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## ANNUAL REPORT

*(The Annual Report is the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language Annual Report, the Chinese version shall prevail.)*

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**Auditing CPAs in the Most Recent Year**

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**Overseas Stock Exchange** None

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**The Company's Website** [www.kwangming.com](http://www.kwangming.com)

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# 1. Letter to Shareholders

## 2024 Annual Operational Result

In recent years, the massive investment in the textile industry by China, Vietnam, and other Southeast Asian countries has led to industry overcapacity, intense price competition, and minimal profit margins, severely impacting Taiwan's textile export momentum. In response to the evolving times and the rapid advancements in product technology, the company has restructured and formulated a vertical transformation plan for the industry and strategic alliances with upstream companies, and has increased the production of functional textured yarns and eco-friendly textured yarns, leveraging vertical integration across upstream, midstream, and downstream operations to enhance organizational efficiency.

Functional textured yarns and eco-friendly textured yarns are the company's main products. The company upholds the spirit of pragmatism and proactive effort, continuously striving for operational optimization and improvement. By closely evaluating industry prospects, the company accelerates structural adjustments and transformation, focusing on the development of higher-tech and high-value-added products. Additionally, the company actively pursues upgrades and transformation to enhance the global market competitiveness.

### 1. Operating Performance

The net operating revenue in 2024 was NT\$ 835,600,000, the net profit pre-tax was NT\$ 288,940,000, with an earnings per share of NT\$ 6.18.

### 2. Budget implementation

The company has not prepared financial forecasts for the year 2024; therefore, this is not applicable.

### 3. Consolidated financial results

Unit: NT\$ thousand

Item		2023	2024
Financial Revenue and Expenditure	Revenue incl. non-operating income and profit	2,524,165	1,191,949
	Expenditure incl. non-operating expenses and income tax paid	888,085	941,757
	Net profit after tax	1,636,080	250,192
Profitability	Return on assets %	47.10	8.27
	Return on owner's equity %	84.39	11.83
	Ratio to paid-up capital %	Operating income	72.61
		Pre-tax net profit	71.42
	Net profit ratio %	237.48	29.94
	Earnings per share (NT\$) (Calculated based on the weighted average number of outstanding shares)	40.44	6.18

### 4. Research and development

Due to the nature of the industry, the company does not have a dedicated R&D department. Instead, personnel from the sales and manufacturing departments take on R&D responsibilities, leveraging their extensive experience, knowledge, and expertise in textiles to develop products independently or in collaboration with customers. In response to market demands and customers' needs for multifunctional and eco-friendly products, the company is actively enhancing and improving the machinery capabilities and developing functional products to align with market trends.

- (1) Actively develop new yarn types with special functionalities and differentiation, while advancing towards eco-friendly microfibers. Product diversification aims to enhance gross profit margins.
- (2) Successfully completed the inspection of 3 new TMT false-twisting machines and put them into production. This improvement ensures continuous quality enhancement, faster production

speeds, increased capacity, and reduced energy consumption, achieving energy-saving and power efficiency goals

- (3) Adjust production and sales plans weekly, focusing on promoting high-value-added products. By responding promptly to market changes, the company aims to boost sales performance, optimize workforce efficiency, continuously improve production efficiency, and reduce manufacturing costs to remain competitive in the market.

## 2025 Business Outlines

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In recent years, the volatility of raw material prices has made it increasingly difficult to manage costs, adding to the challenges of business operations. Additionally, the increases in domestic minimum wages and electricity rates have further raised manufacturing costs, squeezing profit margins. To address these challenges, the company will strengthen the development of high-value-added products by enhancing product value and quality. Moving forward, the company remains committed to delivering superior quality and service to earn customer trust. By leveraging group resource integration, the company aims to improve operational efficiency, reduce costs, and actively invest in new technologies, expand product lines, acquire new equipment, and seek strategic partnerships. These initiatives will enhance the company's competitiveness and drive overall revenue growth to new heights.

### 1. Business objectives in 2025

- (1) Adapting to the ever-changing global market demands, the company continuously enhances internal R&D for high-tech products while closely monitoring market trends. By responding swiftly to customer needs and supporting new product development, the company drives innovation, improves efficiency, and continues developing differentiated products to strengthen market competitiveness.
- (2) Maintaining high level of productivity, striving to reduce production costs, improving the A-grade product rate, and increasing gross profit margins. By cutting expenses and lowering operational costs, the company aims to achieve profitability targets.
- (3) Continuing to advance fully automated production processes, standardization, and operational automation to reduce labor costs. The company also focuses on improving production processes, strengthening R&D capabilities, and developing high-value-added and differentiated products.
- (4) Keep on market trends and continuously expands domestic and international sales channels. By enhancing employees' professional expertise and strengthening corporate management for long-term growth, the company aims to boost the competitiveness in the global market.
- (5) Strengthening business operations for sustainable growth by collaborating with major apparel and garment suppliers in upstream and downstream partnerships. By providing stable supplies of specialized functional materials to garment manufacturers, the company further enhances the global market competitiveness.

### 2. Sales forecast

Based on management's plans and an evaluation of the future business environment, the company formulates its strategy by using the actual sales volume of the previous year as a foundation, supplemented by estimated demand from market research. The company adjusts production capacity and workforce accordingly to reduce operational costs while actively developing functional products. The goal is to penetrate brand markets and become part of their supply chains, fostering close integration with upstream and downstream partners. This approach aims to enhance quality and value, minimizing the impact of market uncertainties and paving the way for new opportunities. Considering the current production capacity and market demand, the company will continue to develop new brand partnerships. The company is confident that the revenue performance in 2025 will be promising.

### 3. Major production and marketing policies

#### (1) Production policies

1. By integrating product manufacturing concepts, the company not only provides customers with high-quality functional products but also offers trend analysis and forecasts on fashionable materials for brand owners, creating greater market opportunities.
2. The company is increasing the proportion of high-value-added textured yarns while developing differentiated and functional new products. The efforts in functional and eco-friendly products have already shown promising results and continue to expand in volume.
3. Continuously introduces the latest automated system equipment to improve production processes, reduce waste, and enhance unit output value and profitability.
4. By implementing the ISO quality management system and establishing employee training programs, the company aims to enhance leadership capabilities, improve efficiency and quality, and reduce production costs.
5. Fully leverages the characteristics of the production equipment to drive continuous innovation and development, producing differentiated and high-value-added products.

#### (2) Marketing policies

1. Develop new spread products to expand new customers and increase the proportion of high-margin customers.
2. Leverage the characteristics and advantages of newly introduced equipment to enhance the development and production of spread specialty yarns, increasing product value-added.
3. Increase product diversity to continuously raise the proportion of brand customer orders in overall revenue, deepen penetration into the garment market, acquire new customers, and boost gross profit margins.
4. Research and develop innovative textured yarn products, changing traditional sales methods. Actively promote and expand the customer with a focus on R&D-driven clients to increase total sales.
5. Market development spans both domestic and international markets, focusing on high-value-added products. Strengthen the development of new materials for industrial, home décor, and casual wear, and through product differentiation and market segmentation, enhance collaboration with international brands to strengthen competitiveness in the global market.
6. Continue to develop high-performance, high-functionality, and high-value-added products. The only way to have a core competitive advantage is to develop in the differentiated product market, thereby enhancing the company's profitability.

### **Future Company Development Strategy**

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In response to global fashion trends, sustainability and functionality have gradually become key focuses in future apparel. The company integrates the belief in environmental protection into products, emphasizing the environmental appeal of these products during sales promotions, and gradually educating customers on the importance of protecting the Earth. The textured yarn industry will continue to grow in high-value-added and new applications in the areas of sustainability and functionality. As the global textile industry undergoes transformation and competition, improving product processes and developing new fibers is an inevitable trend.

## **The Effect of the External Competition, the Legal Environment, and the Overall Business Environment**

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The future is fast-changing and the company must constantly adjust to keep up with this ever-evolving environment. The company will increase the focus on multifunctional and high-value-added products, strengthen rapid transformation, and shift the business strategies to reinvent the competitive advantages. The eco-friendly green trend and functional, high-value-added products still have significant development potential and profit. Brand owners' demand for eco-friendly and functional textiles is increasing, and this demand will gradually gain more importance in future business strategies. Moving forward, the company will continue to uphold the consistent corporate culture - integrity, responsibility, proactivity, and a pragmatic business approach. The company will stay attentive to the trends of global economic integration and its impact on the industry, develop new markets at the right time, research and develop spread-margin new products, and collaborate more closely with brand owners to create new business opportunities.



Kwang Ming Silk Mill Co., Ltd.

Chairman Chan, Cheng-Tien

## 2. Corporate Governance Report

### Directors, General Manager, Deputy General Manager, Senior manager, Departments and Branches Officer Information

#### Directors information (1)

Date: Mar.31, 2025

Title/Name	Nationality	Gender Age	Date Elected	Tenure (years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience and Education	Positions Currently Held in Kwang Ming and Other Companies	Other managers, directors and supervisors with a spouse and relative within the second degree of kinship
						Shares	%	Shares	%	Shares	%	Shares	%			Title/Name/Relation
Chairman <b>Yi Jinn Industrial Co., Ltd.</b>	R.O.C.	- -	2022. 06.23	3	2013. 12.23	15,586,193	38.53	15,586,193	38.53	0	0.00	0	0.00	-	Director of Hung Chou Fiber Ind. Co., Ltd. Director of Xin Mao Investment Co., Ltd. Director of Yi Tong Fiber Co., Ltd. Chairman of Da Tian International Development Co., Ltd Director of Da Yi International Development Co., Ltd	None
Representative : <b>Chan, Cheng-Tien</b>	R.O.C.	Male 81	2022. 06.23		2013. 12.23	-	-	0	0.00	0	0.00	0	0.00	Chia-Yang High School Director of Yi Jinn Industrial Co., Ltd.	Director of Yi Jinn Industrial Co., Ltd. Chairman of Hung Chou Fiber Ind. Co., Ltd. Chairman of Yi Tong Fiber Co., Ltd. Chairman of Xin Mao Investment Co., Ltd. Representative Director of Yi Shin Textile Industrial Co., Ltd. Chairman of Da Yi International Development Co., Ltd Representative Director of Da Tian International Development Co., Ltd Representative Director of Everest Textile Co., Ltd. Chairman of Jinn Xian Foundation Chairman of Yuan Zhen Medical Foundation Chairman of Zhen Tian Enterprise Foundation	Director/Cheng, Yu-Jing/ Spouse Director/ Chan, Yi-Chin/ 1 <sup>st</sup> degree of kinship
Chairman <b>Yi Jinn Industrial Co., Ltd.</b>	R.O.C.	- -	2022. 06.23	3	2013. 12.23	15,586,193	38.53	15,586,193	38.53	0	0.00	0	0.00	-	Director of Hung Chou Fiber Ind. Co., Ltd. Director of Xin Mao Investment Co., Ltd. Director of Yi Tong Fiber Co., Ltd. Chairman of Da Tian International Development Co., Ltd Director of Da Yi International Development Co., Ltd	None



Title/Name	Nationality	Gender Age	Date Elected	Tenure (years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience and Education	Positions Currently Held in Kwang Ming and Other Companies	Other managers, directors and supervisors with a spouse and relative within the second degree of kinship
						Shares	%	Shares	%	Shares	%	Shares	%			Title/Name/Relation
Representative : <b>Huang, Li-Hsuan</b>	R.O.C.	Female 66	2022. 06.23		2016. 06.20	-	-	0	0.00	0	0.00	0	0.00	Graduated from Department of Accounting, Tamkang University Commissioner, Division Chief, Deputy Chief Officer, Chief Officer of Accounting Office in Taiwan Textile Federation, R.O.C.	Director of Planning & Administration office and Chief Accountant in Taiwan Textile Federation, R.O.C.	None
Director <b>Cheng, Yu-Jing</b>	R.O.C.	Female 71	2022. 06.23	3	2017. 10.17	0	0.00	0	0.00	0	0.00	0	0.00	National Taiwan Normal University Supervisor of Yi Jinn Industrial Co., Ltd.	Direcotr of Yi Jinn Industrial Co., Ltd. Representative Director of Hung Chou Fiber Ind. Co., Ltd. Director of Yi Tong Fiber Co., Ltd. Supervisor of Xin Mao Investment Co., Ltd. Supervisor of Da Tian International Development Co., Ltd. Representative Supervisor of Da Yi International Development Co., Ltd.	Director/ Chan, Cheng-Tien/ Spouse Director/ Chan, Yi-Chin/ 1 <sup>st</sup> degree of kinship
Director <b>Li, Ye-Zhen</b>	R.O.C.	Male 63	2022. 06.23	3	1997. 05.07	946,000	2.34	725,000	1.79	1,000	0.00	0	0.00	Graduated form Dept. of Marine Navigation of Chinese Marintime College Chairman of Kwang Ming Silk Mill Co., Ltd.	General Manager of Kwang Ming Silk Mill Co., Ltd. Director of Zhen Tian Enterprise Foundation	None
Director <b>Chan, Yi-Chin</b>	R.O.C.	Female 40	2022. 06.23	3	2014. 06.04	0	0.00	0	0.00	0	0.00	0	0.00	Graduated from Graduate School of Monterey Institute of International Studies	Director of Yi Jinn Industrial Co., Ltd. Representative Director of Hung Chou Fiber Ind. Co., Ltd. Director of Zhen Tian Enterprise Foundation	Chairman/ Chan, Cheng-Tien/1 <sup>st</sup> degree of kinship Director/ Cheng, Yu-Jing/ 1 <sup>st</sup> degree of kinship
Director <b>Fang Zhou Assets Management Co., Ltd.</b>  Representative : <b>Jin, Jian-Zhang</b>	R.O.C.	- -	2022. 06.23	3	2014. 06.04	700,165	1.73	700,165	1.73	0	0.00	0	0.00	-	None	None
	R.O.C.	Male 77	2022. 06.23		2002. 06.18	-	-	467,000	1.15	0	0.00	0	0.00	Graduated from Dept. of Business Administration of Chinese Culture University Supervisor of Kwang Ming Silk Mill Co., Ltd.	None	None
Independent Director <b>Yang, Hsiao-Chin</b>	R.O.C.	Female 61	2022. 06.23	3	2016. 06.20	0	0.00	0	0.00	0	0.00	0	0.00	Graduated from Dept. of Economics of Soochow University Commissioner, Deputy Director, Director of Taiwan Textile Federation, R.O.C.	Deputy Secretary General of Taiwan Textile Federation, R.O.C.	None

