 26-3 of the Securities and Exchange Act, that none of them are spouses or relatives within the second degree of kinship; all Directors are able to maintain the independence and continue to make decisions for the Company's operation and management and furnish the favorable recommendations.

(2) Information on the President, Vice President, Associate Vice Presidents, and Officers of departments and branches:

April 19, 2025

Job title	Nationality	Name	Gender	Date elected	Shareholdings		Shareholdings of spouse & minor children		Shareholdings by nominee arrangement		Major education and experience	Current positions at other companies	Executives who are spouses or relatives within the second degree of kinship			Remarks (Note 4)
					Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
President	R.O.C	Shu-Hsuan Tsai	Male	April 1, 2015	24,150	0.01%	698,000	0.35%	0	0%	Senior Auditor, Deloitte &Touche Finance Manager, Chih Hsing Textile Co., Ltd. Department of Accounting, Soochow University	Note 1	None			None
Textile Production & Sales Marketing Support Division Vice President	R.O.C	Tai-Yuan Chou	Male	November 8, 2018	0	0%	0	0%	0	0%	Semi-Senior Auditor, Deloitte &Touche Department of Accounting,Tamkang University	Note 2	None			None
Textile Division Associate Vice President	R.O.C	Jen-Chou Chen	Male	July 1, 2020	127,827	0.06%	669	0%	0	0%	Researcher, Barits Securities Corporation Department of Business Administration, University of Southern California	Note 3	None			None
Textile Division Associate Vice President	U.S.	Shu-Hua Hsu	Male	July 1, 2020	0	0%	0	0%	0	0%	Sales, Formosa Blue Way Jean Co., Ltd. Department of Mechanical Engineering, Rutgers, the State University of New Jersey	None	None			None
Finance & Administration Division Manager (Accounting Officer, Finance Officer, Corporate Governance Officer)	R.O.C	En-Tzu Liu	Female	March 15, 2019	0	0%	0	0%	0	0%	Assistant Manager, Deloitte &Touche Master, Department of Accounting, National Taiwan University	None	None			None

Note 1: President of Nien Hsing Textile Co., Ltd.; Director of Nien Hsing International Investment Co., Ltd, Nien Hsing International (B.V.I.) Ltd., Nien Hsing International (Bermuda) Ltd., Nien Hsing International (Samoa) Ltd., Phoenix Development & Marketing Co., Ltd., Formosa Textile Company (Pty) Ltd., C&Y Garments Company (Pty) Ltd., Nien Hsing International Lesotho (Pty) Ltd., Global Garments Company (Pty) Ltd., Glory International (Pty) Ltd.

Note 2: Vice President, Textile Production & Sales Marketing Support Division of Nien Hsing Textile Co., Ltd.; Director of Nien Hsing International (B.V.I.) Ltd., Nien Hsing International (Bermuda) Ltd., Nien Hsing International (Samoa) Ltd., Phoenix Development & Marketing Co., Ltd.; Supervisor of Nien Hsing International Investment Co., Ltd.

Note 3: Associate Vice President, Textile Division of Nien Hsing Textile Co., Ltd.; Director of Nien Hsing International Investment Co., Ltd, Sheng Zhou Investment Co., Ltd, and Chu Chen Investment Co., Ltd.; Supervisor of Jing-Hsia Investment Co., Ltd.

Note 4: When the Company's Chairman and the President or an officer of equivalent position (the most senior manager) are the same person, spouses, or within the first degree of kinship, the reason, rationality, necessity and countermeasure shall be disclosed (e.g., increasing the number of Independent Directors and ensuring that a majority of directors do not concurrently serve as an employee or executive).

2. Remuneration paid to Directors (including Independent Directors), President and Vice President in the recent year

(1) Remuneration paid to Directors and Independent Directors

December 31, 2024, Unit: NT$ thousand

Title	Name	Remuneration to directors								Sum of A, B, C, and D as a % of the net profit		Remuneration received for serving as an employee concurrently								Sum of A, B, C, D, E, F, and G as a % of the net profit		Remuneration from investees other than subsidiaries or from the parent company
		Remuneration (A)		Severance and pension (B)		Remuneration to directors (C)		Business execution expenses (D)				Salary, bonus, and allowance (E)		Severance and pension (F)		Employees' 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	Stock	Cash	Stock			
Director	Panda Investment Co., Ltd. (Representative: Wei-Han Chen)	6,000	6,000	0	0	0	0	315	315	6,315 2.61%	6,315 2.61%	20,705	20,705	390	390	0	0	0	0	27,410 11.32%	27,410 11.32%	0
	Wei-Han Chen																					
	Shu-Hsuan Tsai																					
	Chu Chen Investment Co., Ltd. (Representative: Jen-Chou Chen)																					
	Jen-Chou Chen																					
	Tai-Yuan Chou																					
	Rong-Hwa Fang																					
	Jih-Chao Li																					
Independent Director	Chu-Feng Yang	3,000	3,000	0	0	0	0	150	150	3,150 1.30%	3,150 1.30%	0	0	0	0	0	0	0	0	3,150 1.30%	3,150 1.30%	0
	Wen-Hsiung Chan																					
	Chia-Hong Hung																					

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: the remuneration of the Independent Directors are identical to the ordinary directors, for NT$1 million; and the transportation subsides is NT$5,000 per meeting.
2. In addition to what is disclosed in the above table, please specify the amount of remuneration received by directors in the recent year for providing services (e.g., for serving as a non-employee consultant to the parent company /any consolidated entities / invested enterprises): none.

Ranges of remuneration paid to each of the Company's directors	Name of director			
	Sum of A+B+C+D		Sum of A+B+C+D+E+F+G	
	The Company	All consolidated entities (H)	The Company	All consolidated entities (I)
Below NT$1,000,000	Wei-Han Chen; Jen-Chou Chen	Wei-Han Chen; Jen-Chou Chen		
NT$1,000,000 (inclusive)–NT$2,000,000 (exclusive)	Panda Investment Co., Ltd., Shu-Hsuan Tsai, Chu Chen Investment Co., Ltd., Tai-Yuan Chou, Rong-Hwa Fang, Jih-Chao Li, Chu-Feng Yang, Wen-Hsiung Chan, Chia-Hong Hung	Panda Investment Co., Ltd., Shu-Hsuan Tsai, Chu Chen Investment Co., Ltd., Tai-Yuan Chou, Rong-Hwa Fang, Jih-Chao Li, Chu-Feng Yang, Wen-Hsiung Chan, Chia-Hong Hung	Panda Investment Co., Ltd., Chu Chen Investment Co., Ltd., Rong-Hwa Fang, Jih-Chao Li, Chu-Feng Yang, Wen-Hsiung Chan, Chia-Hong Hung	Panda Investment Co., Ltd., Chu Chen Investment Co., Ltd., Rong-Hwa Fang, Jih-Chao Li, Chu-Feng Yang, Wen-Hsiung Chan, Chia-Hong Hung
NT$2,000,000 (inclusive)–NT$3,500,000 (exclusive)			Jen-Chou Chen	Jen-Chou Chen
NT$3,500,000 (inclusive)–NT$5,000,000 (exclusive)				
NT$5,000,000 (inclusive)–NT$10,000,000 (exclusive)			Wei-Han Chen, Shu-Hsuan Tsai, Tai-Yuan Chou	Wei-Han Chen, Shu-Hsuan Tsai, Tai-Yuan Chou
NT$10,000,000 (inclusive)~NT$15,000,000 (exclusive)				
NT$15,000,000 (inclusive)~NT$30,000,000 (exclusive)				
NT$30,000,000 (inclusive)~NT$50,000,000 (exclusive)				
NT$50,000,000 (inclusive)~NT$100,000,000 (exclusive)				
NT$100,000,000 or above				
Total	11 persons	11 persons	11 persons	11 persons

Note 1: The Company provided a company car to the Chairman; the depreciation for NT$813 thousand and gasoline expense for NT$20 thousand in 2024. The compensation to his driver was NT$747 thousand.
Note 2: The Company provided a company car to the President, Shu-Hsuan Tsai; the depreciation for NT$0 thousand and the gasoline expense for NT$27 thousand in 2024.
Note 3: The Company provided a company car to the Vice President, Tai-Yuan Chou; the depreciation for NT$417 thousand and the gasoline expense for NT$13 thousand in 20

(2) Compensation paid to President and Vice President

December 31, 2024, Unit: NT$ thousand

Title	Name	Salary (A)		Severance and pension (B)		Rewards, and allowance (C)		Employees' compensation (D)				Sum of A+B+C+D and ratio to net profit (%)		Remuneration from investees other than subsidiaries or from the parent company
		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	Stock	Cash	Stock			
President	Shu-Hsuan Tsai	5,057	5,057	229	229	6,954	6,954	0	0	0	0	12,240 5.05%	12,240 5.05%	0
Vice President	Tai-Yuan Chou													

Remuneration range for each of the Company's Presidents and Vice Presidents	Names of President and Vice President	
	The Company	All consolidated entities
Below NT$1,000,000		
NT$1,000,000 (inclusive)–NT$2,000,000 (exclusive)		
NT$2,000,000 (inclusive)–NT$3,500,000 (exclusive)		
NT$3,500,000 (inclusive)–NT$5,000,000 (exclusive)		
NT$5,000,000 (inclusive)~NT$10,000,000 (exclusive)	Shu-Hsuan Tsai, Tai-Yuan Chou	Shu-Hsuan Tsai, Tai-Yuan Chou
NT$10,000,000 (inclusive)~NT$15,000,000 (exclusive)		
NT$15,000,000 (inclusive)~NT$30,000,000 (exclusive)		
NT$30,000,000 (inclusive)~NT$50,000,000 (exclusive)		
NT$50,000,000 (inclusive)~NT$100,000,000 (exclusive)		
NT$100,000,000 or above		
Total	2 persons	2 persons

Note 1: The Company provides a company car to the President; the depreciation for NT$0 thousand and the gasoline expense for NT$27 thousand in 2024.

Note 2: The Company provided a company car to the Vice President; the depreciation for NT$417 thousand and the gasoline expense for NT$13 thousand in 2024.

(3) Employees' compensation paid to executives: none.

(4) The ratio of the total remuneration paid by the Company and by all consolidated entities for the recent two years to Directors, President, and Vice President in the Standalone Financial Statements of the Company net profit, and the directions of remuneration policies, standards, packages and the procedures for determining remuneration with the correlation between operating performance and future risk:

1. The ratio of the total remuneration paid by the Company and by all consolidated entities for the recent two years to Directors, President, and Vice President in the Standalone Financial Statements of the Company net profit:

Unit: NT$ Thousand

Year / Status	2024		2023	
	Total remuneration	Ratio of total amount to the net profit (%)	Total remuneration	Ratio of total amount to the net profit (%)
Directors	9,465	3.91	9,425	-2.6
President and Vice President	12,240	5.05	6,879	-1.90

Proportion analysis: There was a net income in 2024. Therefore, the total remuneration of Directors, President and Vice President of the Company in 2024 accounted for an increase in the proportion of net profit in Standalone Financial Statements compared with 2023.

2. The remuneration policies, standards, packages and the procedures for determining remuneration with the correlation between operating performance and future risk:

① Remuneration to Directors:

Pursuant to Article 20 of the Company's Articles of Incorporation, regardless the profit or loss, the remunerations of the Directors are based on their degree of participation and contribution to the Company's operations, while referring to peers' standards. In addition, the Remuneration Committee of the Company presents its recommendations and authorizes to the Board of Directors for determining the remuneration.

a. Transportation subsidies: NT$5,000 for each meeting.

b. Remuneration: a fixed remuneration of NT$1,000,000 for each Director per year.

c. Directors' remuneration: None of Director receives director's remuneration.

d. Other compensation: one company car is assigned to the Chairman.

② Compensation to executives:

a. Salary and bonus: The remuneration of the Company's executives is clearly defined in accordance with the Company's Salary Management Regulations to recognize and reward employees for their efforts and contributions at work. Relevant bonuses are also paid based on the Company's annual business performance, financial status, operating conditions and individual performance. The Company sets annual targets, and bonuses for executives are based on the performance evaluation results.

The reasonableness of the performance appraisal and remuneration of the Company's executives is regularly assessed and reviewed by the Remuneration Committee and the Board of Directors every year. In addition to the evaluation of individual performance appraisal results and contributions to the Company, the Company's overall operating performance, industry future risks and development trends are comprehensively taken into account. The Company also reviews the remuneration system, with adjustments made in accordance with the actual operating conditions and relevant laws and regulations. Moreover, with the comprehensive considerations of the current corporate governance trends, reasonable remuneration is paid to seek the balance between the sustainable operation and risk control.

The review of the payment standards and system related to the Company's remuneration policy takes the overall operation of the Company as the main consideration, and determines the payment standard based on financial indicators and non-financial indicators, in order to improve the overall organizational team effectiveness of the Board of Directors and management departments. In addition, reference is made to the remuneration standards in the industry to ensure that the remuneration of the Company's management is competitive in the industry, in order to retain outstanding management talents.

The Company's executives' performance targets are integrated with "risk control" to ensure that possible risks within the scope of duties are managed and prevented. The results of the appraisal and rating based on the actual performance are linked to all relevant human resources and related remuneration policies.

b. Employees' compensation: None of executives receives employees' compensation.
c. Other compensation: one company car is assigned to each person with position of Vice President and above.

3. Implementation of corporate governance

(1) Operations of the Board of Directors

Total 11 meetings (A) were convened by the Board of Directors in 2024. Attendance of each Director is as follows:

Title	Name	Attendance in person (B)	By proxy	Attendance (%) 【B/A】	Remarks
Chairman	Panda Investment Co., Ltd. Representative: Wei-Han Chen	11	0	100	Re-elected on June 13, 2023
Director	Shu-Hsuan Tsai	11	0	100	Re-elected on June 13, 2023
	Chu Chen Investment Co., Ltd. Representative: Jen-Chou Chen	8	3	73	Re-elected on June 13, 2023
	Tai-Yuan Chou	11	0	100	Re-elected on June 13, 2023
	Jih-Chao Li	11	0	100	New elected on June 13, 2023
	Rong-Hwa Fang	11	0	100	Re-elected on June 13, 2023
Independent Director	Chia-Hong Hung	9	2	82	Re-elected on June 13, 2023
	Wen-Hsiung Chan	10	1	91	Re-elected on June 13, 2023
	Chu-Feng Yang	11	0	100	Re-elected on June 13, 2023

Other required disclosure:

1. If the operation of the Board of Directors is under any of the circumstances below, the dates and sessions, the content of the proposal, all Independent Directors' opinions and the Company's response to said opinions of the Board of Directors Meeting shall be specified:
   ① Any circumstance described in Article 14-3 of the Securities and Exchange Act: Please refer to Pages 61-63 (9) "Major resolutions of Board of Directors Meetings".
   ② Any resolution on which an Independent Director had a dissenting or qualified opinion occurred in Board of Directors Meeting: none.
2. Implementation of any Director neither joining discussion nor exercising the voting rights in a Board of Directors Meeting for the resolution which he/she has personal interests, the name of such director, the contents of the said resolution, the reasons such Director has personal interests, and the voting results shall be specified:
   The proposals of Board of Directors Meetings involved the avoidance of Directors' interests in the recent year are as below:

Name of Director	Description of proposal	Reason of recusal	Voting participation
Wei-Han Chen, Shu-Hsuan Tsai, Jen-Chou Chen, Tai-Yuan Chou, Rong-Hwa Fang	Proposal of 2023 year-end performance bonus to executives	The proposal involved in personal interest of a director.	Recused from the discussion and vote.
Jen-Chou Chen	Proposal to determine the remuneration of the Associate Vice President, Jen-Chou Chen.	The proposal involved in personal interest of a director.	Recused from the discussion and vote.

3. Information of the Board of Directors assessments:

Frequency	Period	Scope	Method	Contents
Annually	January 1, 2024–December 31, 2024	Board of Directors	Self-evaluation of the Board "Self-evaluation questionnaire of the Board's performance appraisal"	1. Participation in the Company's operations 2. Improvement in the quality of the Board of Directors' decision making 3. Composition and structure of the Board of Directors 4. Election and continuing education of the Directors 5. Internal control
		Individual Board member	Self-evaluation of Board member "Self-evaluation questionnaire for the Board member appraisal"	1. Alignment of the goals and mission of the Company 2. Awareness of the duties of a Director 3. Participation in the Company's operations 4. Management of internal relationship and communication 5. The Director's professionalism and continuing education 6. Internal control
		Audit Committee	Self-evaluation of the Audit Committee "Self-evaluation questionnaire of the Audit Committee's performance"	1. Participation in the Company's operations 2. The recognition of the duties of the Audit Committee 3. Improvement in the quality of decision making by the Audit Committee 4. The composition of the Audit Committee, and election and appointment of committee members 5. Internal control
		Remuneration Committee	Self-evaluation of the Remuneration Committee "Self-evaluation questionnaire of the Remuneration Committee's performance"	1. Participation in the Company's operations 2. The recognition of the duties of the Remuneration Committee 3. Improvement in the quality of decision making by the Remuneration Committee 4. The composition of the Remuneration Committee, and election and appointment of committee members

4. Targets and measures of this and previous years established to improve the functionality of the Board of Directors and their execution results (for instance, the establishment of the Audit Committee, the improvement of information disclosure, and so forth):

①The establishment of the Audit Committee: the Company re-elected the Board of Directors at the 2020 Annual General Shareholders' Meeting; three Independent Directors were elected and the Audit Committee was established.

②Improve information transparency: the Company continues to implement the announcements of routine reports of revenue, financial information and material resolutions of the Board of Directors to improve information transparency.

③The Board of Directors has established the "Corporate Governance Principles," "Principles of Ethical Corporate Management," "Code of Ethics for Board of Directors and Executives" and "Board of Directors and Functional Committee Performance Evaluation" to construct the correct corporate value, ethical culture and moral discretion in conduct with the implementable code of conduct.

④Actively set up a corporate governance officer: to implement corporate governance and improve the effectiveness of the Board of Directors, the Board resolved on August 7, 2019 to appoint a corporate governance officer, concurrently served by the head of the Finance Department, to provide support to Directors to exercise their duties and improve the effectiveness of the Board.

(2) Operations of the Audit Committee

Total 9 meetings (A) were convened by the Audit Committee in 2024. Attendance of each Independent Director is as follows:

Title	Name	Attendance in person (B)	By proxy	Attendance (%) 【B/A】	Remarks
Independent Director	Chu-Feng Yang	9	0	100	Re-elected on June 13, 2023
	Chia-Hong Hung	7	2	78	Re-elected on June 13, 2023
	Wen-Hsiung Chan	8	1	89	Re-elected on June 13, 2023

The Company's Audit Committee consists of three Independent Directors, and holds regular meetings at least once a quarter. The Audit Committee aims to assist the Board of Directors to fulfill the supervision over quality and reliability of the Company's execution regarding accounting, auditing, financial reporting processes, and financial control. Please refer to Page 10 for the professional qualifications and experience of the members.

Items to be deliberated mainly include:

1. Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
2. Assessment of the effectiveness of the internal control system.
3. Adoption or amendment pursuant to Article 36-1 of the Securities and Exchange Act of any handling procedures for material financial or business transactions, such as the acquisition or disposal of assets, derivatives trading, lending funds to other parties, and endorsements or guarantees for others.
4. Matters involving the personal interest of a Director.
5. A transaction involving material asset or derivatives trading.
6. A material monetary loan, endorsement, or guarantee for others.
7. The offering, issuance, or private placement of any equity-type securities.
8. The hiring, dismissal or remuneration of an attesting certified public accountant.
9. Appointment or discharge of a financial, accounting, or internal auditing officer.
10. Annual and semi-annual financial statements
11. Any other material matter determined by the Company or the competent authority.

◎ Review financial reports

The Board of Directors has prepared the 2024 Business Report, 2024 Financial Statements, and the proposal for distribution of 2024 profits. In particular, the Financial Statements were audited by Shiow-Ming Shue and You-Cheng Hsin, CPAs from Deloitte & Touche and Independent Auditors' Reports have been issued. Based on the Audit Committee's review, it found no existing inconsistencies.

◎ Engage attesting CPAs.

The independence and competence of the CPAs have been evaluated by the Audit Committee and the Board of Directors on March 8, 2024 and June 18, 2024. The CPAs have no relationship with the Company in terms of interest or relatives, and maintains a fair and objective attitude when providing the professional services; additionally, the statement of independence was obtained from the attesting accounting firm and the report on the Audit Quality Indicators, and the requirements of independence and competence are met.

Other required disclosure:

1. If the operations of the Audit Committee fall under any of the circumstances below, the date of the Audit Committee meeting, the session, the content of the proposal, any objection, reservation, or major suggestion made by Independent Directors, the results of resolutions by the Audit Committee, and the Company's response to the committee's opinions shall be specified:

(1) Any matter under Article 14-5 of the Securities and Exchange Act:

Meeting date (Session)	Description of proposal	Matters under Article 14-5 of the Securities and Exchange Act	Objection, reservation, or major suggestion made by Independent Directors	The results of resolutions by the Audit Committee, and the Company's response to the committee's opinions
January 12, 2024 4th meeting, 2nd Term	1. Proposal for disposal of the Taipei office.	✓		Approved by all attending committee members, then submitted for the resolution of the Board. Approved by all attending Directors.
March 8, 2024 5th meeting, 2nd Term	1. Proposal of 2023 Business Report and Financial Statements.	✓		
	2. Proposal to evaluate the independence and competence of the CPA.	✓		
	3. Proposal to amend the "Pre-approval Policy for Attesting CPA to Provide Non-Assurance Services."			
	4. Proposal of 2023 Statement of Internal Control System.	✓		
April 23, 2024 6th meeting, 2nd Term	1. Proposal of accounts receivable overdue by more than three months as of March 31, 2024, of the Company's subsidiary, Phoenix Development & Marketing Co., Ltd., are not related to loans.	✓		
May 6, 2024 7th meeting, 2nd Term	1. Proposal of 2024 Q1 Financial Statements.			
June 18, 2024 8th meeting, 2nd Term	1. Proposal for the replacement of the CPA due to the internal adjustment of Deloitte &Touche.	✓		
	2. Proposal to evaluate the independence and competence of the CPA.	✓		
	3. Proposal to increase the limit for forward foreign exchange transactions for hedging purposes.	✓		
August 2, 2024 10th meeting, 2nd Term	1. Proposal of 2024 Q2 Financial Statements.	✓		
November 5, 2024 12th meeting, 2nd Term	1. Proposal of 2024 Q3 Financial Statements.			
	2. Proposal to formulate the "Management of sustainability information."	✓		
	3. Proposal of 2025 audit plans.	✓		
	4. Proposal for the Company to apply for an endorsement/guarantee for the subsidiary.	✓		
	5. Proposal for the disposal of the 12th-floor office and 20 parking spaces at Wall Street Technology Building.	✓		

(2) Except for the above matters, any matter that was not approved by the Audit Committee but was approved by more than two-thirds of all Directors: none.

2. Implementation of Independent Directors' recusal due to personal interests, the Independent Director's name, the contents of the proposals, the reasons for recusal, and the voting results shall be specified: none.
3. Communication between Independent Directors, Internal Auditing Officer and CPA (including communications regarding financial and business conditions, methods and results):

(1) Communication between Independent Directors and Internal Auditing Officer:

The Company's Internal Auditing Officer submits audit implementation and internal audit reports to Independent Directors every month, fully communicates and makes records on the Company's main internal audit opinions and other issues, and then reports the records to the Board of Directors. The Company's Audit Committee consists of all Independent Directors. The Internal Auditing Officer shall report the internal audit individually to the Audit Committee at least once a quarter. The reports shall include the implementation of internal audit, significant internal control matters, major audit opinions of internal and external auditors, and the Improvement of existing conditions. The Internal Auditing Officer presents at the Audit Committee Meetings to report the implementation of internal audit and significant internal control matters, and completes the execution, reporting and tracking of the instructions of the Independent Directors. The Company's Independent Directors and Internal Auditing Officer have channels of direct contact, such as communicating directly by e-mail, phone calls or face-to-face, if necessary.

Meeting date	Communication with Internal Auditing Officer	Communication status and results	The Company's execution results of Independent Directors' opinions
March 8, 2024 5th meeting, 2nd Term	● Internal audit reports for Oct-Dec, 2023 ● Proposal of 2023 Statement of Internal Control System.	After discussion and communication, Independent Directors had no dissent; the reports were submitted to the Board after the deliberation.	Independent Directors had no opinion
May 6, 2024 7th meeting, 2nd Term	● Internal audit reports for Jan-Mar, 2024	After discussion and communication, Independent Directors had no dissent; the reports were submitted to the Board after the deliberation.	Independent Directors had no opinion
August 2, 2024 10th meeting, 2nd Term	● Internal audit reports for Apr-Jun, 2024	After discussion and communication, Independent Directors had no dissent; the reports were submitted to the Board after the deliberation.	Independent Directors had no opinion
November 5, 2024	● Internal audit reports for Jul-Sep, 2024 ● Proposal of 2025 audit plans.	After discussion and communication, Independent Directors had no dissent; the reports were submitted	Independent Directors had no opinion

Meeting date	Communication with Internal Auditing Officer	Communication status and results	The Company's execution results of Independent Directors' opinions
12th meeting, 2nd Term		to the Board after the deliberation.	

