

Stock No.: 1451



Nien Hsing Textile Co., Ltd.

**Handbook for 2025 Annual General
Shareholders' Meeting**

June 17, 2025

**Location: 13F, No.306, Neihu Rd., Sec. 1, Neihu District, Taipei City
(Conference Room of the Company)**

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Nien Hsing Textile Co., Ltd.

2025 Annual General Shareholders' Meeting¹

Time: 09:00 am, June 17 (Tuesday), 2025

Location: 13F, No.306, Neihu Rd., Sec. 1, Neihu District, Taipei
City(Conference Room of the Company)

Meeting Agenda

1. Perform acts of ceremony
2. Chairperson remarks
3. Management and guest remarks
4. Report Items:
 - (1) To report 2024 business operations.
 - (2) The Audit Committee's Review Report.
 - (3) To report 2024 employees' compensation of profit sharing.
 - (4) Report on cash dividend distribution for 2024.
5. Approval Items:
 - (1) To accept 2024 Business Report and Financial Statements.
 - (2) To accept the proposal for distribution of 2024 profits.
6. Discussion Items:
 - (1) Amendment to the Company's "Articles of Incorporation. "
 - (2) Amendment to the "Procedures for Acquisition or Disposal of Assets."
7. Extraordinary Motion
8. Meeting Adjourned

¹ 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.

Report Items

1. To report 2024 business operations

Nien Hsing Textile Co., Ltd. Business Report

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. The business performance is hereby reported as follows:

(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

(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-spin 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 use.

(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.

(5) 2024 Financial Statements:

1. Consolidated balance sheets as of December 31, 2024 and 2023 (Page 22 of the Handbook)
2. Consolidated statements of comprehensive income for the years of 2024 and 2023 (Pages 23-24 of the Handbook)
3. Consolidated statements of changes in shareholders' equity for the years of 2024 and 2023 (Page 25 of the Handbook)
4. Consolidated statements of cash flows for the years of 2024 and 2023 (Pages 26-27 of the Handbook)
5. Standalone balance sheets as of December 31, 2024 and 2023 (Page 32 of the Handbook)
6. Standalone statements of comprehensive income for the years of 2024 and 2023 (Pages 33-34 of the Handbook)
7. Standalone statements of changes in shareholders' equity for the years of 2024 and 2023 (Page 35 of the Handbook)
8. Standalone statements of cash flows for the years of 2024 and 2023 (Pages 36-37 of the Handbook)

Chairman: Wei-Han Chen

President: Shu-Hsuan Tsai

Chief Accountant: En-Tzu Liu

2. The Audit Committee's Review Report

Nien Hsing Textile Co., Ltd. Audit Committee's Review Report

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. The Report is presented in accordance with Article 219 of the Company Act and Article 14-4 of the Securities and Exchange Act.

To:

2025 Annual General Shareholders' Meeting

Nien Hsing Textile Co., Ltd.

The Convener of the Audit Committee: Chu-Feng Yang

March 11, 2025

3. To report 2024 employees' compensation of profit sharing

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. For the year of 2024, the Company contributed a total of NT\$3,133,451 as employee compensation, paid in cash.

4. Report on cash dividend distribution for 2024

1. Pursuant to the Articles of Incorporation, if profits are distributed in cash, the Board of Directors is authorized to make such distribution by a resolution adopted by a majority of the directors present at a meeting attended by at least two-thirds of the total number of directors, and such distribution shall be reported to the Shareholders' Meeting.
2. On March 11, 2025, the Board of Directors resolved to distribute cash dividends totaling NT\$198,000,000, at NT\$1 per share. The Chairman was authorized to separately determine the ex-dividend record date, payment date, and other related matters. When cash dividends are distributed, the calculation of cash dividends distributed to individual shareholders will be rounded down to the nearest dollar. The fractional balance less than NT\$1 will be summed up and accounted by the Company as "other income."
3. The cash dividend distribution for 2024 is described as the table below:

Ex-dividend record date	Dividend payment date	Cash dividend per share (NT\$)	Total amount of cash dividend (NT\$)
April 23, 2025	May 19, 2025	1	198,000,000

Approval Items

Proposal 1 Proposed by the Board of Directors

Cause: To accept 2024 Business Report and Financial Statements.

- Explanation:
- (1) 2024 Financial Statements have been audited by CPAs, Shioh-Ming Shue and You-Cheng Hsin of Deloitte & Touche, by whom Independent Auditors' Reports with unmodified opinion were issued.
 - (2) The related Financial Statements have been uploaded to the MOPS and the Company's website. Please refer to:
<http://mops.twse.com.tw>
<http://www.nhjeans.com>
 - (3) 2024 consolidated and standalone independent auditors' reports, consolidated and standalone balance sheets as of December 31, 2024, and the consolidated and standalone statements of comprehensive income, changes in equity and cash flows for the year of 2024, please refer to Appendix 1 on Pages 18-37 of the Handbook. The Business Report, please refer to Pages 2-9 of the Handbook.
 - (4) Please accept the aforesaid Business Report and Financial Statements.

Resolutions:

Proposal 2 Proposed by the Board of Directors

Cause: To accept the proposal for distribution of 2024 profits.

- Explanation:
- (1) For the proposal, 2024 distributable profits will be allocated preferentially. Whenever insufficiency occurs, the distributable profits accumulated in previous years will be distributed based on the rule of last-in, first-out. The 2024 profit distribution table, please refer to Appendix 2 on Page 38 of the Handbook.
 - (2) Upon approval of the profits distribution proposal by the Board of Directors, the Chairman was authorized to separately determine the ex-dividend record date, payment date, and other related matters. When cash dividends are distributed, the calculation of cash dividends distributed to individual shareholders will be rounded down to the nearest dollar. The fractional balance less than NT\$1 will be summed up and accounted by the Company as "other income."
 - (3) In the event that the number of outstanding shares changes, affecting the payout ratio, the Chairman of the Board is authorized to adjust the dividend amount per share.
 - (4) Please approve the aforesaid proposal for distribution of 2024 profits.

Resolutions:

Discussions Items

Proposal 1 Proposed by the Board of Directors

Cause: Amendment to the Company's "Articles of Incorporation."

Explanation: (1) Pursuant to Article 14, Paragraph 6 of the Securities and Exchange Act, a listed company shall specify in its Articles of Incorporation a certain percentage of its annual earnings to be allocated for adjusting the salaries or distributing the compensation to its basic-level employees. Accordingly, it is proposed to amend Article 22-1 of the Company's "Articles of Incorporation."

(2) The comparison table for before and after revisions of "Articles of Incorporation," please refer to Appendix 3 on Page 39 of the Handbook.

(3) Please approve the above proposal.

Resolutions:

Proposal 2 Proposed by the Board of Directors

Cause: Amendment to the “Procedures for Acquisition or Disposal of Assets.”

- Explanation: (1) To enhance decision-making efficiency, it is proposed to amend the approval authority specified in the “Procedures for Acquisition or Disposal of Assets” accordingly.
- (2) The comparison table for before and after revisions of “Procedures for Acquisition or Disposal of Assets,” please refer to Appendix 4 on Page 40 of the Handbook.
- (3) Please approve the above proposal.

Resolutions:

Extraordinary Motion Appendices

Independent Auditors' Report

The Board of Directors and the Shareholders
Nien Hsing Textile Co., Ltd.

Opinion

We have audited the Consolidated Balance Sheets of Nien Hsing Textile Co., Ltd. (the Company) and its subsidiaries (collectively, the Group) as of December 31, 2024 and 2023, and the Consolidated Statements of Comprehensive Income, Consolidated Statements of Changes in Equity, Consolidated Statements of Cash Flows and the notes to the Consolidated Financial Statements (including the Summary of Significant Accounting Policies) from January 1 to December 31, 2024 and 2023.

In our opinion, the aforementioned Consolidated Financial Statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2024 and 2023, and its consolidated financial performance and consolidated cash flows for the years ended December 31, 2024 and 2023 in conformity with "Regulations Governing the Preparation of Financial Reports by Securities Issuers", as well as International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the paragraph titled Auditors' Responsibilities for the Audit of the Consolidated Financial Statements. We have stayed independent from the Group as required by The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled other responsibilities as stipulated by the Norm. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters refer to the matters that, in our professional judgment, were of most significance in our audit of the 2024 Consolidated Financial Statements of the Group. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Consolidated Financial Statements of the Group for the year ended December 31, 2024 are stated as follows:

Operating revenue from major clients

Please refer to Note 4 for the accounting policies and critical accounting estimates used for revenue recognition.

Description of Matter

The Group is principally engaged in the manufacturing and sales of denim fabric and apparels. Considering the significant risk associated with the recognition of revenue in the entire financial statements and the Standards on Auditing of the Republic of China, we have listed the authenticity of the sales revenue to some of the eligible customers as the key audit matter.

Audit Procedures

The main audit procedures of the aforementioned key audit matter are as follows:

1. We studied the internal control mechanism related to sales transactions, and assessed the effectiveness of its design and implementation.
2. Verification tests were performed for the transaction revenues of the year to verify the truth of sales.

OTHER MATTERS

We have also audited the parent company only financial statements of Nien Hsing Textile Co., Ltd. as of and for the years ended December 31, 2024 and 2023 on which we have issued an unqualified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

It is the management's responsibility to fairly present the Consolidated Financial Statements in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, as well as International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission, and to maintain internal controls which are necessary for the preparation of the Consolidated Financial Statements so as to avoid material misstatements due to fraud or errors therein.

In preparing the Consolidated Financial Statements, management is responsible for assessing the ability of the Group to continue as a going concern, disclosing associated matters and adopting the going concern basis of accounting unless the management intends to liquidate the Group or cease its operations, or has no realistic alternative but to do so.

Those charged with governance, including the Audit Committee, are responsible for overseeing the financial reporting process.

Independent Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance refers to high level of assurance. Nevertheless, our audit, which was carried out in accordance with the Standards on Auditing of the Republic of China, does not guarantee that a material misstatement will be detected in the Consolidated Financial Statements. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and evaluate the risk of material misstatements due to fraud or error in the Consolidated Financial Statements; design and carry out appropriate countermeasures for the evaluated risk; and obtain sufficient and appropriate evidence as the basis for their audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group internal control.
3. Assess the appropriateness of the accounting policies adopted by the management level, as well as the reasonableness of their accounting estimates and relevant disclosures.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we believe there are events or conditions indicating the existence of a material uncertainty, we are required to remind the users of the Consolidated Financial Statements in our audit report of the relevant disclosures therein, or to amend our audit opinion when any inappropriate disclosure was found. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall expression, structure and contents of the Consolidated Financial Statements (including relevant Notes), and whether the Consolidated Financial Statements fairly present relevant transactions and items.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities of the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements for the year ended December 31, 2024 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Shiu-Ming Hsu, and Yu-Cheng Shin.

Deloitte & Touche

Taipei, Taiwan

Republic of China

March 11, 2025

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

NIEN HSING TEXTILE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
DECEMBER 31, 2024 AND 2023
Unit: NT\$ Thousand

Code	ASSETS	December 31, 2024		December 31, 2023	
		Amount	%	Amount	%
	Current asset				
1100	Cash and cash equivalents (Note 6)	\$ 1,855,369	22	\$ 1,302,034	16
1110	Financial assets at fair value through profit or loss (Note 7)	-	-	978	-
1136	Financial assets at amortized costs (Note 9)	250,000	3	300,000	4
1150	Notes receivable (Note 11 and 24)	181	-	825	-
1170	Trade receivables - net (Notes 11 and 24)	1,420,673	17	1,226,941	15
1200	Other receivables (Note 11)	41,803	-	32,117	-
1220	Current tax assets (Note 26)	-	-	1,127	-
130X	Inventories (Note 12)	1,827,156	22	1,921,258	24
1410	Prepayments	281,546	3	354,445	5
1476	Other financial assets (Note 32)	9,583	-	8,414	-
1479	Other current assets	<u>146,636</u>	<u>2</u>	<u>107,128</u>	<u>1</u>
11XX	Total current assets	<u>5,832,947</u>	<u>69</u>	<u>5,255,267</u>	<u>65</u>
	Non- Current assets				
1510	Financial assets at fair value through profit or loss (Note 7)	8,945	-	48,065	1
1517	Financial assets at FVOCI (Note 8)	706,379	9	831,877	10
1540	Financial assets at amortized costs (Notes 9 and 10)	172,454	2	-	-
1550	Investments accounted for using the equity method (Note 14)	42,408	1	46,404	1
1600	Property, plant and equipment (Notes 15)	1,017,875	12	1,249,509	16
1755	Right-of-use assets (Note 16)	29,894	-	29,469	-
1760	Investment properties - net (Note 17)	192,120	2	112,724	1
1840	Deferred income tax assets (Note 26)	297,832	4	354,742	5
1915	Prepayments for equipment	81,742	1	94,692	1
1920	Refundable deposits	11,585	-	13,442	-
1975	Net defined benefit assets (Note 22)	<u>30,405</u>	<u>-</u>	<u>-</u>	<u>-</u>
15XX	Total non-current assets	<u>2,591,639</u>	<u>31</u>	<u>2,780,924</u>	<u>35</u>
1XXX	Total assets	<u>\$ 8,424,586</u>	<u>100</u>	<u>\$ 8,036,191</u>	<u>100</u>
	LIABILITIES AND EQUITY				
	Current liabilities				
2100	Short-term borrowings (Note 18)	\$ 196,710	2	\$ 11,802	-
2150	Notes payable (Note 19)	1,146	-	5,674	-
2170	Trade payables (Note 19)	194,057	2	179,588	2
2200	Other payables (Note 20)	526,893	7	526,775	7
2230	Current tax liabilities (Note 26)	13,915	-	975	-
2250	Provisions for onerous contract (Note 21)	-	-	89	-
2280	Lease liabilities (Note 16)	2,090	-	1,962	-
2399	Other current liabilities	<u>29,352</u>	<u>-</u>	<u>47,049</u>	<u>1</u>
21XX	Total current liabilities	<u>964,163</u>	<u>11</u>	<u>773,914</u>	<u>10</u>
	Non -current liabilities				
2570	Deferred income tax liabilities (Note 26)	295,339	4	283,235	4
2580	Lease liabilities (Note 16)	34,306	-	32,602	-
2640	Net defined benefit liabilities (Note 22)	-	-	34,265	-
2645	Guarantee deposits received	<u>1,564</u>	<u>-</u>	<u>1,542</u>	<u>-</u>
25XX	Total non-current liabilities	<u>331,209</u>	<u>4</u>	<u>351,644</u>	<u>4</u>
2XXX	Total liabilities	<u>1,295,372</u>	<u>15</u>	<u>1,125,558</u>	<u>14</u>
	Equity (Note 23)				
	Share capital				
3110	Capital stock	2,051,500	25	2,063,900	26
3170	Share capital to be cancelled	<u>(71,500)</u>	<u>(1)</u>	<u>-</u>	<u>-</u>
3100	Total share capital	<u>1,980,000</u>	<u>24</u>	<u>2,063,900</u>	<u>26</u>
3200	Capital surplus	<u>419,716</u>	<u>5</u>	<u>506,552</u>	<u>6</u>
	Retained earnings				
3310	Legal reserve	2,328,626	28	2,328,626	29
3320	Special reserves	468,728	5	533,764	7
3350	Unappropriated earnings	<u>2,418,352</u>	<u>29</u>	<u>2,033,355</u>	<u>25</u>
3300	Total retained earnings	<u>5,215,706</u>	<u>62</u>	<u>4,895,745</u>	<u>61</u>
3400	Other equity	<u>(486,208)</u>	<u>(6)</u>	<u>(555,564)</u>	<u>(7)</u>
3XXX	Total equity	<u>7,129,214</u>	<u>85</u>	<u>6,910,633</u>	<u>86</u>
	Total liabilities and equity	<u>\$ 8,424,586</u>	<u>100</u>	<u>\$ 8,036,191</u>	<u>100</u>

The accompanying notes are an integral part of the Consolidated Financial Statements.