Title/Name	Nationality	Gender Age	Date Elected	Tenure (years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience and Education	Positions Currently Held in Kwang Ming and Other Companies	Other managers, directors and supervisors with a spouse and relative within the second degree of kinship
						Shares	%	Shares	%	Shares	%	Shares	%			Title/Name/Relation
Independent Director <b>Liu, Yung-Fu</b>	R.O.C.	Male 64	2022/0 6/23	3	2022. 06.23	0	0.00	0	0.00	0	0.00	0	0.00	Business Administration , National Taiwan University Partner Accountant of Deloitte Taiwan	Independent Director of Tokio MarineNawa Insurance Co., Ltd. Independent Director of Le Young Construction Co., Ltd.	None
Independent Director <b>Hsu, Chi-Sheng</b>	R.O.C.	Male 69	2022/0 6/23	3	2022. 06.23	0	0.00	0	0.00	0	0.00	0	0.00	Ph.D. of Dept. of Industrial Engineering and Management, National Yang Ming Tung University M.B.A. of Arthur D. Little, USA Manager of the Strategic Planning Department at EOSL, Special Assistant to the Director of the Information and Communications Research Laboratories, Head/Director of the International Collaboration Division at the Institutional Level, and Director of Cross-Strait and Asia-Pacific Affairs at the Industrial Technology Research Institute.	Secretary General of Chinese Professional Management Association Supervisor of Golden Smart Home Technology Corp. Director of Lightwave Link Inc. Director of Self Group	None

Note: The Chairman and the General Manager or equivalent executive (top management) of the company are not the same person, nor are they spouses or first-degree kinship.

Tabel 1 : Major shareholders of the institutional shareholders

Name of Corporate Shareholder	Major Shareholders of the Corporate Shareholders (Note)
Yi Jinn Industrial Co., Ltd.	Yi Tong Fiber Co., Ltd. (19.21%) , Chan, Cheng-Tien (7.63%) , Xin Mao Investment Co., Ltd. (7.06%) , I JINN INDUSTRIAL CO., LTD. (6.37%) , Wang, Sheng-Min (2.62%) , ZIG SHENG INDUSTRIAL CO., LTD. (2.37%) , Chang, Ming-Chi (1.92%) , Wang, Chuang-Yen (1.87%) , Wang, Sheng-Hung (1.77%) , Jinn Xian Foundation (1.32%)
Fang Zhou Assets Management Co., Ltd.	Chin, Fang-Ju (57.00%) 、Chin, Chih-Hung (29.00%) 、Chao, Chin-Ying (9.00%) 、Chao, Li (5.00%)

Note: The disclosure of relevant information is limited to the data available to the company as of the annual report publication date.

Table 2 : Major shareholders of the Company's major institutional shareholders in Table 1

Name of Corporate Shareholder	Major Shareholders of the Corporate Shareholders (Note)
Yi Tong Fiber Co., Ltd.	Yi Jinn Industrial Co., Ltd. (46.81%) , Chan, Cheng-Tien (8.31%) , Chan, Yi-Chin (7.59%) , Fu-Ming Transport Corporation (5.94%) , Hsin Sin Textile Co., Ltd. (4.75%) , Yuan Faun Ltd. (3.56%) , Huang, Hsiu-Ching (2.37%) , Lan Fa Textile Co., Ltd. (1.52%) , Zing Sheng Industrial Co., Ltd. (1.52%) , Jang Jang Co., Ltd. (1.52%)
Xin Mao Investment Co., Ltd.	Yi Jinn Industrial Co., Ltd. (35.33%) , Chan, Yi-Chin (25.78%) , Chan, Cheng-Tien (15.30%) , Yi Tong Fiber Co., Ltd. (12.15%) , I Jinn Industrial Co., Ltd. (11.44%)
I JINN INDUSTRIAL CO., LTD.	Nien Hsing Investment Ltd. (24.97%) , Guang Shun Investment Ltd. (18.07%) , Yi Tong Fiber Co., Ltd. (11.23%) , Ji Yuan Investment Ltd. (8.99%) , Bei Si Qiu Kai Investment Ltd. (6.68%) , Chan, Chiu-Yuan (4.95%) , Chen, Chun-Hsiang (3.12%) , Chen, Chun-Chieh (2.81%) , Bright Sequence Enterprise Ltd. (2.56%) , Kwang Ming Silk Mill Co., Ltd. (2.47%)
ZIG SHENG INDUSTRIAL CO., LTD.	Yi Sheng Investment Co.,Ltd. (9.92%) , Su, Pai-Huang (5.11%) , Su, Ching-Yuan (5.09%) , Qiang You Sheng Co., Ltd. (4.13%) , Yeh, Shou-Chun (3.70%) , Shuo Tsuen Co., Ltd. (3.61%) , Yeh, Tsung-Hao (2.35%) , Yeh Lan, Su-Chin (1.99%) , Su, Ching-Lang (1.62%) , Hao You Sheng Ltd. (1.42%)

Note: The disclosure of relevant information is limited to the data available to the company as of the annual report publication date.

## Information of Directors (2)

### Information on the Directors and Independent Directors Qualifications and Independence

Criteria Name	Qualifications and Experience	Independence	Number of Other Taiwanese Public Companies Concurrently Serving as an Independent Director
Chairman <b>Chan, Cheng-Tien</b>	Previously served as general manager and chairman in Yi Jinn Industrial Co., Ltd. (parent company), Chairman of Taiwan Textile Federation, R.O.C. Professional qualifications and experience in the textile industry. No circumstances as defined in Article 30 of the Company Act.	<ul style="list-style-type: none"> <li>➤ Serves as the Chairman of the Group's affiliated companies and the representative of the corporate director of the Company.</li> <li>➤ The remaining members have been verified in accordance with the independence criteria stipulated in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" issued by the Financial Supervisory Commission and continue to meet the relevant independence requirements.</li> </ul>	0
Director <b>Huang, Li-Hsuan</b>	Graduated from Department of Accounting, Tamkang University. Previously served as assistant manager at department of accounting of Sampo Corporation, commissioner, division chief, deputy chief officer, chief officer of accounting office in Taiwan Textile Federation, R.O.C. Currently serving as director of planning & administration office and chief accountant in Taiwan Textile Federation, R.O.C. Professional qualifications and experience in the textile industry and in accounting & finance. No circumstances as defined in Article 30 of the Company Act.	<ul style="list-style-type: none"> <li>➤ Serves as the representative of the corporate director of the Company.</li> <li>➤ Already in accordance with the independence criteria stipulated in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" issued by the Financial Supervisory Commission and continue to meet the relevant independence requirements.</li> </ul>	0
Director <b>Cheng, Yu-Jing</b>	Previously served as director or supervisor of in Yi Jinn Industrial Co., Ltd. (parent company) and the Group's affiliated companies. Professional qualifications and experience in the textile industry. No circumstances as defined in Article 30 of the Company Act.	<ul style="list-style-type: none"> <li>➤ Serves as the director or supervisor of the Group's affiliated companies and the representative of the corporate director of the Company.</li> <li>➤ The remaining members have been verified in accordance with the independence criteria stipulated in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" issued by the Financial Supervisory Commission and continue to meet the relevant independence requirements.</li> </ul>	0
Director <b>Li, Ye-Zhen</b>	Previously served as general manager and chairman of the company. Professional qualifications and experience in the textile industry. Currently serving as general manager of the company. No circumstances as defined in Article 30 of the Company Act.	<ul style="list-style-type: none"> <li>➤ Also serving as the general manager of the company, holding the position of a director with managerial status. Holds more than 1% of the Company's shares and is among the top 10 individual shareholders.</li> <li>➤ The remaining members have been verified in accordance with the independence criteria stipulated in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" issued by the Financial Supervisory Commission and continue to meet the relevant independence requirements.</li> </ul>	0
Director <b>Chan, Yi-Chin</b>	Previously served as director or supervisor in Yi Jinn Industrial Co., Ltd. (parent company) and the Group's affiliated companies. Professional qualifications and experience in the textile industry. Currently serving as director of Yi Jinn Industrial Co., Ltd. and Hung Chou Fiber Ind. Co., Ltd. (affiliated company). No circumstances as defined in Article 30 of the Company Act.	<ul style="list-style-type: none"> <li>➤ Has a second degree kinship with the representative of corporate shareholder of the company.</li> <li>➤ The remaining members have been verified in accordance with the independence criteria stipulated in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" issued by the Financial Supervisory Commission and continue to meet the relevant independence requirements.</li> </ul>	0

Criteria Name	Qualifications and Experience	Independence	Number of Other Taiwanese Public Companies Concurrently Serving as an Independent Director
Director <b>Jin, Jian-Zhang</b>	Previously served as supervisor of the company. Professional qualifications and experience in the textile industry. No circumstances as defined in Article 30 of the Company Act.	<ul style="list-style-type: none"> <li>➤ Serving as the representative of corporate shareholder of the company. Holds more than 1% of the Company's shares and is among the top 10 individual shareholders.</li> <li>➤ The remaining members have been verified in accordance with the independence criteria stipulated in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" issued by the Financial Supervisory Commission and continue to meet the relevant independence requirements.</li> </ul>	0
Independent Director <b>Yang, Hsiao-Chin</b>	Graduated from Dept. of Economics of Soochow University Commissioner, Deputy Director, Director of Taiwan Textile Federation, R.O.C. Professional qualifications and experience in the textile industry, accounting and finance. Currently serving as deputy secretary general of Taiwan Textile Federation, R.O.C., having capabilities in corporate governance, accounting information, financial analysis, and insights into industry development. No circumstances as defined in Article 30 of the Company Act.	<ul style="list-style-type: none"> <li>➤ According to the provisions of the Company's Articles of Association and Corporate Governance Code, independent directors are elected through a candidate nomination system. During the nomination and selection process, the Company has obtained written declarations, work experience, proof of current employment, and a family relationship chart provided by each independent director for verification. The independence of the individual, their spouse, and their relatives within three degrees kinship to the Company has been confirmed. Additionally, it has been verified that the three independent directors, both before their election and during their tenure, meet the qualification requirements set forth by the Financial Supervisory Commission in the 'Regulations Governing the Establishment of Independent Directors for Public Companies and Matters to Be Followed' and Article 14-2 of the Securities and Exchange Act. Furthermore, the independent directors have been granted the full right to participate in decision-making and express opinions, as stipulated by Article 14-3 of the Securities and Exchange Act, enabling them to independently execute their relevant duties.</li> </ul>	0
Independent Director <b>Liu, Yung-Fu</b>	Business Administration, National Taiwan University Partner Accountant of Deloitte Taiwan Having analysis and management capabilities in corporate governance, financial accounting, and business, helping to enhance the quality of board governance and the supervisory function of the audit committee. No circumstances as defined in Article 30 of the Company Act.		2
Independent Director <b>Hsu, Chi-Sheng</b>	Ph.D. of Dept. of Industrial Engineering and Management, National Yang Ming Tung University M.B.A. of Arthur D. Little, USA Manager of the Strategic Planning Department at EOSL, Special Assistant to the Director of the Information and Communications Research Laboratories, Head/Director of the International Collaboration Division at the Institutional Level, and Director of Cross-Strait and Asia-Pacific Affairs at the Industrial Technology Research Institute. Currently serving as Secretary General of Chinese Professional Management Association, leveraging the experience and perspective in managing services across different industries to provide diverse opinions on operations and management, allowing the company to adopt a more diversified approach in its management and strategic thinking. No circumstances as defined in Article 30 of the Company Act.		0

## Board Diversity and Independence

### Board Diversity

#### Diversity of the board of directors

The selection of the Company's directors should consider the overall composition of the board. The composition of the board members should take diversity into account and formulate appropriate diversification policies based on the Company's operations, business model, and development needs. In addition to considering factors such as gender, age, nationality, and culture, emphasis should also be placed on professional knowledge and skills, such as legal, accounting, industry, financial, or marketing expertise, as well as professional backgrounds, skills, and industry experience.

Specific management objectives of the diversity :

- Board members must have the ability for operational judgment, management, and leadership decision-making.
- The number of independent directors of the board must not be less than three, and they must account for no less than one-fifth of the total the board.
- The board must have at least one member with expertise in accounting and finance.
- The board must include at least one female director.

Board members should generally have the knowledge, skills, and qualities necessary to perform their duties, and the overall capabilities they should have are as follows :

- Operational judgment
- Accounting and financial analysis
- Management
- Crisis management
- Industry knowledge
- Global market perspective
- Leadership
- Decision making

The Company has elected 3 independent directors in the 17th term, achieving the goal of increasing the number of independent director and establishing an audit committee. Afterward, the company aims to select directors with different areas of expertise and skills to provide diverse perspectives and contributions, further enhancing the functions of the board. The current board consists of 9 directors, including 3 independent directors and 6 non-independent directors. The board has 4 female directors (44%). The board members have extensive experience and expertise in fields such as finance, business, and management, as detailed below. :

Title/Name	Diversity					
	Gender	Operational judgment	Accounting and financial	Management	Industry knowledge	Decision making
Director/ Yi Jinn Industrial Co., Ltd. Representative : Chan, Cheng-Tien	Male	v	v	v	v	v

Title/Name	Diversity	Gender	Operational judgment	Accounting and financial	Management	Industry knowledge	Decision making
Director/ Yi Jinn Industrial Co., Ltd. Representative : Huang, Li-Hsuan		Female	v	v	v	v	
Director/ Cheng, Yu-Jing		Female	v		v	v	v
Director/ Li, Ye-Zhen		Male	v	v	v	v	v
Director/ Chan, Yi-Chin		Female	v		v	v	
Director/ Fang Zhou Assets Management Co., Ltd. Representative : Jin, Jian-Zhang		Male	v		v	v	v
Independent director/ Yang, Hsiao-Chin		Female	v	v	v	v	v
Independent director/ Liu, Yung-Fu		Male	v	v	v		
Independent director/ Hsu, Chi-Sheng		Male	v		v		v

#### Board Independence

The nomination of the Company's directors (including independent directors) follows the provisions of the Articles of Association and adopts a candidate nomination system. In addition to evaluating the academic and professional qualifications of each candidate, the 'Director Nomination Process' and 'Corporate Governance Code' are adhered to, ensuring the diversity and independence of the board.