(2) The Company's attesting CPA communicates with each Independent Director individually at least twice a year on the financial audit (review) reports and other matters required by relevant laws and regulations to the Audit Committee. The Company's Independent Directors and attesting CPA have channels of direct contact, such as communicating directly by e-mail, phone calls or face-to-face at any time, if necessary.

Meeting date	Communication with attesting CPA	Communication status and results	The Company's execution results of Independent Directors' opinions
March 8, 2024 5th meeting, 2nd Term	● Proposal of 2023 Financial Statements.	After discussion and communication, Independent Directors had no dissent; the report was submitted to the Board after the deliberation.	Independent Directors had no opinion
August 2, 2024 10th meeting, 2nd Term	● Proposal of 2024 Q2 Financial Statements.	After discussion and communication, Independent Directors had no dissent; the report was submitted to the Board after the deliberation.	Independent Directors had no opinion

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

Item	Operations			Deviation from "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Summary	
1. Has the Company formulated and disclosed the Corporate Governance Principles in accordance with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies?	✓		The Company has formulated "Corporate Governance Principles" in place to enhance the corporate governance system and structure, and discloses such on the official website and the MOPS.	No significant deviation
2. The Company's shareholding structure and shareholders' equity				
(1) Has the Company formulated and complied with the internal operating procedures for handling shareholders' suggestions, doubts, disputes or litigation?		✓	(1) The Company's Finance Department has dedicated personnel to handle shareholders' suggestions, doubts or disputes. If legal matters are involved, they will be referred to the Company's legal counsel for handling.	No significant deviation
(2) Does the Company have a list of the major shareholders with ultimate control over the Company and a list of the ultimate controllers of the major shareholders?	✓		(2) The Company grasps the list of the major shareholders who actually control the Company and the ultimate controllers of the major shareholders, and reports the change in shareholding pursuant to the provisions of the Rules Governing Information Reporting by TWSE Listed Companies.	No significant deviation
(3) Has the Company established and implemented a risk control and a firewall mechanism between itself and affiliates?	✓		(3) The Company's internal control system regulates the supervision of subsidiaries and the management of related party transactions in detail, and the Company has formulated the "Procedures for Endorsement and Guarantee," "Procedure for Lending Funds to Other Parties, " and "Procedures for Acquisition or Disposal of Assets. " Among them, the risk control and firewalls mechanism for affiliates are properly established.	No significant deviation
(4) Has the Company formulated internal regulations to prohibit insiders from using information undisclosed in the market to trade negotiable securities?	✓		(4) The Company has formulated the "Management Procedures for Internal Material Information Processing and Insider Trading Prevention," "Code of Ethics for Board of Directors and Executives" and "Principles of Ethical Corporate Management." Additionally, the Company holds promotional seminars of the "Management Procedures for Internal Material Information Processing and Insider Trading Prevention" and related laws and regulations to the insiders and employees at least once a year. All of the matters above strictly prohibit the Company insiders and employees from	No significant deviation

Item	Operations			Deviation from "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Summary	
			using undisclosed information in the market to trade negotiable securities.	
3. Composition and responsibilities of the Board of Directors (1) Has the Board of Directors established and fully implemented the diversity policy and specific management objectives?	✓		(1) Pursuant to Article 20 of the "Corporate Governance Principles", the Board members shall possess the following abilities: the ability to make operational judgments, to perform accounting and financial analysis, to conduct management administration, to conduct crisis management, knowledge of the industry, an international market perspective, ability to lead, to make policy decisions, knowledge and ability of risk management. The Company's diversity policy has set the specific targets that at least one Director has the practical experience and expertise in law, and three Directors have the practical experience and expertise in finance and accounting. The targets are met currently, and the implementation status is as below: The Company's Board of Directors is composed of members from diverse backgrounds. In addition to evaluating their academic and career experience, the Company complies the "Rules for Election of Directors" and "Corporate Governance Principles" to ensure Directors' diversity and independence. The 14th Board of Directors is composed of nine Directors and three of them are Independent Directors. All members have well-experienced in operational management, leadership and decision-making and related industrial know-how, such as backgrounds in procurement, textile production, finance, accounting, law, and marketing, etc. Each Director is good at leading, operating decisions, operation management, crisis handling and perspectives of international market. Among them, Wei-Han Chen, Shu-Hsuan Tsai, Tai-Yuan Chou, Jih-Chao Li, Rong-Hwa Fang and Jen-Chou Chen have multi-year experience in the textile and garment industry; Wei-Han Chen, Jen-Chou Chen and Wen-Hsiung Chan have the expertise of marketing; Tai-Yuan Chou has the professional experience in textile procurement; Shu-Hsuan	No significant deviation

Item	Operations			Deviation from "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Summary	
			Tsai, Tai-Yuan Chou and Chu-Feng Yang have the professional knowledge and skills in finance and accounting; and Chia-Hong Hung has extensive practical experience in law. The backgrounds of the Board of Directors are as follows: 44% of the Company's Directors concurrently serve as employees; 33% are Independent Directors; 2 are under 50 years old; 3 are 51-60 years old, and 4 are 61-70 years old. All of three Independent Directors have served for 4-6 years. The implementation of Board of Directors diversity, please refer to Pages 11-12.	
(2) Has the Company voluntarily established other functional committees in addition to the Remuneration Committee and Audit Committee established in accordance with the law?		✓	(2) The Company has established the Remuneration Committee and the Audit Committee pursuant to the "Remuneration Committee Charter" and the "Audit Committee Charter," both of which are in good condition. However, the Company has not established other functional committee.	No significant deviation
(3) Has the Company formulated Board of Directors performance evaluation regulations and evaluation methods, conducted performance evaluations annually and regularly, reported the results of performance evaluations to the Board of Directors, and adopted such results as a reference for deciding on the remuneration of and nominating candidates for individual directors?	✓		(3) The Company has established and approved the "Rules for Board of Directors Performance Evaluation "by the Board on March 18, 2020; the performance evaluation is conducted every year regularly. The results of the 2024 performance evaluation of Board of Directors were reported to the Board on January 21, 2025. The performance evaluation of the Board of Directors, Board members, the Audit Committee and the Remuneration Committee, please refer to Page 18. The Company uses the performance evaluation results of the Board of Directors and functional committees as a reference for selecting and nominating the next term of Directors. All Directors of the Company receive fixed remuneration, and do not receive director's remuneration from distribution of earnings, please refer to Page 16.	No significant deviation
(4) Does the Company regularly assess the independence of the CPA?	✓		(4) The Company regularly assesses the independence and competence of attesting CPA every year, and obtains the "Statement of Independence" and the latest "Audit Quality Indicator Report" issued by the attesting accountant firm. By referring to 13 AQI indicators, the evaluation is conducted. It is confirmed that the CPA and the firm are superior to the average	No significant deviation

Item	Operations			Deviation from "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Summary	
			level of auditing experience and training quality among the peers. In addition, in the past three years, they have continued to introduce audit innovative tools to improve audit quality. It is confirmed that the CPAs have no interest or family relationship with the Company, and maintain a fair and objective attitude when providing professional services. The evaluation criteria also include whether the independence is affected by conflicts of interest, self-evaluation, defense, familiarity and coercion. After evaluation, the independence and competence of the Company's CPAs complies with relevant regulations, and the rotation of CPAs also complies with relevant regulations. The evaluation results of the most recent year were discussed and approved by the Audit Committee on May 9, 2025, and submitted to the Board for approval on May 9, 2025.	
4. Has the Company appointed competent and appropriate number of corporate governance personnel and designated a Corporate Governance Officer in charge of corporate governance affairs (including but not limited to providing Directors and Supervisors with the materials required for performance of their duties, assisting Directors and Supervisors to comply with laws and regulations, handling matters related to Board of Directors Meetings and the Shareholders' Meetings, and preparing minutes of Board of Directors Meetings and Shareholders' Meetings)?	✓		The Company has set up the corporate governance unit to protect the rights and interests of Shareholders and strengthen the functions of the Board of Directors. The corporate governance personnel have more than 3 years of experience in finance and shareholder services in public company. To improve the corporate governance, on August 7, 2019, the Board of Directors had approved to set up the Corporate Governance Officer, who concurrently serves by the Finance Manager. In 2024, the Corporate Governance Officer had completed a total of 24 hours of continuing education. The main authorities of the Corporate Governance Officer include handling matters related to Board of Directors Meetings and the Shareholders' Meetings, preparing minutes of Board of Directors Meetings and the Shareholders' Meetings, assisting Directors to take office and continuing education, providing Directors with the materials required for performance of their duties, and assisting them to comply with laws and regulations. The implementation status in 2024 is as below: 1. Provided handbooks related to the Company's business field and corporate governance when the Directors took office, and regularly updated the handbooks in accordance with the latest laws and	No significant deviation

Item	Operations			Deviation from "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Summary	
			regulations. 2. Assisted Independent Directors and ordinary Directors in formulating annual continuing education plans and arranging courses based on the Company's industrial characteristics and the academic and career backgrounds of Directors. 3. Assisted and reminded Directors to comply with laws and regulations when executing their duties or making resolutions of the Board of Directors. Reviewed the release of material information on major resolutions of the Board of Directors, and ensured the legality and correctness of the content to ensure the equivalence of investor transaction information. 4. Prepared the agenda of the Board of Directors Meetings and notified the Directors 7 days before the meeting. Convened meetings and provided meeting materials, and reminded Directors in advance if there is an agenda that Directors shall recuse. Provided the meeting minutes to the Directors after the meeting. 5. Pre-registered the Shareholders' Meeting date pursuant to laws and regulations and prepared the meeting notification, handbook for Shareholders' Meetings, and meeting minutes within the statutory time limit. Handled the registration of change when the "Articles of Incorporation" was amended or the Directors were re-elected. 6. The Company reminds Directors annually not to trade their shares during the close period of 30 days prior to the announcement of the annual financial report, or 15 days prior to the announcement of the quarterly financial report in the lectures of the prohibition of insider trading. The Company has notified Directors of the dates of the 2025 Board Meetings on October 30, 2024, and notified Directors of the closed period before the announcement of each quarterly financial report on October 30, 2024, to prevent Directors from erroneously violating the regulations.	
5. Has the Company established communication channels with stakeholders (including but not limited to shareholders, employees, clients, and	✓		The Company's website has a stakeholder column, listing main concerns of stakeholders, the communication channels, methods and frequency with the related units, to quickly respond to stakeholders' questions and	No significant deviation

Item	Operations			Deviation from "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Summary	
suppliers) and set up a stakeholder column on the Company's website to properly respond to stakeholders' major CSR issues of concern?			suggestions. Actual cases of communication with stakeholders in 2024 have been recorded on the Company's website.	
6. Does the Company appoint a professional stock affairs agency to handle the affairs related to Shareholders' Meetings?	✓		The Company commissions the Shareholder Service Agency Department of Capital Securities to handle the Shareholders' Meetings.	No significant deviation
7. Information disclosures				
(1) Has the Company set up a website to disclose information on financial and corporate governance?	✓		(1) The column of "Investor Relations" has been set up on the Company's website to disclose information related to financial and corporate governance in a timely manner.	No significant deviation
(2) Does the Company adopt other methods to disclose information (such as setting up an English website, designating personnel to collect and disclose company information, implementing a spokesperson system, or placing the proceeding of investor conferences on the Company website)?	✓		(2) The Company has set up spokesperson and deputy spokesperson to implement the information disclosure; regularly holds the Investor Conference every year and discloses the proceeding on the Company website. Furthermore, the Company has a Chinese and English website and has dedicated personnel responsible for collecting Company's information, and discloses relevant information on the MOPS and the Company's website in accordance with the provisions regularly or irregularly.	No significant deviation
(3) Does the Company announce and submit an annual financial report to the competent authority within two months after the end of each fiscal year and announce and submit the financial reports for the first, second, and third quarters and the operations of each month to the competent authority before a specified deadline?	✓		(3) The Company announces and declares quarterly financial reports and monthly operating conditions in advance before the required deadlines.	No significant deviation
8. Does the Company have other important information that facilitates the understanding of the operations of corporate governance (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholders' rights, Directors' and Supervisors' continuing education, the implementation of risk management policies and risk measurement standards, the implementation of	✓		(1) Employee rights: the Company has always treated employees with integrity and protected their legitimate rights and interests pursuant to the Labor Standards Act.	No significant deviation
	✓		(2) Employee care: the Company has established a good relationship of mutual trust and reliance with employees through enriching and stabilizing their lives and a good education and training system, such as: health check subsidies, providing dormitories, parking lots, and meals for overseas employees. Through the Employee	No significant deviation

Item	Operations			Deviation from "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Summary	
client policies, and the Company's purchase of Directors' and Supervisors' liability insurance)?			Welfare Committee, the employees' needs for weddings, funerals, and medical care are taken care of, with subsidies provided, for the most substantial help to employees.	
	✓		(3) Investor relations: the Company has set up the spokesperson and deputy spokesperson to handle the shareholders' suggestions.	No significant deviation
	✓		(4) Supplier relationship: the Company maintains good relationships with suppliers, and gradually establishes a supplier inspection mechanism.	No significant deviation
	✓		(5) Stakeholders' rights: the stakeholders can communicate with the Company and provide suggestions to safeguard their legitimate rights and interests at any time.	No significant deviation
	✓		(6) Directors' continuing education: the Company's Directors all have industrial professional backgrounds and practical experience in operation and management. Their continuing education have been disclosed in the "Corporate Governance column of the MOPS."	No significant deviation
	✓		(7) Implementation of risk management policies and risk measurement standards: the Company has formulated the various internal management regulations which complied with laws and regulations to conduct the risk management and assessment.	No significant deviation
	✓		(8) Implementation of customer policies: the Company maintains a stable and good relationship with customers, and creates operating profits under the premise of implementing sustainable development.	No significant deviation
	✓		(9) Liability insurance for Directors: the Company purchased the liability insurance for all Directors and executives, with the coverage of US$1 million, to reduce and diversify the risk of significant damage to the Company and Shareholders due to the mistakes or negligence of Directors and executives. (Had reported to the Board of Directors Meetings on May 6, 2024 and May 9, 2025.)	No significant deviation

9. Please describe improvements that have already been made based on the Corporate Governance Evaluation results released for the recent year by the Corporate Governance Center of Taiwan Stock Exchange and specify the priority enhancement objectives and measures planned for any matters still awaiting improvement.
The implementation of sustainable development will be enhanced continuously, and a Sustainability Report has been released on August 6, 2024.

(4) The composition and operation of Remuneration Committee:

1. Composition: Information of 6th Remuneration Committee members is as follows:

May 9, 2025

Title (Note 1)	Criteria / Name	Professional qualifications and experience	Independence	Number of serve as Remuneration Committee member at other public companies
Independent Director (Convener)	Wen-Hsiung Chan	Obtained a degree in international business management, with rich experience in financial planning, analysis of investment strategies, and operation and management practice; Independent Director of Biostar Microtech International Corp. and Champion Microelectronic Corp.; Director of Fine Ace Asset Management Co., Ltd.; Representative of Corporate Director of eChem Solutions Corp., Ability Enterprise Co., Ltd., Hiyes International Co., Ltd., Oleader Technologies Co., Sciwin Laboratories Co., Ltd., TSS2 Holdings Limited, and AEMC Japan Corporation. Do not violate any clause under Article 30 of Company Act.	None of the Remuneration Committee member, his spouse or relatives within the second degree of kinship are hired by the Company and its affiliates as a Director, a Supervisor or an employee. The shareholdings and ratio of shares of the Company hold by the Remuneration Committee member, his spouse or relatives within the second degree of kinship (or under others' names) are zero. The Remuneration Committee member has not hired by any company having a specified relationship with the Company as a Director, a Supervisor or an employee. The Remuneration Committee member has not provided any commercial, legal, financial, or accounting services to the Company or its affiliates in recent two years.	2
Independent Director	Chu-Feng Yang	Obtained a degree in business administration and the license of CPA; with rich experience in financial report, tax return attesting, and administrative relief for tax; Former Senior Auditor of Deloitte &Touche; CPA at ACCPRO Accounting Firm; Supervisor of Star Era International Co., Ltd. Do not violate any clause under Article 30 of Company Act.	None of the Remuneration Committee member, his spouse or relatives within the second degree of kinship are hired by the Company and its affiliates as a Director, a Supervisor or an employee. The shareholdings and ratio of shares of the Company hold by the Remuneration Committee member, his spouse or relatives within the second degree of kinship (or under others' names) are zero. The Remuneration Committee member has not hired by any company having a specified relationship with the Company as a Director, a Supervisor or an employee. The Remuneration Committee member has provided commercial, legal, financial, and accounting services to the Company or its affiliates in recent two years for NT$ 37,000.	
Others	Kao-Chung Tsai	Obtained a master degree in economics, with rich experience in financial investments, capital market, and operation and management; Chairman of Yiyou Management Consulting Co., Ltd.; Vice Chairman of Champion Microelectronic Corp.; Independent Director and Remuneration Committee member of Sonix Technology Co., Ltd., Holy Stone Healthcare Co. Ltd., Double Bond Chemical Ind. Co., Ltd. Do not violate any clause under Article 30 of Company Act.	None of the Remuneration Committee member, his spouse or relatives within the second degree of kinship are hired by the Company and its affiliates as a Director, a Supervisor or an employee. The shareholdings and ratio of shares of the Company hold by the Remuneration Committee member, his spouse or relatives within the second degree of kinship (or under others' names) are zero. The Remuneration Committee member has not hired by any company having a specified relationship with the Company as a Director, a Supervisor or an employee. The Remuneration Committee member has not provided any commercial, legal, financial, or accounting services to the Company or its affiliates in recent two years.	3

2. Duties: The Remuneration Committee shall exercise the care of a good administrator in faithfully performing its responsibilities and shall submit its recommendations for deliberation by the Board of Directors.

① Periodically examine the Remuneration Committee Charter and furnish advice.

② Prescribe and periodically review the performance evaluation and remuneration policy, system, standards, and structure for Directors and executives.

③ Periodically evaluate the achievement of Directors' and executives' performance and determine the contents and amounts of individual remunerations.

3. Operations:

① The Remuneration Committee has three members, including two Independent Directors, Wen-Hsiung Chan and Chu-Feng Yang.

② The term of the 6th members is from June 13, 2023, to June 12, 2026.
Total 2 meetings (A) were held in 2024. Attendance of each member is as follows:

Title	Name	Attendance in person (B)	By proxy	Attendance (%) 【B/A】	Remarks
6th Term Convener	Wen-Hsiung Chan	2	0	100	Re-elected on June 13, 2023
6th Term Committee member	Chu-Feng Yang	2	0	100	Re-elected on June 13, 2023
6th Term Committee member	Kao-Chung Tsai	2	0	100	Re-elected on June 13, 2023

③ During 2024, the discussions and resolution results of the Remuneration Committee, and the measures taken by the Company with respect to the members' opinion.

Meeting date	Description of proposal	Resolution results	The Company's responses to Remuneration Committee's opinions.
February 1, 2024 3th meeting 6th Term	● Proposal of 2023 year-end performance bonus to executives.	Approved by all attending members of the committee.	Implemented as the resolution adopted by the Remuneration Committee
July 23, 2024 4th meeting 6th term	● Proposal to determine the remuneration of the executives. ● Proposal to determine the remuneration of the Associate Vice President, Jen-Chou Chen. ● Proposal to determine the remuneration of the Associate Vice President, Shu-Hua Hsu.	Approved by all attending members of the committee.	Implemented as the resolution adopted by the Remuneration Committee

Other required disclosure:

1. If the Board of Directors did not adopt or amend the Remuneration Committee's suggestions, the date and session of the Board of Directors Meeting, the content of the proposal, the results of the resolutions by the Board of Directors, and the Company's response to the opinions shall be specified (if the remuneration approved by the Board of Directors is better than the Remuneration Committee's suggestions, the difference and the reasons therefore shall be specified): none.
2. If any Committee member has expressed opposition or reservations to the resolution, which have been recorded or put in writing, the date and session of the Remuneration Committee Meeting, the content of the proposal, the opinion of each member and the responses to the opinion shall be specified: none.

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

Item	Operations			Deviation from " Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Summary	
1. Has the Company established a governance structure to promote sustainable development and set up a dedicated (concurrent) unit to promote sustainable development with authorization from the Board of Directors for senior management, and how is the supervision of the Board of Directors?	✓		1. On September 16, 2021, the Company formally established the Sustainable Operation Division upon the resolution of the Board of Directors. The current head of the division is Vice President, Tai-Yuan Chou. The division quarterly reports the implementation of sustainable development to the Board of Directors, aiming to respond to the 17 SDGs of the United Nations, promoting the Company to move forward to the sustainable development in the three major aspects: economic growth, social progress, and environmental protection, and integrating the sustainable development into the Company's operations. The responsibilities of the division are to formulate and implement policies, strategies and related systems, and lead the teams in each production area to implement various plans, for leading the teams to achieve the goal of sustainable development in the systematic and organized manner. The Board of Directors also tracks the implementation progress quarterly and makes the timely recommendations. The "Sustainable Operation Division" serves as the cross-function platform which integrates vertically and horizontally. Through quarterly meetings and task groups formed based on issues, the committee identifies sustainable issues related to the Company's operations and stakeholders' concerns, formulates corresponding strategies and work guidelines, prepares budgets related to each organization and sustainable development, and plans and implements the annual programs. Meanwhile, the committee tracks the implementation results to ensure that the sustainable development strategy is fully implemented in the Company's daily operations. The head of Sustainable Operation Division quarterly reports the implementation results and future work programs to the Board of Directors. In 2024, total of four reports were made, and the contents of the proposals included: The greenhouse gas inventory registration and verification by the Environment Department, the implementation of customer sustainability goals for each factory site and GBVH case discussion, the greenhouse gas inventory timeline and planning report under sustainable development, and amendments to the goals and policy of sustainability-related issues. In 2024, the Corporate Governance Officer reported once at a Board of Directors Meeting, and the contents of the proposals included: the 2024 actual cases of communications with stakeholders and the implementation status of the Company's Principles of Ethical Corporate Management in the most recent year. The Company's Board of Directors listens to the management's reports ever quarter, carefully assesses the possibility of success and progress of strategies based on the sustainable development policy goals proposed by the management, and supervises the management to make strategic adjustments when necessary.	No significant deviation

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<tr><th rowspan="2">Item</th><th colspan="3">Operations</th><th rowspan="2">Deviation from “ Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>2. Does the Company conduct risk assessments of environmental, social and corporate governance issues related to the Company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies?</td><td>✓</td><td></td><td>2. In accordance with the materiality principle for sustainable development, the Company has conducted relevant risk assessments on major issues, the relevant risk management policies or strategies based on the assessed risks are as below: (coverage: Parent company and subsidiaries)
<table>
<tr><th>Major issues</th><th>Item of risk assessment</th><th>Risk management policies or strategies</th></tr>
<tr><td>Environmental protection</td><td>Environmental impacts and management</td><td>1. The Company has formulated the environmental protection management plans to implement the process management and equipment improvement for environmental protection issues, for reducing pollution discharge, energy utilization and enhancement of water resources management, while effectively reducing the impact on the environment.
2. In 2022, Ninh Binh District in Vietnam has formally introduced the ISO 14001 Environmental Management System and successfully obtained third-party certification. By establishing SOPs to strengthen factory environmental management, formulating procedures for individual environmental issues, clearly defining the responsibilities of each department and dedicated personnel (including department heads and relevant executives), and implementing periodic internal education and auditing, the Company continuously reviews the overall execution of environmental protection within the factories, reaffirming the commitment to environmental responsibility.
3. The Lesotho District regularly accepts third-party environmental assessments (Hygiene Survey) to track and improve factory environmental safety.
4. The Company’s production areas adopt the sustainable measurement tool (Higg Index) launched by the Sustainable Apparel Coalition to evaluate water resource utilization and quality, management of energy, greenhouse gases and waste ,and implementation of chemicals and toxic substances, in order to reduce environmental impacts of factory processes and enhance the emphasis on and implementation of corporate</td></tr>
</table></td><td>No significant deviation</td></tr>
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Item	Operations			Deviation from " Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Summary	

Major issues	Item of risk assessment	Risk management policies or strategies
		social responsibility in various production areas around the world. 5. The Company complies with the ISO 14064-1 greenhouse gas inventory standards to regularly review the greenhouse gas emissions. Based on the results of the inventory, the Company has formulated carbon reduction strategies and countermeasures for stationary emission sources and electricity use.
Corporate governance	Social, economic, and legal compliance	The Company has established the Audit Committee in 2020 to assist the Board of Directors to supervise the Company's risk management.
	Enhancement of Directors' functions	1. Planning relevant courses for Directors, and providing Directors with the latest laws, regulations, systems and policies every year. 2. Insuring liability insurance for Directors, to protect them from lawsuits or claims.
	Communication with stakeholders	1. To avoid misunderstandings with stakeholders due to different positions and cause business or litigation risks, the Company analyzes major issues that stakeholders concern about every year. 2. The Company has established various communication channels to communicate actively and to reduce confrontation and misunderstanding. There is an investor mailbox handled and responded to by the spokesperson.