NIEN HSING TEXTILE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
Unit: NT\$ Thousand, except Earnings (Losses) Per Share is NTD

Code		2024		2023	
		Amount	%	Amount	%
	OPERATING REVENUE (Note 24)				
4110	Sales	\$ 6,391,315	99	\$ 6,329,171	99
4170	Less: Sales returns and allowances	<u>14,302</u>	-	<u>21,957</u>	-
4100	Net sales	6,377,013	99	6,307,214	99
4600	Other operating revenue	<u>43,648</u>	<u>1</u>	<u>51,602</u>	<u>1</u>
4000	Total operating revenue	<u>6,420,661</u>	<u>100</u>	<u>6,358,816</u>	<u>100</u>
	OPERATING COSTS (Notes 12 and 25)				
5110	Cost of goods sold	5,708,722	89	6,351,996	100
5660	Other operating costs	<u>14,718</u>	-	<u>18,047</u>	-
5000	Total operating costs	<u>5,723,440</u>	<u>89</u>	<u>6,370,043</u>	<u>100</u>
5900	Gross profit (loss)	<u>697,221</u>	<u>11</u>	<u>(11,227)</u>	-
	Operating expenses (Notes 11, 22, and 25)				
6100	Selling and marketing expenses	281,666	5	266,817	4
6200	General and administrative expenses	265,811	4	162,427	3
6300	Research and development expenses	586	-	13,804	-
6450	Gains reversed from expected credit impairment	<u>(5,410)</u>	-	<u>(4,351)</u>	-
6000	Total operating expenses	<u>542,653</u>	<u>9</u>	<u>438,697</u>	<u>7</u>
6900	Operating income (loss)	<u>154,568</u>	<u>2</u>	<u>(449,924)</u>	<u>(7)</u>
	Non-operating income and expenditures (Notes 25 and 31)				
7100	Interest income	66,229	1	62,188	1
7010	Other income	87,524	2	67,570	1
7020	Other gains and losses	19,376	-	(75,297)	(2)
7050	Finance costs	(7,653)	-	(6,246)	-
7060	Share of the profit or loss of associates accounted for using the equity method	<u>(2,183)</u>	-	<u>(3,871)</u>	-
7000	Total non-operating income and expenses	<u>163,293</u>	<u>3</u>	<u>44,344</u>	-

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Code		2024		2023	
		Amount	%	Amount	%
7900	Net profit (loss) before income tax	\$ 317,861	5	(\$ 405,580)	(7)
7950	Income tax gains (expenses) (Note 26)	(75,692)	(1)	42,668	1
8200	Net profit (loss) for the year	242,169	4	(362,912)	(6)
	Other comprehensive income (Note 23 and 26)				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit plans	24,535	-	(3,558)	-
8316	Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income	100,939	2	83,674	2
8349	Income tax relating to items that will not be reclassified subsequently to profit or loss	(4,907)	-	711	-
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of the financial statements of foreign operations	53,563	1	3,052	-
8399	Income tax relating to items that may be reclassified subsequently to profit or loss	(10,713)	(1)	(610)	-
8300	Other comprehensive income (loss) for the year, net of income tax	163,417	2	83,269	2
8500	TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	\$ 405,586	6	(\$ 279,643)	(4)
	Earnings (losses) per share (Note 27)				
	From continuing operations				
9710	Basic	\$ 1.22		(\$ 1.83)	
9810	Diluted	\$ 1.20		(\$ 1.83)	

The accompanying notes are an integral part of the Consolidated Financial Statements.

NIEN Hsing Textile Co., Ltd. and Subsidiaries
Consolidated Statements of Changes in Equity
for the Years Ended December 31, 2024 and 2023
Unit: NT\$ Thousand

									Other equity			
Code		Share capital (Note 23)		Capital surplus (Note 23)	Retained earnings (Notes 8 and 23)			Exchange differences on translating the financial statements of foreign operations (Note 23)	Unrealized gain/(loss) on financial assets at FVTOCI (Note 23)	Unearned employee compensation (Note 23 and 28)	Total equity	
		Number of shares (in thousands of shares)	Capital stock		Share capital to be cancelled	Legal reserve	Special reserves					Unappropriated earnings
A1	Balance as of January 1, 2023	206,690	\$ 2,066,900	\$ -	\$ 509,657	\$ 2,328,626	\$ 157,802	\$ 3,073,850	(\$ 510,266)	\$ 43,958	(\$ 67,456)	\$ 7,603,071
	Appropriation of the 2022 earnings											
B3	Special reserves provided	-	-	-	-	-	375,962	(375,962)	-	-	-	-
B5	Cash dividends to shareholders	-	-	-	-	-	-	(412,900)	-	-	-	(412,900)
D1	Net loss for the year ended December 31, 2023	-	-	-	-	-	-	(362,912)	-	-	-	(362,912)
D3	Other comprehensive income (loss) after tax for the year ended December 31, 2023	-	-	-	-	-	-	(2,847)	2,442	83,674	-	83,269
D5	Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	-	(365,759)	2,442	83,674	-	(279,643)
N1	Share-based payment	(300)	(3,000)	-	(3,105)	-	-	25,590	-	-	(19,380)	105
Q1	Disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	-	-	88,536	-	(88,536)	-	-
Z1	Balance as of December 31, 2023	206,390	2,063,900	-	506,552	2,328,626	533,764	2,033,355	(507,824)	39,096	(86,836)	6,910,633
	Appropriation of the 2023 earnings											
B5	Cash dividends to shareholders	-	-	-	-	-	-	(103,105)	-	-	-	(103,105)
B17	Reversal of special reserve	-	-	-	-	-	(65,036)	65,036	-	-	-	-
D1	Net profit for the year ended December 31, 2024	-	-	-	-	-	-	242,169	-	-	-	242,169
D3	Other comprehensive income after tax for the year ended December 31, 2024	-	-	-	-	-	-	19,628	42,850	100,939	-	163,417
D5	Total comprehensive income for the year ended December 31, 2024	-	-	-	-	-	-	261,797	42,850	100,939	-	405,586
N1	Share-based payment	(1,240)	(12,400)	(71,500)	(86,836)	-	-	-	-	-	86,836	(83,900)
Q1	Disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	-	-	161,269	-	(161,269)	-	-
Z1	Balance as of December 31, 2024	205,150	\$ 2,051,500	(\$ 71,500)	\$ 419,716	\$ 2,328,626	\$ 468,728	\$ 2,418,352	(\$ 464,974)	(\$ 21,234)	\$ -	\$ 7,129,214

The accompanying notes are an integral part of the Consolidated Financial Statements.

NIEN HSING TEXTILE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
Unit: NT\$ Thousand

Code		2024	2023
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Net profit (loss) before income tax for the year	\$ 317,861	(\$ 405,580)
A20010	Adjustments for		
A20100	Depreciation expenses	209,607	223,822
A20300	Gains reversed from expected credit impairment	(5,410)	(4,351)
A20400	Net (gain) loss on financial instrument measured at fair value through profit or loss	11,309	(46,901)
A20900	Finance costs	7,653	6,246
A21200	Interest income	(66,229)	(62,188)
A21300	Dividend income	(20,754)	(16,213)
A21900	Compensation costs of share-based payment	-	3,105
A22300	Share of the profit or loss of associates accounted for using the equity method	2,183	3,871
A22500	Proceeds from disposal of property, plant and equipment	(33,153)	(1,264)
A23700	Impairment loss	2,189	15,950
A23800	Inventory valuation and obsolescence loss (reversal gain)	(79,475)	20,859
	Changes in operating assets and liabilities		
A31115	Financial assets at FVTPL	(10,191)	(748)
A31130	Notes receivable	644	1,196
A31150	Trade receivables	(191,750)	472,173
A31180	Other receivables	(8,630)	10,354
A31200	Inventories	173,577	609,897
A31230	Prepayments	72,899	(1,514)
A31240	Other current assets	(39,508)	(16,181)
A31250	Other financial assets	(1,169)	(3,261)
A32130	Notes payable	(4,528)	(944)
A32150	Trade payables	14,469	(66,899)
A32180	Other payables	(77,034)	(46,969)
A32200	Provision for onerous contracts	(89)	89
A32230	Other current liabilities	(17,697)	(408)
A32240	Net defined benefit plan	(40,135)	(15,486)
A33000	Cash generated from operations	216,639	678,655
A33500	Income tax paid	(8,231)	(99,082)
AAAA	Net cash inflow from operating activities	<u>208,408</u>	<u>579,573</u>

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Code		2024	2023
	CASH FLOWS FROM INVESTING ACTIVITIES		
B00010	Purchase of financial assets at fair value through other comprehensive income	\$ -	(\$ 49,240)
B00020	Proceeds from disposal of financial assets at fair value through other comprehensive income	238,502	158,525
B00040	Purchase of financial assets at amortized costs	(1,180,868)	(1,164,984)
B00050	Disposal of financial assets at amortized costs	1,060,000	864,984
B00100	Purchase of financial assets at fair value through profit or loss	-	(850)
B00200	Disposal of financial assets at fair value through profit or loss	40,810	30,673
B02400	Return of capital on investments accounted for using the equity method	4,835	-
B02700	Payments for property, plant and equipment	(39,880)	(53,744)
B02800	Proceeds from disposal of property, plant and equipment	40,679	1,268
B03800	Decrease (Increase) in refundable deposits	1,857	(2)
B07100	Increase in prepayments for equipment	(6,120)	(138,721)
B07500	Interest received	66,832	58,064
B07600	Dividends received	<u>20,754</u>	<u>16,213</u>
BBBB	Net cash inflow (outflow) from investing activities	<u>247,401</u>	(<u>277,814</u>)
	CASH FLOWS FROM FINANCING ACTIVITIES		
C00100	Increase (decrease) in short-term borrowings	184,908	(144,446)
C01700	Repayments of long-term borrowings	-	(60,000)
C03100	Increase in guarantee deposits received	22	77
C04020	Payments of lease liabilities	(551)	(458)
C04500	Cash dividends	(103,105)	(412,900)
C05600	Interest paid	(7,139)	(6,718)
C09900	Return of employment restricted shares	(<u>14,950</u>)	(<u>3,000</u>)
CCCC	Net cash inflow (outflow) from financing activities	<u>59,185</u>	(<u>627,445</u>)
DDDD	EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>38,341</u>	<u>21,071</u>
EEEE	NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	553,335	(304,615)
E00100	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,302,034</u>	<u>1,606,649</u>
E00200	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,855,369</u>	<u>\$ 1,302,034</u>

The accompanying notes are an integral part of the Consolidated Financial Statements.

Independent Auditors' Report

The Board of Directors and the Shareholders
Nien Hsing Textile Co., Ltd.

Opinion

We have audited the Individual Balance Sheets of Nien Hsing Textile Co., Ltd. as of December 31, 2024 and 2023, and the Individual Statements of Comprehensive Income, Individual Statements of Changes in Equity, Individual Statements of Cash Flows and the notes to the Individual Financial Statements (including the Summary of Significant Accounting Policies) from January 1 to December 31, 2024 and 2023.

In our opinion, the aforementioned Individual Financial Statements present fairly, in all material respects, the individual financial position of Nien Hsing Textile Co., Ltd. as of December 31, 2024 and 2023, and its financial performance and its cash flows for the years ended December 31, 2024 and 2023 in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Individual Financial Statements section of our report. We have stayed independent from Nien Hsing Textile Co., Ltd. as required by The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled other responsibilities as stipulated by the Norm. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters refer to the matters that, in our professional judgment, were of most significance in our audit of the 2024 Individual Financial Statements of Nien Hsing Textile Co., Ltd. These matters were addressed in the context of our audit of the Individual Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Individual Financial Statements of Nien Hsing Textile Co., Ltd. for the year ended December 31, 2024 are stated as follows:

Operating revenue from major clients

Please refer to Note 4 for the accounting policies and critical accounting estimates used for revenue recognition.

Description of Matter

Nien Hsing Textile Co., Ltd. is principally engaged in the manufacturing and sales of denim fabric and apparels. Considering the significant risk associated with the recognition of revenue in the entire financial statements and the Standards on Auditing of the Republic of China, we have listed the authenticity of the sales revenue to some of the eligible customers as the key audit matter.

Audit Procedures

The main audit procedures of the aforementioned key audit matter are as follows:

1. We studied the internal control mechanism related to sales transactions, and assessed the effectiveness of its design and implementation.
2. Verification tests were performed for the transaction revenues of the year to verify the truth of sales.

Responsibilities of Management and Those Charged with Governance for the Individual Financial Statements

It is the management's responsibility to fairly present the Individual Financial Statements in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and to maintain internal controls which are necessary for the preparation of the Individual Financial Statements so as to avoid material misstatements due to fraud or errors therein.

In preparing the Individual Financial Statements, management is responsible for assessing the ability of Nien Hsing Textile Co., Ltd. to continue as a going concern, disclosing associated matters and adopting the going concern basis of accounting unless the management intends to liquidate Nien Hsing Textile Co., Ltd. or cease its operations, or has no realistic alternative but to do so.

Those charged with governance, including the Audit Committee, are responsible for overseeing the financial reporting process.

Auditors' Responsibilities for the Audit of the Individual Financial Statements

Our objectives are to obtain reasonable assurance about whether the Individual Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance refers to high level of assurance. Nevertheless, our audit, which was carried out in accordance with the Standards on Auditing of the Republic of China, does not guarantee that a material misstatement will be detected in the Individual Financial Statements. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Individual Financial Statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and evaluate the risk of material misstatements due to fraud or error in the Individual Financial Statements; design and carry out appropriate countermeasures for the evaluated risk; and obtain sufficient and appropriate evidence as the basis for their audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Nien Hsing Textile Co., Ltd.'s internal control.
3. Assess the appropriateness of the accounting policies adopted by the management level, as well as the reasonableness of their accounting estimates and relevant disclosures.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Nien Hsing Textile Co., Ltd.'s ability to continue as a going concern. If we believe there are events or conditions indicating the existence of a material uncertainty, we are required to remind the users of the Individual Financial Statements in our audit report of the relevant disclosures therein, or to amend our audit opinion when any inappropriate disclosure was found. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Nien Hsing Textile Co., Ltd. to cease to continue as a going concern.
5. Evaluate the overall expression, structure and contents of the Individual Financial Statements (including relevant Notes), and whether the Individual Financial Statements fairly present relevant transactions and item.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities of Nien Hsing Textile Co., Ltd. to express an opinion on the Individual Financial Statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Individual Financial Statements for the year ended December 31, 2024 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Shiu-Ming Hsu, and Yu-Cheng Shin.

Deloitte & Touche

Taipei, Taiwan

Republic of China

March 11, 2025

Notice to Readers

The accompanying individual financial statements are intended only to present the individual financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such individual financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying individual financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and individual financial statements shall prevail.