In the current list of the board, independent directors account for 33%. There are no familial relationships, such as those between spouses or relatives within the second degree, among the board, in compliance with Article 26-3, Sections 3 and 4 of the Securities and Exchange Act.

The independent directors, their spouses, and relatives within the second degree do not hold shares in the Company, nor have they served as directors, supervisors, or employees of the Company or its affiliated companies. They have not held positions as directors, supervisors, or employees of companies with specific relationships to the Company, nor have they received any remuneration in the past two years for providing business, legal, financial, accounting, or other services to the Company or its affiliates. Based on the above, the independent directors of the Company meet the regulatory requirements for independence.

The Company focuses the professional knowledge and skills of the directors. Upon reviewing the list of directors for the 17th term, all directors have

operational judgment, management, and leadership decision-making abilities. Directors Chan, Cheng-Tien, Huang, Li-Hsuan, Cheng, Yu-Jing, Li, Ye-Zhen, Chan, Yi-Chin, Jin, Jian-Zhang, and Yang, Hsiao-Chin have industry knowledge, while Directors Huang, Li-Hsuan, Yang, Hsiao-Chin, and Liu, Yung-Fu have accounting and financial analysis abilities.

## General Manager, Deputy General Manager, Senior manager, Departments and Branches Officer Information

Mar.31, 2025 Unit: thousand shares; %

Title/ Name	Nationality	Gender	On-board Date (Note 1)	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience and Education	Positions Concurrently Held in Other Companies	Spouse or Relatives within the First Two Degrees Holding Managerial Positions Title/Name/Relation
				Shares	%	Shares	%	Shares	%			
General manager <b>Li, Ye-Zhen</b>	R.O.C.	Male	May,1999	725	1.79	1	0.00	0	0.00	Graduated form Dept. of Marine Navigation of Chinese Maritime College General manager of Kwang Ming Silk Mill Co., Ltd.	No	None
Financial manager <b>Liu, Hsiao-Chun</b>	R.O.C.	Female	July, 2004	0	0.00	0	0.00	0	0.00	Graduated from Dept. of Business Administration, NCU Financial manager of Kwang Ming Silk Mill Co., Ltd.	No	None
Corporate Governance Officer <b>Lai, Yu-Min</b>	R.O.C.	Female	July, 2021	0	0.00	0	0.00	0	0.00	Graduated from graduate school Deputy general manager of Yi Jinn Industrial Co., Ltd.	Note1	None

Note1 : Directors of Yi Jinn Industrial Co., Ltd., Xin Mao Investment Co., Ltd., Da Tian International Development Co., Ltd, Da Yi International Development Co., Ltd, Nice Plaza Corp. and The First Leasing Corp. and corporate governance officers of Yi Jinn Industrial Co., Ltd. and Hung Chou Fiber Ind. Co., Ltd.

Note2 : The Chairman and the General Manager or equivalent executive (top management) of the company are not the same person, nor are they spouses or first-degree kinship.

## Remuneration of Directors, General Managers and Vice Presidents

### Remuneration Paid to Directors and Independent Directors

Unit: NT\$ thousand

Title	Name	Remuneration								Total Remuneration (A+B+C+D), and to Net Income (%)		Relevant Remuneration Received by Directors Who are Also Employees								Total Compensation (A+B+C+D+E+F+G), and to Net Income (%)		Compensation Paid to Directors from Non-consolidated Affiliates or Parent Company
		Base Compensation (A)		Severance Pay and Pensions (B)		Directors Compensation (C)		Allowances (D)				Salary, Bonuses, and Allowances (E)		Severance Pay and Pensions (F)		Employee Compensation (G)						
		Kwang Ming	All Consolidated Entities	Kwang Ming	All Consolidated Entities	Kwang Ming	All Consolidated Entities	Kwang Ming	All Consolidated Entities	Kwang Ming	All Consolidated Entities	Kwang Ming	All Consolidated Entities	Kwang Ming	All Consolidated Entities	Kwang Ming		All Consolidated Entities		Kwang Ming	All Consolidated Entities	
																Cash	Stock	Cash	Stock			
Director	Yi Jinn Industrial Co., Ltd.	0	0	0	0	400	400	0	0	400 0.16%	400 0.16%	0	0	0	0	0	0	0	0	400 0.16%	400 0.16%	No
	Rep.: Chan, Cheng-Tien	180	180	0	0	0	0	0	0	180 0.07%	180 0.07%	0	0	0	0	0	0	0	0	180 0.07%	180 0.07%	5,007
	Rep.: Huang, Li-Hsuan	180	180	0	0	0	0	0	0	180 0.07%	180 0.07%	0	0	0	0	0	0	0	0	180 0.07%	180 0.07%	No



Title	Name	Remuneration								Total Remuneration (A+B+C+D), and to Net Income (%)		Relevant Remuneration Received by Directors Who are Also Employees								Total Compensation (A+B+C+D+E+F+G), and to Net Income (%)		Compensation Paid to Directors from Non-consolidated Affiliates or Parent Company
		Base Compensation (A)		Severance Pay and Pensions (B)		Directors Compensation (C)		Allowances (D)				Salary, Bonuses, and Allowances (E)		Severance Pay and Pensions (F)		Employee Compensation (G)						
		Kwang Ming	All Consolidated Entities	Kwang Ming	All Consolidated Entities	Kwang Ming	All Consolidated Entities	Kwang Ming	All Consolidated Entities	Kwang Ming	All Consolidated Entities	Kwang Ming	All Consolidated Entities	Kwang Ming	All Consolidated Entities	Kwang Ming	All Consolidated Entities	Kwang Ming	All Consolidated Entities			
Director	Cheng, Yu-Jing	180	180	0	0	200	200	0	0	380 0.15%	380 0.15%	0	0	0	0	0	0	0	0	380 0.15%	380 0.15%	954
Director	Li, Ye-Zhen	180	180	0	0	200	200	0	0	380 0.15%	380 0.15%	1,471	1,471	107	107	0	0	0	0	1,958 0.78%	1,958 0.78%	No
Director	Chan, Yi-Chin	180	180	0	0	200	200	0	0	380 0.15%	380 0.15%	0	0	0	0	0	0	0	0	380 0.15%	380 0.15%	1,543
Director	Fang Zhou Assets Management Co., Ltd.	0	0	0	0	200	200	0	0	200 0.08%	200 0.08%	0	0	0	0	0	0	0	0	200 0.08%	200 0.08%	No
	Rep.: Jin, Jian-Zhang	180	180	0	0	0	0	0	0	180 0.07%	180 0.07%	0	0	0	0	0	0	0	0	180 0.07%	180 0.07%	No
Independent director	Yang, Hsiao-Chin	360	360	0	0	0	0	0	0	360 0.14%	360 0.14%	0	0	0	0	0	0	0	0	360 0.14%	360 0.14%	No
Independent director	Liu, Yung-Fu	360	360	0	0	0	0	0	0	360 0.14%	360 0.14%	0	0	0	0	0	0	0	0	360 0.14%	360 0.14%	No
Independent director	Hsu, Chi-Sheng	360	360	0	0	0	0	0	0	360 0.14%	360 0.14%	0	0	0	0	0	0	0	0	360 0.14%	360 0.14%	No
1.Directors and Independent Directors’ remuneration policies, procedures, standards and structure, as well as the linkage to responsibilities, risks and time spent: The remuneration to directors is determined in accordance with the provisions of the Articles of Association. If the Company is profitable in a given year, the board of directors shall allocate no more than 5% of the pre-tax net profit as director remuneration. In addition to considering the results of the director performance evaluation, the remuneration is also reviewed by the remuneration Committee, which assesses each director’s level of involvement and contribution to the Company’s operations, as well as the Company’s operational performance. Based on these factors, the remuneration Committee provides recommendations to the board of directors for approval.																						
2.In addition to what is disclosed in the above table, please specify the amount of remuneration received by directors in the most recent fiscal year for providing services (e.g., for serving as a non-employee consultant to the parent company /any consolidated entities / invested enterprises): None																						

## Remuneration of the General Manager & Vice General Manager

Unit: NT\$ thousand

Title/Name	Salary (A)		Severance Pay and Pensions (B)		Bonuses, and Allowances (C)		Employee Compensation (D)				Ratio of Total of A+B+C+D, and to Net After-tax Profit (%)		Compensation Paid to Directors
	Kwang Ming	All Consolidated Entities	Kwang Ming	All Consolidated Entities	Kwang Ming	All Consolidated Entities	Kwang Ming		All Consolidated Entities		Kwang Ming	All Consolidated Entities	from Non-consolidated Affiliates or Parent Company
							Cash	Stock	Cash	Stock			
General manager Li, Ye-Zhen	1,469	1,469	107	107	2	2	0	0	0	0	1,578 0.63%	1,578 0.63%	No

## Remuneration Payable to the Top 5 Department Heads

Unit: NT\$ thousand

Title/Name	Salary (A)		Severance Pay and Pensions (B)		Bonuses, and Allowances (C)		Employee Compensation (D)				Ratio of Total of A+B+C+D, and to Net After-tax Profit (%)		Compensation Paid to Directors from Non-consolidated Affiliates or Parent Company
	Kwang Ming	All Consolidated Entities	Kwang Ming	All Consolidated Entities	Kwang Ming	All Consolidated Entities	Kwang Ming		All Consolidated Entities		Kwang Ming	All Consolidated Entities	
							Cash	Stock	Cash	Stock			
General manager Li, Ye-Zhen	1,469	1,469	107	107	2	2	0	0	0	0	1,578 0.63%	1,578 0.63%	No
Financial manager Liu, Hsiao-Chun	732	732	48	48	26	26	0	0	0	0	806 0.32%	806 0.32%	60
Corporate Governance Officer Lai, Yu-Min	0	0	0	0	0	0	0	0	0	0	0 0.00%	0 0.00%	2,181

Note: Information on the top five highest paid executives before 2024.

## Remuneration of the Managers

Mar.10, 2025; Unit: NT\$ thousand

	Title	Name	Amount in stock	Amount in cash	Total	As a % of net profit
Manager	General manager	Li, Ye-Zhen	0	0	0	0.00%
	Financial manager	Liu, Hsiao-Chun	0	0	0	0.00%
	Corporate Governance Officer	Lai, Yu-Min	0	0	0	0.00%

An analysis of the total remuneration paid to the company's directors, general manager, and deputy general manager by the company and all consolidated entities over the past two years, as a percentage of individual or separate financial report after-tax net income. The analysis should also explain the remuneration policy, standards, and structure, the procedures for determining remuneration, and the correlation between remuneration, business performance, and future risks.

An analysis of the total remuneration for directors, general manager, and deputy general manager as a percentage of the after-tax profit or loss in the individual financial report.

Item Year	Directors		General Managers and Vice General Managers	
	Total remuneration	Ratios of the net profit after tax	Total remuneration	Ratios of the net profit after tax
2023	6,160 thousand	0.38%	4,302 thousand	0.26%
2024	3,360 thousand	1.34%	1,578 thousand	0.63%

The procedures for determining remuneration and its linkage to operational performance and future risks

The company determines the remuneration for directors (including independent directors) in accordance with applicable laws and Article 18 of the company's Articles of Incorporation. The allocated amount is recognized as an operating expense for the current year, while also considering factors such as the company's operational performance, potential future operational risks, transaction risks, financial risks, and other factors. The remuneration is also determined based on the results of the performance evaluation carried out in accordance with the board's performance assessment guidelines.

The remuneration paid to the company's executives is mainly divided into fixed salary and performance bonuses (including employee remuneration as stipulated in Article 18 of the Articles of Incorporation). The fixed salary is the monthly salary agreed upon with employees, while the performance bonus is remuneration based on achieving target performance. The determination of the fixed salary is handled in accordance with the company's "Salary Standards" and relevant internal control procedures and regulations. This part is not directly related to ESG-related performance evaluations, business performance, or future risks. The performance bonus, in addition to considering the overall operational performance and business development situation of the company, also takes into account individual performance achievement and contributions to the company, ensuring a tangible link between rewards and performance. Both are reviewed by the remuneration Committee and the Board of Directors, and processed according to the established schedule

## Corporate Governance Status

### Operation of the Board of Directors

The Board of Directors held 9 meetings in the most recent year, with attendance as follows :

Title	Name	Attendance in Person	Attendance by Proxy	Meetings eligible to attend	Actual Attendance	Remark
Chairman	Yi Jinn Industrial Co., Ltd. Rep. : Chan, Cheng-Tien	9	0	9	100.0%	2022.06.23 Reappointed
Director	Yi Jinn Industrial Co., Ltd. Rep. : Huang, Li-Hsuan	9	0	9	100.0%	2022.06.23 Assumed Office
Director	Cheng, Yu-Jing	9	0	9	100.0%	2022.06.23 Reappointed

Title	Name	Attendance in Person	Attendance by Proxy	Meetings eligible to attend	Actual Attendance	Remark
Director	Li, Ye-Zhen	9	0	9	100.0%	2022.06.23 Reappointed
Director	Chan, Yi-Chin	0	9	9	0.0%	2022.06.23 Assumed Office
Director	Fang Zhou Assets Management Co., Ltd. Rep. : Jin, Jian-Zhang	9	0	9	100.0%	2022.06.23 Assumed Office
Independent director	Yang, Hsiao-Chin	8	1	9	88.9%	2022.06.23 Reappointed
Independent director	Liu, Yung-Fu	9	0	9	100.0%	2022.06.23 Assumed Office
Independent director	Hsu, Chi-Sheng	8	1	9	88.9%	2022.06.23 Assumed Office

Other information required to be disclosed :

\* If any of the following circumstances exists, specify the board meeting date, meeting session number, content of the motion(s), the opinions of all the independent directors, and the measures taken by the Company based on the opinions of the independent directors :

(1) Any matter under Article 14-3 of the Securities and Exchange Act : The company has established an audit committee, so it is not applicable.