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<table>
<tr><th>Major issues</th><th>Item of risk assessment</th><th>Risk management policies or strategies</th></tr>
<tr><td>Social responsibility</td><td>Occupational safety</td><td>The occupational safety department of each factory conducts patrol inspections every day and has established the occupational safety committee. The committee is composed of the factory chief, occupational safety officer, and occupational safety member elected from each department. The occupational safety meeting is hold monthly to review the occupational safety incidents and emergencies of the month. Other than the regular monthly firefighting and on-site emergency personnel drills, the Lesotho District invites NOSA to the factory every two years for firefighter training and certification, to improve employees' response to emergency and occupational safety management capability.</td></tr>
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<tr><th rowspan="2">Item</th><th colspan="3">Operations</th><th rowspan="2">Deviation from " Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>
<table>
<tr><th>Major issues</th><th>Item of risk assessment</th><th>Risk management policies or strategies</th></tr>
<tr><td></td><td>Product safety</td><td>1. All products of the Company comply with laws and regulations, and provide customers with stable product quality through a rigorous quality management system. Meanwhile, to ensure the customer service quality and improve customer satisfaction, a customer service communication platform is in place to strengthen the collaborative relationships with customers via various methods such as e-mails, phone calls, and social media, laying the foundation for the corporate sustainable operation.
2. The Company has formulated the chemical management policies based on the standards of the international organization, Zero Discharge of Hazardous Chemicals Foundation (ZDHC). From the chemical procurement process, usage specifications, storage methods, until the operator education and training are all strictly managed, to ensure the traceability of the supply chain, and reduce the impact of hazardous chemicals on human health and the natural environment.
3. To transfer product liability risks, reduce financial losses, improve product safety, enhance corporate image, protect the rights and interests of consumers and realize corporate social responsibility, the Company's products have been insured for product liability insurance: for each incident, the maximum liability limit is US$2 million, and the maximum liability limit for indemnity during the insurance period is US$5 million.</td></tr>
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<tr><th rowspan="2">Item</th><th colspan="3">Operations</th><th rowspan="2">Deviation from " Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>3. Environmental issues</td><td></td><td></td><td></td><td></td></tr>
<tr><td>(1) Has the Company set an environmental management system designed to industry characteristics?</td><td>✓</td><td></td><td>(1) Based on the industry's characteristics, the Company's production areas adopt sustainability measurement tool (Higg Index) launched by the Sustainable Apparel Coalition for environmental evaluation. For 2024, all production areas have been verified by third parties. At the Ninh Binh Factory in Vietnam, the introduction of the ISO 14001 Environmental Management System has led to the formulation of 19 types of management procedures related to environmental issues such as the environmental management manual. The formulation of the procedures not only allow all employees of the factory to understand the Company's environmental policies, but also allow dedicated personnel (including department heads and relevant executives) to have the compliance foundation when implementing internal audits, so as to strengthen the attentions of the Company's employees to environmental issues, and implement the environmental protection, energy-saving and waste reduction policies. For 2022, the Ninh Binh Factory has been verified by a third party. According to the requirements of the Environmental Protection Administration of the Executive Yuan, the Parent Company follows the ISO14064-1 and the Guidelines for Greenhouse Gas Emission Inventory, to conduct annual greenhouse gas inventory since 2021, and the regular third-party verification since 2022, to examine our greenhouse gas emissions, track major emission sources in the factory and formulate carbon reduction strategies For 2022 and 2023, the Parent Company has been verified by a third party.</td><td>No significant deviation</td></tr>
<tr><td>(2) Is the Company committed to improving energy efficiency and adopting recycled materials with low environmental impact?</td><td>✓</td><td></td><td>(2) The Company continuously promotes energy-saving improvement measures such as energy consumption reduction during processes, energy reuse, waste heat recovery and reuse, use of biomass fuel, equipment efficiency improvement, and energy management. To counter the global climate change and reduce depletion of resources, the Company continues to expand energy-saving equipment every year, establishes the iEN cloud-based energy management system platform and installs digital electricity meters, to monitor electricity consumption information in real time and exert the effect of instant control.
<table>
<tr><th rowspan="2">Strategic target</th><th colspan="2">Target formulation</th></tr>
<tr><th>Base year</th><th>Target value</th></tr>
<tr><td>Energy saving and carbon reduction</td><td>Taking 2016 as the base year, the power consumption of the whole factory was 32,743,200 kWh, and the power consumption per square yard was 1.69 kWh.</td><td>10% reduction in electricity use per square yard by 2025 at Houlong Textile Factory</td></tr>
</table></td><td>No significant deviation</td></tr>
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<tr><th rowspan="2">Item</th><th colspan="3">Operations</th><th rowspan="2">Deviation from " Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>(3) Has the Company assessed its current and future potential risks and opportunities of climate change and taken countermeasures against climate-related issues?</td><td>✓</td><td></td><td>(3) The Company always pays attention to the impact of operating activities on climate change and is committed to reducing greenhouse gas emissions. The Company also monitors the use of energy resources and makes continuous improvements. Furthermore, the Company complies with the TCFD framework to assess the Company' current and future risks, opportunities and countermeasures of climate change.</td><td>No significant deviation</td></tr>
<tr><td>(4) Has the Company counted the greenhouse gas emissions, water consumption, and total weight of waste over the past two years and formulated policies on greenhouse gas reduction, water consumption reduction, or other waste management?</td><td>✓</td><td></td><td>(4) The Company's production areas adopt the sustainable measurement tool (Higg Index) launched by the Sustainable Apparel Coalition to evaluate water resource utilization and quality, management of energy, greenhouse gases and waste, and implementation of chemicals and toxic substances, in order to reduce environmental impacts of factory processes and enhance the emphasis on and implementation of corporate social responsibility in various production areas around the world. The Ninh Binh District in Vietnam has introduced the ISO 14001 Environmental Management System and implemented internal education for dedicated personnel. In order to implement the Company's compliance with environmental protection laws and regulations and supports to the concept of sustainable operation, the Company has completed related procedures regarding the Company's textile manufacturing process and its impacts on the surrounding environment individually, such as identification of environmental protection laws, organizational analysis, environmental considerations assessment and management, air pollution management, water pollution management, waste management, chemical management, evaluation of monitoring and measurement and internal auditing.
The main emission sources of the Parent Company's greenhouse gas inventory are purchased electricity, bituminous coal burned by boilers and fuel oil. In 2024, purchased electricity accounts for more than 47% of total emissions, and the rest are stationary emission sources (such as bituminous coal burned by boilers, fuel oil and liquefied petroleum gas), mobile emission sources (gasoline and diesel of official vehicles and fork-lifts), process emission sources (acetylene) and fugitive emission sources (such as refrigerants, septic tanks and fire extinguishers). The greenhouse gas inventory for 2022 and 2023 was verified by a third party, and a Verification Opinion was obtained. The verification authority was Bureau Veritas Certification (Taiwan) Co., Ltd., and the verification scope included the Houlong Textile Factory in Taiwan and the Taipei Office.
Greenhouse gas emissions in the last three years (coverage: Parent Company(Houlong Textile Factory))
<table>
<tr><th>Year</th><th>Scope 1 ($tonCO_2e$)</th><th>Scope 2 ($tonCO_2e$)</th><th>Total emissions ($tonCO_2e$)</th><th>emissions product per unit ($tonCO_2e$/square yard)</th></tr>
<tr><td>2022</td><td>15,166.9434</td><td>19,221.8104</td><td>34,388.7538</td><td>0.0012</td></tr>
<tr><td>2023</td><td>5,117.8198</td><td>15,642.0275</td><td>20,759.8473</td><td>0.0009</td></tr>
<tr><td>2024</td><td>5,568.2721</td><td>4,913.2164</td><td>10,481.3985</td><td>0.0014</td></tr>
</table></td><td>No significant deviation</td></tr>
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Item	Operations			Deviation from " Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Summary	
			The Company pays attention to issues regarding water resources, energy-saving and environmental protection. In terms of manufacturing process, through new technology research and development, improvement of water washing formula, introduction of eco-friendly ozone treatment machine and upgrading of dyeing machine, the water consumption of the factory is effectively reduced, while being committed to recycle the waste water to increase the reuse rate of recycled water. Water consumption over the last three years (coverage: Parent Company and subsidiaries, the data has not been verified). Textile Production Division Year / Total water consumption (liter) / Water consumption of product per unit (liter/ sq yard) 2022 / 1,886,987,000.00 / 22.54 2023 / 1,300,863,000.00 / 23.02 2024 / 1,238,445,000.00 / 23.53 Garment Production Division Year / Total water consumption (liter) / Water consumption of product per unit (liter/ item) 2022 / 548,912,000.00 / 51.10 2023 / 603,817,000.00 / 62.58 2024 / 549,404,000.00 / 47.92 The Company implements the garbage classification system and the recycling management of available resources to reduce the amount of waste output in the factory year by year and improve the recycling rate of discarded usable consumable resources. Moreover, the Company purchased new sludge dehydration equipment to treat wet sludge, which effectively saved transportation costs by saving water consumption and reducing sludge weight. Waste output over the last three years (coverage: Parent Company and subsidiaries, the data has not been verified) Textile Production Division Year / Hazardous waste (ton) / Non-hazardous waste (ton) / waste of product per unit (kg/square yard) 2022 / 3,267.11 / 5,083.74 / 0.10 2023 / 3,413.01 / 4,092.45 / 0.13 2024 / 4,191.45 / 4,479.59 / 0.16	

Item	Operations			Deviation from " Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Summary	
			Garment Production Division (see table below)	

Garment Production Division

Year	Hazardous waste (ton)	Non-hazardous waste (ton)	waste of product per unit (kg/ item)
2022	3,783.71	2,166.13	0.55
2023	2,499.46	2,455.38	0.51
2024	2,750.99	1,140.54	0.34

The Company has formulated environmental protection management plans with relevant policies and goals for environmental protection issues, energy utilization, water resources and waste management, which will help the Company to continuously improve the environmental protection performance and achieve the goal of sustainable operation.

1.Strategic targets (Houlong Textile Factory, Taiwan)

Strategic targets	Target formulation	
	Base year	Target value
Reduction of GHG	Taking 2016 as the base year, the greenhouse gas emissions were 24,651,708.69 kgCO2e, and the emissions per square yard were 1.27 kgCO2e	50% reduction in greenhouse gas emissions per square yard by 2025
Water resource utilization	Taking 2016 as the base year, the water consumption of the whole factory was 598,896,000 L, and the power consumption per square yard was 30.88 L	40% reduction in water use per square yard by 2025
Waste management		1. Recyclable waste (category R) accounts for more than 50% of general industrial waste (category D + category R) 2. 70% reduction in moisture content of wet sludge

2.Strategic targets (Ninh Binh Factory, Vietnam)

Strategic targets	Target formulation	
	Base year	Target value
Reduction of GHG	Taking 2018 as the base year, the greenhouse gas emissions were 22,494,180 kg/CO2e, and the emissions per pair of jeans were 3.53 kgCO2e.	1. 40% reduction in greenhouse gas emissions per pair of jeans by 2030 2. 60% reduction in greenhouse gas

Item	Operations			Deviation from " Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Summary	

		emissions per pair of jeans by 2040 3. 100% reduction in greenhouse gas emissions per pair of jeans by 2050
Water resource utilization	Taking 2018 as the base year, the water consumption of the whole plant was 1,386,720,000 L, and the water consumption per pair of jeans was 218 L.	50% reduction in water consumption per pair of jeans by 2025
	-	70% recycling of total water consumption for jeans laundry by 2025

3. Strategic targets (Mexico Textile Factory)

Strategic targets	Target formulation	
	Base year	Target value
Reduction of GHG	Taking 2016 as the base year, the greenhouse gas emissions were 45,528,230 kg/CO2e, and the emissions per square yard were 1.21 kgCO2e.	1. 40% reduction in greenhouse gas emissions per square yard by 2030 2. 60% reduction in greenhouse gas emissions per square yard by 2040 3. 100% reduction in greenhouse gas emissions per square yard by 2050
Water resource utilization	-	19 liters of water consumption per square yard in 2025

4. Strategic targets (Lesotho Textile Factory)

Strategic targets	Target formulation	
	Base year	Target value
Reduction of GHG	Taking 2016 as the base year, the greenhouse gas emissions were 61,360,290 kg/CO2e, and the	Achieve zero coal usage at the factory by 2030

Item	Operations			Deviation from " Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Summary	

	emissions per square yard were 3.09 kgCO2e.	
Water resource utilization	-	19 liters of water consumption per square yard in 2025

5. Strategic targets (Lesotho Garment Factory)

Strategic targets	Target formulation	
	Base year	Target value
Reduction of GHG	Taking 2016 as the base year, the emission per pair of jeans was 4.25 kg of CO2e.	Achieve zero coal usage at the factory by 2030
Water resource utilization	-	35 liters of water consumption per pair of jeans in 2025

Item	Operations			Deviation from " Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Summary	
4. Social issues				
(1) Has the Company formulated any management policies and procedures in accordance with relevant laws, regulations and the International Bill of Human Rights?	✓		(1) The Company has formulated human rights policies in accordance with "International Human Rights Law," and strengthens the provisions on gender equality and safety in the workplace by referring to "Convention on the Elimination of all Forms of Discrimination Against Women" and "Convention on the Rights of the Child" in the International Bill of Human Rights. Moreover, the Company has set up an identification mechanism when hiring employees to prevent child labor. According to "Seven Core Conventions on Labor Standards Protection" and "Ten Principles of the United Nations Global Compact" announced by the International Labor Organization (ILO), the Company has formulated human rights protection policies that strictly abides by the local labor laws and regulations of the Company's global production areas. In November 2021, the Company has revised the Work Rules and added the procedures for the protection of female employees and the prevention, appeal and punishment of sexual harassment in the workplace. This revision has been approved by the competent authority in January 2022, giving the Company an additional substantive guarantee in terms of gender equality, sexual harassment and gender discrimination prevention. In addition, collective agreements have been established at some of the Company's overseas operations. Although no labor union has been formed nor any collective agreement signed in Taiwan, quarterly labor-management meetings are held to provide an effective platform for communication. Any changes to labor conditions are announced to all employees after being approved during the labor-management meeting. Additionally, the internal management policies will be updated and uploaded to the human resources system for employee access. In terms of human rights protection, the Company has formulated corresponding policies and procedures on various human rights issues to comply with relevant laws and regulations. By Adopting the action policy consistent with Responsible Business Allance (RBA), the Company is committed to ensuring that each employee is treated fairly and respected in the workplace of the Company. In order to allow employees to fully understand the Company's relevant information, the Company uses local languages to communicate with employees in factories around the world.	No significant deviation
(2) Has the Company formulated and implemented reasonable employee benefit measures (including compensation, leave, and other benefits) and reflected business performance or achievements in employee compensation appropriately?	✓		(2) The Company has formulated relevant compensation and personnel management regulations. The salary, working hours, overtime, leaves, labor and health insurance, and labor pension of employees comply with the provisions of the Labor Standards Act. The table of salary range by job level and position is established to prevent the occurrence of unequal pay for equal work. Moreover, the Company has set up the Employee Welfare Committee to handle various benefit matters, including birthday cash gift, festival gift vouchers, wedding cash gift, funeral condolence money, hospitalization condolence money, education subsidies for employees' children, and travel subsidies, among many other benefits. The Company's incentive system is based on the Company's profit and linked to the performance of departments and individuals, so that employees with high contributions receive rewards positively related to the operation performance. In 2024, the Company's average salary increase for the managers and non-manager employees in Taiwan was 1.9%. The related incentive system, please refer to Pages	No significant deviation

Item	Operations			Deviation from " Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Summary	
(3) Does the Company provide employees with a safe and healthy work environment and offer safety and health education to employees regularly?	✓		84-86. In addition to achieving equal pay for equal work and equal reward systems in the workplace, the Company also ensures the employment and work rights of female employees. In 2024, women comprised 66% of our workforce, with 24% of senior management positions held by women. (3) The Company's core philosophy emphasizes that healthy and happy employees can increase productivity and reduce costs. Regular safety and health lectures and health consultations are held, and fire emergency evacuation drills are held twice a year in each workplace. In order to ensure the safety of employees and prevent accidents in the workplace, the Company hires fire service instructors twice a year to conduct on-site education and training on fire reporting, fire extinguishing, evacuation guidance, safety protection, and first-aid. Moreover, based on the production process, the Company standardizes SOPs for each process, such as spinning, dyeing and sizing, weaving, handling, and warehouse management, so that employees in relevant positions can safely complete tasks in accordance with SOPs. When new employees join the Company, the occupational safety-related education and training are conducted in the orientation, to enable all employees to work safely based on SOPs, and ensure the safety and health of all employees of the Company in the workplace. The Company irregularly accepts third-party corporate social responsibility audits from customers each year to continuously optimize and align relevant regulations with international standards. Additionally, the Company conducts regular health checks for employees in every December, holds monthly safety and health lectures, hires specialist doctors to conduct personal health consultations for employees once a month, and conducts follow-up visits and follow-up management for employees with abnormal inspection results. The health consultation provided by the Company includes medication safety, stress management, and correct diet in daily life, to comprehensively protect the physical, mental and spiritual health of employees. In addition, to improve and create a friendly workplace environment and workplace childcare environment (e.g. breastfeeding room), the Company has engaged a registered childcare service agency to handle the childcare service, for employees to work without concern. The Company holds the on-site operating environment measurement twice a year, and strengthens the planning and implementation of the improvement for the working environment (e.g. the temperature monitoring system of spinning factory and weaving factory) based on the measurement results. The relevant regulations on wearing protective equipment for employees in the workplace are described as below: 1. Monthly distribution of dust masks to employees in the factory. 2. Quarterly distribution of hearing protectors to employees in spinning factory and weaving factory. 3. Regularly replace the goggles, protective clothing, protective gloves and safety shoes of dyeing, sizing, and security personnel. However, if any damage occurs, it will be replaced immediately to maintain the health of employees. In 2024, there were a total of 52 occupational accidents involving 54 employees, which	No significant deviation

Item	Operations			Deviation from " Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Summary	
			represented 1% of the total number of employees at the end of the year. The Company holds regular monthly occupational safety and health management meetings to review any occupational accidents that occurred during the month. Additionally, by establishing improvement strategies and objectives through hazard identification and risk assessment, we strictly monitor the implementation of control measures. Through safety and health education and training, we enhance employees' understanding of the Occupational Safety and Health Act and the Company's safety and health management systems to ensure their safety during work hours and reduce the occurrence of hazards.	
(4) Has the Company established an effective career development training program for employees?	✓		(4) The Company conducts the orientation for new employees on the day of taking office, enabling the employees to understand the Company's philosophy, vision, organizational structure and related benefits in the first time, in addition, the Company also arranges a factory clerkship courses to help employees to understand the cross-function works and improve the effectiveness of cross-function communication. Moreover, there is a learning plan for new employees to develop their career step by step. The domestic and overseas education and training for employees are conducted irregularly, with the arrangement of a coaching mechanism, each employee is entitled to a complete learning program during the training period, seeking to establish effective career development for employees. In addition, through the external training application system for employees, employees can apply for courses related to their own functions, to have differentiated learning channels and environments based on individual needs. Through the integration of learning resources, the company is committed to enabling employees to expand their knowledge fields and develop professional skills, and apply what they have learned to practical work, and thus improve work ability and efficiency, strengthen communication skills, and problem-solving abilities.	No significant deviation
(5) Does the Company comply with relevant laws, regulations and international standards regarding issues of products and services, such as customer health and safety, customer privacy, marketing and labeling? Has the Company formulated relevant policies and complaint procedures to protect consumers' or customers' rights and interest?	✓		(5) The Company's products strictly comply with the requirements of relevant international laws and regulations, to clearly label the product ingredients and origin. The Company has formulated standard operating procedures for handling customer complaints and established a customer-oriented quality system. Under this standard, by using objective methods to comprehensively assess customer satisfaction with the Company's products or services, the Company can find out the gap between customer needs and expectations, and takes the assessment results as the basis for improving the quality system, to achieve the goal of sustainable operation, and establish smooth communication channels with customers to facilitate customers to raise problems timely for protecting their rights and interests.	No significant deviation
(6) Has the Company formulated a supplier management policy, required suppliers to follow relevant regulations on issues, such as environmental protection, occupational safety and health, and labor rights? The implementation thereof?	✓		(6) The Company has always prioritized green enterprises as partners, and evaluates whether suppliers have poor records in terms of the environment or society in the past before conducting transactions, hoping to work together with suppliers to improve corporate social responsibility. Currently, the Company has required chemical material suppliers to provide product ingredient labels and completed the relevant procurement and management procedures to ensure compliance with the regulations of Zero Discharge of Hazardous Chemicals (ZDHC). The Company has established the Chemical Management Committee to continuously pay attention to the regulations of ZDHC and take charge of the discussions and progress control of related matters, to achieve the goal of improving efficiency and quality,	No significant deviation

Item	Operations			Deviation from " Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Summary	
			reducing energy and resource waste, and "energy-saving and waste reduction" with eco-friendly, in order to reduce the impacts on the environment. The Company has no long-term contracts with major suppliers; therefore, when a supplier violates its corporate social responsibility policy and has a significant impact on the environment and society, the Company may terminate the transaction at any time.	
5. Has the Company referred to the internationally accepted reporting standards or guidelines to prepare reports, such as a Sustainability Report that discloses the Company's non-financial information? Has a third-party verification entity provided assurance or assurance opinion for said report?		✓	5. The Company currently follows the GRI standards and references SASB and TCFD guidelines. The 2023 Sustainability Report was released in August 2024, and 2024 Sustainability Report is expected to be released in August 2025.	No significant deviation

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 describe any deviation from the principles in the Company's operations:
The Company has not yet established our own Sustainable Development Best Practice Principles, but still continuously implements the related goals of sustainable development pursuant to the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.

7. Other important information that facilitates the understanding of the promotion of sustainable development:
The Company attaches importance to labor-management relationship. As the issues of human rights, environmental protection, and counter-terrorism received more and more attention in recent years, customers will check the implementation of relevant issues in the factory before placing orders; therefore, fulfilling social responsibility is no longer a cost of the Company, but an important investment to create performance and profit. The relevant operations are as below:
(1) In terms of sustainable development, the Company insists the spirit of taking from the society and giving back to the society, paying attention to maintaining a good relationship with the community and neighbors. The Company's Houlong Textile Factory has sponsored to local volunteer firefighters, volunteer policemen, and community development associations for many years, contributing to the environmental safety of local residents. In addition to benefiting the livelihood and safety of local residents, it also improves the safety of the surrounding environment of the factory and provides a safe and friendly workplace for employees. Furthermore, we also respond to the "Straw Decomposing Bacteria Promotion Subsidy Program" of the Environmental Protection Administration, to reduce the air pollution caused by burning straw, and guide farmers' concept on the disposal of remaining materials in a step-by-step and friendly manner.
(2) In addition to focusing on good relations with the community and neighbors, as well as the environmental improvement, for the enthusiasm of public welfare, we also cooperate with blood donation centers to encourage the employees to roll up their sleeves and donate the blood on a regular basis, so our love can help more people in society.
(3) Since 2020, the Company has continued to carry out industry-academy collaboration and successfully worked with colleges including Takming University of Science and Technology (Department of Marketing Management) to cultivate talents. In 2022, the scope has expanded to all colleges and universities and institutes of textile in Taiwan, so that we can arrange internships through industry-academy collaboration, to help students to understand the industry, and provide students with employment opportunities to enrich the experience needed for future careers.
(4) Implement the regulations and spirit of the International Labor Organization. Currently, the Company is promoting the activity "Better Work" in Vietnam, actively improving the working conditions in developing country.
(5) The operations of factories around the world are equipped with qualified wastewater treatment equipment. The Company will continuously adopt and introduce more environmentally friendly methods for the global operations. In 2007, we have established a waste water recycling system in Lesotho, successfully reducing the use of water resources by more than 50%. The improvement of Mexico's wastewater system has successfully improved the quality of discharged water and reduced the use of chemicals by 70%. The improvement of Lesotho's wastewater system has successfully improved the quality of discharged water, and reduced the use of chemicals by 70%; moreover, the adoption of environmentally friendly dyes effectively reduces the COD emissions in wastewater, the use of related chemicals by 11 tons/month, the sludge output by 66 tons/month, and water consumption by 180 tons/month.