NIEN HSING TEXTILE CO., LTD.
BALANCE SHEETS
DECEMBER 31, 2024 AND 2023
Unit: NT\$ Thousand

Code	ASSETS	December 31, 2024		December 31, 2023	
		Amount	%	Amount	%
	Current asset				
1100	Cash and cash equivalents (Note 6)	\$ 847,790	10	\$ 372,264	5
1110	Financial assets at fair value through profit or loss (Note 7)	-	-	978	-
1136	Financial assets at amortized costs (Note 9)	250,000	3	300,000	4
1150	Notes receivable (Note 10)	181	-	825	-
1170	Trade receivables net (Note 10)	1,227,740	14	1,091,198	14
1180	Receivables from affiliates (Note 28)	360,301	4	201,384	2
1200	Other receivables (Note 10)	4,376	-	6,838	-
1220	Current tax assets (Note 23)	-	-	1,127	-
130X	Inventories (Note 11)	1,739,580	21	1,830,290	23
1410	Prepayments	55,617	1	67,580	1
1476	Other financial assets (Note 29)	50	-	50	-
1479	Other current assets	1,638	-	8,370	-
11XX	Total current assets	4,487,273	53	3,880,904	49
	Non- Current assets				
1517	Financial assets at FVOCI (Note 8)	150,977	2	286,681	4
1550	Investments accounted for using the equity method (Note 12)	2,500,201	30	2,403,139	30
1600	Property, plant and equipment (Notes 13)	668,420	8	826,015	10
1760	Investment properties - net (Note 14)	192,120	2	112,724	1
1840	Deferred income tax assets (Note 23)	297,832	4	354,742	5
1915	Prepayments for equipment	76,617	1	71,844	1
1920	Refundable deposits	9,334	-	11,303	-
1975	Net defined benefit assets (Note 19)	30,405	-	-	-
15XX	Total non-current assets	3,925,906	47	4,066,448	51
1XXX	Total assets	\$ 8,413,179	100	\$ 7,947,352	100
Code	LIABILITIES AND EQUITY				
	Current liabilities				
2100	Short-term borrowings (Note 15)	\$ 196,710	3	\$ 11,802	-
2150	Notes payable (Note 16)	874	-	5,343	-
2170	Trade payables (Note 16)	174,617	2	162,314	2
2180	Payables to affiliates (Note 28)	356,799	4	257,403	3
2200	Other payables (Note 17)	228,020	3	254,121	3
2230	Current tax liabilities (Note 23)	12,332	-	-	-
2250	Provisions for onerous contract (Note 18)	-	-	89	-
2399	Other current liabilities	17,847	-	26,669	1
21XX	Total current liabilities	987,199	12	717,741	9
	Non -current liabilities				
2570	Deferred income tax liabilities (Note 23)	295,339	3	283,235	4
2640	Net defined benefit liabilities (Note 19)	-	-	34,265	-
2645	Guarantee deposits received	1,427	-	1,478	-
25XX	Total non-current liabilities	296,766	3	318,978	4
2XXX	Total liabilities	1,283,965	15	1,036,719	13
	Equity (Note 20)				
	Share capital				
3110	Capital stock	2,051,500	25	2,063,900	26
3170	Share capital to be cancelled	(71,500)	(1)	-	-
3100	Total share capital	1,980,000	24	2,063,900	26
3200	Capital surplus	419,716	5	506,552	6
	Retained earnings				
3310	Legal reserve	2,328,626	28	2,328,626	29
3320	Special reserves	468,728	5	533,764	7
3350	Unappropriated earnings	2,418,352	29	2,033,355	26
3300	Total retained earnings	5,215,706	62	4,895,745	62
3400	Other equity	(486,208)	(6)	(555,564)	(7)
3XXX	Total equity	7,129,214	85	6,910,633	87
	Total liabilities and equity	\$ 8,413,179	100	\$ 7,947,352	100

The accompanying notes are an integral part of the Individual Financial Statements.

NIEN HSING TEXTILE CO., LTD.
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
Unit: NT\$ Thousand, except Earnings (Losses) Per Share is NTD

Code		2024		2023	
		Amount	%	Amount	%
	Operating revenue (Notes 21 and 28)				
4110	Sales	\$ 6,391,315	100	\$ 6,329,171	100
4170	Less: Sales returns and allowances	<u>14,302</u>	<u>-</u>	<u>21,957</u>	<u>1</u>
4100	Net sales	6,377,013	100	6,307,214	99
4800	Other operating revenue	<u>30,444</u>	<u>-</u>	<u>37,094</u>	<u>1</u>
4000	Total operating revenue	<u>6,407,457</u>	<u>100</u>	<u>6,344,308</u>	<u>100</u>
	Operating costs (Notes 11, 19, 22, and 28)				
5110	Cost of goods sold	5,913,959	92	6,403,274	101
5800	Other operating costs	<u>173</u>	<u>-</u>	<u>4,855</u>	<u>-</u>
5000	Total operating costs	<u>5,914,132</u>	<u>92</u>	<u>6,408,129</u>	<u>101</u>
5900	Gross profit (loss)	<u>493,325</u>	<u>8</u>	<u>(63,821)</u>	<u>(1)</u>
	Operating expenses (Notes 10, 19, and 22)				
6100	Selling and marketing expenses	213,414	3	222,830	4
6200	General and administrative expenses	157,299	3	132,421	2
6300	Research and development expenses	586	-	13,804	-
6450	Expected credit loss recognized/(reversed) on trade receivables	<u>3,144</u>	<u>-</u>	<u>(7,011)</u>	<u>-</u>
6000	Total operating expenses	<u>374,443</u>	<u>6</u>	<u>362,044</u>	<u>6</u>
6900	Operating income (loss)	<u>118,882</u>	<u>2</u>	<u>(425,865)</u>	<u>(7)</u>
	Non-operating revenue and expenditure (Notes 12, 13, 19, 22, and 28)				
7100	Interest income	12,403	-	11,629	-
7010	Other income	41,842	1	34,789	1
7020	Other gains and losses	47,169	1	(55,289)	(1)
7050	Finance costs	(6,027)	-	(4,632)	-
7060	Share of profits (losses) of associates accounted for using the equity method	<u>95,831</u>	<u>1</u>	<u>28,135</u>	<u>-</u>
7000	Total non-operating income and expenses	<u>191,218</u>	<u>3</u>	<u>14,632</u>	<u>-</u>

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Code		2024		2023	
		Amount	%	Amount	%
7900	Net profit (loss) before income tax	\$ 310,100	5	(\$ 411,233)	(7)
7950	Income tax gain (expenses) (Note 23)	(67,931)	(1)	48,321	1
8200	Net profit (loss) for the year	242,169	4	(362,912)	(6)
	Other comprehensive income (Note 20 and 23)				
	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit plans	24,535	-	(3,558)	-
8316	Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income	102,798	2	8,245	-
8330	Share of other comprehensive income of subsidiaries and associates accounted for using the equity method	(1,859)	-	75,429	2
8349	Income tax relating to items that will not be reclassified subsequently to profit or loss	(4,907)	-	711	-
	Items that may be reclassified subsequently to profit or loss				
8380	Share of other comprehensive income of subsidiaries and associates accounted for using the equity method	53,563	1	3,052	-
8399	Income tax relating to items that may be reclassified subsequently to profit or loss	(10,713)	(1)	(610)	-
8300	Other comprehensive income/(loss) for the year, net of income tax	163,417	2	83,269	2
8500	TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	\$ 405,586	6	(\$ 279,643)	(4)
	Earnings (losses) per share (Note 24)				
	From continuing operations				
9710	Basic	\$ 1.22		(\$ 1.83)	
9810	Diluted	\$ 1.20		(\$ 1.83)	

The accompanying notes are an integral part of the Individual Financial Statements.

NIEN HSGING TEXTILE CO., LTD.
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
Unit: NT\$ Thousand

		Share capital (Note 20)			Capital surplus	Retained earnings (Notes 8 and 20)			Other equity			Total equity
Code		Number of shares (in thousands of shares)	Capital stock	Share capital to be cancelled	(Note 20)	Legal reserve	Special reserves	Unappropriated earnings	Exchange differences on translating the financial statements of foreign operations (Note 20)	Unrealized gain/(loss) on financial assets at FVTOCI (Note 20)	Unearned employee compensation (Note 20 and 25)	
A1	Balance as of January 1, 2023	206,690	\$ 2,066,900	\$ -	\$ 509,657	\$ 2,328,626	\$ 157,802	\$ 3,073,850	(\$ 510,266)	\$ 43,958	(\$ 67,456)	\$ 7,603,071
	Appropriation of the 2022 earnings											
B3	Special reserves provided	-	-	-	-	-	375,962	(375,962)	-	-	-	-
B5	Cash dividends to shareholders	-	-	-	-	-	-	(412,900)	-	-	-	(412,900)
D1	Net loss for the year ended December 31, 2023	-	-	-	-	-	-	(362,912)	-	-	-	(362,912)
D3	Other comprehensive income (loss) after tax for the year ended December 31, 2023	-	-	-	-	-	-	(2,847)	2,442	83,674	-	83,269
D5	Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	-	(365,759)	2,442	83,674	-	(279,643)
N1	Share-based payment	(300)	(3,000)	-	(3,105)	-	-	25,590	-	-	(19,380)	105
Q1	Disposal of equity instruments measured at fair value through other comprehensive income/Subsidiaries' disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	-	-	88,536	-	(88,536)	-	-
Z1	Balance as of December 31, 2023	206,390	2,063,900	-	506,552	2,328,626	533,764	2,033,355	(507,824)	39,096	(86,836)	6,910,633
	Appropriation of the 2023 earnings											
B5	Cash dividends to shareholders	-	-	-	-	-	-	(103,105)	-	-	-	(103,105)
B17	Reversal of special reserve	-	-	-	-	-	(65,036)	65,036	-	-	-	-
D1	Net profit for the year ended December 31, 2024	-	-	-	-	-	-	242,169	-	-	-	242,169
D3	Other comprehensive income after tax for the year ended December 31, 2024	-	-	-	-	-	-	19,628	42,850	100,939	-	163,417
D5	Total comprehensive income for the year ended December 31, 2024	-	-	-	-	-	-	261,797	42,850	100,939	-	405,586
N1	Share-based payment	(1,240)	(12,400)	(71,500)	(86,836)	-	-	-	-	-	86,836	(83,900)
Q1	Disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	-	-	161,269	-	(161,269)	-	-
Z1	Balance as of December 31, 2024	<u>205,150</u>	<u>\$ 2,051,500</u>	<u>(\$ 71,500)</u>	<u>\$ 419,716</u>	<u>\$ 2,328,626</u>	<u>\$ 468,728</u>	<u>\$ 2,418,352</u>	<u>(\$ 464,974)</u>	<u>(\$ 21,234)</u>	<u>\$ -</u>	<u>\$ 7,129,214</u>

The accompanying notes are an integral part of the Individual Financial Statements.

NIEN HSING TEXTILE CO., LTD.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
Unit: NT\$ Thousand

Code		2024	2023
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Net profit (loss) before income tax for the year	\$ 310,100	(\$ 411,233)
A20010	Adjustments for		
A20100	Depreciation expenses	88,210	94,993
A20300	Expected credit loss (gain)	3,144	(7,011)
A20400	Net (gain) loss on financial instrument measured at fair value through profit or loss	11,169	(230)
A20900	Finance costs	6,027	4,632
A21200	Interest income	(12,403)	(11,629)
A21900	Compensation costs of share-based payment	-	3,105
A22300	Share of profits (losses) of associates and subsidiaries accounted for using the equity method	(95,831)	(28,135)
A22500	Proceeds from disposal of property, plant and equipment	(32,687)	(76)
A23700	Impairment loss	2,189	15,950
A23800	Inventory valuation and obsolescence loss (reversal gain)	(79,475)	20,859
	Changes in operating assets and liabilities		
A31115	Financial assets at FVTPL	(10,191)	(748)
A31130	Notes receivable	644	1,196
A31150	Trade receivables	(142,545)	411,684
A31160	Receivables from affiliates	(158,917)	118,784
A31180	Other receivables	6,363	3,983
A31200	Inventories	170,185	631,986
A31230	Prepayments	11,963	2,586
A31240	Other current assets	6,732	2,244
A32130	Notes payable	(4,469)	(913)
A32150	Trade payables	12,303	(57,507)
A32160	Payables to affiliates	99,396	(38,372)
A32180	Other payables	(95,523)	14,918
A32200	Provision for onerous contracts	(89)	89
A32230	Other current liabilities	(8,822)	(8,237)
A32240	Net defined benefit plan	(40,135)	(15,486)
A33000	Cash generated from operations	47,338	747,432
A33500	Income tax paid	(1,078)	(93,871)
AAAA	Net cash inflow from operating activities	<u>46,260</u>	<u>653,561</u>

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Code		2024	2023
	CASH FLOWS FROM INVESTING ACTIVITIES		
B00020	Proceeds from disposal of financial assets at fair value through other comprehensive income	\$ 238,502	\$ 63,259
B00040	Purchase of financial assets at amortized costs	(1,010,000)	(1,000,000)
B00050	Disposal of financial assets at amortized costs	1,060,000	700,000
B02700	Payments for property, plant and equipment	(16,017)	(15,453)
B02800	Proceeds from disposal of property, plant and equipment	38,312	77
B03800	Decrease (Increase) in refundable deposits	1,969	(192)
B07100	Increase in prepayments for equipment	(6,581)	(111,955)
B07500	Interest received	11,361	11,730
B07600	Dividends received	50,473	54,786
BBBB	Net cash inflow (outflow) from investing activities	<u>368,019</u>	<u>(297,748)</u>
	CASH FLOWS FROM FINANCING ACTIVITIES		
C00200	Increase (decrease) in short-term borrowings	184,908	(144,446)
C01700	Repayments of long-term borrowings	-	(60,000)
C03100	Increase (decrease) in deposits received	(51)	69
C04500	Cash dividends	(103,105)	(412,900)
C05600	Interest paid	(5,555)	(5,103)
C09900	Return of employment restricted shares	<u>(14,950)</u>	<u>(3,000)</u>
CCCC	Net cash inflow (outflow) from financing activities	<u>61,247</u>	<u>(625,380)</u>
EEEE	NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	475,526	(269,567)
E00100	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>372,264</u>	<u>641,831</u>
E00200	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 847,790</u>	<u>\$ 372,264</u>

The accompanying notes are an integral part of the Individual Financial Statements.

Nien Hsing Textile Co., Ltd.

Profit Distribution Table

2024

Unit: NT\$

Item	Subtotal	Total
Cash dividend per share		1
Beginning undistributed profits		1,995,286,178
Disposal of investments in equity instruments at fair value through other comprehensive income		161,268,754
Actuarial gains (losses) of defined benefit plan		19,628,294
Adjustment of share-based payment transaction		-
Undistributed profits after adjustment		2,176,183,226
Net profit before tax of 2022	310,099,864	
Income tax expense	(67,931,386)	
Net profit after tax of 2022		242,168,478
Legal reserve		(24,216,848)
Special reserve		(17,479,931)
Accumulated distributable profits		2,376,654,925
Distributed items		
Shareholders' dividend		(198,000,000)
Ending undistributed profits		2,178,654,925

Note 1: Pursuant to the the decree of no.871941343 issued by Ministry of Finance on April 30, 1998, when distributing profits, the individual identification shall be adopted. The Company's profit distribution principle is to distribute accumulated profits from previous years based on the rule of last-in, first-out.

Chairman: Wei-Han Chen

President: Shu-Hsuan Tsai

Chief Accountant: En-Tzu Liu

Nien Hsing Textile Co., Ltd.

Comparison Table for Before and After Revisions of “Articles of Incorporation”

Section	Amended Articles	Previous Articles
Article 22-1	Where the Company makes profit for a year, shall provide the compensation to <u>basic-level</u> employees as 1% or more of such profit; however, the Company's accumulated losses shall have been covered. The 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; and in addition, a report of such distribution shall be submitted to the Shareholders' Meeting.	Where the Company makes profit for a year, shall provide the compensation to employees as 1% or more of such profit; however, the Company's accumulated losses shall have been covered. The 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; and in addition, a report of such distribution shall be submitted to the Shareholders' Meeting.
Article 25	The Articles of Incorporation were established on September 4, 1986; <u>the 33rd amendment was made on June 17, 2025</u> , and implemented after the resolution of the Shareholders' Meeting.	The Articles of Incorporation were established on September 4, 1986; <u>the 32nd amendment was made on June 18, 2024</u> , and implemented after the resolution of the Shareholders' Meeting.

Nien Hsing Textile Co., Ltd.