(2) In addition to the matters referred to above, any dissenting or qualified opinion of an independent director that is on record or stated in writing with respect to any board resolution. : No.

\* The status of implementation of refusals of directors with respect to any motions with which they may have a conflict of interest:

(1) Jan.18, 2024, 2023 Year-End Bonus Distribution Proposal: The following directors with a direct interest in the matter - Mr. Chan, Cheng-Tien, Ms. Cheng, Yu-Jing, Ms. Chan, Yi-Chin, and Mr. Li, Yeh-Chen - legally refused themselves from the discussion and voting due to conflicts of interest.

(2) Mar. 8, 2024, 2023 Employee and Director Bonus Distribution Proposal: The following directors with a direct interest in the matter - Mr. Chan, Cheng-Tien, Ms. Huang, Li-Hsuan, Ms. Cheng, Yu-Jing, Mr. Li, Yeh-Chen, Mr. Chin, Chien-Chang, and Ms. Chan, Yi-Chin, as well as the independent directors Ms. Yang, Hsiao-Chin, Mr. Liu, Yung-Fu, and Mr. Hsu, Chi-Sheng - legally refused themselves from the discussion and voting due to conflicts of interest.

(3) Nov.8, 2024 Donation Proposal to the "Jinn Xian Foundation": The following directors with a direct interest in the matter - Mr. Chan, Cheng-Tien, Ms. Cheng, Yu-Jing, and Ms. Chan, Yi-Chin - legally refused themselves from the discussion and voting due to conflicts of interest.

\* Evaluation cycle, period, scope, method and content of the board's self-evaluation :

Implementation of the board's self-evaluation

The results of the board's self-evaluation were submitted to the board of directors on March 10, 2025, as a reference for continuously enhancing the board's functions. The evaluation results have also been disclosed on the company's website for investors' reference.

Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation Content
Once a year	2024.01.01 To 2024.12.31	Individual Board Members	Self-Evaluation of Board Members	<ul style="list-style-type: none"> <li>➤ Mastery of company goals and tasks</li> <li>➤ Acknowledged the Directors' responsibilities</li> <li>➤ Participation in the operation of the company</li> <li>➤ Internal relationship management and communication</li> <li>➤ Director's professional and continuing education</li> <li>➤ Internal control</li> </ul>

Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation Content
Once a year	2024.01.01 To 2024.12.31	The Board of Directors as a Whole	Internal Evaluation	<ul style="list-style-type: none"> <li>➤ Participation in the operation of the Company</li> <li>➤ The decision-making quality of the board of directors</li> <li>➤ Composition and structure of board of directors</li> <li>➤ Selection of directors and continuing education</li> <li>➤ Internal control</li> </ul>
Once a year	2024.01.01 To 2024.12.31	Audit committee	Internal Evaluation	<ul style="list-style-type: none"> <li>➤ Participation in the operation of the company</li> <li>➤ Acknowledged the responsibilities of the Audit Committee</li> <li>➤ Improve the decision-making quality of the Audit Committee</li> <li>➤ Composition of the Audit Committee and selection of members</li> <li>➤ Internal control</li> </ul>
Once a year	2024.01.01 To 2024.12.31	Remuneration Committee	Internal Evaluation	<ul style="list-style-type: none"> <li>➤ Participation in the operation of the company</li> <li>➤ Acknowledged the responsibilities of the Remuneration Committee</li> <li>➤ Improve the decision-making quality of the Remuneration Committee</li> <li>➤ Composition of the Remuneration Committee and selection of members</li> <li>➤ Internal control</li> </ul>

\* Evaluation of the goals and implementation of strengthening the functions of the board in the current and previous years (such as establishing an audit committee, enhancing information transparency, etc.) :

(1) The company has established an audit committee and a compensation committee. For details on the committee members and their operations, please refer to the respective sections on the operation of the audit committee and the compensation committee.

(2) Attendance of independent directors at board meeting in 2024 :

● Attended in person ▲ Attended by proxy \*No applicable

Date Name	Jan.18	Mar.08	May.09	May.22	Jun.12	Aug.02	Sep.19	Nov.08	Dec.03
Yang, Hsiao-Chin	●	●	●	●	●	●	●	●	▲
Liu, Yung-Fu	●	●	●	●	●	●	●	●	●
Hsu, Chi-Sheng	●	●	●	●	●	●	▲	●	●

### Operation of the Audit Committee

The audit committee is established to assist the board of directors in fulfilling its supervisory responsibilities and is responsible for tasks assigned under the Company Act, the Securities and Exchange Act, and other relevant regulations. The key matters reviewed and annual task priorities of the committee include: the company's financial statements, audit and accounting policies and procedures, internal control systems, major asset or derivative transactions, significant loans and endorsements or guarantees, the issuance or offering of securities, the appointment, dismissal, or compensation of the accountant, the appointment or dismissal of financial, accounting, or internal audit officers, and matters involving conflicts of interest with directors.

The audit committee has the authority to conduct any appropriate reviews and investigations within its scope of responsibility and maintains direct communication channels with the company's internal audit personnel, accountant, and all employees. The company's audit committee is composed entirely of three independent directors. The operational status for the current year is detailed below :

The company established the audit committee on Jun.23, 2022, replacing the functions of supervisors in accordance with its charter and the Securities and Exchange Act.

In the recent years, the audit committee held 9 meetings. The attendance of independent directors is as follows :

Title	Name	Attendance in Person	Attendance by Proxy	Actual Attendance	Remark
Independent director	Yang, Hsiao-Chin	8	1	88.9%	2022.06.23 Reappointed
Independent director	Liu, Yung-Fu	9	0	100.0%	2022.06.23 Assumed Office
Independent director	Hsu, Chi-Sheng	8	1	88.9%	2022.06.23 Assumed Office

Other information required to be disclosed :

\* If any of the following circumstances exists, specify the audit committee meeting date, meeting session number, content of the motion(s), the content of any dissenting or qualified opinion or significant recommendation of the independent directors, the outcomes of audit committee resolutions, and the measures taken by the Company based on the opinions of the audit committee :

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

Meeting Date (Sessions)	Meeting content of the motion(s)	Audit committee opinions and the Company's responses to audit committee opinions
Jan.18, 2024 (9 <sup>th</sup> meeting of the 1st session)	<ul style="list-style-type: none"> <li>● Review of audit fee for the accountant</li> <li>● Amendment of general principles for the pre-approval policy on non-assurance services</li> </ul>	After the audit committee's resolution is passed, it is submitted to the board of directors, where the resolution is approved by all attending directors.
Mar.08, 2024 (10 <sup>th</sup> meeting of the 1st session)	<ul style="list-style-type: none"> <li>● Proposal for applying bank financing limits</li> <li>● Issue 2023 internal control system declaration</li> <li>● 2023 business report and financial statements</li> <li>● Appoint 2024 accountant and assess the independence and suitability</li> <li>● Amend the internal control management (board meeting rules)</li> <li>● Amend the articles of incorporation</li> <li>● Proposal for 2023 profit distribution</li> </ul>	After the audit committee's resolution is passed, it is submitted to the board of directors, where the resolution is approved by all attending directors.
May.09, 2024 (11 <sup>th</sup> meeting of the 1st session)	<ul style="list-style-type: none"> <li>● Financial statements of Q1, 2024</li> </ul>	After the audit committee's resolution is passed, it is submitted to the board of directors, where the resolution is approved by all attending directors.

Meeting Date (Sessions)	Meeting content of the motion(s)	Audit committee opinions and the Company's responses to audit committee opinions
May.22, 2024 (12 <sup>th</sup> meeting of the 1st session)	<ul style="list-style-type: none"> <li>● Proposal for the disposal of real estate in Xizhi district, New Taipei City</li> </ul>	After the audit committee's resolution is passed, it is submitted to the board of directors, where the resolution is approved by all attending directors.
Jun.12, 2024 (13 <sup>th</sup> meeting of the 1st session)	<ul style="list-style-type: none"> <li>● Proposal for the disposal of real estate in Nangang district, Taipei City</li> </ul>	After the audit committee's resolution is passed, it is submitted to the board of directors, where the resolution is approved by all attending directors.
Aug.02, 2024 (14 <sup>th</sup> meeting of the 1st session)	<ul style="list-style-type: none"> <li>● 2024 first half-year business report and financial statements</li> <li>● Proposal for 2024 first half-year profit distribution</li> <li>● Proposal for the disposal of real estate in Xizhi district, New Taipei City</li> </ul>	After the audit committee's resolution is passed, it is submitted to the board of directors, where the resolution is approved by all attending directors.
Sep.19, 2024 (15 <sup>th</sup> meeting of the 1st session)	<ul style="list-style-type: none"> <li>● Proposal for the disposal of real estate in Xizhi district, New Taipei City</li> <li>● Proposal for applying bank financing limits</li> </ul>	After the audit committee's resolution is passed, it is submitted to the board of directors, where the resolution is approved by all attending directors.
Nov.08, 2024 (16 <sup>th</sup> meeting of the 1st session)	<ul style="list-style-type: none"> <li>● Financial statement of Q3, 2024</li> <li>● Proposal to increase the authorized investment limit for securities in the centralized market</li> <li>● Amend the internal control management (audit committee organizational regulations, sustainability management and internal control system self-assessment procedures)</li> <li>● Proposal for the donation to Jinn Xian Foundation</li> </ul>	After the audit committee's resolution is passed, it is submitted to the board of directors, where the resolution is approved by all attending directors.
Dec.03, 2024 (17 <sup>th</sup> meeting of the 1st session)	<ul style="list-style-type: none"> <li>● 2025 audit plan</li> <li>● Proposal for the disposal of real estate in Nangang district, Taipei City</li> </ul>	After the audit committee's resolution is passed, it is submitted to the board of directors, where the resolution is approved by all attending directors.

(2) In addition to the matters referred to above, any matter that was not approved by the audit committee but was approved by a two-thirds or greater majority resolution of the board of directors: No

- \* Implementation of refusals of independent directors with respect to any motions with which they may have a conflict of interest: specify the independent director's name, the content of the motion, the cause for refusal, and whether and how the independent director voted.: No
- \* Communication between independent directors, internal audit supervisors and CPAs (including significant matters, methods and results of communication regarding the company's financial and business conditions) :
  - (1) The audit manager, in addition to submitting the audit report (or follow-up report) for review by the audit committee in the month following the completion of the audit (or follow-up items), attending the company's board meetings to report on audit activities, also regularly reports to the audit committee on the annual audit activities and the self-assessment of the internal control system. The audit committee has no objections °
  - (2) The company's audit committee is composed of all independent directors. The accountants present a quarterly report to the independent directors on important audit (or review) matters and the results of the audit (or review). They engage in thorough communication regarding any legal amendments that may impact the company's operations or financial situation. Additionally, the accountants may directly contact the independent directors as needed, and communication is well-maintained. The company holds regular annual meetings between independent directors, accountants, and audit managers. For more details, please refer to the company's website.



Corporate governance practices and their differences from the practices specified in the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons

Evaluation item	Current Status			Differences from the Practices Specified in the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Brief Explanation	
1. Has the Company established and disclosed its Corporate Governance Best-Practice Principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?	v		The company has established a "Corporate Governance Principle" in reference to the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies," and it is disclosed on the company's website for download and reference. In addition to complying with legal and regulatory requirements, the company's corporate governance system has been designed to establish an effective governance structure, protect shareholders' rights, strengthen the functions of the board of directors, respect the interests of stakeholders, and enhance information transparency.	Compliant with the Corporate Governance Best Practice Principles.
2. Shareholding Structure and Shareholders' Rights				
(1) Does the Company have Internal Operation Procedures or handling shareholders' suggestions, concerns, disputes and litigation matters? If yes, have these procedures been implemented accordingly?	v		(1) The company has established a shareholder operation procedure within its internal control system to handle various shareholder inquiries and matters related to their rights. Additionally, a spokesperson channel is in place to provide timely responses to shareholders' concerns.	Compliant with the Corporate Governance Best Practice Principles.
(2) Does the company know the entity of its major shareholders and the parties with ultimate control of the major shareholders	v		(2) The company monitors the shareholders' holding based on the register of members as of the share transfer suspension date, and the information on changes in shareholding reported monthly by insiders in accordance with regulations.	
(3) Has the company built and implemented a risk management system and a firewall between the Company and its affiliates?	v		(3) The company manages risks through the implementation of internal control systems and related operational procedures.	
(4) Has the company established internal	v		(4) The company has established the "Insider Trading	