Item	Operations			Deviation from " Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Summary	

(6) For better the organizational structure and management, in 2019, the Company engaged Deloitte &Touche to execute the project reforming the corporate culture and personnel structure. This project will establish the long term corporate culture and core values through the short- and mid-term organizational structure, performance appraisal, training, and improvement and integration of the personnel system.

(7) In order to improve the concept of anti-sexual harassment and gender equality among employees in the production areas, the Ninh Binh and Lesotho factories have conducted anti-sexual harassment education and trainings for all employees and officers. The Lesotho District cooperated with the local NGO, Help Lesotho, to have the trained youth group, GIRL4ce, visit to the factories to advocate and perform as a tour. Through dance, wonderful drama, inspiring speeches and interactions, the themes of anti-sexual harassment, HIV-AIDS, domestic violence, gender equality, and women's empowerment are presented in an easy-to-understand and vivid manner, to promote gender equality culture in factories.

(8) Since 2009, the Company has successively invested and adopted new energy-saving lights to improve the efficiency of energy utilization. Houlong Textile Factory has implemented and completed the replacement in 2015, and continuously researches and updates the existing equipment in an effort to reduce power consumption, and has achieved remarkable effects so far. The construction project of temperature monitoring system for the air-conditioning water chiller planned in 2015 was completed in April 2016. Also, the construction project of sludge dehydration planned in January 2016 was completed in August 2016, and successfully reduced sludge weight by more than 73%. For the dehydrated sludge, the Company cooperates with high-quality reprocessing manufacturers that meet the regulations to strengthen the rational reuse of waste to reduce the impact on the environment. Furthermore, the construction project of improvement of the energy saving for air compressors and the installation project of digital electricity meters planned in September 2016 were completed in December 2016. These two projects have further improved the transparency of power consumption in each department, and saved 25% of power consumption of the air compressors.

(9) In April 2017, the Company planned and completed the construction project of infrared detection instrument, which can monitor the dye usage and operation status of the environmentally friendly dye storage equipment at all times, helping the Company to dynamically and flexibly control and grasp the changes in dye storage at any time, for the most efficient arrangement and control of the entire production cycle, to achieve the goal of improving efficiency and quality. Moreover, the full-time monitoring of important electrical equipment can ensure the normal operation of the equipment, to prevent power consumption and losses caused by overheating of or defective contacting points, also to maintain the safety of personnel, equipment, and the environment.

(10) Since 2014, the Company has conducted a comprehensive inspection and continuous improvement of chemical management in accordance with the goals set by ZDHC, and achieved the goal of zero-commission that is harmless to health and the environment in 2021. In June 2017, the Company planned the construction project of an ozone treatment machine in Houlong Textile Factory. Upon the completion of the construction, it would effectively improve the production quality and increase production efficiency. The ozone treatment machine can reduce energy consumption, water consumption during processes, the use of related chemicals, wastewater discharge during processes, and sludge output more effectively. To achieve high quality, high efficiency, low energy consumption, and low pollution, while helping the subsequent process to decrease the processing time and the use of chemicals, making whole supply chain reduce the impact on health and the environment, and the achieve goal of sustainable management.

(11) The Company's domestic and overseas factories have been inspected and passed the TOE programs of well-known foreign customers, and have released relevant information on the sustainable development measurement tool (Higg Index) of the Sustainable Apparel Coalition (SAC) with tracking of the implementation progress. In the future, the Company will be continuously committed to fulfilling social responsibilities, caring for society, and aiming to achieve the goal of corporate sustainable operation and social harmony.

(12) The recycled cotton used by the Company and subsidiaries complies with the Recycled Claim Standard (RCS) and has been certified by a third-party certification agency, Control Union Taiwan, CU. Although using recycled cotton requires more manpower, technology and cost than newly grown conventional cotton, it brings a beautiful second life to waste yarn that should have been discarded and burned. Meanwhile, it can also reduce waste for the earth and achieve the corporate goals of sustainability, environmental protection and earth-friendly.

Date of the latest certification obtained by the Company and subsidiaries.

Production Areas	Parent Company and Nien Hsing (Ninh Binh) Garment Co., Ltd.	Formosa Textile Company (Pty) Ltd.	Nien Hsing International Lesotho (Pty) Ltd.	Nien Hsing International Victoria S.A. De C.V.
Dates of the certification obtained	2024/04/22	2024/05/03	2024/05/07	2023/12/17

(13) The organic cotton used by the Company and subsidiaries complies with the Organic Content Standard (OCS) and has been certified by a third-party certification agency, Control Union Taiwan, CU. In comparison to conventional cotton, the cultivation method of organic cotton involves avoiding fertilizers, pesticides, and other chemicals, thereby fostering ecological balance and reducing potential pollution and harm to farmland, farmers, and consumers.

Item	Operations			Deviation from " Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Summary	

Date of the latest certification obtained by the Company and subsidiaries.

Production Areas	Parent Company and Nien Hsing (Ninh Binh) Garment Co., Ltd.	Formosa Textile Company (Pty) Ltd.	Nien Hsing International Lesotho (Pty) Ltd.
Dates of the certification obtained	2024/04/22	2024/05/03	2024/05/07

(14) The Houlong Textile Factory in Taiwan and the Mexico Textile Factory respectively obtained the OEKO-TEX® Standard 100 certificate from the third-party certification agency, TESTEX, on January 3, 2023, and October 23, 2024. This certification aims to ensure that textiles and garments do not contain harmful substances that may affect human health, serving as a reference for consumers when purchasing environmentally friendly textile products. Meanwhile, it helps the Company achieve our corporate goals of sustainable environmental practices, caring for the earth, and sustainable business operations.

(15) Formosa Textile Company (Pty) Ltd. and Nien Hsing International (Lesotho) (Pty) Ltd. were certified as the Worldwide Responsible Apparel Production (WRAP) on July 24, 2024 and August 8, 2024, respectively. This certification is a mechanism to ensure that the production process of products conforms to environmental, social and governance (ESG) standards, and aims to promote sustainable development. In terms of the environment, enterprises need to reduce carbon emissions, water resources use and waste, promote a green supply chain and avoid hazardous chemicals; in terms of society, enterprises must emphasize the protection of labor rights and interests, a safe working environment, fair wages, and the development of local communities; in terms of governance, enterprises are required to comply with international regulations, ensure the transparency of supply chain and establish the internal compliance mechanism.

Climate-Related Information of TWSE/TPEx Listed Company

1 Implementation Status of Climate-Related Information

<table>
<tr><th>Item</th><th>Operations</th></tr>
<tr><td>1. Describe the monitoring and governance of climate-related risks and opportunities by the Board of Directors and the management.</td><td>On September 16, 2021, the Company approved the establishment of the Sustainable Operation Division upon the resolution of the Board of Directors. Currently, Vice President, Tai-Yuan Chou serves as the unit leader, and reports to the Board of Directors on the implementation of sustainable development every quarter. In response to the highly uncertain climate and rapid changes in policies and markets, while grasping and estimating the possible impacts of climate change in a timely manner, senior executives of various departments are convened from time to time to identify major climate risks and opportunities. Meanwhile, the possible risks brought to each operating location by floods, droughts, typhoons and high temperatures are further evaluated, seeking to grasp the climate change and market dynamics in the external environment, and consider the overall business strategy planning more comprehensively. The Sustainable Operation Division is responsible for the environmental management system, compliance with environmental-related laws and regulations and international standards, assessment of sustainable transformation, improvement of resource utilization, response mechanisms to climate change, and establishment of dedicated environmental management units or personnel, while holding cross-department meetings from time to time to discuss and coordinate with each other, to achieve the goal of environmental sustainability. Responsible for the Company's internal policies and procedures for climate risk management, including climate-related risk issues, the latest laws and regulations regarding industrial climate risk, and updating the identification results of climate risks and opportunities.</td></tr>
<tr><td>2. Describe how the identified climate-related risks and opportunities impact the Company’s business, strategy, and financial planning over the short, medium, and long term.</td><td>The Company is actively formulating solutions to reduce the operational and financial impacts of climate change and to enhance organizational climate resilience. Short-term is defines as within 3 years, medium-term as 3 to 5 years, and long-term as more than 5 years. The Company evaluates the potential operational and financial impacts arising from climate-related risks and opportunities and formulates corresponding actions to address them.
<table>
<tr><th></th><th>Risks and opportunities</th><th>Short-term
(1 - 3 years)</th><th>Mid-term
(3 - 5 years)</th><th>Long-term
(over 5 years)</th></tr>
<tr><td>Risk</td><td>Transformation risks
Focusing on the risks arising from the transition to a low-carbon economy. Transformation risks include policy, legal, technology, market and reputation risks</td><td>Increased disclosure requirements to greenhouse gas emissions</td><td>• Changes in consumer preferences
• Shift to low-carbon technologies</td><td>National target of net zero emission by 2050</td></tr>
<tr><td></td><td>Physical risks
Risks resulting from climate change driven by events (immediate physical risk) or from long-term changes in climate patterns (long-term physical risk). Immediate physical risk arises from weather-related events, such as storms, floods, droughts or heat waves, with increasing severity and frequency.</td><td></td><td></td><td>Rising average temperature</td></tr>
</table></td></tr>
</table>

Item	Operations

	Risks and opportunities	Short-term (1 - 3 years)	Mid-term (3 - 5 years)	Long-term (over 5 years)
	Long-term physical risks arise from long-term changes in climate patterns, including changes in precipitation and temperature, which may lead to sea level rise, reduction of water resources availability, loss of biodiversity and changes in soil productivity.			
Opportunities	**Opportunities** Potential positive impacts of climate change on the entity. Efforts of climate change mitigation and adaptation can create climate-related opportunities for entities.	• Recycle and reuse	• Energy Management Programs • Reduce the water consumption	

The Company evaluates the above-mentioned risks, and raises climate-related risks and opportunities that may cause significant financial impact, and the responding strategies are as follows:

Transformation risks/ climate opportunities		
R risk/O opportunity	Financial impact -/+	Responding strategies
R: Increased disclosure requirements to greenhouse gas emissions	- Increased carbon-related requirements from investees and customers, resulting in higher costs and reduced profits.	• Establish a data collection SOP and database as early as possible, and promote real-time data recording to reduce the time required for the annual inventory.
R: Changes in consumer preferences	-Due to fashion trends, climate change and different consumption habits, the global jeans market is gradually shrinking, resulting in a decrease in revenue.	• Develop jeans with product features (such as functional denim or recycled materials) to differentiate the products from traditional denim products in the market, expand new customer sources, and increase revenue.

Item	Operations

R risk/O opportunity	Financial impact -/+	Responding strategies
R: Transformation to low-carbon technologies O: Recycle and reuse	- New technologies and equipment were introduced in response to the energy-saving and carbon-reduction policies for energy transformation, resulting in higher costs. (R) + The leftover materials from production are re-made into small accessories such as bags and cell phone strings to reduce waste of raw materials. (O)	• Introduced the BLUEDYE eco-friendly dyeing equipment from the German company, Kahl Mayer, doubling the dyeing efficiency and halving resource consumption. And look for new low-carbon fuels. • Recycle and reuse leftover materials to increase product variety and reduce production waste.
R: National target of net zero emission by 2050 O: Energy Management Programs O: Reduce the water consumption	- Replace energy-intensive equipment and high-carbon fuels with high-efficiency, low-emission alternatives in response to the low-carbon transition, resulting in increased capital expenditures and production costs. (R) + Through energy management, the Company promotes energy transition not only to reduce environmental pollution, but also to enhance production efficiency. In addition, such efforts contribute to the Company's positioning as a green enterprise, thereby improving its reputation. (O) + Establish a complete water recycling system at each factory to increase the number of times each drop of water used, which reduces the amount of water collected and the water collection per output unit, achieving sustainable production (O)	• Replace energy-intensive equipment with energy-efficient equipment as soon as possible in all domestic and overseas factories to reduce energy consumption costs (e.g. electricity bills) after stabilization. • Introduce the energy management system and smart electricity and water meters to monitor the use of various types of energy at any time, and make regular adjustments and improvements to achieve the optimal use of energy. • Textile factories have introduced water filtration and circulation systems for sizing-dyeing machines and treatment machines; garment factories have adopted low-liquor ratio washing machines and ozone/decolorization equipment, to increase water recycling, effectively reduce water consumption, and improve efficiency.
R: Rising average temperature	- The rising global average temperatures have led to a noticeable shift in consumer preferences, with growing demand for functional apparel made from moisture-wicking and breathable materials.	• The Product Innovation Department continues to research and develop functional denim fabrics (e.g. wicking or warmth retention), and develop new types of fabrics or fibers by blending cotton and functional fibers or post-processing to add product features and increase revenue.

Item	Operations
3. Describe the financial impact of extreme weather events and transformative actions.	**Financial impact of extreme weather events** Through internal discussions, inventories and assessments, the Company has identified that floods, droughts, changes in precipitation patterns and extreme changes in climate patterns posing potential risks during the production or transportation stage. Floods caused by heavy rainfall may result in the shutdown of operating bases and damage to equipment, resulting in temporary inability to ship goods; while droughts and water shortages will affect the normal operation of production lines. In times of water shortage, supplies must be maintained by reducing water consumption or transporting with water trucks across regions, which increases operating costs. **Financial impact of transformative actions** Under transition risks, the transformation toward a low-carbon economy may face a wide range of changes in policies and regulations, technologies, and market conditions. Depending on the nature, speed, and focus of these changes within the analysis time frame, factors such as carbon fees, greenhouse gas caps, renewable energy regulations, and shifting consumer preferences may lead to increased operating costs or reduced sales. Considering the Company's ongoing efforts in innovation and product diversification, there has been no significant impact on market sales under various scenarios. Therefore, the Company focuses its analysis on operating costs. Under the low-carbon transition scenario, the Company seeks to minimize the climate impact of energy consumption, water use, and waste generation across its operations and production lines. To address these transition risks, the Company is improving energy efficiency and investing in green energy equipment. These initiatives are expected to result in increased capital investments and operating costs.
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	The Board of Directors is the highest decision-making unit of the Company's risk control and directly supervises the Company's risk governance framework. In order to improve the risk assessment and management functions, the Board of Directors established the Sustainable Operation Division upon resolution in 2021. The Division is responsible for identifying and managing the risks of corporate operations, including the physical and transformative risks that may be brought about by climate change, and leading the planning of relevant responding measures. Based on the business scope of each department, various departments are gathered to discuss climate risks and opportunities on a regular basis, in order to understand the internal and external risks and potential financial impacts of each topic on the organization. Based on the likelihood and degree of impact, the material issues are screened and relevant management strategies and countermeasures are formulated. The management implementation and risk control reports are presented to the Board of Directors at least once a year, seeking to enhance the corporate constitution.
5. If a scenario analysis is used to assess the resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and main financial impacts used shall be explained.	The Company is currently formulating carbon reduction strategies in accordance with the 2050 national net zero emission policy; however, scenario analysis and evaluation have not yet been conducted.
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.	In order to achieve the 2050 national net zero emission goal, the Company has formulated a low-carbon transformation plan, which includes: 1. Continuing proactive carbon reduction efforts: The Company is replacing energy-intensive equipment and improving operational efficiency to minimize carbon emissions during the manufacturing stage. For instance, BLUEDYE eco-friendly dyeing equipment from the German company Karl Mayer has been introduced, which doubles dyeing efficiency and reduces resource consumption by half. The Company is also exploring alternative low-carbon fuels. In addition, textile factories have implemented water filtration and circulation

Item	Operations
	systems for slasher-dyeing and treatment machines, while garment factories have adopted low-liquor ratio washing machines to enhance water recycling, effectively reduce water consumption, and improve operational efficiency. 2. Reduce the usage of fossil fuels: The Company is significantly increasing the share of renewable and biomass fuels used in production to lower carbon emissions. The target is for the Ninh Binh Factory in Vietnam to use 100% biomass fuel.
7. If internal carbon pricing is used as a planning tool, the basis for price setting should be disclosed.	The Company is currently not subject to carbon fee regulations and therefore does not yet apply internal carbon pricing.
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 disclosed. 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 disclosed.	At the current stage, the Company prioritizes improving factory efficiency and reducing its own emissions, and has not adopted the purchase of Renewable Energy Certificates as a means of carbon reduction. It is sought to create a win-win situation between the economy and the environment through a green operating model that "maximizes production efficiency and minimizes environmental impact." Enhance eco-efficiency in three aspects, namely energy-saving, water-saving, and greenhouse gas reduction, to contribute to a sustainable environment - Embrace the challenge to refrain from using coal in factories by 2030 (transforming the on-site coal-fired equipment, excluding steam and electricity from the local energy network). In addition, in Ninh Binh Factory in Vietnam, it is planned to invest in the construction of ozone/decolorization equipment to increase the proportion of recycled water in the factory. It is expected that the utilization rate of recycled water can reach 50-60%. Meanwhile, biomass fuel is 100% used in the factory, so the carbon emission is greatly reduced. The Lesotho Textile Factory upgraded 26 looms, which saved 0.02 kWh of electricity per yard of fabric produced. If the Lesotho Textile Factory produced 10,677,602 yards in 2024, 213,552.04 kWh has been saved from the annual power consumption.
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).	Please refer to the description below.

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

1-1-1 Greenhouse Gas Inventory Information

Describe the emission volume (metric tons CO2e), intensity (metric tons CO2e/NT$ million), and data coverage of greenhouse gases for the recent 2 years.

Minimum scope of information to be disclosed pursuant to the Roadmap for Sustainable Development of TWSE/TPex Listed Companies

1. The parent-company entity shall start the inventory since 2026.
2. The subsidiaries in the consolidated financial statements shall start the inventory since 2027.

The Company has established a greenhouse gas inventory mechanism in accordance with the ISO 14064-1 greenhouse gas inventory standard issued by the International Standards Organization (ISO). Since 2022, the Company has regularly inventoried the Company's greenhouse gas emissions every year, to fully grasp the status of greenhouse gas use and emissions, and to verify the effectiveness of reduction actions.

In addition, the greenhouse gas inventory data for the recent 2 years are based on the aggregated greenhouse gas emissions of the Company in accordance with the business control method, as described below:

Year / Emission volume and intensity / Scope of coverage		2023		2024	
		Emissions (tCO_2e)	Intensity (tCO_2e /turnover NT$ million)	Emissions (tCO_2e)	Intensity (tCO_2e /turnover NT$ million)
Parent company	Scope 1 Direct GHG emission	5,290.4064		5,572.1648	
	Scope 2 Indirect GHG emission	15,626.1860		5,110.4982	
Total		20,916.5924	3.2647	10,682.6630	1.6638

1-1-2 Greenhouse Gas Assurance Information

Describe the status of assurance during the recent 2 years up to the date of publication of the annual report, including the scope of assurance, assurance institutions, assurance standards, and assurance opinion.

Minimum coverage of assurance to be implemented pursuant to the Roadmap for Sustainable Development of TWSE/TPex Listed Companies

1. The parent-company entity shall start the implementation of assurance since 2026.
2. The subsidiaries in the consolidated financial statements shall start the implementation of assurance since 2027.

In Section 1-1-1, the total greenhouse gas emissions disclosed, with the assurance coverage for 2023 and 2024 attributable to the Company, accounted for 100% of the Company's total emissions for each year. In 2023, the assurance was conducted by Bureau Veritas Certification (Taiwan) Co., Ltd. in accordance with the ISO 14064-1:2018 issued by the International Organization for Standardization (ISO), and the level of assurance provided was reasonable assurance. As of 2024, the complete assurance opinion on greenhouse gas emissions has not yet been obtained and will be disclosed in the 2024 Sustainability Report.

Assurance status of the Company's 2023 greenhouse gas inventory is described as follows:

Scope of Assurance Status		2023 emissions (tCO_2e)
Parent company	Scope 1 Direct GHG emission	5,290.4064
	Scope 2 Indirect GHG emission	15,626.1860
	Total	20,916.5924
	Percentage in the aforementioned disclosed inventory data in Section 1-1-1	100 %
Assurance agency		Bureau Veritas Certification (Taiwan) Co., Ltd.
Description of assurance		Standard ISO 14064-1:2018/ Reasonable assurance
Assurance opinion/conclusion		Unqualified opinion

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

Describe 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.

Greenhouse gas reduction base year and reduction target

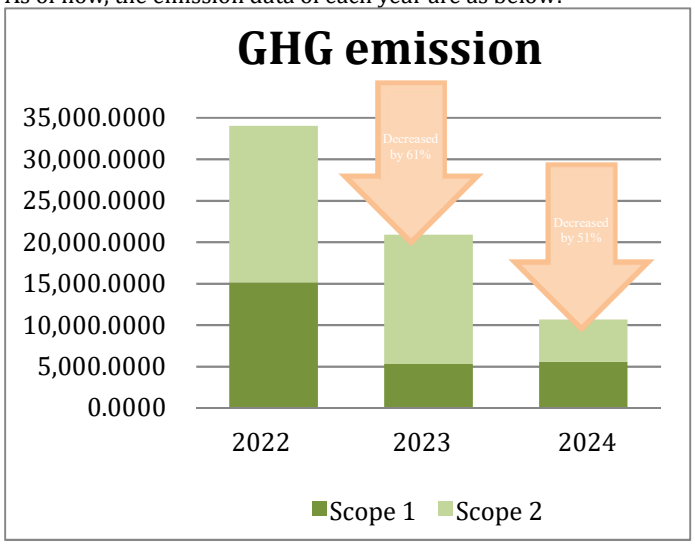
In order to plan the greenhouse gas reduction strategy, the Company completed the inventory in 2022. Therefore, the base year is 2022, and the Scope 1 and Scope 2 emissions were 15,151.0665 tCO2e and 18,880.8107 tCO2e, respectively. It is hoped that the 2050 national net-zero emissions target will be further advanced through the following specific actions.

Greenhouse gas reduction strategies and concrete action plans

The Company has integrated carbon management into its business strategy in order to respond to the carbon fee to be levied under the "Climate Change Response Act" of Taiwan, the carbon emission-related regulatory mechanisms of various countries in the world, and the sustainable production requirements of customers. The Company also takes the chance to assess the opportunities brought about by the low-carbon transformation, to adjust related policies on a rolling basis, and develop carbon reduction solutions such as process improvement and search for alternative energy sources. By improving energy efficiency and purchasing energy-saving machines, the Company ensures that the reduction is in line with the progress, and takes a positive attitude to reduce the impact of carbon emissions and enhances the competitive advantage of operations, to gradually realize the net zero emissions path and goal.