Comparison Table for Before and After Revisions of “Procedures for Acquisition or Disposal of Assets”

Section	Amended Articles	Previous Articles
Article 7	<p>Procedures for acquisition and disposal of securities:</p> <ol style="list-style-type: none"> Appraisal and operation procedures To purchase and sale of long- and short-term securities, the Company's investment cycle under the internal control system shall be complied with. The procedures to determine the transaction terms and authorized limits <ol style="list-style-type: none"> Acquisition or disposal of long-term investment in securities: The execution unit shall evaluate and report to the Board of Directors for approval before implementation. However, <u>for the acquisition of securities with a value of NT\$100 million or less, and the disposal of securities with a value of NT\$300 million or less, the President is authorized to handle the matter first and then submit the matter to the Board of Directors for ratification.</u> Acquisition or disposal of short-term investment in securities include the following two circumstances: <ol style="list-style-type: none"> Short-term investment in equity securities (including stock funds): The execution unit shall evaluate and report to the Board of Directors for approval before implementation. However, the disposal of securities with a value of NT\$100 million or less, the President is authorized to handle the matter first and then submit the matter to the board of directors for ratification. Short-term investment in non-equity securities: Since the acquisition or disposal is necessary for the use of the Company's working capital, it shall be evaluated by the Finance & Administration Division and approved by the President. Implementation unit: When the Company makes long-term or short-term investments in securities, it shall be approved in accordance with the authorization for approval in the preceding paragraph, and the finance/accounting department shall be responsible for execution. Obtaining expert's opinions: When acquiring or disposing of securities, the transaction price shall be determined with reference to the most recent financial statements of the target company, which have been audited or reviewed by a certified public accountant. If the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, the Company shall engage a certified public accountant prior to the 	<p>Procedures for acquisition and disposal of securities:</p> <ol style="list-style-type: none"> Appraisal and operation procedures To purchase and sale of long- and short-term securities, the Company's investment cycle under the internal control system shall be complied with. The procedures to determine the transaction terms and authorized limits <ol style="list-style-type: none"> Acquisition or disposal of long-term investment in securities: The execution unit shall evaluate and report to the Board of Directors for approval before implementation. However, <u>the disposal of securities with a value of NT\$100 million or less, the President is authorized to handle the matter first and then submit the matter to the Board of Directors for ratification.</u> Acquisition or disposal of short-term investment in securities include the following two circumstances: <ol style="list-style-type: none"> Short-term investment in equity securities (including stock funds): The execution unit shall evaluate and report to the Board of Directors for approval before implementation. However, the disposal of securities with a value of NT\$100 million or less, the President is authorized to handle the matter first and then submit the matter to the board of directors for ratification. Short-term investment in non-equity securities: Since the acquisition or disposal is necessary for the use of the Company's working capital, it shall be evaluated by the Finance & Administration Division and approved by the President. Implementation unit: When the Company makes long-term or short-term investments in securities, it shall be approved in accordance with the authorization for approval in the preceding paragraph, and the finance/accounting department shall be responsible for execution. Obtaining expert's opinions: When acquiring or disposing of securities, the transaction price shall be determined with reference to the most recent financial statements of the target company, which have been audited or reviewed by a certified public accountant. If the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, the Company shall engage a certified public accountant prior to the date of occurrence to issue an opinion on the reasonableness of the transaction

Section	Amended Articles	Previous Articles
	<p>date of occurrence to issue an opinion on the reasonableness of the transaction price. This requirement shall not apply where the securities have publicly quoted prices in an active market or as otherwise stipulated by the Financial Supervisory Commission.</p>	<p>price. This requirement shall not apply where the securities have publicly quoted prices in an active market or as otherwise stipulated by the Financial Supervisory Commission.</p>
Article 10	<p>Procedures for acquisition and disposal of derivatives:</p> <p>1. Trading principles and strategies:</p> <p>(1) Trading type:</p> <p>A. The derivative products that the Company may engage in include forward contracts, options contracts, futures contracts, margin trading contracts, swap contracts, and compound contracts composed of the aforementioned products, the value of which is derived from assets, interest rates, exchange rates, indices, or other interests.</p> <p>B. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (or sales) agreements.</p> <p>C. Derivative products are classified as for trading purposes and non-trading purposes. Trading purposes refer to the holding or engagement in derivatives for the purpose of earning trading gains. Non-trading purposes refer to transactions conducted not for trading gains but as part of a hedging strategy.</p> <p>(2) Operating and hedging strategies: Trading derivatives aims at avoiding the adverse impact of exchange rate, interest rate and commodity price fluctuations on the Company's profits. Therefore, derivative trading shall only be engaged in to satisfy the physical positions. The trading counterparties shall mainly be financial institutions that have business dealings with the Company or internationally renowned financial institutions.</p> <p>(3) Segregation of duties:</p> <p>A. Finance Department:</p> <p>(a) Responsible for collecting market information of derivatives, analyzing trends and risks, and providing reference to relevant departments in a timely manner; accepting instructions and authorization from supervisors to manage derivative positions and avoid risks in accordance with the company policies. In addition, if it is necessary to avoid the risk of interest rate movement due to the reality, the feasibility of engaging in derivative trading in relation to bank loans shall be evaluated.</p> <p>(b) Register the "Derivatives Transaction Register" (refer to Attachment 1).</p> <p>(c) When the Company engages in derivative trading, it is executed by personnel from the Finance Department upon appropriate</p>	<p>Procedures for acquisition and disposal of derivatives:</p> <p>1. Trading principles and strategies:</p> <p>(1) Trading type:</p> <p>A. The derivative products that the Company may engage in include forward contracts, options contracts, futures contracts, margin trading contracts, swap contracts, and compound contracts composed of the aforementioned products, the value of which is derived from assets, interest rates, exchange rates, indices, or other interests.</p> <p>B. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (or sales) agreements.</p> <p>C. Derivative products are classified as for trading purposes and non-trading purposes. Trading purposes refer to the holding or engagement in derivatives for the purpose of earning trading gains. Non-trading purposes refer to transactions conducted not for trading gains but as part of a hedging strategy.</p> <p>(2) Operating and hedging strategies: Trading derivatives aims at avoiding the adverse impact of exchange rate, interest rate and commodity price fluctuations on the Company's profits. Therefore, derivative trading shall only be engaged in to satisfy the physical positions. The trading counterparties shall mainly be financial institutions that have business dealings with the Company or internationally renowned financial institutions.</p> <p>(3) Segregation of duties:</p> <p>A. Finance Department:</p> <p>(a) Responsible for collecting market information of derivatives, analyzing trends and risks, and providing reference to relevant departments in a timely manner; accepting instructions and authorization from supervisors to manage derivative positions and avoid risks in accordance with the company policies. In addition, if it is necessary to avoid the risk of interest rate movement due to the reality, the feasibility of engaging in derivative trading in relation to bank loans shall be evaluated.</p> <p>(b) Register the "Derivatives Transaction Register" (refer to Attachment 1).</p> <p>(c) When the Company engages in derivative trading, it is executed by personnel from the Finance Department upon appropriate</p>

Section	Amended Articles	Previous Articles
	<p>approval. The process is as Attachment 2.</p> <p>B. Accounting Department:</p> <p>(a) Based on the information provided by the sales and procurement departments, the Company's overall product positions are grasped, and statements are prepared regularly, to accurately calculate the realized or unrealized positions, and confirm the accuracy and validity of the transaction content.</p> <p>(b) Relevant accounting treatment shall be handled in accordance with the International Financial Reporting Standards.</p> <p>C. Audit Department:</p> <p>Responsible for understanding the appropriateness for internal control of derivatives trading and reviewing the compliance of trading departments with operating procedures, analyzing trading cycles, and preparing audit reports.</p> <p>(4) Performance evaluation:</p> <p>A. Non-trading purpose: The performance of derivatives for non-trading purpose is measured and evaluated based on the hedging strategy.</p> <p>B. For trading purposes: The Company does not engage in operations for trading purpose.</p> <p>(5) Authorized limits and limits of total and individual contract losses:</p> <p>A. In order to avoid the risk of exchange rate fluctuations, all derivative trading operations shall be subject to <u>the approval by the President before execution by the Finance Department, and shall be subsequently reported to the next meeting of the Board of Directors for record. However, if the balance of open positions exceeds USD 20 million, the approval of the Board of Directors shall be required prior to any hedging transactions.</u></p> <p>B. If the Company needs to engage in derivative trading related to hedging interest rate changes due to actual needs, it must be reported to the President for approval and then executed by the Finance Department. If the transaction amount reaches NT\$750 million or more, the hedging transaction must be approved by the Board of Directors before implementation.</p> <p>C. Upper limits of loss for all contracts and individual contracts:</p> <p>(a) Non-trading purposes:</p> <p>① The maximum amount of loss under all contracts is limited to 20% of the total contract amount.</p> <p>② The maximum amount of loss under individual contracts is limited to 20% of the individual contract amount.</p> <p>(b) For trading purposes: The Company does not engage in operations for trading purpose.</p> <p>(c) If the maximum amount of loss for all contracts or individual contracts has been reached, a meeting of relevant personnel shall be convened at any</p>	<p>approval. The process is as Attachment 2.</p> <p>B. Accounting Department:</p> <p>(a) Based on the information provided by the sales and procurement departments, the Company's overall product positions are grasped, and statements are prepared regularly, to accurately calculate the realized or unrealized positions, and confirm the accuracy and validity of the transaction content.</p> <p>(b) Relevant accounting treatment shall be handled in accordance with the International Financial Reporting Standards.</p> <p>C. Audit Department:</p> <p>Responsible for understanding the appropriateness for internal control of derivatives trading and reviewing the compliance of trading departments with operating procedures, analyzing trading cycles, and preparing audit reports.</p> <p>(4) Performance evaluation:</p> <p>A. Non-trading purpose: The performance of derivatives for non-trading purpose is measured and evaluated based on the hedging strategy.</p> <p>B. For trading purposes: The Company does not engage in operations for trading purpose.</p> <p>(5) Authorized limits and limits of total and individual contract losses:</p> <p>A. In order to avoid the risk of exchange rate fluctuations, all derivative trading operations shall be subject to <u>the approval of the Board of Directors before any hedging transactions may be conducted.</u></p> <p>B. If the Company needs to engage in derivative trading related to hedging interest rate changes due to actual needs, it must be reported to the President for approval and then executed by the Finance Department. If the transaction amount reaches NT\$750 million or more, the hedging transaction must be approved by the Board of Directors before implementation.</p> <p>C. Upper limits of loss for all contracts and individual contracts:</p> <p>(a) Non-trading purposes:</p> <p>① The maximum amount of loss under all contracts is limited to 20% of the total contract amount.</p> <p>② The maximum amount of loss under individual contracts is limited to 20% of the individual contract amount.</p> <p>(b) For trading purposes: The Company does not engage in operations for trading purpose.</p> <p>(c) If the maximum amount of loss for all contracts or individual contracts has been reached, a meeting of relevant personnel shall be convened at any time to respond.</p> <p>2. Internal Control System</p> <p>(1) Risk management measurement:</p> <p>A. Credit risk considerations: Counterparties are limited to banks that have business relationships with the</p>

Section	Amended Articles	Previous Articles
	<p>time to respond.</p> <p>2. Internal Control System</p> <p>(1) Risk management measurement:</p> <p>A. Credit risk considerations: Counterparties are limited to banks that have business relationships with the Company or internationally renowned financial institutions capable of providing professional information.</p> <p>B. Market price risk considerations: The Company shall continuously manage the risk of market price fluctuations in derivatives due to changes in interest rates, exchange rates, or other factors.</p> <p>C. Liquidity considerations: To ensure liquidity, the trading bank must possess sufficient infrastructure, information, and trading capabilities, and be able to conduct transactions in any market.</p> <p>D. Operational considerations: Authorized limits and operating procedures must be strictly followed to avoid operational risks.</p> <p>E. Legal Risk: Documents to be signed by the Company and counterparties must be reviewed by the Legal Department prior to execution to mitigate legal risks.</p> <p>F. Product risk: Internal traders must possess thorough and accurate professional knowledge of the financial products they trade. Banks must fully disclose related risks to avoid losses arising from product misuse.</p> <p>G. Cash Settlement Risk: In addition to strictly adhering to the authorized limit schedule, authorized trading personnel must monitor the Company's foreign currency cash flow to ensure sufficient funds are available for settlement.</p> <p>(2) Internal control:</p> <p>A. Trading personnel shall not concurrently serve as personnel responsible for confirmation or settlement.</p> <p>B. When a transaction occurs, the trading personnel shall immediately fill out a trade execution form and hand it over to the confirmation personnel for verification. The confirmation personnel shall verify the transaction with the counterparty based on the execution form and record it in the position summary sheet, which shall then be submitted to the head of finance for approval.</p> <p>C. The measurement, supervision, and control of risks related to the Company's derivatives transactions shall be handled by internal audit personnel from non-finance and non-accounting departments, who shall report to the President. The President shall be accountable to the Chairman and the Board of Directors.</p> <p>D. At the end of each month, the Accounting Department shall assess the profit and loss based on the market price of the day and prepare a report for the management.</p> <p>3. Internal audit system:</p> <p>(1) Internal audit personnel shall regularly assess the adequacy of</p>	<p>Company or internationally renowned financial institutions capable of providing professional information.</p> <p>B. Market price risk considerations: The Company shall continuously manage the risk of market price fluctuations in derivatives due to changes in interest rates, exchange rates, or other factors.</p> <p>C. Liquidity considerations: To ensure liquidity, the trading bank must possess sufficient infrastructure, information, and trading capabilities, and be able to conduct transactions in any market.</p> <p>D. Operational considerations: Authorized limits and operating procedures must be strictly followed to avoid operational risks.</p> <p>E. Legal Risk: Documents to be signed by the Company and counterparties must be reviewed by the Legal Department prior to execution to mitigate legal risks.</p> <p>F. Product risk: Internal traders must possess thorough and accurate professional knowledge of the financial products they trade. Banks must fully disclose related risks to avoid losses arising from product misuse.</p> <p>G. Cash Settlement Risk: In addition to strictly adhering to the authorized limit schedule, authorized trading personnel must monitor the Company's foreign currency cash flow to ensure sufficient funds are available for settlement.</p> <p>(2) Internal control:</p> <p>A. Trading personnel shall not concurrently serve as personnel responsible for confirmation or settlement.</p> <p>B. When a transaction occurs, the trading personnel shall immediately fill out a trade execution form and hand it over to the confirmation personnel for verification. The confirmation personnel shall verify the transaction with the counterparty based on the execution form and record it in the position summary sheet, which shall then be submitted to the head of finance for approval.</p> <p>C. The measurement, supervision, and control of risks related to the Company's derivatives transactions shall be handled by internal audit personnel from non-finance and non-accounting departments, who shall report to the President. The President shall be accountable to the Chairman and the Board of Directors.</p> <p>D. At the end of each month, the Accounting Department shall assess the profit and loss based on the market price of the day and prepare a report for the management.</p> <p>3. Internal audit system:</p> <p>(1) Internal audit personnel shall regularly assess the adequacy of internal control and conduct monthly audits to verify the compliance of the trading department with procedures for engaging in derivative transactions, as well as analyze the trading cycle. An audit report shall be</p>

Section	Amended Articles	Previous Articles
	<p>internal control and conduct monthly audits to verify the compliance of the trading department with procedures for engaging in derivative transactions, as well as analyze the trading cycle. An audit report shall be prepared and incorporated into the annual internal audit plan.</p> <p>(2) When auditing derivatives trading, if the internal auditors discover any major violation of the Procedures that may result in major damage suffered by the Company, they shall immediately prepare a report for review and notify the Audit Committee in writing.</p> <p>4. Periodical assessments:</p> <p>(1) The Board of Directors shall faithfully supervise and manage such trading in accordance with the following principles:</p> <p>A. Designated senior officers shall continuously monitor and control the risks of derivative transactions.</p> <p>B. Periodically evaluate whether the performance of derivative transactions aligns with established business strategies and whether the associated risks remain within the Company's acceptable limits.</p> <p>(2) Senior officers authorized by the Board of Directors shall manage derivative transactions in accordance with the following principles:</p> <p>A. Periodically evaluate whether current risk management measures are appropriate, and ensure that transactions comply with these guidelines and the Company's established procedures for engaging in derivative transactions.</p> <p>B. Monitor transactions and profit/loss conditions. If any irregularities are discovered, appropriate countermeasures shall be taken and reported to the Board of Directors immediately.</p> <p>C. For hedging transactions conducted due to business needs, evaluations shall be conducted twice per month. Evaluation reports shall be submitted to the senior officer authorized by the Board of Directors.</p>	<p>prepared and incorporated into the annual internal audit plan.</p> <p>(2) When auditing derivatives trading, if the internal auditors discover any major violation of the Procedures that may result in major damage suffered by the Company, they shall immediately prepare a report for review and notify the Audit Committee in writing.</p> <p>4. Periodical assessments:</p> <p>(1) The Board of Directors shall faithfully supervise and manage such trading in accordance with the following principles:</p> <p>A. Designated senior officers shall continuously monitor and control the risks of derivative transactions.</p> <p>B. Periodically evaluate whether the performance of derivative transactions aligns with established business strategies and whether the associated risks remain within the Company's acceptable limits.</p> <p>(2) Senior officers authorized by the Board of Directors shall manage derivative transactions in accordance with the following principles:</p> <p>A. Periodically evaluate whether current risk management measures are appropriate, and ensure that transactions comply with these guidelines and the Company's established procedures for engaging in derivative transactions.</p> <p>B. Monitor transactions and profit/loss conditions. If any irregularities are discovered, appropriate countermeasures shall be taken and reported to the Board of Directors immediately.</p> <p>C. For hedging transactions conducted due to business needs, evaluations shall be conducted twice per month. Evaluation reports shall be submitted to the senior officer authorized by the Board of Directors.</p>
Article 18	<p>The Procedures were established on April 27, 1991 upon the resolution of the Board of Directors; the 16th amendment was made on June 17, 2025, and enforced upon the resolution of the Shareholders' Meeting.</p>	<p>The Procedures were established on April 27, 1991 upon the resolution of the Board of Directors; the 15th amendment was made on June 23, 2022, and enforced upon the resolution of the Shareholders' Meeting.</p>

Nien Hsing Textile Co., Ltd.