Evaluation item	Current Status			Differences from the Practices Specified in the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Brief Explanation	
rules prohibiting insider trading of securities based on undisclosed information?			Prevention Management Procedures," which explicitly state that directors, managers, and employees must not disclose any internal major information to others, must not inquire about or collect company information unrelated to their personal duties from individuals who are aware of the company's internal major information, and must not disclose internal major information to others if they learn it through non-business-related means. Additionally, the company's Corporate Governance Principles and Insider Trading Prevention Measures have been updated to include provisions (but not limited to) stating that directors are prohibited from trading stocks during the closed period, which is 30 days prior to the annual financial report announcement and 15 days before each quarterly financial report announcement. Furthermore, during each board meeting, the company will inquire about and notify directors, meeting participants, and employees who have access to relevant information about the closed trading period and related legal guidelines.	
3. Composition and responsibilities of the board of directors (1) Have a diversity policy and specific management objectives been adopted for the board and have they been fully implemented?	v		(1) The composition of the company's board of directors is determined by considering professional experience, gender, age, and educational background. Through a diversity of perspectives that complement one another, the board aims to enhance its overall functionality. The nomination of the company's independent directors complies with legal regulations and follows a candidate nomination system. In addition to evaluating candidates' academic and professional qualifications, the company adheres to the	No significant difference

Evaluation item	Current Status			Differences from the Practices Specified in the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Brief Explanation	
(2) Has the Company voluntarily established other functional committees in addition to the remuneration committee and the audit committee?		v	<p>"Procedures for Election of Directors " to ensure the diversity and independence of board members. Considering the current company's board members, each director possesses operational judgment, business management, and leadership decision-making abilities. Directors Chan, Cheng-Tien, Huang, Li-Hsuan, Cheng, Yu-Jing, Li, Yeh-Chen, Chan, Yi-Chin, Chin, Chien-Chang and Yang, Hsiao-Chin have industry expertise, while directors Huang, Li-Hsuan, Yang, Hsiao-Chin, and Liu, Yung-Fu have accounting and financial analysis skills. The company elected an additional independent director at the 2022 shareholders' meeting, achieving the goal of establishing an audit committee. Please refer to Section II of "Corporate Governance Report," for information on the diversity and independence of the board of directors.</p> <p>(2) The company has established a compensation committee and an audit committee in accordance with the regulation. Other functional committees will be established as needed based on the company's operations and legal requirements.</p>	
(3) Has the company established rules and methodology for evaluating the performance of its Board of Directors, implemented the performance evaluations on an annual basis, and submitted the results of performance evaluations to the board of directors and used them as reference in determining salary/remuneration for individual directors and their		v	<p>(3) The company has established a Board Performance Evaluation Method and assessment procedures. An annual performance evaluation is conducted, and the results are reported to the board of directors. These results serve as a reference for continuously enhancing the board's functions. For detailed evaluation results, please refer to the company's website.</p>	

Evaluation item	Current Status			Differences from the Practices Specified in the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Brief Explanation	
nomination and additional office terms? (4) Does the company regularly evaluate its accountant independence?	v		(4) The company conducts an annual evaluation of the independence and suitability of the appointed accountants and requires them to provide a "Independent Auditor's Report". After verification, the company confirms that the accountants have no financial interests or business relationships with the company other than fees related to certification and tax-related matters. The assessment of the accountants' independence and suitability for the year 2024, based on the Audit Quality Indicators (AQI), was approved by the board of directors on Mar.08, 2024. For details on the evaluation process, please refer to Section VI of the annual report under Other Necessary Supplemental Explanations.	
4. Does the TWSE/TPEX listed company have in place an adequate number of qualified corporate governance officers and has it appointed a chief corporate governance officer with responsibility corporate governance practices (including but not limited to providing information necessary for directors and supervisors to perform their duties, aiding directors and supervisors in complying with laws and regulations, organizing board meetings and annual general meetings of shareholders as required by law, and compiling minutes of board meetings and annual general meetings)?	v		Since 2021, the company has appointed a corporate governance officer to safeguard shareholders' rights and enhance the functionality of the board of directors. The corporate governance officer has more than 3 years of experience in financial management for a publicly listed company. The primary responsibilities include handling matters related to the board of directors, functional committees, and shareholders' meetings in accordance with legal requirements, as well as preparing meeting minutes. Additionally, the officer assists directors in assuming their positions and continuing their education, provides necessary information for business execution, and ensures compliance with relevant regulations. The corporate governance officer works in coordination with relevant departments to oversee corporate governance affairs. The execution of business operations in 2024 is as follows : (1) Handling meeting of the board of directors, functional	Compliant with the Corporate Governance Best Practice Principles.

Evaluation item	Current Status			Differences from the Practices Specified in the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Brief Explanation	
			<p>committees, and shareholders' meeting in compliance with legal requirements. Preparing meeting minutes for the board of directors, functional committees, and shareholders' meetings: Drafting agendas for the board of directors and functional committee meetings and notifying directors and committee members at least 7 days in advance. Convening meetings and providing relevant meeting materials. Providing prior reminders regarding conflict-of-interest refusal when necessary. Completing meeting minutes within 20 days after the meeting.</p> <p>(2) Assisting directors with appointment and ongoing training. The directors has completed the legally required training for the year 2024.</p> <p>(3) Providing directors with the necessary information for business operations. °</p> <p>(4) Assisting directors in complying with laws and regulations :</p> <ol style="list-style-type: none"> <li>1. Confirming whether the convening of the board of directors, functional committees, and shareholder meetings complies with relevant laws and corporate governance guidelines.</li> <li>2. Assisting directors in complying with regulations when executing business or making formal resolutions at board meetings.</li> <li>3. Reviewing the release of major information following board meetings to ensure the legality and accuracy of the information disclosed.</li> </ol> <p>The corporate governance officer undergoes regular annual training. For the training details of the year 2024, please refer to Section VI, Special Notes on Manager's Training.</p>	
5. Has the company established channel for	v		The company communicates with stakeholders through	Compliant with the Corporate Governance Best

Evaluation item	Current Status			Differences from the Practices Specified in the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Brief Explanation	
communicating with its stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) and created a stakeholders section on its company website? Does the Company appropriately respond to stakeholders' questions and concerns on important corporate social responsibility issues?			channels based on the nature and type of the stakeholder matters. Relevant departments and units handle direct contact with stakeholders.  A dedicated "Stakeholder" section has been established on the website, providing contact information for the spokesperson, deputy spokesperson, and other investor relations contacts, ensuring smooth communication channels.	Practice Principles.
6. Has the company appointed a professional shareholder services agent to handle matters related to its shareholder meetings?	v		The company has appointed the professional stock affairs agency, "Grand Fortune Securities Co., Ltd.," to handle shareholder meeting matters.	Compliant with the Corporate Governance Best Practice Principles.
7. Information Disclosure (1) Has the Company established a corporate website to disclose information regarding its financial, business, and corporate governance status?	v		(1) The company has set up an official website to disclose financial, business, corporate governance, and other significant information. The company website is <a href="http://www.kwangming.com">www.kwangming.com</a>	No significant difference
(2) Does the Company use other information disclosure channels (e.g., maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, website investors conference etc.)?		v	(2) The company's website currently only offers a Chinese version, with relevant departments responsible for collecting and disclosing information. This ensures that information potentially affecting shareholders and stakeholders' decisions is disclosed in a timely and appropriate manner. The company has designated spokespersons and deputy spokespersons to implement the spokesperson system.	The English version of the website is still under evaluation.
(3) Does the company publish and report its annual financial report within two months after the end of the fiscal year,		v	(3) The annual financial report has not yet been announced and filed within two months after the end of the fiscal year. However, the financial reports for the first, second, and third	The annual financial report is still under evaluation.

Evaluation item	Current Status			Differences from the Practices Specified in the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Brief Explanation	
and publish and report its financial reports for the first, second, and third quarters as well as its operating statements for each month before the specified deadlines?			quarters, as well as the monthly operational performance, are announced and filed ahead of the required deadlines.	
8. Has the company disclosed other information to facilitate a better understanding of its corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' continuing education, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing liability insurance for directors and supervisors)?	v		<p>(1) Employee rights &amp; care : The company ensures employee rights in accordance with Labor Standards Act and has established "Work Rules" that detail employee rights and work regulations.</p> <p>(2) Investor's relations : A dedicated service team and shareholder affairs unit handle shareholder suggestions.</p> <p>(3) Supplier relations : The company has maintained a good relationship with its suppliers.</p> <p>(4) Stakeholder rights : A "Stakeholder" section has been created on the company website, allowing stakeholders to communicate and offer suggestions to protect their legitimate rights.</p> <p>(5) Director training : Please refer to the annual report section VIII for additional details</p> <p>(6) Implementation of risk management policies and risk measurement standards : The company complies with relevant laws to execute various activities and has established standard operating procedures to minimize and avoid potential risks.</p> <p>(7) Implementation of customer policies : The company maintains stable and good relationships with customers to generate profits.</p> <p>(8) Liability insurance for directors and important employees : The company has purchased liability insurance for all directors and important employees and has reported it to</p>	No significant difference

Evaluation item	Current Status			Differences from the Practices Specified in the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Brief Explanation	
			the board of directors.	
9. Please describe improvements that have already been made based on the Corporate Governance Evaluation results released for the most recent fiscal year by the Corporate Governance Center, Taiwan Stock Exchange, and specify the priority enhancement objectives and measures planned for any matters still awaiting improvement. (If the Company was not included among the companies evaluated for the given recent year, this item does not need to be completed.) : The result of the 9th corporate governance evaluation (evaluation year 2023) ranked in the range of 51% to 65%. The company strictly adheres to the evaluation criteria by the competent authorities and strives to achieve high scores in the respective indicators. However, due to considerations of financial costs and effectiveness, certain evaluation indicators have not yet been planned for implementation. The company will continue to strengthen efforts based on the evaluation indicators				

#### Disclosure of composition and operation of remuneration committee

The remuneration committee aims to assist the board of directors in executing and evaluating the company's overall compensation and benefits policy, as well as the remuneration of executives. The company's remuneration committee is composed of 3 independent directors.

#### Information on Remuneration Committee Members

Mar.31, 2025

Title / Name	Criteria	Qualifications and Experience	Independence	Number of Other Taiwanese Public Companies Concurrently Serving as a Compensation Committee Member
Convener Independent director <b>Yang, Hsiao-Chin</b>		Please refer to the relevant content in Chapter 2 of the directors and supervisors information of the report.	Same as left	0
Independent director <b>Liu, Yung-Fu</b>		Please refer to the relevant content in Chapter 2 of the directors and supervisors information of the report.	Same as left	2
Independent director <b>Hsu, Chi-Sheng</b>		Please refer to the relevant content in Chapter 2 of the directors and supervisors information of the report.	Same as left	0

#### Operation of the Remuneration Committee

The Company's remuneration committee has a total of 3 members.

The term of the current members is from Jun. 23, 2022 to Jun. 22, 2025. The number of remuneration committee meetings held in the most recent fiscal year was 2. The attendance by the members was as follows :



Title	Name	Attendance in Person	Attendance by Proxy	Meetings eligible to attend	Actual Attendance	Remark
Committee Convenor	Yang, Hsiao-Chin	2	0	2	100.0%	2022.06.23 Reappointed
Member	Liu, Yung-Fu	2	0	2	100.0%	2022.06.23 Assumed Office
Member	Hsu, Chi-Sheng	2	0	2	100.0%	2022.06.23 Assumed Office

Other information required to be disclosed :

\* If the board of directors does not accept, or amends, any recommendation of the remuneration committee, specify the board meeting date, meeting session number, content of the recommendation(s), the outcome of the resolution(s) of the board of directors, and the measures taken by the Company with respect to the opinions given by of the remuneration committee (e.g., if the salary/remuneration approved by the board is higher than the recommendation of the remuneration committee, specify the difference(s) and the reasons) : No

\* With respect to any matter for resolution by the remuneration committee, if there is any dissenting or qualified opinion of a committee member that is on record or stated in writing, specify the remuneration committee meeting date, meeting session number, content of the motion, the opinions of all members, and the measures taken by the Company with respect to the members' opinion : No

\* The Results of the remuneration committee and the company's handling for member's opinions :

Meeting Date (Session)	Content of motion	Results of the remuneration committee and the company's handling for member's opinions
Jan.18, 2024 (5 <sup>th</sup> meeting of the 5 <sup>th</sup> session)	● Proposal for 2023 annual year-end bonus distribution.	The remuneration committee's resolution was submitted to the board of directors, and it was approved as proposed by the resolution of all attending directors.
Mar.08, 2024 (6 <sup>th</sup> meeting of the 5 <sup>th</sup> session)	● Proposal for 2023 distribution of employee's and director's remuneration.	

The members' information and state of operations of the Nomination Committee: Not applicable.

The status of the company's promotion of sustainable development, any variance from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such variance

Evaluation Item	Current Status			Variance from the Practices Specified in the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Brief Explanation	
1. Has the company established a governance framework for promoting sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the board of directors authorized senior management to handle related matters under the supervision of the board?	v		<ul style="list-style-type: none"> <li>➤ On November 8, 2024, the company established the “Sustainable Information Management Guidelines” to promote a sustainable development organizational structure. The “Sustainable Development Promotion Task Force” under the board of directors is responsible for various coordination tasks. This task force is headed by the corporate governance officer, who is in charge of formulating and managing objectives to achieve sustainable development policies. The task force complies with relevant regulations and international standards on sustainability information disclosure, ensuring the disclosure of relevant and reliable sustainability information to enhance transparency</li> <li>➤ The Sustainable Development Promotion Task Force addresses 3 key dimensions: “Corporate Governance”, “Social Responsibility”, and “Environmental Sustainability”. It convenes relevant department heads to jointly set annual action plans and goals. The task force integrates and utilizes organizational resources, tracks implementation performance, and compiles the results annually into a “corporate sustainability report”, which is submitted to the board of directors</li> </ul>	Consistent with the practical principles for sustainable development.
2. Does the company conduct risk assessments of environmental, social and corporate governance (ESG) issues related to the company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies?		v	Not yet established.	Will be implemented as needed or in accordance with regulations.