Achievement of reduction goals

As of now, the emission data of each year are as below:



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

Item	Operations			Deviation from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and reasons
	Yes	No	Summary	
1. Formulation of ethical management policies and plans				
(1) Has the Company formulated an ethical management policy approved by the Board of Directors and disclosed the policy and practice of ethical management in its regulations and public documents? Are the Board of Directors and the senior management committed to actively implementing the policy?	✓		(1) The Company has formulated the "Principles of Ethical Corporate Management" and the "Code of Ethics for Board of Directors and Executive." The policies have been implemented after being approved by the Board of Directors on December 29, 2014 and promoted to all directors and employees, seeking that all directors and employees actively implement the operating philosophy of ethics and integrity into daily business execution.	No significant deviation
(2) Has the Company established measures for evaluating unethical conduct risks? Has the Company taken any precautionary measures regularly to prevent corruption or high-risk illegal business activities, at least covering the precautionary measures of Paragraph 2 in Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies"?	✓		(2) To ensure the implementation of ethical management, the Company has established an effective internal control system, and internal auditors regularly audit the compliance to prevent the following unethical conduct: 1. Offering and acceptance of bribes. 2. Illegal political donations. 3. Improper charitable donations or sponsorship. 4. Offering or acceptance of unreasonable presents or hospitality, or other improper benefits. 5. Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights. 6. Engaging in unfair competitive practices. 7. Damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, provision, or sale of products and services.	No significant deviation
(3) Has the Company clearly specified operating procedures, guidelines for conduct, and a violation punishment and complaint system in the unethical conduct prevention plan and duly implemented them? Does the Company regularly review and revise aforesaid plan?	✓		(3) The relevant principles of preventing unethical conduct have been publicly disclosed on the Company's website and the MOPS. In addition, the Company's "Employee Reward and Punishment Procedures" clearly specify that employees must not engage in malpractice, fraud, concealment and deception to seek illegal benefits, and the importance of ethical conduct is promoted to all internal employees all the time. The internal audit unit also includes any unethical conduct occurring internally as part of the key points of the daily audits. When an employee has any unethical conduct, he/she will be warned or punished pursuant to the "Employee Reward and Punishment Procedures" depending on the violations and severity of the impacts.	No significant deviation

Item	Operations			Deviation from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and reasons
	Yes	No	Summary	
2. Implementation of ethical management (1) Does the Company evaluate each counterparty's records for ethics? Has the Company specified the terms of ethical conduct in each contract signed with each counterparty?		✓	(1) The Company has always maintained good relationships with suppliers, and conducts business activities in a fair and transparent manner. Suppliers with any record of unethical conduct will be denied for dealings. The Company maintains stable and good relationships with customers. Some customers also require the Company to refrain from unethical conduct before dealing with them, so both parties may create a win-win business model based on ethics.	No significant deviation
(2) Has the Company established a dedicated unit under the Board of Directors to conduct ethical management, regularly (at least once a year) report to the Board of Directors on its ethical management policies and prevention plans for unethical conduct, and supervise the implementation?	✓		(2) The Company's Finance & Administration Division has formed the "Promotion of Ethical Management Group," convened by the Corporate Governance Officer, to assist the Board and management to formulate and supervise the implementation of ethical management policies and preventive programs based on the duties and scope of each unit, to ensure the implementation of the "Principles of Ethical Corporate Management." The dedicated unit has reported its implementation to the Board on November 5, 2024. The Board of Directors is fulfilling the duty of care, supervising the Company to prevent unethical conducts, to ensure the implementation of the ethical management policy. The establishment, amendments, or abolishment of the "Principles of Ethical Corporate Management" shall be approved by the Audit Committee and the Board of Directors for enactment, and report to the Shareholders' Meetings. The Company's implementation of ethical management policies in 2024 are as below: 1. Education and trainings The Company organizes internal and external education and trainings related to ethical management issues (including courses related to compliance with ethical management laws and insider trading): (1) In 2023, there were total of 39 attendees, totaling 117 hours; in 2024, there were total of 36 attendees, totaling 108 hours. (2) Since November 2022, in addition to sharing core values (including ethics and responsibility) in the new recruits' orientation, to improve the promotion of ethical conducts, the promotion of "Ethical Code of Conduct and Disciplinary Actions" is made to new recruits based on the Company's ethical service code and other regulations.	No significant deviation

Item	Operations			Deviation from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and reasons
	Yes	No	Summary	
			2. Ethical commitment (1) Since November 2022, employees are required to sign the "Promissory Note of Employee Service," including the ethical service code and other agreements. (2) In 2024, directors and executives (management regulated by laws and regulations) have signed the "Statement of Compliance with Ethical Management Policy," reminding directors and executives to adhere to ethics. (3) The Company's directors and employees had no conduct violating ethics in 2024. 3. Whistleblowing system (1) In November 2020, the Board passed the "Procedures for Handling Cases Reporting Illegal, Immoral or Unethical Conduct," to provide a clear channel for reporting. (2) As of the end of December 2024, the Company has not received any whistleblowing.	
(3) Has the Company formulated policies to prevent conflicts of interest, provided appropriate methods for stating one's conflicts of interest, and implemented them appropriately?	✓		(3) For matters related to conflicts of interest, employees may report directly to their line managers of the department, or directly to the Chairman's Office.	No significant deviation
(4) Has the Company established an effective accounting system and an internal control system for the implementation of ethical management and assigned the internal audit unit to formulate relevant audit plans based on the assessment results of the risk of unethical conduct and audit the compliance with the unethical conduct prevention plan accordingly or commissioned a CPA to perform such audits?	✓		(4) To ensure the implementation of ethical management, the Company has established an effective accounting system and internal control system, and internal auditors regularly audit compliance with the said ethical management policies.	No significant deviation
(5) Does the Company regularly hold internal and external education and training on ethical management?	✓		(5) The Company has formulated the "Management Procedures for Internal Material Information Processing and Insider Trading Prevention," "Code of Ethics for Board of Directors and Executives" and "Principles of Ethical Corporate Management." All of these prohibit the Company insiders from using undisclosed information to trade negotiable securities. The promotional seminars of the "Management Procedures for Internal Material Information Processing and Insider Trading Prevention" and related laws and regulations are promoted to the insiders and employees at least once a year, regarding the laws and regulations of insider trading that strictly prohibit the Company insiders from using undisclosed information to trade negotiable securities.	No significant deviation

Item	Operations			Deviation from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and reasons
	Yes	No	Summary	
			In recent years, two educational courses have been held, respectively, on August 2, 2024, "Discussion of best practice principles of ethical management, corporate governance, and sustainable development and case studies" and on November 5, 2024, "Prevention of insider trading and related regulations". These courses were conducted for a total of 6 hours of educational outreach to current directors, managers, and employees. The number of participants was 20 and 15 respectively. The course content includes the latest practical developments in insider trading and strategies for corporate prevention and response, preventing insider trading and fostering integrity in business operations, information disclosure, as well as ESG/CSR and sustainable governance. Additionally, the presentation files of the course were sent to all directors, managers, and employees for reference. Directors and executives shall comply with the laws, regulations, and ethic code of conducts applicable to the Company, including these related to the insider trading, and the related policies and procedures established by the Company for the compliance of the directors and executives. Any director or executives must not obtain improper benefits from anyone by manipulating, concealing, or abusing information obtained based on his/her position, making a false representation on material matters, or with other intentionally unfair trading influences. The directors and executives of the Company sign the "Statement of Compliance with Ethical Management Policy" before the end of each year and when they are newly appointed. In 2024, the signing rate of the directors and executives was 100%.	
3. Implementation of the Company's whistleblowing system				
(1) Has the Company formulated a specific whistleblowing and reward system, established a convenient whistleblowing method, and assigned appropriate personnel to deal with the reported?	✓		(1) On November 6, 2020, the Board has approved the "Procedures for Handling Cases Reporting Illegal, Immoral or Unethical conduct." For violations of ethical management regulations, employees may report directly to their line managers of the department, directly to relevant board members, or use the dedicated e-mail to report. If it is found the report is true, a warning or punishment may be given pursuant to the "Employee Reward and Punishment Procedures" depending on the violations and severity of the impacts.	No significant deviation
(2) Has the Company formulated standard operating procedures for investigation of reported cases, the follow-up measures to be taken after the investigation is completed, and a confidentiality mechanism?		✓	(2) Where the Company's employees find any violation of the ethical management regulations, they should take the initiative to report such violation to executives, Internal Auditing Officer, Human Resources Department, or other appropriate officers. The unit accepting the report shall implement the investigation for deeper understanding, and keep the content of the report confidential.	No significant deviation
(3) Does the Company take measures to protect whistleblowers from being mistreated due to their whistleblowing behavior?	✓		(3) The Company's dedicated reporting e-mail address is managed by the Head of Human Resources Department, preventing the identity of the whistleblower from being exposed and kept the identity of the whistleblower absolutely confidential. Therefore, the complaint system protects the whistleblower from threats or retaliation for reporting illegal matters.	No significant deviation

Item	Operations			Deviation from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and reasons
	Yes	No	Summary	
4. Enhanced information disclosure Has the Company disclosed the content of its Corporate Governance Best Practice Principles and the effectiveness of the implementation of the principles on its website and the MOPS?	✓		The Company's "Principles of Ethical Corporate Management" and the "Code of Ethics for Board of Directors and Executives" are disclosed on the Company's website and the MOPS.	No significant deviation
5. If the Company has formulated its own Corporate Governance Best Practice Principles as the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, please specify the difference between its operation and the principles: none.				
6. Other important information that facilitates the understanding of the Company's ethical management (e.g., reviewing and amending the Company's corporate governance best practice principles): The Company takes ethics as an important guideline for purchase and procurement process, to ensure that suppliers comply with environmental protection and safety regulations, and provides suppliers smooth appeal channels for any damage to their rights or interests during the procurement process. Regardless of the internal employees and external partners, they all insist on the highest standards of ethics. For any illegal conduct of offering bribery by suppliers and requesting bribery by employees, the Company will actively take legal action.				

(7) Other significant information that will provide a better understanding of the state of the Company's implementation of corporate governance:

The Company's Directors insist a high degree of self-discipline, and recuse themselves from discussion and voting on proposals in Board of Directors Meetings involving the interest of themselves or the corporate they represent. The Company's internal auditors also regularly audit the compliance with the accounting system and internal control system, and prepare internal audit reports to be submitted to the Audit Committee and Board of Directors.

(8) Implementation of internal control system

1. Statement of Internal Control System

   Please refer to the MOPS (https://mopsov.twse.com.tw/mops/web/t06sg20)

2. The investigative report of CPA to examine the internal control system: not applicable.

(9) Major resolutions of Shareholders' Meetings and Board of Directors Meetings:

1. Resolutions and implementation status of Shareholders' Meetings

Meeting Year	Meeting Date	Major resolutions
2024	June 18, 2024	1. Approval of 2023 Business Report and Financial Statements. 2. Approval of distribution of 2023 profits. Implementation status: July 10, 2024 was settled as the ex-dividend base date, and cash dividend was distributed on August 2, 2024. (Cash dividend of NT$0.5 per share.) 3. Approval of the change of the Company's registered office. Implemented as the result. 4. Approval of the amendment to the "Articles of Incorporation." Implemented as the result.

2. Resolutions of Board of Directors Meetings:

Meeting Date	Major resolutions	Matters under Article 14-3 of the Securities and Exchange Act.	Independent Directors' opinions and the Company's response
January 12, 2024 7th meeting, 14th Term	1. Proposal for disposition of the Taipei office.	✓	Approved by all attending Independent Directors.
February 1, 2024 8th meeting, 14th Term	1. Proposal of 2024 Business Plan.		
	2. Proposal of 2023 year-end performance bonus to executives.		
March 8, 2024 9th meeting, 14th Term	1. Proposal of 2023 Business Report and Financial Statements.		
	2. Proposal to determine the record date of capital reduction for the cancellation of employee restricted stock awards.		
	3. Proposal for distribution of 2023 profits.		
	4. Proposal of 2023 employees' compensation of profit sharing.		
	5. Proposal to amend the "Rules and Procedures of Board of Directors Meetings."		
	6. Proposal to amend the "Audit Committee Charter."		
	7. Proposal to amend the "Procedures for the Preparation and Certification of Sustainability Reports."	✓	
	8. Proposal to evaluate the independence and competence of the CPA and audit fees.	✓	
	9. Proposal to amend the "Pre-approval Policy for Attesting CPA to Provide Non-Assurance Services."		
	10. Proposal to formulate procedures for submitting shareholders' proposals of 2024 Annual General Shareholders' Meeting.		
	11. Proposal of convention of 2024 Annual General Shareholders' Meeting.		
	12. Proposal of 2023 Statement of Internal Control System.		
April 23, 2024 10th meeting, 14th Term	1. Proposal to change the Company's registered office.		
	2. Proposal to amend the Company's "Articles of Incorporation."		
	3. Proposal of accounts receivable overdue by more than three months as of March 31, 2024, of the Company's subsidiary, Phoenix Development & Marketing Co., Ltd., are not related to loans.	✓	
	4. Proposal of convention of 2024 Annual General Shareholders' Meeting.		
May 6, 2024 11th meeting, 14th Term	1. Proposal of 2024 Q1 Financial Statements.		
June 18, 2024 12th meeting, 14th Term	1. Proposal to determine the record date of capital reduction for the cancellation of employee restricted stock awards.		
	2. Proposal for the replacement of the CPA due to the internal adjustment of Deloitte &Touche.	✓	
	3. Proposal to evaluate the independence and competence of the CPA and audit fees.	✓	

Meeting Date	Major resolutions	Matters under Article 14-3 of the Securities and Exchange Act.	Independent Directors' opinions and the Company's response
	4. Proposal to increase the limit for forward foreign exchange transactions for hedging purposes.	✓	Approved by all attending Independent Directors.
	5. Proposal to change the heads of the Company's Garment Sales Division and Textile Production Division.		
July 23, 2024 13th meeting, 14th Term	1. Proposal to determine the remuneration of the executives.		
	2. Proposal to determine the remuneration of the Associate Vice President, Jen-Chou Chen.		
	3. Proposal to determine the remuneration of the Associate Vice President, Shu-Hua Hsu.		
August 2, 2024 14th meeting, 14th Term	1. Proposal of 2024 Q2 Financial Statements.		
	2. Proposal for the results of the Company's 2023 Sustainability Report execution.		
October 22, 2024 15th meeting, 14th Term	1. Proposal to determine the record date of capital reduction for the cancellation of employee restricted stock awards.		
November 5, 2024 16th meeting, 14th Term	1. Proposal of 2024 Q3 Financial Statements.		
	2. Proposal to formulate the "Management of sustainability information."	✓	
	3. Proposal of 2025 audit plans.		
	4. Proposal for the application of short-term credit limit.		
	5. Proposal for the Company to apply for an endorsement/guarantee for the subsidiary.	✓	
	6. Proposal for the disposal of the 12th-floor office and 20 parking spaces at Wall Street Technology Building.	✓	
November 18, 2024 17th meeting, 14th Term	1. Proposal for the subsidiary, Phoenix Development & Marketing Co., Ltd. to invest financial bonds denominated in USD.	✓	
January 21, 2025 18th meeting, 14th Term	1. Proposal to determine the record date of capital reduction for the cancellation of employee restricted stock awards.		
	2. Proposal for the subsidiary, Phoenix Development & Marketing Co., Ltd. intends to invest in "HKT Limited."	✓	
	3. Proposal for the subsidiary, Phoenix Development & Marketing Co., Ltd. to invest financial bonds denominated in USD.	✓	
	4. Proposal of 2025 Business Plan.		
	5. Proposal to determine the remuneration of the Chairman, Wei-Han Chen.	✓	
	6. Proposal of 2024 year-end performance bonus to executives.		
February 12, 2025 19th meeting, 14th Term	1. Proposal to participate in the subscription of Fubon Life Insurance Co., Ltd.'s 10-year unsecured cumulative subordinated corporate bonds.	✓	
	2. Proposal to invest in financial holding companies.	✓	
March 11, 2025 20th meeting, 14th Term	1. Proposal of 2024 Business Report and Financial Statements.		
	2. Proposal to determine the record date of capital reduction for the cancellation of employee restricted stock awards.		
	3. Proposal for distribution of 2024 profits.		
	4. Proposal of 2024 employees' compensation of profit sharing.		
	5. Proposal to amend the "Procedures for Acquisition or Disposal of Assets."	✓	
	6. Proposal to amend the Company's "Articles of Incorporation"		
	7. Proposal to define the scope of basic-level employees of the Company.		
	8. Proposal to formulate procedures for submitting shareholders' proposals of 2024 Annual General Shareholders' Meeting.		
	9. Proposal of convention of 2024 Annual General Shareholders' Meeting.		
	10. Proposal of 2024 Statement of Internal Control System.		
	11. Proposal to invest in financial holding companies.	✓	
	12. Proposal to adjust the authorized purchase price of "HKT Limited."	✓	
April 22, 2025 21th meeting, 14th Term	1. Proposal to engage in forward foreign exchange transactions for hedging purpose.	✓	
May 9, 2025 22th meeting, 14th Term	1. Proposal to evaluate the independence and competence of the CPA.	✓	
	2. Proposal of 2025 Q1 Financial Statements.		

(10) In recent years until the annual report being published, dissenting comments on major Board of Directors resolutions from Directors (including Independent Directors.): none.

4. Information on attesting CPA audit fees:

(1) Attesting CPA audit fees

Unit: NT$ thousand

Accounting firm	Name of CPA	CPA audit period	Audit fees	Non-audit fees	Total	Remarks
Deloitte &Touche	Chih-Ming Shao, Kuo-Ning Huang	Jan. 1, 2023 – Dec. 31, 2023	2,380	420	2,800	1. Non-audit fees included tax attestation for NT$220 thousand and transfer pricing report for NT$200 thousand.
	Chih-Ming Shao, Kuo-Ning Huang	Jan. 1, 2024 – May 21, 2024	2,380	420	2,800	1. Due to internal adjustment of the accounting firm. 2. Non-audit fees included tax attestation for NT$220 thousand and transfer pricing report for NT$200 thousand.
	Shiow-Ming Shue, You-Cheng Shin	May 22, 2024 – Dec. 31, 2024				

(2) In the event that the CPA firm is replaced and the audit fees paid in the year when the replacement occurs are less than those paid in the prior year: none.

(3) In the event that the audit fees reduced by more than 10% compared with the prior year: none.

5. Information of changing CPA

(1) Information regarding former CPA

<table>
<tr><td>Date of change</td><td colspan="4">Approved by the Board on June 18, 2024</td></tr>
<tr><td>Reason for changing and explanation</td><td colspan="4">The former CPAs, Chih-Ming Shao and Kuo-Ning Huang were succeeded by Shiow-Ming Shue and You-Cheng Shin due to the internal adjustment of Deloitte &Touche.</td></tr>
<tr><td rowspan="3">Describe whether the Company terminated or the CPA terminated or did not accept the engagement</td><td colspan="2">Parties involved / Circumstances</td><td>Certified Public Accountant</td><td>The Company</td></tr>
<tr><td colspan="2">Terminate the engagement voluntarily</td><td colspan="2" rowspan="2">Not applicable.</td></tr>
<tr><td colspan="2">No longer accepted (discontinued) the engagement</td></tr>
<tr><td>The comments and causes for issue of the audit report other than unqualified opinions within the latest two years</td><td colspan="4">None</td></tr>
<tr><td rowspan="6">Disagreement with the Company</td><td rowspan="4">Yes</td><td></td><td colspan="2">Accounting principles or practices</td></tr>
<tr><td></td><td colspan="2">Disclosure of financial statements</td></tr>
<tr><td></td><td colspan="2">Audit scope or steps</td></tr>
<tr><td></td><td colspan="2">Others</td></tr>
<tr><td>None</td><td colspan="3">√</td></tr>
<tr><td>Explanation</td><td colspan="3"></td></tr>
<tr><td>Other required disclosure (Matters shall be disclosed under Item 4-7, Paragraph 6, Article 10 of the “Regulations Governing Information to be Published in Annual Reports of Public Companies”)</td><td colspan="4">None</td></tr>
</table>

(2) Information regarding succeeding CPA

Accounting firm	Deloitte &Touche
Name of CPA	Shiow-Ming Shue ; You-Cheng Shin
Date of engagement	Approved by the Board on June 18, 2024
Accounting measures or principles with respect to certain transactions prior to the engagement and inquiries and result as to the comments likely to be issued with respect to the financial statements	Not applicable.
Succeeding CPA's written opinion towards the disagreement with the former CPA	Not applicable.

(3)Former CPA's response to the matters under Item 1 and Item 2-3, Paragraph 6, Article 10 of the" Regulations Governing Information to be Published in Annual Reports of Public Companies" : Not applicable.

6. Where the Chairman, President, or executives in charge of finance and accounting operations have been employed by the accounting firm or its affiliates in the recent year: none.

7. Shareholding transferred or pledged by Directors, executives, and major Shareholders who holds 10% of the Company shares or more in the recent year

(1) Changes in Shareholding
Please refer to the MOPS
(https://mopsov.twse.com.tw/mops/web/stapap1_all)

(2) Share Transfers
Please refer to the MOPS
(https://mopsov.twse.com.tw/mops/web/query6_1)

(3) Pledged Shares Information
Please refer to the MOPS
(https://mopsov.twse.com.tw/mops/web/STAMAK03_1)
Note 1: The counterparty of the share pledge is not a related party, so the share pledge information form is not applicable.

8. Information of top ten Shareholders being the related party, spouse or a relative within the second degree of kinship

April 19, 2025

Name	Current shareholdings		Spouse & minor children's shareholdings		Shareholdings by nominee arrangements		Names, relationship of top ten shareholders are spouses of within 2 degrees of kinship (Note 1).		Remarks
	shares	%	shares	%	shares	%	Name	Relationship	
Ron Yuan Enterprise Inc.	47,524,506	24%	0	0%	0	0%	Panda Investment Co., Ltd.	The same Chairman	
Representative: Ron Chu Chen	34	0%	2,424	0%	0	0%	Ron Yuan Enterprise Inc. Panda Investment Co., Ltd.	The Chairman The Chairman	
Panda Investment Co., Ltd.	28,892,146	14.59%	0	0%	0	0%	Ron Yuan Enterprise Inc.	The same Chairman	
Representative: Ron Chu Chen	34	0%	2,424	0%	0	0%	Ron Yuan Enterprise Inc. Panda Investment Co., Ltd.	The Chairman The Chairman	
Chu Chen Investment Co., Ltd.	9,253,292	4.67%	0	0%	0	0%	None	None	
Representative: Jing-Hsia Chen	72,116	0.04%	0	0%	0	0%	None	None	
Investment account of customer from Singapore Branch, Bank J. Safra Sarasin AG, under custody of Sales Department, Standard Chartered International Commercial Bank	6,416,533	3.24%	0	0%	0	0%	None	None	
Kao-Huang Lin	3,678,000	1.86%	0	0%	0	0%	Lian Cheng Investment and Development Co., Ltd.	The Chairman	
Lian Cheng Investment and Development Co., Ltd.	2,822,000	1.43%	0	0%	0	0%	Kao-Huang Lin	The Chairman	
Representative: Kao-Huang Lin	3,678,000	1.86%	0	0%	0	0%	Lian Cheng Investment and Development Co., Ltd.	The Chairman	
Tsi-Lang Hung	2,757,000	1.39%	0	0%	0	0%	None	None	
Jing-Hang Lin	1,922,000	0.97%	0	0%	0	0%	Lian Cheng Investment and Development Co., Ltd.	Corporate Supervisor Representative	
Hsiu-Shan Wang	1,800,000	0.91%	0	0%	0	0%	None	None	
Ying-Cheng Lin	1,717,000	0.87%	0	0%	0	0%	None	None	

Note 1: In accordance with the provisions of the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the relationships of above-listed shareholders, including Natural and Juridical Person shall be disclosed.

9. Ratio of total shareholdings

December 31, 2024

Investee Enterprises (Note)	Investment by the Company		Investment by Directors, executives, or any companies controlled either directly or indirectly by the Company		Total investment	
	Shares	%	Shares	%	Shares	%
Nien Hsing International (B.V.I.) Ltd.	19,185	100	-	0	19,185	100
Nien Hsing (Ninh Binh) Garment Co., Ltd.	-	100	-	0	-	100
Chih Hsing Garment (Cambodia) Co., Ltd.	4,500	100	-	0	4,500	100
Nien Hsing International Investment Co., Ltd.	20,500,000	100	-	0	20,500,000	100

Note: Investments accounted for using the equity method.

Capital Raising

1. Capital and shares

(1) Sources of capital

Unit: NT$/Share

Year/ Month	Issue price	Authorized capital		Paid-in capital		Remarks		
		Shares	amount	Shares	amount	Source of capital	Capital paid in by assets other than cash	Others
March 2024	10	600,000,000	6,000,000,000	206,210,000	2,062,100,000	Capital reduction for NT$ 1,800,000 due to cancellation of employee restricted stock awards.	-	Note 1
July 2024	10	600,000,000	6,000,000,000	205,570,000	2,055,700,000	Capital reduction for NT$ 640,000 due to cancellation of employee restricted stock awards.	-	Note 2
November 2024	10	600,000,000	6,000,000,000	205,150,000	2,051,500,000	Capital reduction for NT$ 420,000 due to cancellation of employee restricted stock awards.	-	Note 3
February 2025	10	600,000,000	6,000,000,000	204,895,000	2,048,950,000	Capital reduction for NT$ 255,000 due to cancellation of employee restricted stock awards.	-	Note 4
April 2025	10	600,000,000	6,000,000,000	198,000,000	1,980,000,000	Capital reduction for NT$ 6,895,000 due to cancellation of employee restricted stock awards.	-	Note 5

Note 1: On March 26, 2024, the Ministry of Economic Affairs decree no.11330041990 approved the amendment of registration.
Note 2: On July 29, 2024, the Ministry of Economic Affairs decree no. 11330108900 approved the amendment of registration.
Note 3: On November 7, 2024, the Ministry of Economic Affairs decree no. 11330192680 approved the amendment of registration.
Note 4: On February 13, 2025, the Ministry of Economic Affairs decree no. 11430014070 approved the amendment of registration.
Note 5: On April 7, 2025, the Ministry of Economic Affairs decree no. 11430037780 approved the amendment of registration.