Articles of Incorporation

Chapter I General Provisions

- Article 1:** The Company is incorporated in accordance with the Company Act and named Nien Hsing Textile Co., Ltd.
- Article 2:** The Company operates the business as follows:
1. C301010 Spinning of Yarn.
 2. C302010 Weaving of Textiles.
 3. C306010 Wearing Apparel.
 4. F104110 Wholesale of Cloths, Garments, Shoes, Hats, Umbrellas and Clothing Accessories.
 5. F111090 Wholesale of Building Materials.
 6. F401010 International Trade.
 7. G801010 Warehousing.
 8. ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 2-1:** The Company may provide guarantee to and accepted guarantee from the affiliates if the business requires.
- Article 3:** The Company's headquarter is located in Taipei City, Taiwan, the Board of Directors may by resolution approve the establishment of domestic or international branches where it deems necessary.
- Article 4:** The Company's announcement methods shall be handled in accordance with the provisions of Article 28 of the Company Act.

Chapter II Shares

- Article 5:** The Company's authorized total capital is NT\$6,000,000,000, and divided into 600,000,000 shares, at the par value of NT\$10 each, and the Board of Directors is authorized to issue the un-issued shares in separate trenches.
- Article 6:** The shares of the Company are registered shares, which are signed or sealed by the three or more Directors, and issued after the certification.
- When the Company issues the shares, the total number of the issuance may be printed or exempted from printing, however, the registration shall be recorded at the Securities Central Depository Enterprises.
- Article 7:** Shareholders shall report their real names (in case of the names of corporate shareholders, the real names of each shareholder and/or the representatives) and addresses to the Company, and fill out the signature card and sent it to the Company for retention. When Shareholders want to receive dividends, other benefits or exercise their rights in writing, the signature card is the required proof.
- Article 8:** To transfer, pledge, report loss of, inherit shares, or report loss of or change signature cards, or change address, among other shareholder services, unless the laws and securities regulations provide otherwise, the "Regulations Governing the Administration of Shareholder Services of Public Companies" promulgated by the competent authorities shall be comply with.
- Article 9:** The registration of transferred shares shall be suspended within 60 days before a General Shareholders' Meeting, 30 days before an Extraordinary Shareholders' Meeting, or within 5 days before the Company distributes dividends, bonuses, or other benefits.

Chapter III Shareholders' Meetings

- Article 10:** Shareholders' Meeting shall be of two kinds, General or Extraordinary Shareholders' Meetings. General Shareholders' Meeting shall be held once a year within 6 months of the end of the Company's financial year, unless otherwise approved by the competent authority for good cause shown. Extraordinary Shareholders' Meetings shall be convened in accordance with the relevant laws, rules and regulations, if necessary.
- Article 11:** A notice shall be given to each shareholder no later than 30 days before a General Shareholders' Meeting, or 15 days before an Extraordinary Shareholders' Meeting. The said notice shall specify the date, location and reasons for calling the Shareholders' Meeting.
- Article 12:** A shareholder who is unable to attend the Shareholders' Meeting for reasons may appoint a proxy to attend the meeting by way of the written proxy issued by the company with a scope of authorization. The said written proxy shall be delivered to the Company 5 days before the meeting. Method for Shareholders to appoint a proxy to attend the meeting shall be in accordance with the "Regulations Governing the Use of Proxies for Attendance at Shareholders Meetings of Public Companies" promulgated by the competent authority. According to the regulations of the competent authorities, the Company's Shareholders may exercise the voting right at a Shareholders' Meeting by electronic transmission. A Shareholder who exercises one's voting right by electronic transmission shall be deemed to attend the said Shareholders' Meeting in person. The relevant matters shall be conducted in accordance with laws and regulations.
- Article 13:** Where a Shareholders Meeting is convened by the Board of Directors, the meeting shall be chaired by the Chairman of the Board. When the Chairman is absent, the Vice Chairman shall be the chairperson. When both Chairman and Vice Chairman are absent, the Chairman shall appoint one of the Directors to act as chairperson, or, if no appointment, Directors shall appoint one of themselves to act as chairperson. Where a Shareholders' Meeting is convened by a convener other than the Board of Directors, the meeting shall be chaired by the convener. When there are two or more conveners, they shall appoint one of themselves to act as chairperson.
- Article 14:** A shareholder shall have one voting right per share, except in the circumstances otherwise provided for in Article 179 of the Company Act.
- Article 15:** Resolutions at a Shareholders' Meeting shall, unless otherwise stipulated by laws or regulations, be adopted by a majority of the attending Shareholders, who represent more than one-half of the total number of voting shares.

Chapter 4 Directors

- Article 16:** There shall be 7 to 9 Directors of the Company with a term of 3 years. Directors shall be elected and appointed from the persons with legal capacity at the Shareholders' Meeting, and may be re-elected and re-appointed. The total shares number of the Company's registered shares held by all Directors shall meet the required standards of the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies" promulgated by the competent authority.

Among the said seats of Directors, at least 3 Independent Directors shall be elected, and shall not be less than one-fifth of all Directors seats. The election of the Directors adopts the candidate nomination system specified in Article 192-1 of the Company Act, to elect the Directors by the Shareholders' Meetings from the candidate list. Independent Directors and non-Independent Directors shall be elected together and the number of elected seats should be calculated separately. The professional qualifications, shareholding, restrictions on positions held concurrently, nomination, election methods, and other matters to be followed for Independent Directors shall be handled in accordance with the relevant regulations of the competent securities authority.

Article 16-1: The Company has established the Audit Committee in accordance with Article 14-4 of the Securities and Exchange Act. The Audit Committee composes by all Independent Directors and responsible for performing duties of Supervisors under the Company Act, the Securities and Exchange Act, and other laws and regulations.

The members, exercise of powers, and other matters to be abided by the Audit Committee shall comply with the related laws, or the Company's regulations. The organization regulations of the Audit Committee shall be adopted by the Board of Director separately.

Article 17: In case the Chairman is on leave or is unable to exercise his power, the Vice Chairman shall act on his behalf. In case the Vice Chairman is also unavailable, the Chairman shall designate one of the Directors to act on his behalf. In the absence of such a designation, the Directors shall elect one of themselves to act as the chairman of the Company. If the term of Directors expires and no new Directors are elected, the term of current Directors shall be extended until new Directors have been elected and appointed. However, the competent authority may order the Company to elect new Directors within a given time limit; and if no re-election is effected after expiry of the given time limit, the current Directors shall certainly be discharged from the expiration date. In case a Director appoints another Director to attend a Board of Directors Meeting in his or her behalf, he or she shall, in each time, issue a written proxy stated a scope of authorization with reference to the subjects to be discussed at the meeting. Each Director is limited to accept one appointment to act as the proxy referred to in the preceding Paragraph of one other Director only.

Article 18: The Board of Directors is composed by Directors, with the following powers:

1. Preparing the business plans.
2. Proposing the distribution of profits and deficit compensation.
3. Proposing increase or decrease in capital.
4. Reviewing important regulations and contracts.
5. Appointment or discharge of the President, Management and CPA.
6. Establishing or withdrawing branches.
7. Reviewing budgets and settlements.
8. Determine reinvestment in various businesses; the total investment amount is not subject to the restriction of 40% of paid-in capital provided in Article 13 of the Company Act.
9. Other powers empowered pursuant to the Company Act and the resolutions of shareholders' meetings.

Where convening a Board of Directors Meeting, the reasons for convening shall be given to each Director 7 days before the meeting; however, in emergency circumstances, the meeting may be convened at any time. The meeting notification may be made in the manner of writing, fax, or e-mail.

Article 19: The Board of Directors shall be organized by the Directors. The Chairman who represents the Company externally shall be elected by a majority of the attending Directors at a Board of Directors Meeting attended by two-thirds of the total number of Directors. Additionally, a Vice Chairman may be elected.

Article 20: Regardless the profit or loss, the Directors' remunerations are based on their degree of participation and contribution to the Company's operations, while referring to peers' standards and the Board of Directors is authorized to determine the remunerations after the recommendations are made by the Remuneration Committee based on its authority.

Chapter V Managements

Article 21: The Company may have managements in place. Their appointment, dismissal, and compensation shall be handled in accordance with Article 29 of the Company Act.

Chapter VI Accounting

- Article 22:** At the end of each fiscal year, the Board of Directors shall prepare (I) business report; (II) financial statements; and (III) proposal of distribution of profits and deficit compensation, to be submitted for approval in the General Shareholders' Meeting.
- Article 22-1:** Where the Company makes profit for a year, shall provide the compensation to employees as 1% or more of such profit; however, the Company's accumulated losses shall have been covered. The 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; and in addition, a report of such distribution shall be submitted to the Shareholders' Meeting.
- Article 23:** After paying income taxes in the case where there are profits for the current year, the Company shall make up for accumulated losses in past years. Where there is still balance, 10% shall be set aside as legal reserve and the special reserves pursuant to the competent authorities' requirements. For the remaining balance, with the undistributed profits in previous years it shall be set aside as the accumulated distributable profits for the Board of Directors to draft the proposal of distribution of profits. If the payment is made in cash, in accordance with Paragraph 5, Article 240 of the Company Act, a resolution to pay all or part of dividends and bounes in cash should be approved by a majority of the attending Directors at a Board of Directors Meeting attended by more than two-thirds of the total number of Directors, and a resolution should be reported to the shareholders' meeting; if the payment is made by issuing new shares, distribution shall be made after a resolution of the shareholders' meeting.
- Article 23-1:** 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 may 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 in shares. Based on the Company's operating environment and industrial development are in a mature and stable stage, the 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. If the payment is made in cash, in accordance with Article 241 of the Company Act, a resolution should be approved by a majority of the attending Directors at a Board of Directors Meeting attended by more than two-thirds of the total number of Directors, and a resolution should be reported to the shareholders' meeting; if the payment is made by issuing new shares, distribution shall be made after resolution of the shareholders' meeting.

Chapter VII Supplementary Provisions

- Article 24:** Matters not specified in the Articles of Incorporation shall be handled in accordance with the Company Act.
- Article 25:** The Articles of Incorporation were established on September 4, 1986; the 32nd amendment was made on June 18, 2024, and implemented after the resolution of the Shareholders' Meeting.

Nien Hsing Textile Co., Ltd.

Procedures for Acquisition or Disposal of Assets

- Article 1:** To enhance the Company's asset management, the Procedures are established in accordance with the relevant provisions of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" as promulgated by the Securities and Futures Bureau of the Financial Supervisory Commission (the "SFB").
- Article 2:** The term "assets" as used in the Procedures includes the following:
1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
 2. Real property (including land, houses and buildings, and investment property) and equipment.
 3. Memberships.
 4. Patents, copyrights, trademarks, franchise rights, and other intangible assets.
 5. Right-of-use assets.
 6. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
 7. Derivatives.
 8. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or share transfer in accordance with law.
 9. Other major assets.
- Article 3:** Definition of terms
- Terms used in the Procedures are defined as follows:
1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.
 2. Acquisition or disposal of assets through mergers, demergers, acquisitions, or share transfers conducted in accordance with laws: Refers to the acquisition or disposal of assets conducted pursuant to the Business Mergers and Acquisitions Act, the Financial Holding Company Act, the Financial Institutions Merger Act, or other applicable laws through mergers, demergers, or acquisitions, or the acquisition of shares of another company by issuing new shares in accordance with Article 156-3 of the Company Act (hereinafter "share transfer").
 3. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
 4. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.
 5. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever occurs earlier. However, for investments requiring approval from the competent authority, the earlier of the above dates or the date of receipt of such approval shall apply.
 6. Investment in Mainland China: Refers to investments made in Mainland China or technical cooperation conducted in accordance with the Regulations Governing Permission for Investment or Technical Cooperation in Mainland China promulgated by the Investment Commission of the Ministry of Economic

Affairs.

7. Securities exchange: "Domestic securities exchange" refers to the Taiwan Stock Exchange Corporation; "foreign securities exchange" refers to any organized securities exchange market that is regulated by the competent securities authority of its jurisdiction.

Article 4: The limit of real properties, right-of-use assets, and securities acquired by the Company and the subsidiaries for non-business purposes shall be as follows:

1. The total amount of real properties for non-business purposes and the right-of-use assets shall not exceed 10% of the Company's net worth.
2. The total amount of investment in long- and short-term securities shall not exceed 150% of the Company's net worth.
3. The investment amount of individual securities shall be determined based on the investment shareholding ratio of the Company and the subsidiaries as follows:
 - (1) For shareholdings of 50% or more, the investment amount shall not exceed 100% of the Company's net worth.
 - (2) For shareholdings of less than 50%, the investment amount shall not exceed 20% of the Company's net worth.

Article 5: The appraisal reports or opinions issued by certified public accountants, attorneys, or securities underwriters obtained by the Company shall comply with the following requirements regarding the professional appraisers and their personnel, accountants, attorneys, or securities underwriters:

1. Must not have been convicted of violating the Securities and Exchange Act, the Company Act, the Banking Act, the Insurance Act, the Financial Holding Company Act, or the Business Accounting Act, or convicted of fraud, breach of trust, embezzlement, forgery of documents, or crimes committed in the course of business, and sentenced to imprisonment for one year or more. This restriction does not apply if the sentence has been served, the probation period has expired, or a pardon has been granted for more than three years.
2. Must not be related parties of the transaction counterpart or have a substantive relationship with such parties.
3. Where appraisal reports from two or more professional appraisers are required, the appraisers and their personnel must not be related parties or have a substantive relationship with each other.

When issuing appraisal reports or opinions, the aforementioned professionals shall follow their respective industry's self-regulatory guidelines and comply with the following:

1. Carefully assess professional competence, practical experience, and independence before accepting the engagement.
2. Plan and execute appropriate procedures to form conclusions and issue reports or opinions, and document all procedures performed, data collected, and conclusions drawn in the working papers.
3. Evaluate the appropriateness and reasonableness of data sources, parameters, and information used as the basis for the valuation or opinion.
4. Include a statement confirming the professional's qualifications and independence, the appropriateness and reasonableness of the information used, and compliance with relevant laws and regulations.

If the Company acquires or disposes of assets through a court auction, an official document issued by the court may serve as a substitute for an appraisal report or an opinion issued by a certified public accountant.

Article 5-1: If the acquisition or disposal of assets by the Company is required by the Procedures or other applicable laws to be approved by the Board of Directors, and any Director expresses dissent which is recorded in the minutes or a written statement, the Company shall submit such dissenting opinion to the Audit Committee. When any transaction involving the acquisition or disposal of assets is submitted for discussion by the Board of Directors as required, the Board shall give full consideration to the opinions of each Independent Director. If any Independent

Director expresses an objection or reservation, such opinion shall be recorded in the minutes of the Board of Directors meeting.

Any transaction involving major assets or derivatives, or transactions with related parties specified in Paragraph 2, Article 9 of the Procedures, shall be approved by more than one-half of all Audit Committee members. If the approval of one-half or more of all Audit Committee members is not obtained, the transaction may proceed if approved by at least two-thirds of all Directors. The resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors meeting. The terms "all Audit Committee members" and "all Directors" shall refer to the actual number of persons currently holding those positions.