Evaluation Item	Current Status			Variance from the Practices Specified in the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Brief Explanation	
3. Environmental Issues				
(1) Has the Company set an environmental management system designed to industry characteristics?	v		<ul style="list-style-type: none"> <li>➤ The temperature settings in offices and plant comply with environmental protection policies, and lights are turned off when not in use to avoid wasting resources.</li> <li>➤ Waste disposal complies with relevant regulations under the Waste Disposal Act.</li> </ul>	No significant discrepancies.
(2) Does the company endeavor to use energy more efficiently and to use renewable materials with low environmental impact?	v		<ul style="list-style-type: none"> <li>➤ Committed to improving resource utilization efficiency (e.g., recycling and reusing office paper, and recycling materials such as on-site cardboard boxes, waste yarn, and scrap metal) to reduce the impact on the natural environment.</li> <li>➤ The eco-friendly yarn produced by the company has obtained the Global Recycled Standard (GRS) certification.</li> </ul>	No significant discrepancies.
(3) Has the company evaluated the potential risks and opportunities posed by for its business now and in the future and adopted relevant measures to address them	v		<ul style="list-style-type: none"> <li>➤ The company has planned the greenhouse gas inventory and verification schedule, and the subsequent implementation progress will be reported to the board of directors on a quarterly basis for oversight.</li> </ul>	No significant discrepancies.
(4) Did the company collect data for the past two years on greenhouse gas emissions, volume of water consumption, and the total weight of waste, and establish policies for greenhouse gas reduction, reduction of water consumption, or management of other wastes?	v		The Company conducts the greenhouse gas inventory in accordance with the ISO 14064-1:2018 standard and has issued a Greenhouse Gas Inventory Report (data coverage: Guishan Plant – No. 29, Hongzhou Street, Guishan District, Taoyuan City). Relevant information for the past two years is as follows: external verification for the year 2023 has been obtained from the Taiwan Testing and Certification Center, while external verification for the year 2024 had not yet been conducted as of the annual report publication date :	No significant discrepancies.

Evaluation Item	Current Status			Variance from the Practices Specified in the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons		
	Yes	No	Brief Explanation			
			Item/Year	2024	2023	
			Direct emissions (Category 1, i.e. scope 1) Emmissions (tons CO <sub>2</sub> e)	23.4265	22.3036	
			Indirect emissions (Category 2, i.e. scope 2) Emmissions (tons CO <sub>2</sub> e)	10,246. 3604	9,043.6244	
			Indirect emissions (Category 3~6, i.e. scope 3) Emmissions (tons CO <sub>2</sub> e)	84,349.9631	66,475.1856	
			Total greenhouse gas emmissions (tons CO <sub>2</sub> e)	94,619.433	75,541.114	
			Water consumption (metric tons)	20,983	24,810	
			Hazardous waste (metric tons)	0	0	
			Non-hazardous (general) waste (metric tons)	11.32	17.25	
			The company’s greenhouse gas reduction policy takes year 2022 as the base year, aiming for a 30% reduction in greenhouse gas emissions by 2030 and achieving net-zero emissions by 2050. The goals for water conservation and waste reduction are set at 5%. Water-saving focus on increasing rainwater storage facilities, adjusting water valve flow, and installing water-saving devices on faucets. Waste management emphasizes proper sorting and recycling, waste reduction, and the reuse of packaging materials.			
4. Social Issues (1) Has the company formulated relevant management		v	Relevant regulations are established in accordance with Labor	No significant discrepancies.		

Evaluation Item	Current Status			Variance from the Practices Specified in the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Brief Explanation	
policies and procedures in accordance with relevant laws and regulations and international human rights conventions?			Standards Act to protect employee rights, and labor-management meetings are held in compliance with legal requirements to promote harmonious labor relations.	
(2) Has the company established and implemented reasonable employee welfare measures (include salary/remuneration, leave, and other benefits), and are business performance or results appropriately reflected in employee salary/remuneration?	v		The company follows the "Labor Standards Act" and relevant regulations in establishing various employee compensation and benefit measures. Total compensation includes base salary, allowances, employee bonuses, and remuneration. It is determined based on employees' professional knowledge and skills, job responsibilities, performance, and long-term contributions, aligned with the company's operational goals. For detailed information, please refer to Chapter V, Section 5 Labor Relations of this annual report. Employee compensation and leave entitlements fully comply with government regulations. The company's operational performance and achievements are appropriately reflected in employee compensation, with performance bonuses awarded based on evaluation results, allowing employees to share in the company's success.	No significant discrepancies.
(3) Does the Company provide employees with a safe and healthy working environment, and implement regular safety and health education for employees?	v		<ul style="list-style-type: none"> <li>➤ In accordance with labor safety and health regulations, each division is equipped with a first aid kit. Safety and health education and information are provided to employees annually.</li> <li>➤ Qualified institutions are regularly commissioned to conduct on-site noise monitoring in the work environment. In compliance with regulations, general health checkups and special physical examinations (noise) are conducted for employees to help them understand their personal health status.</li> <li>➤ A contract for on-site health services has been signed with "Taipei Skypark Medical Clinic" to provide occupational health</li> </ul>	No significant discrepancies.

Evaluation Item	Current Status			Variance from the Practices Specified in the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Brief Explanation	
			<p>services in accordance with the Regulations Governing the Labor Health Protection. Regular labor health education and psychological counseling are conducted to promote employee well-being.</p> <ul style="list-style-type: none"> <li>➤ No occupational accidents occurred during the year.</li> <li>➤ There were no incidents of fire or casualties during the year. Dry powder extinguishers, carbon dioxide extinguishers, and fire hydrants are installed throughout the premises. In accordance with regulations, two self-defense fire drills and inspections are conducted annually.</li> <li>➤ Renew fire and accidental damage insurance every year.</li> </ul>	
(4) Has the company established effective career development training programs for employees?	v		The company provides relevant internal and external professional training to enhance employees' career skills. These training include onboarding training for new employees, professional development for current staff, and leadership training for management.	No significant discrepancies.
(5) Does the company comply with the relevant laws and international standards with regards to customer health and safety, customer privacy, and marketing and labeling of products and services, and implement consumer protection and grievance policies?	v		At present, there are no relevant laws or international standard requirements; however, the company places great importance on consumer rights. Committed to promptly addressing customer complaints and providing comprehensive product information, the company has established management guidelines for handling complaints and has disclosed reporting channels in the stakeholder section on the official website.	No significant discrepancies.
(6) Has the company formulated supplier management policies requiring suppliers to comply with relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and what is the status of their implementation?	v		The company has not evaluated whether suppliers have any records of environmental or social impact; however, all suppliers undergo an annual assessment.	No significant discrepancies.

Evaluation Item	Current Status			Variance from the Practices Specified in the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Brief Explanation	
5. Does the company refer to international reporting standards or guidelines when preparing its sustainability report and other reports disclosing non-financial information? Does the company obtain third party assurance or certification for the reports above?		v	No	Will be implemented as needed or in accordance with regulations.
<p>6. If the Company has adopted its own sustainable development best practice principles based on the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, please describe any deviation from the principles in the Company's operations:</p> <p>In accordance with regulations, the company has established a "Sustainable Development Best Practice Principles." On November 8, 2024, the board of directors approved the formulation of the "Sustainability Information Management Guidelines." The "Sustainable Development Promotion Task Force" is responsible for carrying out related tasks. This task force, focusing on the three aspects of corporate governance, social responsibility, and environmental sustainability, brings together department chief manager to jointly set annual initiatives and targets. The company plans to compile the 2024 Corporate Sustainability Report next year and submit it to the board of directors.</p>				
<p>7. Other important information to facilitate better understanding of the company's promotion of sustainable development:</p> <p>(1) The company is driven by quality, embedding quality awareness throughout the entire process of production, customer service, and product delivery. The company has obtained the ISO 9001:2015 Quality Management System Certification (valid from January 19, 2024, to January 18, 2027), ensuring consistency in all quality-related activities for the manufacturing and sales of DTY polyester textured yarn, and serving as a foundation for continuous performance improvement.</p> <p>(2) In terms of regional environmental protection, the company's waste disposal complies with relevant environmental regulations. For resource recycling and reuse, the company has obtained the Global Recycled Standard (GRS) Certification (valid until July 25, 2025). In accordance with fire safety regulations, "No Open Flames" signage is clearly posted, and fire extinguishing equipment is widely installed, keeping staff alert and safety-aware at all times.</p>				

Ethical Corporate Management – Implementation Status and Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons

Evaluation Item	Current Status			Variance from the Practices Specified in the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Brief Explanation	
1. Establishment of ethical corporate management policies and programs				
(1) Does the company have an ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?	v		(1) The company's "Ethical Corporate Management Best Practice Principles," approved by the board of directors, clearly state the company's commitment to operating with integrity, transparency, and accountability. Based on these principles, the company has established integrity-based policies and built sound corporate governance and risk control mechanisms to create a sustainable business environment. The board of directors and management are fully committed to implementing the ethical corporate management policy and ensuring the effective execution in internal management and business activities.	In compliance with Ethical Corporate Management Best Practice Principles.
(2) Whether the company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates, within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in Article 7, paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPE Listed Companies?	v		(2) When the company signs the contracts with other parties, the terms include compliance with the ethical corporate management policy. If the counterparty is involved in any illegal activities, the company reserves the right to terminate or cancel the contract at any time.	In compliance with Ethical Corporate Management Best Practice Principles.
(3) Does the company clearly set out the operating procedures behavior guidelines, and punishment and appeal system for violations in the unethical conduct prevention program,	v		(3) The company has clearly defined whistleblowing and disciplinary procedures for violations in the unethical conduct prevention program. All employees are strictly required to	In compliance with Ethical Corporate Management Best Practice Principles.



Evaluation Item	Current Status			Variance from the Practices Specified in the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Brief Explanation	
implement it, and regularly review and revise the plan?			comply, and dishonest behavior is strictly prohibited. Relevant laws and regulations are regularly reviewed and followed for necessary updates and revisions.	
2. Ethical Management Practice				
(1) Does the company assess the ethics records of those it has business relationships with and include ethical conduct related clauses in the business contracts?	v		(1) The company conducts the business activities in an upright and pragmatic manner. In addition to considering the integrity of business partners and the company's past record, terms related to compliance with the ethical corporate management policy are included. Furthermore, the management and employees are required to comply with relevant laws, regulations, and other legal provisions related to business conduct when performing their duties, as a fundamental premise for implementing ethical management.	In compliance with Ethical Corporate Management Best Practice Principles.
(2) Has the company set up a dedicated unit to promote ethical corporate management under the board of directors, and does it regularly (at least once a year) report to the board of directors on its ethical corporate management policy and program to prevent unethical conduct and monitor their implementation?		v	(2) The company doesn't set up the unit.	Set up as needed or as required by law and regulations.
(3) Has the company established policies to prevent conflict of interests, provided appropriate communication and complaint channels, and properly implemented such policies?	v		(3) The company's "Code of Ethical Conduct" clearly outlines provisions to prevent conflicts of interest. In terms of interest avoidance for directors and managers, the company provides appropriate channels for them to proactively disclose any potential conflicts of interest with the company. Directors, adhering to high standards of self-discipline, may present their opinions and respond to inquiries on matters listed by the	No significant discrepancies.

Evaluation Item	Current Status			Variance from the Practices Specified in the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Brief Explanation	
(4) Does the company have effective accounting and internal control systems in place to enforce ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit compliance with the systems to prevent unethical conduct or hire outside accountants to perform the audits?	v		board that involve their personal interests and may harm the company's interests. However, they are not allowed to participate in the discussion or voting on such matters. (4) Established an effective accounting system and internal control system and regularly reviewed to ensure the design and implementation of these systems remain effective. The company's internal audit personnel also conduct regular audits to assess compliance with these systems and prepare audit reports for submission to the board of directors.	No significant discrepancies.
(5) Does the company provide internal and external ethical corporate management training programs on a regular basis?	v		(5) In addition to periodically promoting awareness among employees through internal meetings, the company also arranges for directors and supervisors to participate in external training or sends employee to attend courses or seminars related to corporate governance and integrity organized by external parties. The goal is to strengthen awareness and effectively implement the concept of ethical management.	No significant discrepancies.
3. Implementation of Complaint Procedures				
(1) Has the company established specific whistle-blowing and reward procedures, set up conveniently accessible whistle-blowing channels, and appointed appropriate personnel specifically responsible for handling complaints received from whistle-blowers?	v		(1) Stakeholders who discover any violations of integrity or incidents that may harm the company's interests may file a complaint or report the issue online.	No significant discrepancies.
(2) Has the company established standard operation procedures for investigating the complaints received, follow-up measures taken after investigation, and	v		(2) The company's Ethical Corporate Management Best Practice Principles clearly state that during the investigation process, the confidentiality of the whistleblower's identity and the	No significant discrepancies.

Evaluation Item	Current Status			Variance from the Practices Specified in the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Brief Explanation	
mechanisms ensuring such complaints are handled in a confidential manner? (3) Has the company adopted proper measures to protect whistle-blowers from retaliation for filing complaints?	v		reported content must be strictly maintained. (3) The company has a duty to maintain confidentiality regarding whistleblowers and has not taken any improper actions against them.	No significant discrepancies.
4. Strengthening Information Disclosure Does the company disclose its ethical corporate management policies and the results of their implementation on its website and the Market Observation Post System (MOPS)?	v		The company has disclosed the ethical corporate management best practice principles, along with its operating procedures and code of conduct, on its official website. Relevant information has also been reported to the Market Observation Post System in accordance with regulations.	No significant discrepancies.
5. If the company has adopted its own ethical corporate management best practice principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, please describe any deviations between the principles and their implementation: No significant discrepancies.				
6. Other important information to facilitate a better understanding of the status of operation of the company's ethical corporate management policies (e.g., the company's reviewing and amending of its ethical corporate management best practice principles): The company complies with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, relevant regulations for OTC companies, and other laws related to business conduct as the fundamental basis for implementing ethical corporate management.				