May 9, 2025 Unit: shares

Type of stock	Authorized Capital					Remarks
	Outstanding issued shares			Unissued Shares	Total	
	Listed	Non-listed	Total			
Registered common shares	198,000,000	-	198,000,000	402,000,000	600,000,000	

Information on shelf registration: none.

(2) Major Shareholders

April 19, 2025

Name of major shareholder / Share	Shares held	Shareholding (%)
Ron Yuan Enterprise Inc.	47,524,506	24
Panda Investment Co., Ltd.	28,892,146	14.59
Chu Chen Investment Co., Ltd.	9,253,292	4.67
Investment account of customer from Singapore Branch, Bank J. Safra Sarasin AG, under custody of Sales Department, Standard Chartered International Commercial Bank	6,416,533	3.24
Kao-Huang Lin	3,678,000	1.86
Lian Cheng Investment and Development Co., Ltd.	2,822,000	1.43
Tsi-Lang Hung	2,757,000	1.39
Jing-Hang Lin	1,922,000	0.97
Hsiu-Shan Wang	1,800,000	0.91
Ying-Cheng Lin	1,717,000	0.87

(3) Dividend policy and implementation status

1. Dividend policy: the dividend policy specified in the Articles of Incorporation is as below:

The distribution of dividends may be based on the considerations of finance, business, and operation. Except the capital demands for improving the financial structure, and funding the reinvestment, production capacity expansion, or other major capital expenditures, the Company should distribute no less than 50% of the balance of net profit after tax of the year netting the compensation of deficits, surplus reserve and special reserves. The distribution of profits may be made in cash or shares. Considering the Company's operating environment and industrial development are in a mature and stable stage, distribution of profits is given priority to cash dividends rather than share dividends. However, the percentage of share dividends distributed shall not be higher than 50% of the total amount of dividends.

In the current year, where the Company has no profits to distribute, or the amount of profits is far lower than the actual profits distributed by the Company in the previous year, or based on the consideration of the Company's finance, business and operating, all or part of the reserve may be distributed pursuant to laws or regulations of competent authorities.

2. Proposed distribution of 2023 profits to be approved at the Shareholders' Meeting

The Company's distribution of cash dividends from profits was approved by the Board of Directors on March 11, 2025, and the ex-dividend base date was set as April 23, 2025. The cash dividends were distributed on May 19, 2025.

3. 2025 Annual General Shareholders' Meeting did not amend the dividend policy specified in the Company's Articles of Incorporation.

4. Expected material changes in dividend policy and explanation: none.

(4) The impact of stock dividend proposed by 2024 Annual General Shareholders' Meeting on operating performance and earnings per share: none.

(5) Employees' compensation and directors' remuneration

1. Description regarding employees' compensation and directors' remuneration in the Articles of Incorporation

Pursuant to Article 22-1 of the Articles of Incorporation, where the Company makes profit for a year, the Company shall provide at least 1% of the profit as compensation to employees; however, the Company's accumulated losses shall have been covered. The said employees' compensation may in the form of shares or in cash, by a resolution adopted by a majority of the attending directors at a Board of Directors Meeting attended by two-thirds of the total number of directors. In addition, a report of such distribution shall be submitted to the Shareholders' Meeting.

The Articles of Incorporation does not specify the distribution of the remuneration to directors; therefore directors receive none of the remuneration.

2. The basis for estimating the amount of employees' compensation and directors' remuneration, the basis for calculating distribution of employees' compensation in shares, and the accounting treatment of the discrepancy between actual distributed amount and estimated figure.

(1) The basis for estimating for the current term: based on 1% of the profit before tax before deducting the distribution of employees' compensation. For the year of 2024, the Company estimated the employees' compensation for NT$3,133,451.

(2) The basis for calculating distribution of employees' compensation in shares: the Board of Directors did not resolve to distribute the employees' compensation in shares. Where the Board of Directors resolves to distribute the employees' compensation in shares, the calculation for the number of shares distributed as the employees' compensation shall be based on the closing market prices at the day before the date when the resolution is adopted by the Board of Directors, pursuant to the Financial Supervisory Commission decree no. 1050001900 on January 30, 2016.

(3) The accounting treatment of the discrepancy between actual distributed amount and estimated figure: the discrepancy between actual distributed amount of employees' compensation upon the Board's resolution, and the estimated figures in the financial statement is deemed and treated as the change in accounting estimate, and adjustment is accounted in the year when the resolution is adopted by the Board of Directors.

3. Approval of compensation by the Board of Directors

On March 11, 2025, the Board of Directors resolved to distribute NT$3,133,451 in cash as employees' compensation for the year 2024. The amount resolved by the Board of Directors was consistent with the amount estimated for 2024, and the proposal will be submitted to Annual General Shareholders' Meeting on June 17, 2025.

(1) The discrepancy of employees' compensation and Directors' remuneration between the actual distributed amount and the estimated figure: none.

(2) Proportion of employees' compensation distributed in shares to net profit stated in standalone financial statements for the current period and total employees' compensation: none.

4. The actual distribution of employees' compensation and directors' remuneration in the previous year:

As the Company incurred a pre-tax loss in 2023, no employees' compensation was allocated for the year. The proposal was approved by the Board of Directors on March 8, 2024, and was submitted to the Annual General Shareholders' Meeting on June 18, 2024.

(6) Status of repurchasing the Company's own shares: none.

2. Issuance of corporate bonds: none.

3. Issuance of preferred shares: none.

4. Status of oversea depository receipts: none.

5. Status of employee stock warrants: none.

6. Status of employee restricted stock awards：

The employee restricted stock awards that did not meet the vesting conditions were fully repurchased on March 11, 2025, and the change registration was completed on April 7, 2025.

7. Status of new shares issuance in connection with mergers and acquisitions: none.

8. Funding plans and implementation: none.

Overview of Operations

1. Business Activities:

(1) Business scope

1. Main business and sales ratio

December 31, 2024

Item	Sales ratio
Garment	53%
Denim	38%
Ring yarn	9%

2. Major products

- Denim
- jeans apparel
- Ring-spun yarn

3. New products planned for development

In recent years, with the rapid development for scientific and technology civilization of humans, the earth's environment and resources have been increasingly abused, resulting many counter-attacks from the great nature that deteriorate the earth's ecological environment; the environmental protection issues of textile-related industries have also attracted the attentions of all parties. Under the promotion of global environmental protection groups, international garment brands have successively promised to take responsibility for environmental protection. This development trend has a great impact on the Company's research and development for new products. Observe the pulse of market fashion trends and adjusting the direction of research and development depending on market trends, to keep up with the global "back to nature" and "green" consumption boom, has become a goal that cannot be delayed.

To reduce the impact of the production chain on the ecological environment, the Company actively develops and selects processed products with environmental protection value from raw materials, and manufacturing processes to post-processing. For example, in addition to the introduction of the BCI system to cotton, factories have also successively obtained certifications in RCS, OCS, and OEKO-TEX. These standards may be used to verify the content of organic and recycled materials in the final products. There is a credible third-party organization to validate during the process of tracing from the source of raw materials to the final products. The dyeing process has also been changed to water-saving and recyclable liquid indigo, by leading the industry, the Company works with European dye suppliers to jointly develop and test the dyeing process without salt waste, to further reduce pollution to the earth's environment. For the post-processing technologies for fabrics, the latest Italian equipment has been invested, to replace the previous mercerizing treatment that relied on strong alkali with the chemical-free method. The effect not only meets the customers' demand better, but also contributes to environmental protection.

In November 2022, the Company purchased the environmental protection dyeing equipment, GREENDYE, from Karl Mayer in Germany. After using GREENDYE technology, the efficiency of indigo dyeing is triple of the traditional process, and the cleanliness is double of the traditional process. This excellent performance is based on the adoption of nitrogen (NOX) technology to control the chemical dyeing process.

Since GREENDYE doubles dyeing efficiency, the consumption of resources is cut in half: It is because that nitrogen dyeing technology delays the oxidation of indigo dye. In the NOX reactor, the indigo dye has enough time to undergo oxidation and attach to the fiber compound materials, while also increasing the concentration of indigo in the dye bath, allowing yarns to absorb three times more dye than traditional processes. The design of the dyeing vat also provides various advantages, such as the indigo circulation system with high flow rate and low rotation speed, and the design to prevent turbulent flow of dye liquor and surface foaming, which greatly reduces the consumption of chemicals. By reducing the use of main pollutants, bisulfite and caustic soda, costs can be saved up to 50%, and inherently reducing the gray water footprint in half.

Final wash water consumption is also to be reduced by 50%. Thanks to the NOX reactor,

the GREENDYE technology only needs three dyeing vats (nine dyeing vats in the traditional process); therefore, less water is needed to obtain the same indigo dyeing effect. The washing step also becomes more economical due to the better adhesion of the indigo dye to the fibers.

Fewer vats also mean shorter dyeing workspaces. As the overall length of the GREENDYE machine is two-thirds shorter than traditional indigo dyeing machines, the amount of wasted yarn is also reduced. Reduction of daily water, chemical consumption, waste water, and waste yarn, optimizes not only the environmental balance but also the production costs of indigo dyeing. In addition, comparing to traditional indigo dyeing machines, operating costs are very low. This is because that GREENDYE system requires less space due to its shorter design. In this case, with the same output, the maintenance and operation time is shorter, and the fewer spare parts are used and replaced. The Company expects to be able to benefit from the advantages of GREENDYE technology starting from 2025.

Due to the abnormal climate and global warming, denim combined with special functional materials is still the focus of the market; therefore the introduction of various environmentally friendly special functional materials is still the focus of the Company's research and development. For spring and summer, responding to consumers' demand, the Company focuses on the research and development of moisture-wicking and temperature-controlled fabrics, using environmentally friendly materials such as interwoven fibers blending naturally grown Manila flax/FSC recycled paper fiber, in addition to the natural feel, it also has the function of fast moisture-wicking and antibacterial; using the natural regenerated and decomposable wooden fibers such as Tencel fiber and fiber-dyed Modal fiber, to make denim to not only present the fashionable natural luster and comfort, but also has the implication of environmentally sustainable development.

For autumn and winter, the Company focuses on the research and development of thermal insulation fabrics and adds passive thermal insulation materials such as Sorbtek365, Cotton Like, and AcrylicWool. The weft yarns adopt the blended with off-white yarn, and the brushed effect on the back improves the hand feeling and the warmth retention.

The Company has conducted the following developments for 2024:

(a) Fiber dyeing technologies are adopted to dye the Tencel or Modal fibers, such as Tencel Future Indigo/Modal Color, not only improving color fastness but also reducing energy consumption and pollution.
(b) The adoption of special natural fiber yarns such as wool, flax, kapok, and paper fibers, together with artificial functional yarns, develops multifunctional fabrics to respond to the ever-changing climates.
(c) By adopting the recycled raw materials certified by RCS in the factory to further enhance the added value for issues such as environmental-friendly recycling at the production end.
(d) Responding to the adoption of laser in washing, a black laser-friendly dyeing method has been developed, enabling the black fabrics that are generally difficult to present the laser effects to have better peeling and three-dimensional effects during laser processing in washing.

(2) Industry overview

1. Industry status and development

(1) The consumption pattern was affected by the COVID-19 pandemic

With the outbreak of the COVID-19 pandemic, cities around the world have currently reopened after lockdown, which has definitely impacts on the economy. After the disaster, people's life style will go through enormous changes. This wave of pandemics may prompt consumers pay more attention to reducing risks and cause some new consumption patterns. Even after the pandemic, consumers may trim their budgets for purchasing non-life essentials, and reduce spending to prepare for future crises.

(2) The protectionism and the wave of anti-globalization lead the reorganization of the supply chain

In 2005, the global textile quota was canceled, and the textile trading market entered a new, free and open field with fair competition. Regional economic organizations (such as USMCA, ASEAN, CPTPP, and RCEP) and bilateral free trade agreements generate new trading obstacles for regional systems and countries outside the agreements; however, this wave of pandemics will slow down global economic development, and the emergence of protectionism and anti-globalization will make regional economic organizations and bilateral trade agreements to face severe challenges. In addition to the tariff and trade war launched by the U.S. to China, Europe and Japan, the tremendous impacts of the

pandemic will severely hit the global free trading market, and the supply chains in Europe and the U.S. are bound to be restructured.

International garment brands from Europe and the U.S. continue to occupy the leading positions in the development of global fashion and clothing with their excellent R&D teams, advanced technologies and innovative designs. Furthermore, by integrating the advantages of cheap labor and land costs in the developing emerging markets such as Southeast Asia, Middle-East and Africa, they have created a profitable industrial value chain. In addition, due to the rapid growth of emerging markets such as China, India, and Indonesia, business opportunities for the middle-class consumption are emerging. In the future, the "world factory" will evolve into the "world market," subverting the conventional market ecology and consumption patterns; thus, fast fashion with high quality and low price has become the industry indicator. However, with the rising awareness of international human rights organizations and labor unions, wages in emerging countries have continued to rise, especially in Southeast Asia, thus, the garment OEM industry is facing the severe challenges of rising costs and shortening delivery time. Under this trend, in order to improve the industrial added values and international competitiveness, the only way is to adopt the timely industrial upgrading, such as leveraging the advantages of regional economic organizations for deployment, and introducing computer automation machinery equipment to improve production efficiency; meanwhile, actively investing in R&D and marketing to accelerate the response to the end consumer market demand and shorten the time to market of products.

2. The supply chain analysis

The upstream, midstream, and downstream of the jeans garment industry may be roughly divided into agriculture (cotton),→ spinning industry,→ dyeing and finishing industry, → weaving industry, and→ garment industry. The Company is a one-stop corporate vertically integrated of these industries, with spinning mills, dyeing and weaving factories and garment factories.

3. Industry trends and competition

Under the trends of fashion, sport and leisure, denim is developing towards high elasticity, high recovery and functionality, leading to the rise of a series of blended textiles. By combining artificial fiber yarns such as Tencel, Modal, Rayon, Coolmax, Thermocool and Thermolite, the jeans are soft, comfortable, and elastic; meanwhile, having special effects such as moisture-wicking, quick dry, coolness, and warming up. Diversify of denim also affects the shape of jeans and washing, allowing designers to have more space for innovation and development, bringing new experiences to consumers.

Observing the market trends in recent years, the demand for soft, comfortable, and elastic denim has gradually extended from women's clothing to men's clothing. When consumers buy jeans, they look for an elastic fit similar to knitted fabrics as a starting point, emphasizing fitting to the body shape, visual modification, and highlighting curves; however, there are still some consumers who prefer non-elastic stiff denim made with pure cotton, and pursue the traditional, rough, and retro style. Regardless the consumer preferences, it is undeniable that the position of jeans in fashion apparel is still unwavering, and the variety of tailoring and washing changes make jeans the best fashion indicator to show the unique style of an individual. In addition, under the trend of global consumers pursuing products comfortable, fashionable, high value-added, and meeting environmental protection demands, denim products are gradually developing toward the direction of refinement, functionality and green environmental protection claims; the combination of artificial fibers and natural cotton, pairing with various dyeing effects presents diverse product mixes. After special post-processing, denim can have both a traditional rough appearance, and fashionable and soft touch. The Company has actively developed products and adjusted supply chain depending on consumer needs. By vertically integrating R&D team and focusing on the three core aspects of fabric development, washing technology and garment design, the Company is committed to fully leveraging the advanced spinning and dyeing technologies at the upstream, and pairing with the garment design and special washing processing at the downstream, with the improvement of the process emphasizing green environmental protection, energy-saving and waste-reducing, and establishment of a professional plate-making office and development center, to quickly respond to the diverse and rich fashion trends in the denim consumer market.

(3) Research and development status

Expenditures and outcomes in the recent three years Unit: NT$ thousand

Year	Research expenses	% to the net operating revenue	Outcomes
2022	16,662	0.2	1. Multi-material blended interwoven denim. 2. Two-way stretch denim. 3. Cationic dyed and non-dyed denim. 4. Denim with multiple functional materials. 5. Denim with the environmentally friendly process. 6. Denim treated with ozone post-processing.
2023	13,804	0.2	
2024	586	0.009	
March 2025	-	-	

(4) Long-term and short-term business plans:

Explain the short-, mid-, and long-term business development plans in the future in terms of sales, production and operation management

Business development	Short-term plans	Mid and long-term plans
Sales	1. Quickly respond to customer needs, customer-oriented customized order-taking and production, and adaption to the market featured with small quantities with variety and short delivery time. 2. Grasp the market movement caused by the pandemic, and increase the weight of antibacterial functional fabrics. 3. Increase the promotion of joint sales of garment factories in Southeast Asia, enhance the visibility of product added value, and expand the customer base through mutual cooperation.	1. Adapting to the USMCA and AGOA tariff concessions, re-deploy the resources to North America and Lesotho, while enhancing the integration of innovative R&D advantages in Asian production areas, to vertically integrate the supply chain. 2. Promoting the integration of upstream and downstream, with the integrated order acceptance model combining the fabric research and development, accessory material development, washing value-added development, garment design, high-quality manufacturing, and logistics management, to provide full-fledged information, technologies, and value-adding service of jeans garment. 3. Expansion of sales areas: actively develop consumer markets other than the U.S.
Production	1. Improve the production and manufacturing process, establish standard operating procedures, and strengthen the use of automation equipment overall to improve production efficiency. 2. Improve the functional fabrics and washing process of garment, rapidly research and development for diverse products, while lowering the attrition rate continuously. 3. Promote the manufacturing process to be more eco-friendly, reduce waste discharge, and implement the operation philosophy of sustainable development.	Enhance the Company's R&D innovation and logistics management capabilities, and fully leverage the production advantages and supply the flexibility of each production area, enabling the Company to exert the advantage of the globally vertically integrated supply chain, to provide high value-added products and efficient services.
Operation	1. Actively improve and integrate the	1. Improve the organizational

Business development	Short-term plans	Mid and long-term plans
management	information platform, to promote the architecture of value-added services in the manufacturing industry. 2. Restructure the organization, and continue to promote the talent cultivation and succession.	operations, enhance the working environment and welfare of workers in each production area, actively engage in community improvement, and aim at sustainable environmental development for the fulfillment of corporate social responsibilities. 2. The Company emphasizes that other than having certain professional skills, senior executives must insist on the five major operational philosophies, "teamwork," "pragmatism," "efficiency," "breakthrough," and "perfection" to lead the Company to embrace the development of the next generation. Responding to the Group's organizational development and growth momentum, in addition to recruit outstanding senior executives, the Company also continues to actively cultivate mid-level and senior executives with potential, with enhanced individual coaching and work exchanges, and appoint them to overseas factories at intervals as needed, to actually understand the factory operation and management status. The training pattern for successors of senior executives is divided into four major modules: management ability, professional ability, personal development plan, and planning and execution of project tasks. The content includes human resources, financial risks, overseas dispatch, and language learning. Furthermore, via on-site participation in operating management meetings, sales meetings, factory affairs meetings, and R&D meetings, the understanding of operation and management will be deepened, enabling the trainees to integrate and utilize them for developing decision-making and judgment skills. Therefore, the Company can select the all-round talents from them to strengthen the future management team with plans and goals. In 2016, the position of President was officially handed over to Shu-Hsuan Tsai, the former Vice President of the Finance &

Business development	Short-term plans	Mid and long-term plans
		Administration Division. So far, the Company has more than ten senior executives who are responsible for the business of each department within the organization.

2. Overview of the market, production and sales:

(1) Market analysis

1. Major product sales by areas in the recent two years:

(1) Denim Unit: %

Year \ Area	Americas	Asia	Africa	Others	Total
2024	66.34	17.73	14.32	1.61	100.00
2023	47.72	34.55	16.70	1.03	100.00

(2) Jeans and casual clothing Unit: %

Year \ Area	Americas	Asia	Africa	Others	Total
2024	75.32	2.67	9.84	12.17	100.00
2023	80.33	3.99	4.30	11.38	100.00

(3) Ring-spun yarn Unit: %

Year \ Area	Americas	Asia	Africa	Others	Total
2024	0	0	100.00	0	100.00
2023	0	0	100.00	0	100.00

2. Market share

According to the textile import statistics of U.S. Customs, the import volume of cotton woven pants in 2024 and 2023 was 148,893 thousand dozens and 139,394 thousand dozens, respectively. The Company's sales to the North American market amounted to 695 thousand dozens and 676 thousand dozens, accounting for 0.47% and 0.48% of the total imports, respectively.

3. Supply, demand and growth potential of the market in the future

(1) Supply

a. The proportion of cotton woven pants exported from China to the U.S. decreased from 17.27% in 2023 to 16.66% in 2024. However, Bangladesh's export proportion increased. In 2024 and 2023, the percentages were 24.34% and 24.16%, respectively. Additionally, Vietnam's export proportion increased. In 2024 and 2023, the percentages were 17.11% and 16.24%, respectively. The related information is summarized as follows:

By statistics of U.S. Customs, the quantity of cotton woven pants exported to the U.S.

Country	2024		2023		2022	
	Volume (thousand dozens)	Market share (%)	Volume (thousand dozens)	Market share (%)	Volume (thousand dozens)	Market share (%)
Bangladesh	36,244	24.34	33,684	24.16	50,905	25.10
China	24,800	16.66	24,138	17.32	34,224	16.87
Vietnam	25,476	17.11	22,631	16.24	31,775	15.67
Others	62,373	41.89	58,941	42.28	85,902	42.36
Total	148,893	100	139,394	100	202,806	100

b. The advantages of Bangladesh's low labor costs and abundant young labor force make the labor-intensive garment industry an important economic growth driver in Bangladesh. "Made in Bangladesh" has gradually become its international image. Many internationally renowned brands have presence in Bangladesh to set up OEM factories for supplying the European and the U.S. markets. In recent years, due to the enormous demand of the garment OEM industry, large-scale manufacturers in Bangladesh have begun to integrate toward the upstream; from the spinning, weaving, dyeing and finishing at the front-end textile mills, to the supply of fabrics at the midstream, until the garment sewing and forming at the downstream, a complete supply chain of the textile industry is forming, turning the OEM manufacturing model in Bangladesh toward a more diversified development. In the future, with the economic transformation of Bangladesh, enhanced infrastructure construction such as transportation and power supply, and better labor quality and industrial standards, the impact of Bangladesh on the textile and garment industries will not be underestimated.

c. The ASEAN+6 Free Trade Zone Agreement has made Vietnam, Cambodia, and Indonesia the textile supply chain production centers in the Asia-Pacific region. However, the increases in basic wages and turmoil in public security in recent years have affected the willingness of foreign investment, with some negative impacts on the local garment industry development to a certain degree. In addition, the Regional Comprehensive Economic Partnership Agreement (RCEP) actively promoted by China has officially taken effect and is expected to create a free trade zone with a population of more than 3.5 billion. The members include China, Japan, South Korea, Australia and New Zealand, as well as the 10 member countries of Association of Southeast Asian Nations (ASEAN); each member country is expected to be benefitted from the elimination of tariff barriers that enable the textile industry to flourish.

(2) Demand

a. Under the trend of continuous development and innovation of organizational structure, dyeing treatment and washing technologies of denim, the denim texture, touch, comfort and color are diversified, to provide products better meet market demands. As a must-have apparel of fashion, the diversification of denim surpasses genders and ages, becoming a product acceptable to all classes of customers and a fashion indicator widely applied in different brands in the fashion industry. Denim has therefore become one of the most durable and most sought after fabrics. Therefore, with the emergence of innovative technologies, denim developers and fashion brands have constantly been discussing and improving how to integrate product sustainability into the merchandise supply chain; with the growing awareness of environmental protection among consumers and brands, the development of denim integrates with innovative materials, such as environmentally friendly yarns, recycled polyester fibers, nylon and other materials, while emphasizing degradable materials and the recyclability, to provide products that can improve the environment and protect the earth.

b. In recent years, the sporting style has become increasingly popular, and this atmosphere has also affected the market trends for fabric development and clothing styles. Sporting functional products have become one of the important sales in the market, and it is also reflected in consumers' consideration when purchasing denim products. Denim needs to be functional, such as moisture-wicking sea wool, brushed, and thermally conductive, to increase sports performance and warmth. Meanwhile, in terms of appearance and styles, not only the beauty and comfort with flexibility required, the high-tech machines are adopted in the denim development process, from ozone finish to laser technology in the post-processing, which not only saves water and chemicals and reduces pollution, but also one of the goals of denim development, while making jeans to be worn in any occasions more widely. Overall, customers' demand and considerations for denim products have changed from wear-resistant and durable in the past to lightweight, comfort, and sustainability, while increasing the environmental protection claim of products to reduce pollution. This trend and market demand will continue prolonged.

c. Brands like ZARA, H&M, and UNIQLO have gradually transformed into commercial images of sustainable fashion and eco-fashion. In recent years, they have even provided environmental protection services for recycling clothes. Moreover, the fashion industry annual report released by Global Fashion Agenda pointed out that

52% of the top leaders of the fashion industry said that they almost adopt the environmental protection goals as a guiding principle for strategic decision-making. Eco-fashion solutions may also be incorporated into clothing products. Implementing a more environmentally friendly strategy throughout the production process and supply chain, not only reduces the input of power or water to reduce production costs, but also has a positive implication on corporate profits, while helping to improve the quality of sustainable life, enabling people to work and live in a prosperous and health environment.

d. The world's leading brands apply the flourish internet technology as their sales platform, while combining highly efficient global logistics services, to change the consumers' shopping habits, and are deeply favored by young consumers. The tendency of buying low-priced fast fashion products increases the purchasing flexibility of consumers, resulting a decrease in the seasonal demand for garments. A research report indicated that 69% of consumers tend to buy items not affected by times, and 64% of them think that high-quality products are worth buying. Relative to the emergence of consumer awareness, in particular, 47% of the millennial consumer groups start to care about the production and source of raw materials when purchasing products.

e. Environmental protection and sustainability issues have become indispensable considerations in the process of industrial research and development. However, the pollution and enormous consumption of water during the traditional denim product manufacturing process have always been a major test for the industry. Therefore, how to satisfy the fashion consumers in the market, and minimize waste and discharge during the manufacturing process, such as using recycled and environmentally friendly cotton yarn, replacing traditional washing with laser technology, and adopting high-spec eco-friendly process from fiber selection to finished product completion, as well as the environmentally friendly sustainable planning and design, will be one of the key directions for the future development of the textile industry.