Article 6: Procedures of acquiring or disposing of real property, equipment, or right-of-use asset thereof, or other major assets:

1. Appraisal and operation procedures
To acquire or dispose of real property, equipment, right-of-use asset, or other major assets, the Company's property, plant and equipment cycle under the internal control system shall be complied with.
2. The procedures to determine the transaction terms and authorized limits
 - (1) When acquiring or disposing of real properties or the right-of-use assets, the transaction terms and price shall be determined with reference to the publicly announced current value, appraised value, actual transaction prices of neighboring properties, and other relevant information. An analysis report shall be prepared and submitted to the President. Where the transaction amount is NT\$100 million or less, it shall be approved in accordance with the hierarchical levels of authority. Where the transaction amount exceeds NT\$100 million, it shall be submitted to the President for approval and executed only upon the approval of the Board of Directors.
 - (2) The acquisition or disposal of equipment, right-of-use assets, or other major assets shall be conducted through price inquiry, price comparison, negotiation, or bidding. Where the transaction amount is NT\$100 million or less, it shall be approved in accordance with the hierarchical levels of authority. Where the transaction amount exceeds NT\$100 million, it shall be submitted to the President for approval and executed only upon the approval of the Board of Directors.
3. Implementation unit:
When the Company acquires or disposes of real properties, equipment, or other major assets, it shall be approved in accordance with the authorization for approval in the preceding paragraph, and the user department and the management department shall be responsible for execution.
4. Appraisal report of real property, equipment, right-of-use asset, or other major assets:
When the Company acquires or disposes of real properties, equipment, right-of-use assets, or other major assets, with the exception of transactions with domestic government agencies, self-construction on owned land, construction on leased land, or the acquisition or disposal of equipment or right-of-use assets for business use, and the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, the Company shall obtain an appraisal report from a professional appraiser in advance, and comply with the following requirements:
 - (1) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the Board of Directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.
 - (2) Where the transaction amount reaches NT\$1 billion or more, appraisal reports shall be obtained from two or more professional appraisers.
 - (3) Except where the appraisal result for asset acquisition is higher than the transaction amount or the appraisal result for asset disposal is lower than the transaction amount, the Company shall engage a certified public

accountant to provide a specific opinion on the reason for the discrepancy and the reasonableness of the transaction price under any of the following circumstances:

- A. The discrepancy between the appraisal result and the transaction amount is 20% or more of the transaction amount.
 - B. The discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount.
- (4) The date of the appraisal report issued by the professional appraiser must not be more than three months before the contract execution date. However, if the same period of officially announced current value is applicable and the period does not exceed six months, the original appraiser may issue an updated opinion.
- (5) If the Company acquires or disposes of assets through a court auction, an official document issued by the court may serve as a substitute for an appraisal report or an opinion issued by a certified public accountant.

Article 7: Procedures for acquisition and disposal of securities:

1. Appraisal and operation procedures
To purchase and sale of long- and short-term securities, the Company's investment cycle under the internal control system shall be complied with.
2. The procedures to determine the transaction terms and authorized limits
 - (1) Acquisition or disposal of long-term investment in securities: The execution unit shall evaluate and report to the Board of Directors for approval before implementation. However, the disposal of securities with a value of NT\$100 million or less, the President is authorized to handle the matter first and then submit the matter to the Board of Directors for ratification.
 - (2) Acquisition or disposal of short-term investment in securities include the following two circumstances:
 - A. Short-term investment in equity securities (including stock funds): The execution unit shall evaluate and report to the Board of Directors for approval before implementation. However, the disposal of securities with a value of NT\$100 million or less, the President is authorized to handle the matter first and then submit the matter to the board of directors for ratification.
 - B. Short-term investment in non-equity securities: Since the acquisition or disposal is necessary for the use of the Company's working capital, it shall be evaluated by the Finance & Administration Division and approved by the President.
3. Implementation unit:
When the Company makes long-term or short-term investments in securities, it shall be approved in accordance with the authorization for approval in the preceding paragraph, and the finance/accounting department shall be responsible for execution.
4. Obtaining expert's opinions:
When acquiring or disposing of securities, the transaction price shall be determined with reference to the most recent financial statements of the target company, which have been audited or reviewed by a certified public accountant. If the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, the Company shall engage a certified public accountant prior to the date of occurrence to issue an opinion on the reasonableness of the transaction price. This requirement shall not apply where the securities have publicly quoted prices in an active market or as otherwise stipulated by the Financial Supervisory Commission.

Article 8: Procedures of acquiring or disposing of intangible assets, right-of-use assets, or memberships:

1. Appraisal and operation procedures
To acquire or dispose of intangible assets, right-of-use assets, or memberships, the Company's property, plant and equipment cycle under the internal control

system shall be complied with.

2. The procedures to determine the transaction terms and authorized limits
When acquiring or disposing of intangible assets, right-of-use assets, or memberships, the transaction terms and price shall be determined with reference to the fair market value. An analysis report shall be prepared and submitted to the President. Where the transaction amount is NT\$3 million or less, it may be executed upon the President's approval. Where the transaction amount exceeds NT\$3 million, it shall be submitted to the President for approval and executed only upon the approval of the Board of Directors.
3. Implementation unit:
When the Company acquires or disposes of intangible assets, right-of-use assets, or memberships, it shall be approved in accordance with the authorization for approval in the preceding paragraph, and the user department and the finance department or administrative department shall be responsible for execution.
4. Expert evaluation report on intangible assets, right-of-use assets, or memberships:
When acquiring or disposing of intangible assets, right-of-use assets, or memberships, if the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, the Company shall, except for transactions with domestic government agencies, engage a certified public accountant prior to the date of occurrence to issue an opinion on the reasonableness of the transaction price.

Article 8-1: When acquiring or disposing of claims of financial institutions, the following matters shall be observed:

The Company does not currently engage in the acquisition or disposal of claims against financial institutions. If the Company intend to engage in such transactions, it shall establish relevant procedures in accordance with the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies."

Article 9: Procedures for the transactions with related parties:

1. When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to complying with Article 6 to Article 8-1, if the transaction amount reaches 10% or more of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or an opinion of a certified public accountant in compliance with the provisions of Article 6 to Article 8. The related resolution procedures and assessment for the reasonableness of the transaction terms shall also comply with the following provisions. In addition, when judging whether a transaction counterparty is a related party, in addition to legal formalities, the substantive relationship shall also be considered.
2. Appraisal and operation procedures
When the Company acquires or disposes of real property or right-of-use assets from or to a related party, or when it acquires or disposes of other assets from or to a related party and the transaction amount reaches 20% of the Company's paid-in capital, 10% of the Company's total assets, or NT\$300 million or more, except in trading of domestic government bonds, bonds with repurchase or resale conditions, and subscriptions to or redemptions of money market funds issued by domestic securities investment trust enterprises, the following information shall be submitted for approval by the Audit Committee and subsequently passed by the Board of Directors before any transaction contracts are signed or payments are made.
 - (1) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
 - (2) The reason for choosing the related party as a transaction counterparty.
 - (3) Relevant information for evaluating the reasonableness of the expected transaction conditions for acquiring real property or right-of-use assets from related parties in accordance with Subparagraphs (1) to (4), Paragraph 3 of the Article.

- (4) The original acquisition date, price, transaction counterparty, and that transaction counterparty's relationship to the Company and the related party.
- (5) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.
- (6) An appraisal report from a professional appraiser or an opinion of a certified public accountant in compliance with Paragraph 1 of the Article.
- (7) Restrictive covenants and other important stipulations associated with the transaction.

Where the Company and the subsidiaries, or subsidiaries in which the Company directly or indirectly holds 100% of the issued shares or total capital, engage in transactions involving the acquisition or disposal of real property, equipment, or right-of-use assets for business use among themselves, the Board of Directors may authorize the President to make decisions on such transactions up to NT\$1 billion, with the transaction subsequently submitted to the most recent Board meeting for ratification.

If the Company or any of the subsidiaries conducts a transaction as described in Paragraph 2 of the Article, and the transaction amount reaches 10% or more of the Company's total assets, the Company shall submit the items listed in Paragraph 2 of the Article to the Shareholders' Meeting for approval before signing the transaction contract or making any payment. However, this requirement shall not apply to transactions between the Company and the subsidiaries, or between subsidiaries.

3. Evaluation of reasonableness of transaction costs

- (1) When the Company acquires real property or right-of-use assets from a related party, the reasonableness of the transaction costs shall be evaluated using the following methods:

- A. Based on the transaction price agreed with the related party plus necessary interest on funds and other costs that the buyer is legally required to bear. The necessary interest on funds shall be calculated using the weighted average interest rate of the loans obtained by the Company in the year the asset was acquired. However, it shall not exceed the maximum loan interest rate for non-financial enterprises as announced by the Ministry of Finance.

- B. If the related party has previously used the subject property as collateral for a loan from a financial institution, the total appraised value used by the financial institution for lending purposes may be referenced. However, the actual cumulative loan amount provided by the financial institution must have reached at least 70% of the appraised value, and the loan period must have exceeded one year. This method shall not apply where the financial institution is a related party to either party in the transaction.

- (2) Where land and buildings on the same site are acquired or leased together, the reasonableness of the transaction cost for the land and buildings may be assessed separately using any of the methods listed in the preceding subparagraph.

- (3) The Company shall engage a certified public accountant to review and express a specific opinion on the evaluation of real property or right-of-use asset costs conducted in accordance with Subparagraphs (1) and (2), Paragraph 3 of the Article.

- (4) If the evaluation results under Subparagraphs (1) and (2), Paragraph 3 of the Article are all lower than the transaction price, the Company shall proceed in accordance with Subparagraph (5), Paragraph 3 of the Article. However, this restriction shall not apply if objective evidence and specific opinions from real property appraisers and certified public accountants indicate the transaction is reasonable, under any of the following circumstances:

- A. Where the related party acquired undeveloped land or leased land for

development, it may submit proof of compliance with one of the following conditions:

- (a) Where undeveloped land is appraised in accordance with the means in Subparagraphs (1), (2) and (3), Paragraph 3 of the Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.
 - (b) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.
 - B. Where the Company acquiring real property, or obtaining right-of-use assets through leasing, from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.
 - C. Completed transactions involving neighboring or closely valued parcels of land in the preceding two items refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50% of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property or obtainment of the right-of-use assets.
- (5) Where the evaluation results in accordance with Subparagraphs (1), (2), (3), and (4), Paragraph 3 of the Article are all lower than the transaction price, the Company shall handle the transaction as follows. If a special reserve is appropriated in accordance with the following provisions, it shall not be utilized until a loss on the devaluation of the asset has been recognized, the asset has been disposed of or the lease terminated, appropriate compensation or recovery has been made, or other evidence confirms there is no unreasonable situation, and such utilization has been approved by the competent securities authority.
- A. The Company shall appropriate a special reserve for the difference between the transaction price and the evaluated cost in accordance with Paragraph 1, of the Article 41 of the Securities and Exchange Act, and such reserve shall not be distributed or capitalized for issuance of bonus shares.
 - B. The Independent Directors shall comply with Article 218 of the Company Act.
 - C. The handling status under Items A and B, Subparagraph (5), Paragraph 3 of the Article, shall be reported to the Shareholders' Meeting and disclosed in the annual report and the public prospectus.
- (6) If the Company acquires real property or right-of-use assets from a related party under any of the following circumstances, it shall follow the evaluation and operational procedures specified in Paragraph 2 of the Article, and the transaction cost reasonableness evaluation requirements under Subparagraphs (1), (2) and (3), Paragraph 3 of the Article shall not apply:
- A. The related party acquired the real property or right-of-use assets through inheritance or as a gift.
 - B. More than 5 years have passed since the related party signed the

contract to acquire the real property or right-of-use assets.

- C. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the Company's own land or on rented land.
 - D. The transaction is between the Company and the subsidiary, or between subsidiaries in which the Company directly or indirectly holds 100% of the issued shares or total capital, involving right-of-use assets for business use.
- (7) If there is other evidence indicating that the Company's acquisition of real property or right-of-use assets from a related party is not consistent with normal business practices, the Company shall also proceed in accordance with Subparagraph (5), Paragraph 3 of the Article.

Article 9-1: The calculation of transaction amounts under Articles 6 to 9 shall be conducted in accordance with Subparagraph (5), Paragraph 1, Article 12. The term "within one year" shall refer to the one-year period retroactively calculated from the date the current transaction occurs. Any portions for which an appraisal report from a professional appraiser or an opinion of a certified public accountant has been obtained, or which have been approved by the Shareholders' Meeting, the Audit Committee, and the Board of Directors in accordance with the procedures, may be excluded from the calculation.

Article 10: Procedures for acquisition and disposal of derivatives:

1. Trading principles and strategies:

(1) Trading type:

- A. The derivative products that the Company may engage in include forward contracts, options contracts, futures contracts, margin trading contracts, swap contracts, and compound contracts composed of the aforementioned products, the value of which is derived from assets, interest rates, exchange rates, indices, or other interests.
- B. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (or sales) agreements.
- C. Derivative products are classified as for trading purposes and non-trading purposes. Trading purposes refer to the holding or engagement in derivatives for the purpose of earning trading gains. Non-trading purposes refer to transactions conducted not for trading gains but as part of a hedging strategy.

(2) Operating and hedging strategies: Trading derivatives aims at avoiding the adverse impact of exchange rate, interest rate and commodity price fluctuations on the Company's profits. Therefore, derivative trading shall only be engaged in to satisfy the physical positions. The trading counterparties shall mainly be financial institutions that have business dealings with the Company or internationally renowned financial institutions.

(3) Segregation of duties:

A. Finance Department:

- (a) Responsible for collecting market information of derivatives, analyzing trends and risks, and providing reference to relevant departments in a timely manner; accepting instructions and authorization from supervisors to manage derivative positions and avoid risks in accordance with the company policies. In addition, if it is necessary to avoid the risk of interest rate movement due to the reality, the feasibility of engaging in derivative trading in relation to bank loans shall be evaluated.
- (b) Register the "Derivatives Transaction Register" (refer to Attachment 1).
- (c) When the Company engages in derivative trading, it is executed by personnel from the Finance Department upon appropriate approval. The process is as Attachment 2.

- B. Accounting Department:
 - (a) Based on the information provided by the sales and procurement departments, the Company's overall product positions are grasped, and statements are prepared regularly, to accurately calculate the realized or unrealized positions, and confirm the accuracy and validity of the transaction content.
 - (b) Relevant accounting treatment shall be handled in accordance with the International Financial Reporting Standards.
- C. Audit Department:

Responsible for understanding the appropriateness for internal control of derivatives trading and reviewing the compliance of trading departments with operating procedures, analyzing trading cycles, and preparing audit reports.
- (4) Performance evaluation:
 - A. Non-trading purpose: The performance of derivatives for non-trading purpose is measured and evaluated based on the hedging strategy.
 - B. For trading purposes: The Company does not engage in operations for trading purpose.
- (5) Authorized limits and limits of total and individual contract losses:
 - A. In order to avoid the risk of exchange rate fluctuations, all derivative trading operations shall be subject to the approval of the Board of Directors before any hedging transactions may be conducted.
 - B. If the Company needs to engage in derivative trading related to hedging interest rate changes due to actual needs, it must be reported to the President for approval and then executed by the Finance Department. If the transaction amount reaches NT\$750 million or more, the hedging transaction must be approved by the Board of Directors before implementation.
 - C. Upper limits of loss for all contracts and individual contracts:
 - (a) Non-trading purposes:
 - ①The maximum amount of loss under all contracts is limited to 20% of the total contract amount.
 - ②The maximum amount of loss under individual contracts is limited to 20% of the individual contract amount.
 - (b) For trading purposes: The Company does not engage in operations for trading purpose.
 - (c) If the maximum amount of loss for all contracts or individual contracts has been reached, a meeting of relevant personnel shall be convened at any time to respond.
- 2. Internal Control System
 - (1) Risk management measurement:
 - A. Credit risk considerations: Counterparties are limited to banks that have business relationships with the Company or internationally renowned financial institutions capable of providing professional information.
 - B. Market price risk considerations: The Company shall continuously manage the risk of market price fluctuations in derivatives due to changes in interest rates, exchange rates, or other factors.
 - C. Liquidity considerations: To ensure liquidity, the trading bank must possess sufficient infrastructure, information, and trading capabilities, and be able to conduct transactions in any market.
 - D. Operational considerations: Authorized limits and operating procedures must be strictly followed to avoid operational risks.
 - E. Legal Risk: Documents to be signed by the Company and counterparties must be reviewed by the Legal Department prior to execution to mitigate legal risks.
 - F. Product risk: Internal traders must possess thorough and accurate professional knowledge of the financial products they trade. Banks must fully disclose related risks to avoid losses arising from product misuse.
 - G. Cash Settlement Risk: In addition to strictly adhering to the authorized

limit schedule, authorized trading personnel must monitor the Company's foreign currency cash flow to ensure sufficient funds are available for settlement.