#### Climate-related information for TWSE/TPEX Listed Companies

##### Implementation status of climate-related information

Item	Current Status
1. Delineate the supervision and governance by the Board of Directors and management on climate-related risks and opportunities.	The consolidated company (including subsidiaries) references the international guidelines and framework of the Task Force on Climate-related Financial Disclosures (TCFD). The Sustainable Development Promotion Task Force serves as the supervisory and governance unit for climate-related risks and opportunities, assisting the company's management in assessing relevant risks and opportunities, and in formulating corresponding strategies and targets for analysis and control. At this stage, the proposed management policies and expected outcomes are as follows:

Item	Current Status		
	Management policy		Implementation status
	Corporate Governance	<ul style="list-style-type: none"> <li>➤ Regularly report to the board of directors on the company's assessment and management of climate-related risks and opportunities.</li> <li>➤ The initiative is led by the Sustainable Development Promotion Task Force.</li> </ul>	<ul style="list-style-type: none"> <li>➤ The Sustainable Development Promotion Task Force will evaluate and manage the implementation of climate-related risk and opportunity and report to the board of directors once a year.</li> </ul>
	Strategies	<ul style="list-style-type: none"> <li>➤ Through communication and discussions with department chief managers, identify short, medium, and long-term climate-related risks and opportunities for the company.</li> <li>➤ Assess the impact of climate change on the company's operations, strategy, and financial planning.</li> <li>➤ Use scenario analysis and science-based emission reduction targets as the company's strategy for responding to climate change.</li> </ul>	<ul style="list-style-type: none"> <li>➤ According to the risk and opportunity of TCFD guidelines, identified a total of 12 risks and 3 opportunities.</li> <li>➤ Assess the probability and significance of the identified risks and opportunities.</li> <li>➤ Simulate the risks and opportunities to the company's operations under the 2°C global warming scenario proposed by the Intergovernmental Panel on Climate Change (IPCC), and develop measures to address climate change.</li> </ul>
	Risk Management	<ul style="list-style-type: none"> <li>➤ Regularly review and assess climate change risk-related processes based on the TCFD framework.</li> <li>➤ Develop response plans based on the identification and prioritization of climate change risks.</li> <li>➤ Integrate the plans with the company's risk management system and conduct annual assessments.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Quantify and prioritize the probability and significance of the identified risks and opportunities to assess the impact on the company's operations and finances.</li> <li>➤ Develop response measures for the consolidated company and establish a priority handling sequence. For details, refer to the "Risk Management Policy."</li> </ul>
	Metrics & Targets	<ul style="list-style-type: none"> <li>➤ Establish climate risk and opportunity management indicators.</li> <li>➤ Conduct annual greenhouse gas inventories in accordance with ISO 14064-1 standards.</li> <li>➤ Set climate change management targets and regularly review achievement of the targets.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Verify greenhouse gas inventory annually.</li> <li>➤ Reduce greenhouse gas emissions per unit of product and use green electricity generated from solar energy.</li> <li>➤ Replace heavy oil with natural gas.</li> <li>➤ Continue implementing carbon reduction measures.</li> </ul>

Item	Current Status			
2. Describe how the identified climate risks and opportunities affect the company's operations, strategies, and finances (short-term, medium-term, long-term).	The consolidated company (including subsidiaries) is actively developing solutions with the aim of reducing the operational and financial impacts of climate change and enhancing organizational climate resilience. The company defines short-term as within 3 years, medium-term as 3 to 5 years, and long-term as over 5 years. The company evaluates the potential operational and financial impacts of climate-related risks and opportunities to plan various actions in response to these risks and opportunities.			
	High	● Increase in sustainability related demands and regulations	● Increase the cost of greenhouse gas emission	● Customer consumption behavior change
	Medium		● Stricter environmental regulations	
	Low		● Customer preference transfer	● Increase the cost of low-carbon technology transformation
3. Describe the financial impacts of extreme weather and transition actions.	Risk	● Average temperatures rising	● Increase frequency and severity of typhoons/floods	● Failure in new technology investments
	Probability		● Increase frequency and severity of heavy rainfall	● Rainfall pattern change and more extreme weather
				● Global restrictions or prohibition on plastic use.
		Short-term(<3 years)	Medium-term(3-5 years)	long-term(>5 years)
Period				
3. Describe the financial impacts of extreme weather and transition actions.	1. The financial impact of extreme weather (such as resource scarcity, accelerated depreciation, and rising sea levels) and transition actions (such as the costs associated with carbon reduction policies and regulations, and the cost of using green energy) are detailed in the table below.			
	2. The consolidated company (including subsidiaries) will continue to enhance climate change awareness and governance capabilities among all employees through training, course participation, and education. The company will collectively focus on the monitoring and execution of climate change risks to reduce the financial impact caused by extreme weather risks.			
	Weather Risk	Climate Change	Financial Impact	Response Strategies
	Increase in sustainability related demands and regulations	2°C scenario	Production facilities may need to adjust to the revised regulations on renewable energy development, which could result in increased costs for the installation of renewable energy capacity and the purchase of green electricity certificates.	The group's affiliate, Hung Chou Fiber Ind. Co., Ltd., plans to invest approximately NT\$ 40 million by the end of 2025 to install 1,300KW of solar energy equipment, in order to meet the requirement for large

Item	Current Status			
				electricity users to install renewable energy equipment accounting for 10% of the contracted capacity.
	Weather Risk	Climate Change	Financial Impact	Response Strategies
	Increase the cost of greenhouse gas emission	2°C scenario	In response to Taiwan's greenhouse gas reduction and Management Act regulations, the company must improve the energy efficiency of the production equipment and office premises. Additionally, the company may be affected by potential carbon taxes and carbon trading systems, leading to an increase in operational costs.	Verify greenhouse gas inventories in accordance with ISO 14064-1 standards. With the goal of achieving net-zero emissions, apply for carbon offset projects and continue implementing energy-saving plans.
	Stricter environmental regulations	NDC scenario	Due to stricter air pollution emission standards, the existing fuel oil boilers need to be replaced with other equipment.	Replace fuel oil boilers with natural gas-fired boilers.
	Customer consumption behavior change	Well-below 2°C scenario	As end users and brands become more aware of sustainability and environmental protection, they are more willing to increase the purchasing prices and quantities for low-carbon and eco-friendly products, which impacts the revenue of other products.	Increase the production of recycled PET bottle eco-friendly yarn and biodegradable eco-friendly yarn to respond to customer consumption behavior change and enhance product added value.
4. How the process of identifying, assessing, and managing climate risks is integrated into the overall risk management system.	The board of directors is the highest decision-making body for risk control across all companies within the group and directly oversees the risk governance framework of each group company. To strengthen risk assessment and enhance management functions, the Sustainable Development Promotion Task Force is responsible for identifying and managing operational risks, including physical and transitional risks that may arise from climate change. The task force also leads the planning of related response measures. Based on the business scope of each department, the task force conducts risk identification and analysis across various dimensions. Departments are then responsible for formulating response strategies based on the identified risks. These risks—potentially affecting operations and profitability—are integrated and managed accordingly. The task force reports			

Item	Current Status			
	at least once a year to the board of directors on implementation progress and results, overseeing and reviewing the management team's execution of risk management to strengthen the company's overall resilience.			
5. If scenario analysis is used to assess resilience to climate change risks, explain the scenarios, parameters, assumptions, analysis factors, and key financial impacts used in the analysis.	Climate change risk scenarios, parameters, assumptions, analytic factors, and major financial impacts.			
	Risk Type	Risk Item	Climate Risk	Financial Impact
	Transition Risk	Policy and Legal	Increase in sustainability related demands and regulations	Production facilities may need to adjust to the revised regulations on renewable energy development, which could result in increased costs for the installation of renewable energy capacity and the purchase of green electricity certificates.
			Increase the cost of greenhouse gas emission	In response to Taiwan's greenhouse gas reduction and Management Act regulations, the company must improve the energy efficiency of the production equipment and office premises. Additionally, the company may be affected by potential carbon taxes and carbon trading systems, leading to an increase in operational costs.
			Stricter environmental regulations	Due to stricter air pollution emission standards, the original fuel oil boilers must be replaced with alternative equipment.
	Transition Risk	Technology	Increase the cost of low-carbon technology transformation	The global advancement of low-carbon transition technologies will drive the company to accelerate the replacement of server rooms, equipment, and vehicles to improve energy efficiency, which will result in increased operating costs.
			Failure in new technology investments	The company adopts a phased and small-scale investment approach for new technologies to verify the effectiveness, minimizing the risk of large, unrecoverable investment losses due to failure. As a result, the financial impact is relatively limited.
		Market	Customer consumption behavior change	As end users and brands become more aware of sustainability and environmental protection, they are more willing to increase the purchasing prices and quantities for low-carbon and eco-friendly products, which impacts the revenue of other products.
		Reputation	Customer preference transfer	High carbon emissions and low climate resilience may weaken customer trust in the company, potentially damaging the company's reputation and further affecting revenue.

Item	Implementation status			
	Risk Type	Risk Item	Climate Risk	Financial Impact
	Physical Risk	Acute Risk	Increase frequency and severity of typhoons/floods	Extreme physical risks may damage factories and warehouses, leading to harm to production equipment or products, resulting in customer complaints and negatively impacting brand image.
			Increase frequency and severity of heavy rainfall	
		Chronic Risk	Rainfall pattern change and more extreme weather	Changes in rainfall patterns causing prolonged droughts may affect the stability of water supply for production, potentially leading to production interruptions. Drastic temperature changes, such as an increase in extreme heat days, may also alter customer consumption patterns, making sales and production forecasts more difficult and causing imbalances between supply and demand.
			Average temperatures rising	Rising average temperatures will significantly increase residential electricity usage, putting pressure on power supply and raising the probability of power outages at factories.
6. If there is a transformation plan to address climate-related risks, describe the contents of the plan, as well as the indicators and objectives used to identify and manage physical and transitional risks.	The consolidated company (including subsidiaries) has set the greenhouse gas reduction policy using 2022 as the base year, with the goal of reducing greenhouse gas emissions by 30% by 2030 and achieving net-zero emissions by 2050. The policy covers the following activities: 1. The company will continue to promote greenhouse gas inventories based on the ISO-14064 standard to help each department understands the results of energy-saving and carbon-reduction efforts. 2. Ongoing discussions at the headquarters will introduce energy-efficient equipment and conduct benefit assessments. 3. Continued promotion of participation in energy-saving and carbon-reduction activities, along with the implementation of energy conservation measures. 4. Actively collaborate with green energy (solar energy) equipment suppliers to obtain carbon credits from renewable energy. 5. All actions are in compliance with environmental regulations, customer requirements, and relevant standards.			



7. If internal carbon pricing is used as a planning tool, the basis for price setting should be explained: No relevant plans yet.
8. If climate-related goals are set, information should be provided on the activities covered, greenhouse gas emission scopes, planning schedule, annual progress towards achievement, etc. If carbon offsetting or Renewable Energy Certificates (RECs) are used to achieve these goals, the source and quantity of the offset carbon credits or the quantity of RECs exchanged should be explained: No related targets have been set.

9. Greenhouse Gas Inventory and Assurance Status, Reduction Targets, Strategies, and Action Plans

1-1 Recent Two-Year Greenhouse Gas Inventory and Assurance Status of the Company

1-1-1 Greenhouse gas inventory information

Year Scope	2023		2024		Describe the emissions of greenhouse gases, intensity and the scope of data coverage
	Emission (metric tons CO <sub>2</sub> e)	Intensity (metric tons CO <sub>2</sub> e/million dollars)	Emission (metric tons CO <sub>2</sub> e)	Intensity (metric tons CO <sub>2</sub> e/million dollars)	
1	22.3036	0.0324	23.4265	0.0280	3. The scope of greenhouse gas inventory and assurance: Guishan Plant of the Company (No. 29, Hongzhou Street, Guishan District, Taoyuan City). 4. The intensity represents the amount of greenhouse gas emissions generated per NT\$1 million in revenue. The company's operating revenue for 2023 and 2024 was NT\$689 million and NT\$836 million, respectively.
2	9,043.6244	13.1257	10,246.0436	12.2560	
3	66,475.1856	96.4807	84,349.9631	100.8971	

1-1-2 Greenhouse gas assurance information

Year	Scope	Organization	Standard	Assurance Opinion
2023	Guishan Plant of the Company (No. 29, Hongzhou Street, Guishan District, Taoyuan City)	Taiwan Testing and Certification Center (ETC)	ISO14064-1 : 2018	Reasonable Assurance / Limited Assurance : ETC has conducted verification of the company's greenhouse gas emissions from textile industry operations (processed yarn) and electricity usage activities for the period from January 1, 2023, to December 31, 2023, in accordance with ISO 14064-3:2019. No unresolved findings were identified, and the verification complies with the ISO 14064-1:2018 standard. Based on this, the verification opinion is as follows. Reasonable assurance level: category 1: Direct greenhouse gas emissions 22.3036 metric tons of CO <sub>2</sub> equivalent; category 2: Indirect greenhouse gas emissions from energy input 9,043.6244 metric tons of CO <sub>2</sub> equivalent. Limited assurance level: category 4: Indirect greenhouse gas emissions from the use of products by the organization 66,475.1856 metric tons of CO <sub>2</sub> equivalent.
2024	The ISO 14064-1:2018 greenhouse gas verification statement is expected to be obtained in the third quarter of 2025.			

## 1-2 Greenhouse gas reduction target, strategy and specific action plan

Base Year: The base year for the consolidated company (including subsidiaries) is 2022, based on greenhouse gas emissions verified by a third-party external audit in 2022.

Reduction Targets: Using 2022 as the base year, the goal is to reduce greenhouse gas emissions by 30% by 2030 and achieve net-zero emissions by 2050.

Strategy and Specific Action Plan: To meet the greenhouse gas reduction goals, the consolidated company (including subsidiaries) will implement the following measures at the production facilities, progressively replace energy-intensive equipment each year, install and utilize solar energy and other green electricity sources, and adopt inverters to improve energy efficiency. If the emission reduction target is not fully achieved by the target year, the remaining gap will be addressed through carbon offsetting to reach the goal. The carbon neutrality of greenhouse gas of the consolidated company (including subsidiaries) will follow the PAS 2060 / Carbon Neutrality Implementation Standard.