4. The favorable and unfavorable factors for future development and countermeasures

(1) Favorable factors

a. Sales and marketing

(a) Stable customer structure: all of the Company's customers are long-term partners with a good cooperative relationship, and their orders grow steadily.

(b) Vertical integration: to respond to the supply chain model that adjusts the order demand based on market feedback, the Company vertically integrates a one-stop production operation consisting of spinning, dyeing and finishing, weaving and garment, with dedicated quality control personnel in charge of quality inspection in each stage of the production process to meet customers' needs and are well received by customers.

(c) Meet market demands: the Company grasps the market development trends, continuously develops fabrics with special specifications, and adopted customer-oriented customized production to meet the market with small quantity, variety and short delivery time.

(d) Focus on the field of denim and jeans apparel, providing the most professional and innovative complete solutions for denim apparel around the world

The Company is committed to promoting the integration of upstream and downstream textiles and garment, with the integrated order acceptance model combining fabric research and development, accessory material development, washing value-added development, garment design, high-quality manufacturing, and logistics management, to provide high-quality denim and jeans apparel.

(e) Enhance the integration of the R&D and innovation and the supply chain in each production areas

The textile supply chain in Asia has become one of the cores for the supply of ready-to-wear in the world. Hence, strengthening the integration of the Company's R&D and innovation capabilities and logistics management capability, and replicating the production efficiency and successful experience of each production areas, will enable the Company to fully exert the competitive advantages of speed, efficiency, and high added value of the global supply chain.

(f) Expanded the target market from the U.S. to the global market

The Company used to emphasize the U.S. market, and thus profits were vulnerable to

the impact of US trade policies and the prosperity of the U.S. apparel markets, which increased the Company's risk and restricted revenue growth. In the future, other than the continuous cultivation of the U.S. market, the Company will expand its deployment in the Asian and European markets as a response to the emergence of China and the EU economies. Based on the experience, creditability and reputation of providing jeans garment in the Americas, the Company will continue to enhance the collaborations with current mainstream international brands. By applying the vertically integrated supply chain of the Company, the Company is committed to expanding the global market and becoming the best supplier partner of the brand apparel customers.

(g) Transformation of business model

Based on the existing fabric development and production, as well as the efficiency and reputation of garment manufacturing, the Company will, centered on the rapid development and enhanced washing technologies, further integrate textile production technologies and garment supply and management capabilities, to heighten the barriers to entry and provide customers with complete services.

b. Production

(a) Establish overseas presence: responding to the formation of regional economies, such as the "North American Free Trade Agreement," "African Growth and Opportunity Act," and the abolition of Vietnam's textile quota restrictions by the U.S. since 2007, while solving the elevated domestic production costs, the Company has been actively looking for suitable investment targets, adjusting overseas production bases, and strengthening international competitiveness. The overview of overseas production bases is as below:

Location	Advantage of factory establishment	Time of factory establishment
Mexico	USMCA (Quota-free and Duty-free for the textiles exported to the U.S.)	April 1997
Lesotho	African Growth and Opportunity Act (Quota-free and Duty-free for the textiles exported to the U.S.)	March 1990 and March 2018
Vietnam	Quota-free for the textiles exported to the U.S.	March 2007 and April 2008

(b) Excellent production management system: With the experience accumulated of long-term, the Company already has a very superior production management system, with better production efficiency than that of ordinary peers.

(c) Production incentive system: The Company adapts measures to local conditions and established various incentive methods for production, including pay by piece, production bonus system, employee profit-sharing system, to reward the production and increase the production volume.

(d) Improve the production and manufacturing process, and establish standard operating procedures for better production efficiency.

(2) Unfavorable factors

a. The rising labor costs: the global labor cost is increasing year by year, resulting in manufacturers sustaining pressure in the international market. To solve this problem, the strategy of the international division of work should be applied to adjust the allocation of overseas orders timely, and increase the equipment automation machines, to minimize the impact of labor costs.

b. Effect of exchange rate: the Company's export revenue is mainly denominated in US dollars, and thus the exchange rate fluctuation has a great impact on the Company. However, since the main raw materials are mostly quoted in US dollars, the purchase and sale will offset each other and the natural hedging effect is generated to reduce the impact of exchange rate fluctuations on the Company's operations. Nevertheless, to avoid the enormous impact of exchange rate fluctuations on the Company's operations, the Company still takes the following countermeasures:

(a) Evaluate the exchange rate trend to reserve wiggle room for quotations.

(b) By referring to the consulting services provided by principal banks, the finance personnel summarized the exchange rate information and operated the pre-sale

exchange forwards based on the net balance of foreign exchange.

(c) Finance Department provides timely exchange rate information to sales department and procurement department as reference for quoting or procurement.

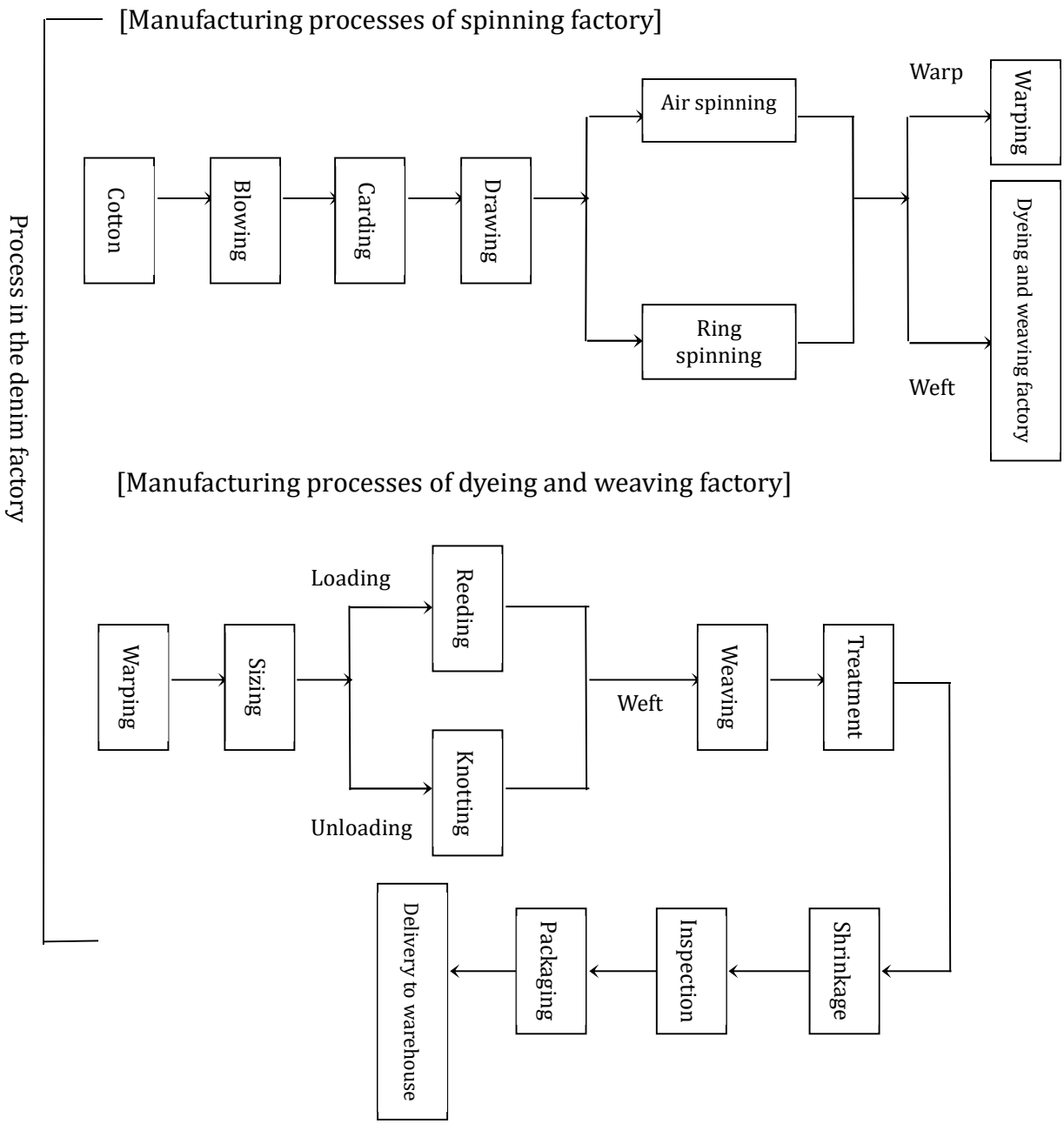
(2) Applications and production processes of main products

1. Applications of main products

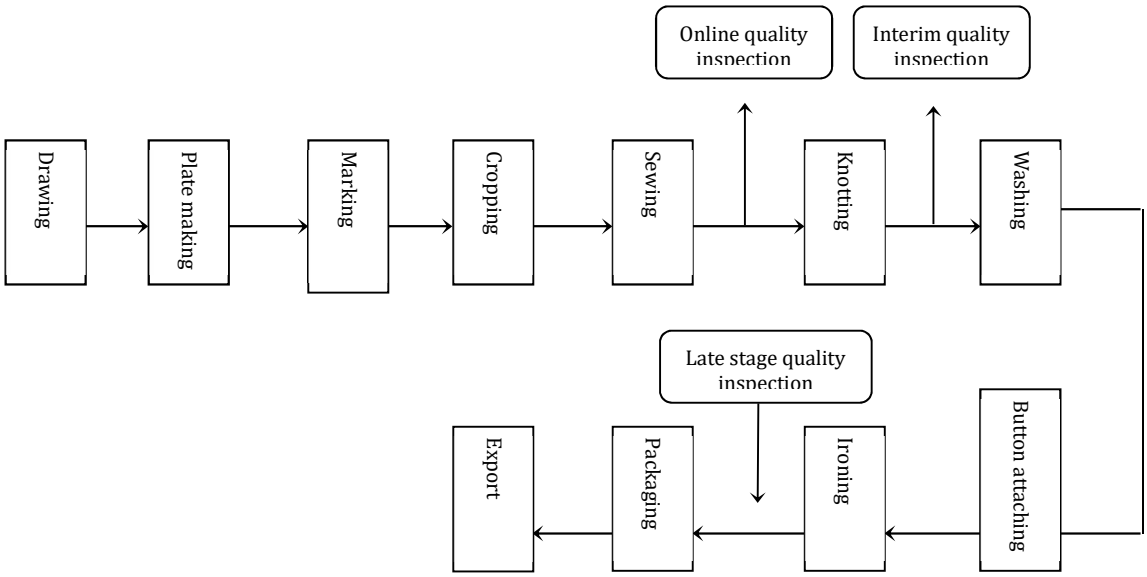
(1) Denim is used for tailoring jeans apparel by domestic and overseas garment factories.

(2) Jeans apparel and casual apparel are manufactured as an OEM for foreign large-scale chained shopping centers and renowned apparel designers.

2. Production processes of main products



[Manufacturing processes of garment factory]



(3) Supply of main raw materials

According to the 2024/25 forecast data released by the U.S. Department of Agriculture in March 2025, global cotton production is estimated at 120,961 thousand bales, while consumption is 116,543 thousand bales. Supply exceeds demand by 4,418 thousand bales. The global cotton inventory is the 3rd highest in the past decade. Excluding China's cotton inventory, it still ranks as the 3rd highest in ten years. China's cotton inventory is the 3rd highest in a decade, and the U.S. cotton inventory is also the 3rd highest during the same period.

(4) Major Suppliers or Customers accounting for above 10 % of the company's total procurement or sales amount in the recent two years

1. Suppliers accounting for above 10 % of the Company's total procurement amount: none.
2. Major customers in the recent two years

Unit: NT$ Thousand

Item	2024				2023				2025 Q1			
	Title	Amount	% of annual net sale	Relations with the issuer	Title	Amount	% of annual net sale	Relations with the issuer	Title	Amount	% of net sale up to the preceding quarter of the current fiscal year	Relations with the issuer
1	A	1,609,682	25	None	A	1,319,439	21	None	A	415,524	31	None
2	B	1,267,255	20	None	B	1,162,890	18	None	B	291,212	21	None
3	C	655,405	10	None	C	669,931	11	None	C	184,504	14	None
4	D	268,336	4	None	D	647,335	10	None	D	0	0	None
	Others	2,576,335	41		Others	2,507,619	40		Others	456,478	34	
	Net sale	6,377,013	100		Net sale	6,307,214	100		Net sale	1,347,718	100	

Note: Reason for increases or decreases: sales were arranged based on the actual orders taken.

3. Information of employees hired for the recent two years:

Year		2024	2023	March 31, 2025
Number of employees	Clerk	164	229	162
	Technicians	477	482	459
	Worker	7,364	7,792	8,099
	Total	8,005	8,503	8,720
Average age		26.80	26.02	27.22
Average years of service		6.29	6.12	6.35
Distribution of education attainment	Ph.D.	0	0	0
	Master	24	27	26
	Bachelor	704	635	720
	Senior high school	1,607	1,889	1,597
	Below	5,670	5,952	6,377

4. Environmental protection expenditures:

(1) Loss or damage due to environmental pollution:

Date of disposition	Reference number of disposition	Law violated	The content of the article and disposition	Countermeasures	Amount of fine
July 11, 2025	No.1130036850	Paragraphs 1 and 2, Article 20 of the Air Pollution Control Act	On April 16, 2024, the Environmental Protection Bureau conducted an inspection of emissions from the coal-fired boiler (M08). The results showed that the sulfur oxide concentration exceeded the emission standards.. Disposition description: I. Fine was determined pursuant to Subparagraph 1, Paragraph 1, Article 62 of the Air Pollution Control Act for NT$100,000. II. Judgment was made pursuant to Article 23 of the Environmental Education Act: 2 hours of environmental lectures	After changing the raw material supplier and retesting, the results met the required standards..	NT$100,000

Note: All violations have been resolved, the estimated amount that may occur in the future is NT$0.

(2) Current and future estimates of possible damages and countermeasures: none.

5. Labor Relationship:

(1) Current agreements with employee and employee welfare:

1. Employee welfare

On October 4, 2024, the Employee Welfare Committee received approval from the Taipei City Government Department of Labor to relocate along with the Company's registered address to 13F, No. 306, Section 1, Neihu Road, Neihu District, Taipei City. The change of the employee welfare institution registration has also been completed. In accordance with the law, welfare funds are allocated monthly based on business revenue, proceeds from scrap sales, and employee salaries and wages.

The employee welfare includes:

(a) Birthday cash gift: NT$1,000 in the month of the employees' birthdays.
(b) Festival gift vouchers: NT$1,500 of vouchers in Lantern Festival, Labor Day, Dragon Boat Festival and Mid-Autumn Festival.
(c) Wedding cash gift: employees may apply for wedding cash gift when they get married.
(d) Year-end party gift money: NT$1,000 in the month when the year-end party is held.
(e) Employee health exam: periodically free health exam.
(f) Travel subsidy: NT$2,000 in September.
(g) Education subsidy: employees' children of different school age are entitled to an education subsidy for each semester in a lump sum from elementary school until graduating from college.
(h) Hospitalization condolence money: the Company provides employees to apply for personal hospitalization condolence money.
(i) Funeral condolence money: the Company provides funeral condolence money when a family member of an employee passes away.
(j) Retirement allowance: The Company provides NT$15,000 as allowance to retired employees.
(k) The canteens in factories supplies meal boxes, and the Company subsidizes the food stipend.
(l) Factories provide shuttle bus free-of-charge.
(m) All employees are covered in a group insurance free of charge.
(n) Praise for senior employees and retired employees.

2. Diverse and equal working place

To show solicitude for the needs of breastfeeding and childcare by employees as mothers after giving birth, the related welfare is described as below:

(a) Friendly nursing environment (breastfeeding room): emphasizing personal privacy and safety, and encouraging breastfeeding, to achieve work-life balance.
(b) Childcare service: registered childcare service institutions are engaged to handle childcare services, to provide employees with more favorable and safer childcare services.
(c) Leave system: pursuant to the Labor Standards Act, applications for maternity inspection leave, maternity leave, family care leave and unpaid parental leave are

available. In 2024, the reinstatement rate of unpaid parental leave reached 44%, primarily due to the shutdown of the Houlong Textile Factory. Excluding Houlong, the reinstatement rate reaches 75%.

(d) Education subsidy: during the period from elementary school until graduating from college, children of employees of different school ages are entitled to apply for an education subsidy for each semester in a lump sum to mitigate the burden of education expenses.

3. Continuing education and training system

In terms of talent cultivation, the Company encourages employees to learn for life, thereby enriching professional knowledge, improving professional skills and humanistic literacy, and thus improving work quality, performance and innovation capacity. Through the external training application regulations for employees, employees can apply for courses related to their own functions, to have differentiated learning channels and environments based on individual needs. In 2024, total of 90 employees were arranged with nearly 478 hours of internal/external training courses. Through the integration of all-round learning resources, employees are enabled to expand their knowledge fields, develop professional skills, and apply what they have learned to practical work, and thus improve work ability and efficiency, strengthen communication skills, and problem-solving abilities. In addition, in the same year, one fire drill was arranged, with a total of 420 participants, as well as one health management promotion course, with a total of 30 participants, to enhance employees' awareness and response to the plant safety and create a safe workplace.

4. The retirement system and implementation

The “Labor Pension Act” has been enforced since July 1, 2005; employees who were employed before June 30 and in-service on July 1 might elect to continue to apply the provisions of pension in the "Labor Standards Act," or apply the pension system of the Labor Pension Act and retain the service years before the application of the Labor Pension Act. The employees recruited after July 1, 2005 are only applicable to the pension system of the “Labor Pension Act.”

The applicable pension system of the “Labor Pension Act” belongs to the defined contribution of retirement plan. Since July 1, 2005, the pension is contributed at the rate of 6% of the monthly salary of employees into the personal dedicated account of the Bureau of Labor Insurance. The Company recognized the 2024 pension cost recognized pursuant to the defined contribution of pension plan for NT$11,949 thousand.

The pension system applied under the “Labor Standards Act” is a defined benefit retirement procedure. Each employee with service year within 15 years (inclusive), is entitled for two bases for each full year of service; and one base for each additional year since the 16th year of service, with the maximum of 45 bases. The payment of the employee’s pension is made based on an employee’s years of service and average monthly salary of six months prior to the approval of retirement. The Company contributes 6% of the total monthly salary payment of employees to the pension fund to the Labor Retirement Reserve Supervision Committee, and which is deposited in the dedicated account with the Bank of Taiwan under the name of the Committee. The Company recognized the pension cost for (NT$5,482) thousand pursuant to the defined benefit retirement procedure in 2024.

5. Labor-management meetings

The Company has a good labor-management relationship. The regular labor-management meetings are held every three months. During the labor-management meetings, both parties can effectively discuss and communicate on labor conditions, labor rights and other related issues, and labor representatives can fully exercise their freedom to participate in organization and power of collective bargaining. Without worrying about discrimination, retaliation, threats or harassment, they can openly communicate with management representatives on working conditions and management systems, and share their ideas and suggestions.

The discussion topics for 2024 included suspension of the Houlong Textile Factory, re-election of labor representatives, changes to the unit responsible for handling annual leave requests, and adjustments to employee welfare. Currently, all regular labor-management meetings are recorded in the meeting minutes, and relevant departments have responded to relevant issues and taken actions to improve the relevant regulations.

6. Reward and incentive policy

When onboarding, the employee's salary will be assessed based on the Rank Table of Job Level, Position, and Wage of the Company. The salary assessment standard is better than the basic salary stipulated in Labor Standards Act of Taiwan as a principle, while comprehensively considering the job description, education background, service years, and salary level in the market, and referring to the salary level of the employees with related positions for the salary assessment indicators. The principle of equal pay for equal work is complied with regardless of race, nationality, gender and age.

The Company's indirect personnel's salaries range from NT$33,000 to NT$51,000, which is about 12% to 86% higher than the basic salary; the direct personnel's salaries is NT$28,000, which is about 2% higher than the basic salary. Due to unsatisfactory operating performance in 2023, the Company resolved through a resolution of the Board of Directors to suspend operations at the Houlong Textile Factory. This decision aims to both halt ongoing losses and adjust operational strategies to improve profitability. Enhancing profitability will enable the Company to offer better year-end bonuses, performance incentives, and employee profit sharing, thereby attracting and retaining top talent and supporting the Company's long-term and stable development.

Insisting the three goals, including enabling employees to obtain performance bonuses in line with the performance of the year, allowing the Company to judge the performance of employees in the department, and serving as a reference indicator for the Company's incubation for the team of future successors, the performance evaluation system is hereby established. The performance evaluation integrates the personal work indicators and substantial operating results, while referring to the sustainable development indicators, and the performance of fulfilling corporate social responsibility, as the comprehensive calculation, so that the whole Company can achieve sustainable management and development with the same goals from top to bottom.

7. Employee's subscription for capital increase in cash and employee bonus system

Where the Company increases the capital in cash, 10% to 15% is reserved for the employees' subscription, as required by the Company Act. In addition, pursuant to Article 22-1 of the Articles of Incorporation, where the Company makes profit for a year, the Company shall provide at least 1% of the profit as compensation to employees; however, the Company's accumulated losses shall have been covered.

(2) Loss occurs due to labor disputes: none.

(3) Current and future estimates of possible expenses and countermeasures: none.

6. Information security management:

The Company has established the information security risk management team, with the IT Officer as the convener, to regularly review the information security policies and report to the Board of Directors. The latest report made to the Board of Directors was on November 5, 2024. The Company did not have any material information security incidents hazardous to computer systems in 2024.

(1) Information security risk management framework, policy, specific management plans, and resources put in Information security management:

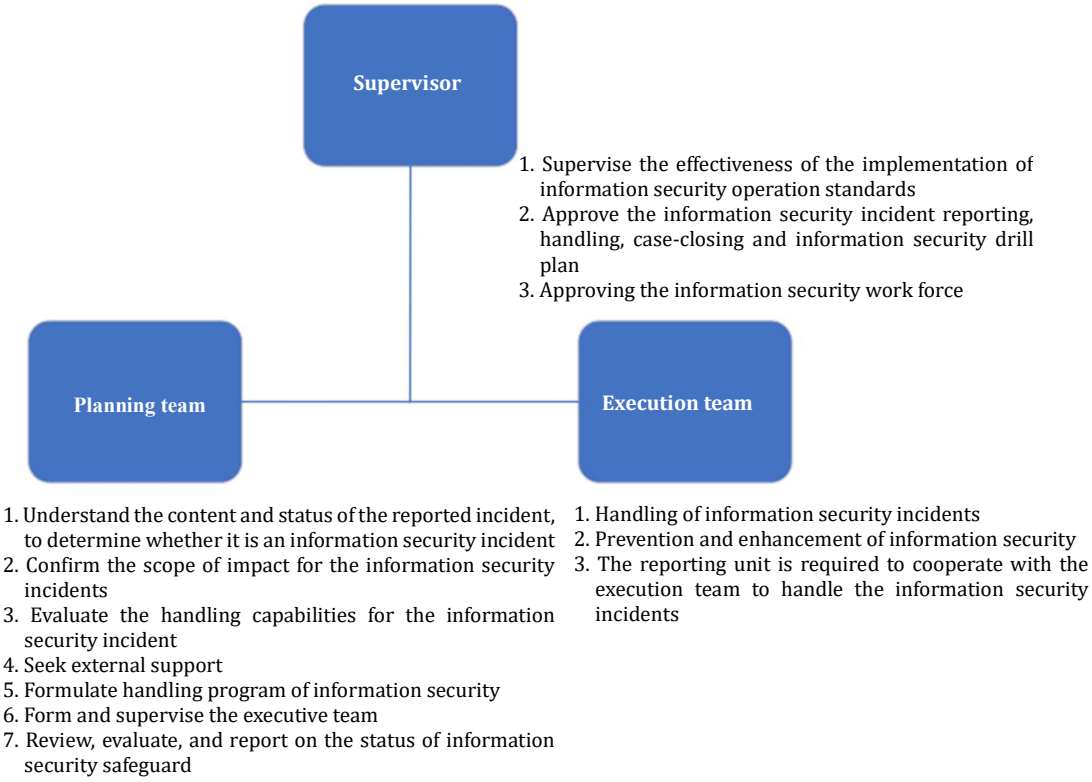
1. Information security risk management framework

The accountable unit of the Company's information security governance organization is IT Department, where a IT Officer and professional IT personnel are established to coordinate and formulate the internal information security and protection related policies, plan and implement the information security safeguard, as well as information security policy promotion and Implementation, and the top officer of the corporate information security organization regularly reports to the Board of Directors regarding the effectiveness of information security management, issues and directions related to information security.