(2) Internal control:

- A. Trading personnel shall not concurrently serve as personnel responsible for confirmation or settlement.
 - B. When a transaction occurs, the trading personnel shall immediately fill out a trade execution form and hand it over to the confirmation personnel for verification. The confirmation personnel shall verify the transaction with the counterparty based on the execution form and record it in the position summary sheet, which shall then be submitted to the head of finance for approval.
 - C. The measurement, supervision, and control of risks related to the Company's derivatives transactions shall be handled by internal audit personnel from non-finance and non-accounting departments, who shall report to the President. The President shall be accountable to the Chairman and the Board of Directors.
 - D. At the end of each month, the Accounting Department shall assess the profit and loss based on the market price of the day and prepare a report for the management.
3. Internal audit system:
- (1) Internal audit personnel shall regularly assess the adequacy of internal control and conduct monthly audits to verify the compliance of the trading department with procedures for engaging in derivative transactions, as well as analyze the trading cycle. An audit report shall be prepared and incorporated into the annual internal audit plan.
 - (2) When auditing derivatives trading, if the internal auditors discover any major violation of the Procedures that may result in major damage suffered by the Company, they shall immediately prepare a report for review and notify the Audit Committee in writing.
4. Periodical assessments:
- (1) The Board of Directors shall faithfully supervise and manage such trading in accordance with the following principles:
 - A. Designated senior officers shall continuously monitor and control the risks of derivative transactions.
 - B. Periodically evaluate whether the performance of derivative transactions aligns with established business strategies and whether the associated risks remain within the Company's acceptable limits.
 - (2) Senior officers authorized by the Board of Directors shall manage derivative transactions in accordance with the following principles:
 - A. Periodically evaluate whether current risk management measures are appropriate, and ensure that transactions comply with these guidelines and the Company's established procedures for engaging in derivative transactions.
 - B. Monitor transactions and profit/loss conditions. If any irregularities are discovered, appropriate countermeasures shall be taken and reported to the Board of Directors immediately.
 - C. For hedging transactions conducted due to business needs, evaluations shall be conducted twice per month. Evaluation reports shall be submitted to the senior officer authorized by the Board of Directors.

Article 11: Procedures for handling conducting mergers, demergers, acquisitions, or share transfer

- 1. Appraisal and operation procedures
 - (1) The Company, when handling mergers, demergers, acquisitions, or share transfer, shall engage attorneys, certified public accountants, and underwriters to jointly formulate the statutory procedures and the estimated timeline. An internal project team shall carry out these procedures in accordance with the estimated timeline. Before convening the Board of Directors, the Company shall commission attorneys, certified

public accountants, and underwriters to provide opinions on the reasonableness of the share exchange ratio, acquisition price, or the distribution of cash or other assets to shareholders, and submit these opinions to the Board of Directors for discussion and approval. However, the Company shall be exempt from obtaining the expert's opinion on fairness when merging with a subsidiary in which the Company directly or indirectly holds 100% of the issued shares or total capital, or in the case of a merger between subsidiaries in which the Company directly or indirectly holds 100% of the issued shares or total capital.

- (2) The Company shall prepare a public document outlining the key provisions and related matters of the merger, demerger, or acquisition to be provided to the shareholders before the Shareholders' Meeting. This document shall include the expert opinions referred to in Subparagraph (1), Paragraph 1 of the Article, as well as the notice of the Shareholders' Meeting, which will be delivered to the shareholders as a reference for deciding whether to approve the merger, demerger, or acquisition. However, this requirement does not apply to mergers, demergers, or acquisitions that, under other legal regulations, are exempt from requiring a resolution of the Shareholders' Meeting. Furthermore, if the Shareholders' Meeting of any participating company in the merger, demerger, or acquisition cannot be convened or resolutions cannot be passed due to insufficient attendance, voting rights, or other legal restrictions, or if the proposal is rejected by the Shareholders' Meeting, the participating company shall immediately disclose the reasons for the situation, outline the subsequent actions to be taken, and announce the expected date for reconvening the Shareholders' Meeting.

2. Other important matters

- (1) Date of Board meeting: Unless otherwise stipulated by law or special circumstances that have been approved in advance by the Board of Directors, companies participating in a merger, demerger, or acquisition shall convene both the Board of Directors and Shareholders' Meeting on the same day to resolve matters related to the merger, demerger, or acquisition. For companies involved in the share transfer, unless otherwise stipulated by law or special circumstances that have been approved in advance by the securities competent authority, the Board of Directors meeting shall be convened on the same day.
- (2) Confidentiality Commitment in advance: All individuals participating in or having knowledge of the Company's merger, demerger, acquisition, or share transfer plans must provide a written confidentiality commitment. Prior to the public disclosure of the information, they must not disclose the contents of the plan to external parties, nor may they buy or sell shares or other securities with equity-like characteristics of any companies involved in the merger, demerger, acquisition, or share transfer, either for themselves or on behalf of others.
- (3) Principles for determining and changing the share exchange ratio or acquisition price: Companies participating in a merger, demerger, acquisition, or share transfer must, before their respective Board of Directors meetings, commission certified public accountants, lawyers, or underwriters to express an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other assets to shareholders, and submit such opinions to the Shareholders' Meeting. The share exchange ratio or acquisition price shall not be changed arbitrarily, except in the following circumstances, and any change must be specified in the merger, demerger, acquisition, or share transfer agreement:
- A. Cash capital increase, issuance of convertible bonds, free allocation of shares, issuance of warrants or convertible preferred stock, or other securities with equity-like characteristics.
 - B. Disposal of significant company assets or actions affecting the company's financial operations.

- C. Major disasters, technological changes, or events affecting shareholders' interests or securities prices.
 - D. Adjustment due to any company involved in the merger, demerger, acquisition, or share transfer repurchasing its treasury stock.
 - E. Changes in the number or type of participants in the merger, demerger, acquisition, or share transfer.
 - F. Other conditions agreed in the contract for changes, which have been publicly disclosed.
- (4) Contract Contents: The contract for a merger, demerger, acquisition, or share transfer, in addition to complying with the provisions of Article 317-1 of the Company Act and Article 22 of the Business Mergers and Acquisitions Act, shall specify the following:
- A. Handling of breach of contract.
 - B. Treatment principles for any securities with equity-like characteristics or treasury stocks repurchased by the company before it is merged or demerged.
 - C. The number of treasury stocks that may be repurchased by any participating company after the share exchange ratio reference date and how they will be handled.
 - D. Treatment of changes in the number or type of participating entities.
 - E. Estimated schedule and expected completion date for the plan.
 - F. Procedures for the Shareholders' Meeting and other relevant processes in case the plan is not completed within the expected timeframe.
- (5) Change in the number of companies participating in a merger, demerger, acquisition, or share transfer: After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends to engage in such a transaction with another company, then unless the number of participating companies is reduced and the Shareholders' Meeting has resolved to authorize the Board of Directors to make such changes, a new resolution of the Shareholders' Meeting shall be required, and all completed procedures or legal acts in the original transaction shall be conducted again by all participating companies.
- (6) Where any of the companies participating in a merger, demerger, acquisition, or share transfer is not a public company, the Company shall sign an agreement with the non-public company whereby the latter is required to abide by Subparagraph (1) : Date of Board meeting, Subparagraph (2): Confidentiality Commitment in advance, and Subparagraph (5): Change in the number of companies participating in a merger, demerger, acquisition, or share transfer, Paragraph 2 of the Article.
- (7) Companies participating in a merger, demerger, acquisition, or share transfer shall document the following information completely and retain such for five years for reference:
- A. Personnel basic information: Including the title, name, and identification number (passport number if a foreigner) of all individuals involved in the merger, demerger, acquisition, or share transfer plan or its execution prior to the public disclosure of the information.
 - B. Dates of material events: Including the dates of signing letters of intent or memoranda of understanding, commissioning financial or legal advisors, signing contracts, and holding Board of Directors meetings.
 - C. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of Board of Directors meetings.
- (8) The companies participating in the merger, demerger, acquisition, or share transfer shall, within 2 days from the date of the Board of Directors' resolution, submit the materials listed in Items A and B of the preceding subparagraph to the securities competent authority for filing in the prescribed format through the internet information system.
- (9) If any company participating in the merger, demerger, acquisition, or share

transfer is neither a listed company nor a company whose stocks are traded at a securities firm's business premises, the Company shall enter into an agreement with such company and shall proceed in accordance with the provisions of Subparagraphs (7) and (8).

Article 12: Procedures for public disclosure of information

1. Items and criteria for public disclosure and reporting:
 - (1) When the Company acquires or disposes of real property or right-of-use assets from or to a related party, or acquires or disposes of other assets from or to a related party, and the transaction amount reaches 20% of the Company's paid-in capital, 10% of its total assets, or NT\$300 million or more, the transaction shall be subject to disclosure and reporting, except in cases involving the trading of domestic government bonds, bonds with repurchase or resale conditions, or the subscription to or redemption of money market funds issued by domestic securities investment trust enterprises.
 - (2) Merger, demerger, acquisition, or share transfer.
 - (3) When the Company incurs a loss from derivative transactions that reaches the maximum loss limit for all contracts or any individual contract as specified in the Procedures.
 - (4) When the Company acquires or disposes of equipment or right-of-use assets for business use, and the counterparty is not a related party, with a transaction amount reaching NT\$500 million or more.
 - (5) When the Company acquires real property through methods such as self-owned land development, leased land development, joint development for subdivision, joint development for profit-sharing, or joint development for sale, and the counterparty is not a related party, with the anticipated transaction amount reaching NT\$500 million or more.
 - (6) Any asset transactions not referred to in the preceding five subparagraphs, or investments in Mainland China, where the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more. However, the following circumstances are excluded from this requirement:
 - A. Trading in domestic government bonds or foreign government bonds with a credit rating not lower than the sovereign rating of Taiwan.
 - B. Trading in bonds with repurchase or resale conditions, or subscribing to or redeeming money market funds issued by domestic securities investment trust enterprises.
 - (7) The amount of transactions specified in Subparagraph (6) shall be calculated as follows, and "within the preceding year" refers to the year preceding the date of occurrence of the current transaction. Any previously disclosed transactions need not be counted again.
 - A. The transaction amount for each individual transaction.
 - B. The accumulated transaction amount within the preceding year for acquiring or disposing of the same type of asset with the same counterparty.
 - C. The accumulated transaction amount within the preceding year for acquiring or disposing of (separately accumulated for acquisition and disposal) real property or right-of-use assets from the same development project.
 - D. The accumulated transaction amount within the preceding year for acquiring or disposing of (separately accumulated for acquisition and disposal) the same securities.
2. Time limit for public disclosure and reporting:

When the Company acquires or disposes of assets that fall under the items to be publicly disclosed as specified in Paragraph 1 of the Article, and the transaction amount meets the criteria for public disclosure and reporting, the Company shall make the public disclosure and report within 2 days from the occurrence of the event.

When the Company's "Procedures for Acquisition or Disposal of Assets" is amended, the amendment shall be approved by the Shareholders' Meetings,

the Procedures and the minutes of the Shareholders' Meeting shall be entered into the information reporting website designated by the securities competent authority.

3. Procedures of public disclosure and reporting:
 - (1) The related information shall be disclosed and reported by the Company on the website designated by the securities competent authority.
 - (2) The Company shall, by the 10th day of each month, input information regarding the status of derivative transactions conducted by the Company and its subsidiaries that are not domestic public companies, as of the end of the preceding month, into the information reporting website designated by the securities competent authority, in the prescribed format.
 - (3) If there is any error or omission in the items required to be disclosed and reported by the Company, the Company shall make a full re-disclosure and re-report of all items within 2 days from the date the error or omission is known.
 - (4) The Company shall retain the relevant contracts, minutes, approval records, valuation reports, and the opinions issued by certified public accountants, attorneys, or securities underwriters in connection with the acquisition or disposal of assets at the Company, for at least 5 years, unless otherwise provided by applicable laws.
 - (5) If any of the following circumstances occurs after the disclosure and reporting made in accordance with the preceding subparagraph, the Company shall disclose and report the relevant information on the website designated by the securities competent authority within 2 days from the date of occurrence.
 - A. Any change, termination, or rescission of the original transaction contract.
 - B. Any merger, demerger, acquisition, or share transfer that is not completed in accordance with the scheduled timeline specified in the contract.
 - C. Any change to the contents of the original disclosure and report.

- Article 13:** The Company's subsidiaries shall comply with the following:
1. When a subsidiary acquires or disposes of assets, it shall establish procedures for the acquisition or disposal of assets in accordance with the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies," or follow the Company's "Procedures for Acquisition or Disposal of Assets."
 2. Where a subsidiary is not a public company and its asset transaction is subject to Article 12, the Company shall be responsible for the disclosure and reporting.
 3. For subsidiaries, the disclosure and reporting criteria of "20% of paid-in capital" or "10% of total assets" shall be based on the Company's figures.

- Article 14:** The acquisition or disposal of assets by a subsidiary shall also be handled in accordance with the Procedures and shall be supervised and controlled by personnel assigned by the Company to serve as directors of the subsidiary.

- Article 14-1:** The "10% total assets" requirement under these Procedures shall be calculated based on the total assets amount in the most recent parent company only or individual financial statements prepared in accordance with the Securities Issuer Financial Reporting Standards.

- Article 15:** Penalties
Employees of the Company responsible for the acquisition or disposal of assets in violation of the Procedures shall be subject to regular performance reviews and penalties based on the severity of the violation, in accordance with the Company's management rules.

- Article 16:** Implementation and Amendment
Amendments to the Procedures shall be approved by the Audit Committee, passed by the Board of Directors, and submitted to the Shareholders' Meeting for approval. If any Director expresses dissent and it is contained in the minutes or a written

statement, the Company shall submit the Director's dissenting opinion to the Audit Committee.

When the Procedures are submitted for discussion by the Board of Directors as required, the Board of Directors shall take into full consideration each Independent Director's opinions. If an Independent Director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.

Any amendment to the Procedures, if the approval of one-half or more of all Audit Committee members is not obtained, the amendment may be implemented if approved by at least two-thirds of all Directors. The resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors meeting. The terms "all Audit Committee members" and "all Directors" shall refer to the actual number of persons currently holding those positions.

Article 17: Additional Provisions

Where any matters not covered by the Procedures, the related laws and regulations shall be complied with.

Article 18: The Procedures were established on April 27, 1991 upon the resolution of the Board of Directors; the 15th amendment was made on June 23, 2022, and enforced upon the resolution of the Shareholders' Meeting.

(Attachment 1)

Nien Hsing Textile Co., Ltd.

Derivatives Transaction Register

Type of Derivative Trading:

Unit:

Approval date by Board	Transaction amount	Transaction date	Delivery date	Delivery price	Assessment			Assessment item
					Date	Price	Profit/loss	

(Attachment 2)

The Company's trading personnel conduct transactions with banks in accordance with the authorized limits and regulations

Transaction method: Contact the bank by phone

If a transaction is completed, the trader must prepare a transaction form and indicate the details.

Count the transaction contents in the open position schedule and count the positions

The transaction unit must be immediately submitted to the supervisor with authority for approval, and the position is controlled by the open position summary schedule.

Inform the accounting clerks of the transaction position, and the accounting clerks confirm the bank statement and sends it back

Regularly review the Company's positions with relevant departments every month, and discuss the generation of future positions and hedging strategies to formulate future operating guidelines

Matters to be paid attentions to and key point of internal control

- The Company's trading personnel must have authorized trading limits and currency regulations, and inform such to the bank
 - Currently, the Company authorizes trading personnel to conduct transactions with banks based on the authorization limit schedule. For any amount exceeding such, it must be approved by the authorized supervisor.
 - If it is a hedging position, the main operating positions shall not exceed the Company's total net position.
-
- Trading personnel cannot confirm the statement
-
- If it is a financial transaction, traders shall try their best to obtain a profit and loss assessment as a reference for decision-making.

Nien Hsing Textile Co., Ltd.

Rules and Procedures of Shareholders' Meetings

1. (Basis of establishment)

To establish a well governance system and sound supervisory capabilities for the Company's Shareholders' Meetings and to strengthen management capabilities, these Rules are adopted pursuant to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.

2. Unless otherwise stipulated by laws, regulations, or the Company's Articles of Incorporation, the rules of procedure for the Company's Shareholders' Meetings shall be governed by these Rules.

3. (Convening Shareholders' Meetings and meeting notification)

Unless otherwise stipulated by laws or regulations, the Company's Shareholders' Meetings shall be convened by the Board of Directors.

To convene a General Shareholders' Meeting, Shareholders shall be notified 30 days before the date of a General Shareholders' Meeting; for the Shareholders holding less than 1,000 registered shares, the meeting notification may be announced on the Market Observation Post System (MOPS) before 30 days; for an Extraordinary Shareholders' Meeting, Shareholders shall be notified 15 days before the date of an Extraordinary Shareholders' Meeting; for the Shareholders holding less than 1,000 registered shares, the meeting notification may be announced on the MOPS before 15 days.

The cause of convention shall be specified in the meeting notification and announcement.

Election or dismissal of Directors, amendments to the Articles of Incorporation, reduction of capital, application for the approval of ceasing its status as a public company, removal non-competition restrictions on Directors, capitalization of earnings, capitalization of legal reserve, dissolution, merger, or demerger of the Company, or any matter in each subparagraph under Article 185, Paragraph 1 of the Company Act; Articles 26-1 and 43-6 of the Securities and Exchange Act, and Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, shall be set out in the meeting notification and the essential contents shall be explained. None of the above matters may be raised by an extraordinary motion. The main content shall be placed on the website(s) designated by the securities competent authority or the Company, and specify the link on the meeting notification.

Where an election of new Directors and their inauguration date are stated in the notification of a Shareholders' Meeting, after the completion of the election, such inauguration date may not be altered by any extraordinary motion or otherwise in this meeting.

A Shareholder holding 1% or more of the total number of the issued shares may submit to the Company a proposal in writing for discussion at a General Shareholders' Meeting. The number of items proposed is limited only to one, and no proposal containing more than one item will be included in the meeting agenda. However, proposals proposed by Shareholders to promote the Company's promotion of social public interests or fulfillment of social responsibilities may still be included in the list of proposals to be discussed at the meeting by the Board of Directors. A Shareholder's proposal in alignment with any circumstance in Paragraph 4, Article 172-1 of the Company Act shall not be included in the meeting agenda by the Board of Directors.

Prior to the book closure date before an Annual General Shareholders' Meeting is held, the Company shall publicly announce its acceptance of Shareholders' proposals in writing or electronically and the location and time period for their submission; the period for acceptance of Shareholders' proposals may not be fewer than 10 days.

Each of such proposals is limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The Shareholder making the proposal shall be present in person or by proxy at the Annual General Shareholders' Meeting and take part in the discussion of the proposal.

Prior to the date for issuance of notice of a Shareholders' Meeting, the Company shall inform the Shareholders who submitted proposals the results of their proposals and shall list the proposals that conform to the provisions of this article in the meeting notification. With the proposals submitted by

Shareholders but not included in the meeting agenda, the Board of Directors shall explain the reasons for rejecting such proposals at a General Shareholders' Meeting.

To convene a Shareholders' Meeting, the Company shall prepare a handbook for the meeting and shall disclose the handbook together with other information related to the meeting in public prior to the scheduled meeting date.

4. (Proxy and authorization)

For each Shareholders' Meeting, a Shareholder may appoint a proxy to attend the meeting by providing a written proxy issued by the Company and stating the scope of the proxy's authorization.

Each Shareholder may issue only one written proxy and appoint only one proxy for a Shareholders' Meeting, and the written proxy shall be delivered to the Company at least 5 days before the date of the Shareholders' Meeting. When duplicate written proxies are delivered, the one received earliest shall prevail, unless a declaration is made to cancel the previous written proxy.

In case a Shareholder who has submitted a written proxy intends to attend the Shareholders' Meeting in person, or exercising his/her voting rights in writing or electronically, a written proxy rescission notice shall be delivered to the Company at least 2 days before the date of the Shareholders' Meeting, otherwise, the voting rights exercised by the authorized proxy at the meeting shall prevail.

When the government or a juridical person is a Shareholder, it may be represented by more than one representative. However, the juridical person attended the Shareholder's Meeting by proxy can authorize only one representative to attend the meeting.

5. (Principles for the location and time of a Shareholders' Meeting)

A Shareholders' Meeting shall be held at the premises or at a place and time convenient for Shareholders to attend and suitable for holding Shareholders' Meetings. The meeting time shall not earlier than 9 a.m. and shall not later than 3 p.m.

6. (Preparation of a sign-in book and other documents)

In the meeting notification, the company shall specify the reporting time and place for Shareholders to sign in and other related information.

The Shareholder reporting time referred to in the preceding paragraph shall be 30 minutes prior to the meeting started. There should be clear signs at the reporting place with adequate staff assigned to handle the process.

Shareholders or the proxies appointed by Shareholders (hereinafter "Shareholders") shall attend Shareholders' Meetings based on attendance cards, sign-in cards, or other certificates of attendance. Solicitors soliciting written proxies shall also bring identification documents for verification.

The Company shall furnish attending Shareholders with the handbook for the meeting, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of Directors, ballots shall also be furnished.

Shareholders shall attend Shareholders' Meetings based on attendance cards, sign-in cards, or other certificates of attendance. Solicitors soliciting written proxies shall also be distinguished in a significant approach.

7. (Chairperson of the Shareholders' Meeting and attendees in a non-voting capacity)

Where a Shareholders Meeting is convened by the Board of Directors, the meeting shall be chaired by the Chairman of the Board. When the Chairman is on leave or for any reason unable to exercise the powers, the Vice Chairman shall act in place of the chairperson; if the Vice Chairman is also on leave or for any reason unable to exercise the powers, the Chairman shall appoint one of the Directors to act as chairperson. If no such designation is made by the Chairman, Directors shall appoint one of themselves to act as chairperson..

When a Director acts as the said chairperson, the Director shall have held the position for at least six months with great understanding of the Company's financial position and business conditions. The same as a representative of a juristic person Director that acts as the chairperson.

Where a Shareholders' Meeting is convened by a convener other than the Board of Directors, the meeting shall be chaired by the convener. When there are two or more conveners, they shall appoint

one of themselves to act as chairperson.

Where a Shareholders Meeting is convened by the Board of Directors, the meeting shall be attended by a majority of the Directors in person.

The Company may appoint its lawyers, certified public accountants, or related personnel to attend a Shareholders' Meeting in a non-voting capacity.

8. (The audio or video recording of the Shareholders' Meeting)

The Company shall make an uninterrupted audio and video recording of the entire process of the Shareholders' Meeting from Shareholders' sign-in, the proceedings of the meeting, as well as the process of voting and vote counting.

The audio and video recording in the preceding paragraph shall be kept for at least one year. If, however, a Shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

9. (The shares represented by Shareholders present at the Shareholders' Meeting)

Attendance at Shareholders' Meetings shall be counted based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the sign-in cards handed in, plus the number of shares whose voting rights are exercised in writing or electronically.

The chairperson shall call the meeting to order at the scheduled meeting time; however, the chairperson may have the meeting postponed if the attending Shareholders do not represent a majority of the total number of issued shares. The postponement shall be limited to two times for a total of less than 1 hour. If quorum of the attending Shareholders is still less than one third of the total number of issued shares after a second postponement, the chairperson shall declare the meeting adjourned.

If the quorum is still not present after a second postponement as referred to in the preceding paragraph, but the attending Shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, Paragraph 1 of the Company Act; all Shareholders shall be notified of the tentative resolution and another Shareholders' Meeting shall be convened within one month.

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

10. (Proposal discussion)

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

The provisions of the preceding paragraph apply mutatis mutandis to a Shareholders' Meeting convened by a convener other than the Board of Directors.

The chairperson shall not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution by the Shareholders' Meeting. If the chairperson declares the meeting adjourned in violation of the rules of procedure, a new chairperson may be elected by agreement of a majority of the votes represented by the attending Shareholders to continue the meeting.

After the meeting was adjourned, Shareholders shall not elect another chairperson to continue the meeting at the original meeting place or at another place.

The chairperson shall allow ample opportunity for explanation and discussion of proposals and the amendments or extraordinary motions proposed by the Shareholders during the meeting. When the chairperson considers that a proposal has been discussed sufficiently to put it to a vote, the chairperson shall announce the discussion closed, call for a vote and schedule sufficient time for voting.

11. (Speeches by Shareholders)

Before speaking, an attending Shareholder shall specify on a speaker's slip the subject of the speech, their Shareholder account number, attendance card number, and account name. The order in which Shareholders speak will be set by the chairperson.

An attending Shareholder who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech is not in alignment with the subject on the speaker's slip, the spoken content shall prevail.

When a Shareholder speaks, without the consent of the Chairperson or the speaking Shareholder, other Shareholders shall not interfere with the speaking Shareholder. The Chairperson may have the violating Shareholders stopped.

Except with the consent of the chairperson, a Shareholder shall not speak more than twice on the same proposal, and a single speech shall not exceed 5 minutes; if the Shareholder's speech violates the rules or exceeds the scope of the motion, the chairperson may have the Shareholder stopped.

If a corporate Shareholder designates two or more representatives to attend a Shareholders' Meeting, only one of the representatives can speak on the same proposal.

After an attending Shareholder has spoken, the chairperson may respond in person or direct relevant personnel to respond.

12. (Calculation of voting shares)

Votes cast at Shareholders' Meetings shall be calculated based on numbers of shares.

With respect to resolutions by a Shareholders' Meeting, the number of shares held by a Shareholder without voting rights shall not be calculated as part of the total number of issued shares.

When a Shareholder has a personal interest on a proposal and the relationship is likely to prejudice the interest of the Company, the Shareholder shall not vote on that proposal and shall not exercise voting rights as a proxy for any other Shareholder.

The number of shares for which voting rights shall not be exercised under the preceding paragraph shall not be counted toward the number of the voting rights represented by attending Shareholders.

With the exception of a trust enterprise or a stock affairs agency approved by the competent securities authority, when a person is concurrently appointed as a proxy by two or more Shareholders, the voting rights represented by that proxy shall not exceed 3% of the voting rights represented by the total number of the issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the counting.

13. (Methods for voting, scrutinizing, and vote counting)

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

When the Company holds a Shareholders' Meeting, it shall adopt the exercise of voting rights in electronically or may adopt the exercise of voting rights in writing; the method of exercise of voting rights shall be specified in the meeting notification. A Shareholder's exercise of voting rights in writing or electronically will be deemed to have attended the meeting in person, but to have waived their rights with respect to the extraordinary motions and amendments to original proposals of that meeting. Therefore, the Company shall best avoid the submission of extraordinary motions and amendments to original proposals.

A Shareholder exercising voting rights in writing or electronically shall deliver a written declaration of intention to the Company at least 2 days before the date of the Shareholders' Meeting. When duplicate declarations of intention are delivered, the one received earliest shall prevail, except a declaration is made to cancel the earlier declaration of intention.

In case a Shareholder who has exercised voting rights in writing or electronically intends to attend the Shareholders' Meeting in person, he/she shall revoke the declaration of intention in the same way previously used in exercising his/her voting rights at least 2 days before the date of the Shareholders' Meeting. If the previous declaration of intention is not revoke within the time limit, the voting rights previously exercised in writing or electronically shall prevail. In case a Shareholder has exercised voting rights in writing or electronically, and has also authorized a proxy to attend the Shareholders'

Meeting on his/her behalf, it is deemed that the declaration of intent is revoked and the voting rights exercised by the proxy shall prevail.

The passage of a proposal, unless otherwise stipulated by laws, regulations, or the Company's Articles of Incorporation, shall require the approval of a majority of the voting rights represented by the attending Shareholders. When voting, for each proposal, the chairperson or the designated personnel shall first announce the total number of voting rights represented by the attending Shareholders, and then the Shareholders vote on a case-by-case basis. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be uploaded to the MOPS.

When there is an amendment or an alternative to a proposal, the chairperson shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected and no further voting shall be required.

Scrutineers and counting personnel for the voting on proposals shall be appointed by the chairperson. All scrutineers must have the status of Shareholders of the Company.

Vote counting for proposals or elections at a Shareholders' Meeting shall be conducted in public at the place of the Shareholders' Meeting. After vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be reported immediately and recorded in writing.

14. (Elections)

The election of Directors at a Shareholders' Meeting shall be held in accordance with the Rules for Election of Directors adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as Directors and the number of votes with which they were elected.

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

15. (Meeting minutes and documents to be signed)

Matters relating to the resolutions by a Shareholders' Meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chairperson of the meeting and a copy distributed to each Shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form.

The said distribution may be announced through the MOPS.

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

16. (Public disclosure)

On the day of a Shareholders' Meeting, the Company shall prepare a statistical statement of the number of shares obtained by solicitors through solicitation, and the number of shares represented by proxies in the prescribed format and shall disclose the statement at the meeting venue.

If any resolution by the Shareholders' Meeting is material information as stipulated by laws, regulations, or Taiwan Stock Exchange Corporation, the Company shall upload the content to the MOPS prior to a deadline.

17. (Maintenance of the order of the venue)

Staff handling administrative affairs of a Shareholders' Meeting shall wear an identification badge or an armband.

The chairperson may direct the proctors or security personnel to help maintain order at the meeting place. Proctors or security personnel help maintain order at the meeting place shall wear an identification badge or an armband, as "Proctor."

At the meeting venue equipped with megaphone, if a Shareholder attempts to speak through any device not set up by the Company, the chairperson may prevent the Shareholder from so doing.

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

18. (Break and resumption of a Shareholders' Meeting)

When a meeting is in progress, the chairperson may announce a break based on time considerations. If a force majeure event occurs, the chairperson may rule the meeting temporarily suspended and, as appropriate, announce the resumption of the meeting.

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

A resolution may be adopted at a Shareholders' Meeting to defer or resume the meeting within 5 days in accordance with Article 182 of the Company Act.

19. Any matter not mentioned in the Rules shall comply with the related laws and regulations.

20. These Rules shall be adopted by the approval of the Shareholders' Meeting. The same applies to the amendments.

Appendix 8 Shareholding of Directors

Number of shares held by individual and all directors recorded in the shareholder roster as of April 19, 2025.

The minimum statutory required shareholding of all directors: 12,000,000 shares

Date: April 19, 2025

Title	Name	Number of shares recorded in the shareholder roster at the book closure date	
		Number of shares	Percentage
Chairman	Panda Investment Co., Ltd. Representative: Wei-Han Chen	28,892,146	14.59%
Director	Shu-Hsuan Tsai	24,150	0.01%
Director	Chu Chen Investment Co., Ltd. Representative: Jen-Chou Chen	9,253,292	4.67%
Director	Tai-Yuan Chou	0	0%
Director	Rong-Hwa Fang	0	0%
Director	Jih-Chao Li	0	0%
Independent Director	Chu-Feng Yang	0	0%
Independent Director	Wen-Hsiung Chan	0	0%
Independent Director	Chia-Hong Hung	0	0%
Total		38,169,588	19.27%

Note: The Company's issued shares as of April 19, 2025 are 198,000,000 shares.

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