Supervisor: the officer of the IT Department

Planning team: the personnel from the IT Department

Execution team: formed by the Planning Team according to the needs of the task



2. Information security policy

To enable the thorough implementation, effective operation, supervision and management, and continuous progress of Company's various information security policies, as well as maintain the confidentiality, integrity and availability of the Company's important information systems, the information security policy is specially formulated.

The policy aims to give employees a clear guiding principle in their daily work. All employees are obliged to actively participate in the promotion of information security management policy, to ensure the security operation and maintenance of all employees, data, information systems, devices and networks of the Company, seeking that all employees understand, implement and maintain the policy, to achieve the goal of continuous operation of information.

"Implement information security and strengthen service quality"

"Enhance information security training to ensure continuous operation"

"Good contingency response for rapid disaster recovery"

- Implement information security and strengthen service quality

  All employees implement information security. All information operation-related measures should ensure the confidentiality, integrity and availability of business data, and be free from risks of leakage, compromise or loss due to external threats or improper management of internal personnel. The appropriate protective measures are selected to lower the risk to an acceptable level for the continuous monitoring, reviewing and auditing the tasks of the information security management system, for strengthening the service quality and improving the service level.
- Enhance information security training to ensure continuous operation

  Supervise corporate employees to implement the information security management tasks, with continuous appropriate Information security education and training conducted every year, to establish the concept of "everyone is responsible for information security," prompting employees to understand the importance of Information security, and urging them to comply with the regulations of Information security, to improve the Information security concepts and emergency response capabilities, reduce information security hazards, for achieving the goal of continuous operation.
- Good contingency response for rapid disaster recovery

Formulate contingency plans and disaster recovery plans for important information assets and key businesses, and regularly implement drills for various emergency response processes, to ensure rapid recovery when information systems fail or major disasters occur, and ensure the key businesses continue the operation with losses minimized.

3. Specific management plans, and resources put in Information security management

① In addition to building a safe information and communication environment, the Company continues to invest in improving vulnerabilities and enhancing the system's operation efficiency. The main Information security management programs are as below:

A. Description of network security attack risk and countermeasures

a. The Company has established network security protection management to ensure the operation of information systems related to internal corporate operations. However, when facing the ever-changing sources and approaches of network security attacks, it is impossible to guarantee that the computer system may be 100% free from the attacks.

b. The computers used in the manufacturing sites of factories are isolated from the external network or adopt a closed independent system, to avoid the shutdown of the production line caused by network security hazardous incidents.

c. For the IBM mainframes mainly used for operation, the long-term system software and hardware maintenance contract are entered with the original maker, while the internal information system maintenance personnel are also familiar with data backup and recovery operations, to ensure that the computer system meets the operational needs.

B. The Company's information security control measures

a. Network security monitoring: including -email server system and security control of the Company's website.

(a) The Company has leased the dedicate line service of Chunghwa Telecom Hinet Information Security Fleet 2018 series "New Generation Firewall Edition" solution. Hinet performs the network security monitoring task, to block malicious intrusion behaviors of external hackers, and provide regular statistical analysis statements.

(b) The Company use the Palo Alto global information security intelligence engine which updates the attribute codes regularly and automatically to detect and block the malicious programs and connections including the latest viruses, worms, spyware, ransomware, mining software, to achieve instant protection.
Control over sites of five major categories
"Malicious websites," such as: malware and phishing;
"Violation of good customs," such as: adults, drugs, gambling and nudity;
"Reducing productivity," such as: social networks, promotion and auctions, stocks and investments, and recommended games;
"Video playing," such as: peer-to-peer transmission, media and streaming;
"Others," such as: web-based mail services, hosting sites that cannot be categorized.

(c) In addition to providing a network security control mechanism, Hinet also installs a firewall device on the Company's internal internet port, to monitor and record various conditions of internet usage, providing the statements of necessary statistical analysis for warnings.

(d) For the email server system security, the Company has leased the Mail Could system service provided by an external server supplier. The supplier is responsible for the maintenance of the email server hardware and control over the outward network security, including anti-virus software service for mail, to strengthen the safeguard of e-mail security.

(e) The Company's official website (www.nhjeans.com) system is commissioned to an external web hosting service. The provider is responsible for the maintenance of the website server host hardware and the control over the outward network security.

b. Computer security: including connection control, anti-virus and backup operations between personal computers and server hosts

(a) On the internal network (Intranet) or external Internet (Internet), when

attempting to use the server host, the dedicated software must be installed to connect with the server host.

(b) For the PC (personal computer) to make the connection, the device name must be configured on the server host, and the users are limited to logging into the server host with a specific device name based on the necessity.

(c) Whenever a user logs into the server host, the operating system (OS) will always record the login date, time and device name, even wrong passwords. In addition, the process of the user's execution of the program and the date and time of logout from the host are also recorded.

(d) When attempting to log into the server host, if the times of wrong password entries exceed the defined value, the user ID and device name will be suspended by the OS, and it may be restored through the system administrator of permission.

(e) USB interfaces are controlled, that external USB devices cannot be used without authorization.

(f) The anti-virus software console, OfficeScan Console, monitors the updates and protection status of users' end.

(g) Perform daily backups of server files, including disk-to-disk, disk-to-tape, and multi-tape versions and store them remotely.

c. User security: application software system security control

(a) The establishment of a User ID (user account) is applied by the department of the user to IT Department, and established by the system administrator for permission.

(b) To execute the connection software, a legitimate user ID & password must be entered for the user login screen of the application system.

(c) Different user IDs are established in different application systems, depending on the department to which the user belongs and the characteristics of the job in charge, with specific divisions of permissions.

(d) The password of each user ID is established by the user; if the password is forgotten, an application for changing must be submitted to the IT Department, and reset by the system administrator with permission.

(e) For personnel changes or job changes in each department, an application for changing the user ID permission must be submitted to the Information Department, and reset by the system administrator of permission.

(f) The user's permission is determined depending on the level provided by the OS, and then adapted to the configuration files of different application systems to further manage and determine respectively.

② Resources invested in Information security management

A. The network hardware equipment such as firewalls, backup management equipment, SSL VPN private channel connection.

B. Software systems such as email anti-virus and spam filtering.

C. Information security manpower: one information security officer and two information engineers are in place, to convene the information security management meetings at least once a year, responsible for information security framework design, information security operation, maintenance and monitoring, information security event response and investigation, information security policy review and amendment.

D. Implementation: daily inspection of system status, regular weekly backup and execution of retaining the backup media in different places, annual information security promotion, annual internal audit of information cycle, and CPAs' audits.

(2) Damages, possible impact and countermeasures due to significant information security incidents. If a reasonable estimate cannot be made, an explanation shall be provided: none.

7. Material contracts: none.

Analysis and Risks of Financial Status and Performance

1. Review and analysis of financial status:

Unit: NT$ Thousand

Item \ Year	2024	2023	Difference	
			Amount	%
Current asset	5,832,947	5,255,267	577,680	10.99
Long-term investment	930,186	926,346	3,840	0.41
Property, plant and equipment	1,017,875	1,249,509	(231,634)	(18.54)
Other assets	643,578	605,069	38,509	6.36
Total assets	8,424,586	8,036,191	388,395	4.83
Current liabilities	964,163	773,914	190.249	24.58
non-current liabilities	331,209	351,644	(20,435)	(5.81)
Total liabilities	1,295,372	1,125,558	169,814	15.09
Equity attributable to owners of parent company	7,129,214	6,910,633	218,581	3.16
Share capital	1,980,000	2,063,900	(83,900)	(4.07)
Additional paid-in capital	419,716	506,552	(86,836)	(17.14)
Retained earnings	5,215,706	4,895,745	319,961	6.54
Exchange differences on translation of the financial statements	(464,974)	(507,824)	42,850	(8.44)
Unrealized gains and losses from equity instruments at FVOCI	(21,234)	39,096	(60,330)	(154.31)
Unearned employees' compensation	0	(86,836)	86,836	(100.00)
Total equity	7,129,214	6,910,633	218,581	3.16

1. Analysis of the changes for 20%:
   (1)Increase in current liabilities: Mainly due to the decrease in short-term borrowings, accounts payable, and current tax liabilities from the previous year, there was an increase in current liabilities and total liabilities.
   (2)Decrease in unrealized gains and losses from equity instruments at FVOCI: Mainly due to changes in unrealized gains and losses from equity instruments at FVOCI, driven by market price fluctuations. In addition, the Company's disposal of shares in Mycenax Biotech Inc. resulted in the transfer of related other equity—unrealized gains and losses from equity instruments at FVOCI—of NT$161,490 thousand to retained earnings. Similarly, the Company's disposal of shares in Der Yang Biotechnology Venture Capital Co., Ltd. resulted in the transfer of related other equity—unrealized gains and losses from equity instruments at FVOCI—of NT$221 thousand to retained earnings.
   (3)Increase in unearned employees' compensation: Mainly due to the cancellation of unvested rights provisioned in 2024, there was an increase in unearned employees' compensation.
2. Future countermeasures for significant changes in the recent two years: no significant impact.

Note: The consolidated financial statements of 2024 and 2023 are audited and attested by CPA.

2. Review and analysis of financial performance

Unit: NT$ Thousand

Item \ Year	2024	2023	Amount increase (decrease)	% of change
Operating revenue	6,420,661	6,358,816	61,845	0.97
Operating cost	5,723,440	6,370,043	(646,603)	(10.15)
Gross profit	697,221	(11,227)	708,448	(6,310.22)
Operating expenses	542,653	438,697	103,956	23.70
Operating profit	154,568	(449,924)	604,492	(134.35)
Non-operating income and expenses	163,293	44,344	118,949	268.24
Profit before tax	317,861	(405,580)	723,441	(178.37)
income tax expense	75,692	(42,668)	118,360	(277.40)
Net profit	242,169	(362,912)	605,081	(166.73)

1. Analysis of the changes for 20%:

(1) The increase in gross profit was mainly due to the following:

(a) Denim: Primarily affected by the product mix, which led to a decrease in selling prices, resulting in an unfavorable sales price variance of NT$5,959 thousand. However, due to the decrease in cotton procurement costs and the increase in production volume, the unit cost decreased, generating a favorable cost price variance of NT$342,873 thousand. Overall, the gross profit for denim increased by NT$401,784 thousand compared to the previous period.

(b) Jeans garment: Primarily due to the depreciation of the New Taiwan Dollar, resulting in a favorable sales price variance of NT$102,819 thousand. In addition, due to the increase in production volume, the unit cost decreased, generating a favorable cost price variance of NT$31,017 thousand. Overall, the gross profit for ring spinning increased by NT$151,050 thousand compared to the previous period.

(c) Ring-spun yarn: Primarily due to price adjustments reflecting lower costs, resulting in an unfavorable sales price variance of NT$16,722 thousand. However, due to the decrease in cotton procurement costs, a favorable cost price variance of NT$62,854 thousand was generated. Overall, the gross profit for ring spinning increased by NT$48,523 thousand compared to the previous period.

Unit: NT$ Thousand

Product	Difference in price	Difference in cost	Difference in quantity
Denim	(5,959)	342,873	64,870
Jeans garment	102,819	31,017	17,214
Ring-spun yarn	(16,722)	62,854	2,391
Total	80,138	436,744	84,475

Note: A positive number is a favorable difference; a negative number is an unfavorable difference; however, the favorable difference of NT$107,091 thousand in other operating revenue and other income are not included.

(2) The increase in operating expenses was mainly due to the rise in administrative expenses.

(3) The increase in operating profit, profit before tax, and net profit was mainly due to the increase in gross profit, and non-operating income and expense.

(4) The increase in non-operating income and expenses was mainly due to the increase of NT$104,756 thousand in net gains from foreign currency exchange recognized in 2024.

(5) The increase in income tax expenses was mainly due to the increase in profit before tax in 2024.

2. Expected sales volume and the reasons, the impact on the Company's future finance and business and the countermeasures: Based on the Company's 2025 business plan, the sales volume of denim is 18,931 thousand yards, the sales volume of ring-spun yarn is 4,500 thousand kilograms, and the sales volume of jeans garment is 876 thousand dozens; no significant impact is assessed to be on the Company's future finance and business.

Note: The consolidated financial statements of 2024 and 2023 are audited and attested by CPA.

3. Review and analysis of cash flow

(1) Analysis of cash flow changes in the recent year and improvement plan for insufficient liquidity

Unit: NT$ Thousand

Cash balance at beginning	Cash flow from operating activities for the year	Cash outflow for the year	Amount of cash balance (deficit)	Remedial measures for cash deficit	
				Investment plans	Financing plans
1,302,034	208,408	(1,352,613)	157,829	1,474,269	184,930

Analysis of cash flow changes:

1. Operating Activities: It is mainly due to the net changes in inventory that operating activities result in net cash inflows.
2. Investing activities: It is mainly due to the disposal of financial assets and equipment that investment activities result in net cash inflows.
3. Financing activities: It is mainly due to the increase in short-term borrowings that financing activities result in net cash inflows.
4. Improvement plan for insufficient liquidity: no cash deficit.

(2) Liquidity analysis for the coming year.

Unit: NT$ Thousand

Cash balance at beginning	Cash flow from operating activities for the year	Cash outflow for the year	Amount of cash balance (deficit)	Remedial measures for cash deficit	
				Investment plans	Financing plans
1,855,369	490,704	(244,000)	2,102,073	-	-

4. Influence of major capital expenditures on financial business: none.

5. Investment policy, the main reasons for profit or loss, improvement plan, and investment plan for the coming year:

Unit: NT$ Thousand

Investor	Name of investee	Shareholding (%)	Investment amount	Current profits (losses) of the investee	Main reason of profit or loss	Improvement plan	Investment plan for the coming year
Nien Hsing Textile Co., Ltd.	Nien Hsing International (B.V.I.) Ltd.	100.00	$ 458,543	$ 86,421	It is mainly the recognized gain and loss of Phoenix Development & Marketing Co., Ltd.	None	None
	Nien Hsing International Investment Co., Ltd.	100.00	20,000	5,563	Mainly due to the recognition of dividend incomes from Center Laboratories, Inc.	None	None
	Nien Hsing (Ninh Binh) Garment Co., Ltd.	100.00	714,092	3,846	Commissioned by Nien Hsing Textile Co., Ltd. for processing and producing garments.	None	None
	Chih Hsing Garment (Cambodia) Co., Ltd.	100.00	133,641	1	Operation suspended	None	None
Nien Hsing International (B.V.I.) Ltd.	Nien Hsing International (Bermuda) Ltd.	100.00	256,288	38,647	The holding company of the Mexican production areas recognized the investment gains and losses of Nien Hsing International Victoria S.A. De C.V. and Nien Hsing Confeccion S.A. De C.V..	None	None
	Nien Hsing International (Samoa) Ltd.	100.00	1,142,312	(6,516)	The holding company of the Lesotho District, which recognized the investment gains (losses) of Nien Hsing International Lesotho (Pty) Ltd., Formosa Textile Company (Pty) Ltd., and Blue Star (Pty) Ltd.	None	None
	Phoenix Development & Marketing Co., Ltd.	100.00	102,692	49,098	Engaging in trading of denim and general investments, and the investment gains and losses of Glory International (Pty) Ltd. was recognized. In 2024, the main recognition was dividend revenue from the HKT Trust and HKT Limited.	None	None
Nien Hsing International (Bermuda) Ltd.	Nien Hsing International Victoria S.A. De C.V.	99.99	455,433	39,382	Commissioned by Nien Hsing Textile Co., Ltd. for processing and producing denim.	None	None
	Nien Hsing Confeccion S.A. De C.V.	99.99	30,021	8	Operation suspended	None	None
Nien Hsing International (Samoa) Ltd.	Nien Hsing International Lesotho (Pty) Ltd.	100.00	333,848	(8,768)	Commissioned by Nien Hsing Textile Co., Ltd. for processing and producing garments.	None	None
	Formosa Textile Company (Pty) Ltd.	100.00	280,856	2,390	Commissioned by Nien Hsing Textile Co., Ltd. for processing and producing denim.	None	None
	Blue Star (Pty) Ltd.	100.00	10,539	(109)	Engaging in general investment.	None	None
Phoenix Development & Marketing Co., Ltd.	Glory International (Pty) Ltd.	100.00	387,002	(21,856)	Operation suspended	None	None
Nien Hsing International Lesotho (Pty) Ltd.	C & Y Garments Company (Pty) Ltd.	100.00	4,005	-	Operation suspended	None	None
	Global Garments Company (Pty) Ltd.	100.00	22,453	-	Operation suspended	None	None

6. Assessment of risks

(1)The impact of interest rate, exchange rate fluctuations, and inflation on the Company's profit or loss and future countermeasures:

Unit: NT$ Thousand

Item	2024	2025 Q1
Net interest income (expense)	58,576	14,428
Net gains (losses) from foreign currency exchange	102,820	25,685
Inflation	-	-

1. Changes in interest rates: the Company continuously monitors the changes in market interest rates, regularly evaluates interest rate trends, and works with a number of banks to obtain the most favorable interest rates. For long-term loans, the market interest rate trends are taken into account, for conducting interest rate swaps at appropriate timing to reduce risk of interest rate fluctuations.
2. Changes in exchange rates: the Company adopts a natural risk-avoidance operation strategy, attempting to reduce the risk of exchange rate fluctuations by balancing asset and liability positions of foreign currency, and closely monitors the movement of market exchange rates, while conducting operations of foreign exchange forward as necessary to offset the partial risk of exchange rate movement.
3. Inflation: the Company monitors the annual growth rate of Taiwan's consumer price in, the inflation has not had a significant impact on the Company's operations.

(2)The policy on engagement in high-risk and highly leveraged investment, lends funds to other parties, endorsements and guarantees provided, and derivatives trading, the main reason for profit or loss, and countermeasures:

1. The Company does not engage in high-risk and highly leveraged investment.
2. Lending funds to other parties: it is limited to the investees of the Company with more than 90% stake held. As of March 31, 2025, there were no funds loaned to others.
3. Endorsement and guarantee: it is limited to the Company's subsidiaries; as of March 31, 2025, the Company provided the endorsement and guarantee to subsidiaries Phoenix Development & Marketing Co., Ltd. and Nien Hsing International Investment Co., Ltd. for the amount of NT$66,410 thousand and NT$400,000 thousand, respectively.
4. Derivative trading: pursuant to the Company's "Procedures for Acquisition or Disposal of Assets," the Company is not allowed to engage in non-hedging derivatives operations. As of March 31, 2025, there were no outstanding derivative financial instruments.

(3)Future R&D plan and estimated R&D expenses:

Responding to market trends and end consumers' demands for various colors and functionality of denim, and coping with the rising awareness of environmental protection, such as energy saving and carbon reduction, the Company expects to invest the related machinery equipment in the field of spinning, dyeing technology, wastewater treatment and energy management. In 2025, it is expected to invest another NT$5 million to expand related equipment and headcounts.

(4)The influence of the changes in important policies and legal environment at home or abroad on the finance operations and countermeasures:

The Company has a denim factory in Mexico, and the United States-Mexico-Canada Agreement (USMCA) was signed in November 2018. With the approval of the legislatures in each country, it officially replaced the North American Free Trade Agreement (NAFTA). The new agreement mainly affects the automobile, dairy and biopharmaceutical industries, and has limited impact on the textile and garment industries.

The ASEAN+6 agreement makes the Company's garments produced in Vietnam District have tariff advantages when exporting to China, Japan, Korea, New Zealand, Australia and India markets.

The African Growth Opportunity Act (AGOA) and the Third-Country Fabric Provision adopted in the Act were passed by the U.S. Congress in 2015 for a ten-year extension. Upon the passage of the extension, garment factories in countries where AGOA applies in Africa are able to continuously use fabrics produced in third countries to make garments that are tariff-free and sold to the U.S. Therefore, the Company's garment factory in Lesotho is able to continuously

maintain the competitive advantage of using third-country fabrics for tariff-free sales to the U.S. Meanwhile, vertically integrating the upstream and downstream of textile and garment with strategically receives orders, exerting the advantages of vertical integration.

(5)The influence of changes in technology (including Information security risks) and the industry on the Company's financial operations and countermeasures:

The Company used to emphasize the U.S. market, and thus profits were vulnerable to the impact of US trade policies and the prosperity of the U.S. apparel markets, which increased the Company's risk and restricted revenue growth. In the future, other than the continuous cultivation of the U.S. market, the Company will expand its deployment in the Asian and European markets as a response to the emergence of China and the EU economies. Based on the experience, creditability and reputation of providing jeans garment in the Americas, the Company will continue to enhance the collaborations with current mainstream international brands. By applying the vertically integrated supply chain of the Company, the Company is committed to expanding the global market and becoming the best supplier partner of the brand apparel customers. Competitors of garment industry in Bangladesh are constantly integrating upstream and downstream, posing a threat to the Company's deployment in Vietnam. The Company will provide differentiated values through the leading garment washing process combined with mature fabric production technologies, to respond to the relative cost advantages of competitors.

For the impact of information security risks on the Company's finance business and countermeasures, please refer to Pages 86-90.

(6)The influence of changes in the company's corporate image on the Company's crisis management and countermeasures:

The Company always insists on the enterprise spirit of diligence, honest, and practical, which is implemented in the daily operation and management of the Company, with various management regulations and procedures established as the basis of compliance. During the current year up to the date of publication of the annual report, the Company had no changes in the company's corporate image resulting negative effect on the operation.

(7)The expected benefits, possible risks and countermeasures of merger and acquisitions:

During the current year up to the date of publication of the annual report, the Company had no merger and acquisition.

(8)The expected benefits, possible risks and countermeasures of factory expansion:

During the current year up to the date of publication of the annual report, the Company had no factory expansion.

(9)Risks and countermeasures of purchases or sales concentration:

Purchases: The Company cooperates with numerous raw material suppliers for procurement. In addition to measuring the actual demand of orders, it also refers to the market supply and demand situation and price movement to establish an appropriate safety inventory level, for meeting urgent demands and reducing the risk of material shortage.

Sales: The Company has established long-term and stable partnerships with many international brand customers, combining the competitive advantages of both parties, to ensure the long-term stable growth of both parties; in addition, the Company will continue to enhance the production process, and provide customers with comprehensive solutions. With the customized service experience, the customer portfolio is expanded, seeking to diversify the risks.

(10)The impact, risk and countermeasures of shareholding transferred by Directors and major Shareholders who holds 10% of the Company shares: none.

(11)The impact, risk and countermeasures to the Company with any change in management rights:

During the current year up to the date of publication of the annual report, the Company's management rights have not changed.

(12)Litigious and non-litigious matters: none.

(13)Other important risks and countermeasures: none.

7. Other material matters: none.

Special items to be included

1. Information of affiliates:

(1) Subsidiaries and affiliated companies

Please refer to the MOPS
(https://doc.twse.com.tw/server-java/t57sb01?step=1&colorchg=1&co_id=1451&year=&mtype=K&isnew=true)

(2) Consolidated financial statements of the affiliates:

Please refer to the MOPS
(https://doc.twse.com.tw/server-java/t57sb01?step=1&colorchg=1&co_id=1451&year=113&seamon=&mtype=A&)

(3) Business report of affiliates: none.

2. Private placement of securities: none.

3. Other Necessary Supplements: none.

Other material matters during the current year up to the date of publication of the annual report: none.

Nien Hsing Textile Co., Ltd.
Chairman: Wei-Han Chen