	Scope 1 (metric tons)	Scope 2 (metric tons)	Scope 3 (metric tons)
Base Year (Year 2022)	24.4349	12,386.8102	90,540.6231
Year 2024	23.4265	10,246.0436	84,349.9631
Compared with base year	-1.0084	-2,140.7666	-6,190.6600
Ratio	-4.13%	-17.28%	-6.84%

## Other information of the Company's corporate governance operations

### Succession Planning for Board Members and Key Management

In the company's succession planning for board members and key management, successors must embody the core values of the company's consistent corporate culture "integrity, responsibility, proactiveness, and pragmatism."

#### 1. Succession Planning and Operation for Board Members

The company's board members are elected by the shareholders, and the election is determined solely by the number of votes received. However, during the qualification review and nomination process for board candidates, the company strives to follow the guidelines outlined in its "Corporate Governance Best Practice Principles."

The composition of the board of directors should take diversity into consideration. In principle, the number of directors concurrently serving as company managers should not exceed one-third of the total board seats. Furthermore, based on the board's own operations, business model, and development needs, the company shall establish appropriate diversity policies, which should include, but are not limited to, the following two major dimensions:

- (1) Basic condition and value: gender, age, nationality and cultural background.
- (2) Professional knowledge and skills: professional background (such as law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience.

Board members should generally possess the knowledge, skills, and character necessary to perform their duties. To achieve the goals of sound corporate governance, the board as a whole should collectively possess the following competencies:

- (1) Business judgment
- (2) Accounting and financial analysis
- (3) Management
- (4) Crisis management
- (5) Industry knowledge
- (6) Global market perspective
- (7) Leadership
- (8) Decision-making

To enhance the board members' diversity of professional knowledge and skills mentioned above, the company shall give priority to recommending related courses when planning the required 6 hours of annual continuing education for directors. All course fees shall be fully covered by the company.

According to the company's "Rules for Performance Evaluation of Board of Directors," the performance evaluations of the board of directors and functional committees must be completed before the end of the 1st quarter of the following year. The results of these evaluations will also serve as a reference for future director selection or nomination.

#### 2. Succession Planning and Operation for Key Management

The company participates in quarterly business meetings held by the group, which are personally chaired by the chairman. The chief managers attending these meetings are key leaders within the group and are also considered as candidates for training and preparing future successors for important management positions:

- The Chairman shares and passes on the business philosophy, life experiences, and insights on managing the company to the attending chief managers.
- The participating chief managers set the annual (quarterly) business goals and report on the progress of achievements.
- The attending chief managers share work experiences and insights with each other and engage in mutual learning.
- Through the reports on the achievements of business outcomes in the meetings, a succession

plan for the management team is formed, along with the inheritance of the company's business philosophy.

In addition to the succession planning and operations for key management, the company also requires all chief managers to develop 1~2 potential successors, laying a solid foundation for the sustainable development of the company's human resources.

In 2024, the group held 4 management meetings, and the business managers (general managers, deputy general managers) from each company within the group attended these meetings.

The implementation status of the internal control system

Please visit M.O.P.S. (<https://mopsplus.twse.com.tw/>) and select [Single Company] under [Corporate Governance], then go to [Corporate Rules/Internal Control] and click on [Internal Control Declaration Announcement].

If CPA was engaged to conduct a Special Audit of Internal Control System, provide its Audit Report: None

#### Resolutions of the General Shareholders' Meeting and the Board of Directors' Meeting

Major Resolutions in 2024 Annual General Meeting		
Date	Major Resolutions	Carries out the situation
May.28, 2024 (Annual General Meeting)	Proposal for 2023 business report, financial statements, and retained earnings	Approved by resolution. (The articles of incorporation have authorized the board of directors to resolve on the distribution of cash dividends.)
	Amendment to the articles of incorporation	Approved by resolution and the amendment was registered on June 11, 2024.

Resolutions of the Board of Directors' Meeting	
Date	Major Resolutions
Jan.18, 2024	1. Proposal for distribution of 2023 year-end bonuses 2. Proposal for audit fees of the CPAs 3. Amendment to the general principles of the pre-approved non-assurance services policy
Mar. 08, 2024	1. Proposal for distribution of 2023 employee bonus and director's remuneration 2. Proposal for applying for bank financing 3. Issuance of the 2023 internal control system statement 4. 2023 business report and financial statements 5. Appointment of 2024 CPAs and review of the independence and competency 6. Amendment to internal control management procedures 7. Amendment to the articles of incorporation 8. Proposal for 2023 retained earnings 9. Proposal for setting the Ex-Dividend day for 2023 cash dividends 10. Proposal for the agenda and shareholder proposal handling of the 2024 annual general shareholders' meeting
May. 09, 2024	1. Financial statements for the 1st quarter of 2024
May. 22, 2024	1. Proposal for the disposal of real estate in Xizhi District, New Taipei City
Jun. 12, 2024	1. Proposal for the disposal of real estate in Nangang District, Taipei City
Aug. 02, 2024	1. Business report and financial statements for the 1 <sup>st</sup> half year of 2024 2. Proposal for 1 <sup>st</sup> half year of 2023 retained earnings

Resolutions of the Board of Directors' Meeting	
Date	Major Resolutions
	3. Proposal for the disposal of real estate in Xizhi District, New Taipei City
Sept. 19, 2024	1. Proposal for the disposal of real estate in Xizhi District, New Taipei City 2. Proposal for applying for bank financing
Nov. 08, 2024	1. Financial statements for the 3rd quarter of 2024 2. Proposal to increase the authorized investment in securities on the stock exchange market 3. Amendment to the internal control management procedures 4. Proposal for donation to Jinn Xian Foundation
Dec. 03, 2024	1. Proposal for 2025 audit plan 2. Proposal for the disposal of real estate in Nangang District, Taipei City
Jan. 17, 2025	1. Proposal for distribution of 2024 year-end bonuses 2. Proposal for salary adjustment for all employees for the year 2025 3. Amendment to the internal control management procedures 4. Renew for bank financing
Mar. 10, 2025	1. Proposal for distribution of 2024 employee bonus and director's remuneration 2. Issuance of the 2024 internal control system statement 3. 2024 business report and financial statements 5. Appointment of 2025 CPAs and review of the independence and competency 6. Proposal for 2024 retained earnings 7. Amendment to the articles of incorporation 8. Full re-election of directors 9. Nomination and review of director (including independent director) candidates 10. Release of the restriction on competition for newly appointed directors and the representatives 11. Establishment of the agenda for 2025 annual general shareholders' meeting and matters related to acceptance of shareholder proposals and director (including independent director) nominations

The main contents of objections of directors or independent directors against important decisions approved by the board of directors in the most recent year and as of the date of this annual report and such records or written statements: None

### CPA Fees

Information on the professional fees of the CPAs						Unit: NT\$ thousand
Name of Accounting Firm	Name of CPA	Audited Period	Audit Fee	Non-audit Fees	Total	Remark
KPMG Taiwan	Pan Chun Ming	Year 2024	1,050	310	1,360	Other non-audit fees include: NT\$250,000 for tax compliance audit and NT\$60,000 for other services.
	Chang Shu Ying					

If the accounting firm was replaced and the audit fees were less than the amount paid the year before, the old and new audit fees and reasons for replacement should be disclosed: None

If the new audit fees totaled over 10% less than the amount paid the year before, the amount reduced, its ratio and reasons should be disclosed: None

**Information of Change of CPA** None

**Company Chairman, General Managers or Financial or Accounting Managers Serving in the Accounting Firm of the CPAs or its Affiliates**    None

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**Share Transfers or Changes of Stock Pledges by Directors, Managers or Shareholders in Possession of Over 10% of Total Shares**

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Please refer to M.O.P.S (<https://mopsplus.twse.com.tw/>)

click on [Single Company] → [Equity Changes / Securities Issuance] →

[Shareholding / Pledge / Transfer of Directors, Supervisors, and Major Shareholders],

[Insider Pledge and Release of Pledge], and [Equity Transfer Information Inquiry].

## Relationship information of the Company's 10 largest shareholders

Date: Mar.29, 2025 Unit: thousand shares; %

Name	Current Shareholding		Shares Held by Spouse & Minors		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees	
	Shares	%	Shares	%	Shares	%	Name	Relationship
Yi Jinn Industrial Co., Ltd. Rep.: Chan, Cheng Tien	15,586 0	38.53 0.00	0 0	0.00 0.00	0 0	0.00 0.00	Yi Tong Fiber Co., Ltd. Yi Shin Textile Industrial Co., Ltd.	Same Representative
Yi Tong Fiber Co., Ltd. Rep.: Chan, Cheng Tien	3,247 0	8.03 0.00	0 0	0.00 0.00	0 0	0.00 0.00	Yi Jinn Industrial Co., Ltd. Yi Shin Textile Industrial Co., Ltd.	
I JINN INDUSTRIAL CO., LTD. Rep.: Chen, Chun Kai	1,854 0	4.58 0.00	0 0	0.00 0.00	0 0	0.00 0.00	N/A	N/A
Yi Shin Textile Industrial Co., Ltd. Rep.: Chan, Cheng Tien	1,231 0	3.04 0.00	0 0	0.00 0.00	0 0	0.00 0.00	Yi Jinn Industrial Co., Ltd. Yi Tong Fiber Co., Ltd.	Same Representative
Li, Ye-Zhen	700	1.73	1	0.00	0	0.00	Li, Yeh Li	
Fang Zhou Assets Management Co., Ltd. Rep.: Chao, Chin Ying	600 0	1.48 0.00	0 467	0.00 1.15	0 0	0.00 0.00	Chin Chien Chang	Spouse of Rep.
Li, Yeh Li	574	1.42	135	0.33	0	0.00	Li, Yeh Chen	2 <sup>nd</sup> degree
Jin, Jian-Zhang	467	1.15	0	0.00	0	0.00	Fang Zhou Assets Management Co., Ltd.	Spouse of Rep.
Li, Wei Chang	300	0.74	0	0.00	0	0.00	N/A	N/A
Citibank Custodied Berkeley Capital SBL/PB Investment Account	206	0.51	0	0.00	0	0.00	N/A	N/A

Note: If the shareholder is not an insider, the relevant information will be disclosed to the extent that the Company can obtain.

## Shares of the Same Company set up through Reinvestment held by the Company, Directors, Managers of the Company and Enterprises Directly or Indirectly Controlled by the Company and the Consolidated Shareholding Ratio

Date: Dec.31, 2024 Unit: shares; %

Re-invested businesses (Note)	The Company's investment		Directors, Supervisors, Managers directly or indirectly investment controlled by the Company		Consolidated Investment	
	Shares	%	Shares	%	Shares	%
Hung Chou Fiber Ind. Co., Ltd.	7,000,000	5.30	52,285,037	39.57	59,285,037	44.87
Da Yi International Development Co., Ltd	13,684,688	11.85	94,190,312	81.55	107,875,000	93.40

Note: This refers to the company's long-term investment accounted for using the equity method.

### 3. Capital Overview

#### Capital and Shares

##### Sources of Capital

Year/ Month	Issue Price (NT\$)	Authorized Share Capital		Paid-in capital		Remarks		
		Shares (thousand shares)	Amount (NT\$ thousand)	Shares (thousand shares)	Amount (NT\$ thousand)	Sources of Capital	Property Other than Cash Used for Subscription	Others
1966/05	1000	90	900	90	900	Incorporation	No	-
1968/08	1000	500	5,000	500	5,000	Capital increase	No	-
1981/08	1000	4,000	40,000	4,000	40,000	Capital increase	No	-
1982/05	1000	6,000	60,000	6,000	60,000	Capital increase	No	-
1983/12	1000	10,000	100,000	10,000	100,000	Capital increase	No	-
1987/01	1000	15,000	150,000	15,000	150,000	Capital increase	No	-
1991/06	1000	19,600	196,000	19,600	196,000	Capital increase Capital reserve	No	Note 1
1997/06	14 10	30,000	300,000	30,000	300,000	Capital increase Capital increase out of Earnings	No	Note 2
2009/03	10	30,000	300,000	29,807	298,070	Treasury stock Capital Reduction	No	Note 3
2013/11	10	30,000	300,000	29,455	294,550	Treasury stock Capital Reduction	No	Note 4
2016/06	32	60,000	600,000	40,455	404,550	Capital increase	No	Note 5

Note 1: Capital increase of NT\$24,500,000 and NT\$21,500,000 through capital reserve.

Note 2: Capital increase of NT\$30,000,000 and NT\$74,000,000 through capital increase out of earnings; approval by the Securities and Futures Commission, Ministry of Finance, on Nov.13, 1997 per announcement Ref. No. (86) Taiwan-Finance-Securities (II)-81042.

Note 3: Capital reduction of NT\$1,930,000 due to treasury stock; approval per Jan.10, 2009 Order No. Financial-Supervisory-Securities-III-0980000417 of the Financial Supervisory Commission, Executive Yuan.

Note 4: Capital reduction of NT\$3,520,000 due to treasury stock; approval per Aug.13, 2013 Order No. Financial-Supervisory-Securities-1020031727 and Oct.17, 2013 Order No. Financial-Supervisory-Securities-1020042786 of the Financial Supervisory Commission, Executive Yuan.

Note 5: Capital increase of NT\$110,000,000; approval per Mar.29, 2016 Order No. Financial-Supervisory-Securities-1050008472 of the Financial Supervisory Commission, Executive Yuan.

Date: Mar.31, 2025 Unit: shares

Type of Share	Authorized Share Capital			Remarks
	Outstanding shares	Unissued shares	Total	
Common Shares	40,455,000	19,545,000	60,000,000	Over-the-counter market on Apr.18, 2002



Information on the Consolidated Declaration System : No.

#### List of Major Shareholders

Date: Mar.29, 2025 Unit: shares

Name of Main Shareholder	Shares	Shareholding (shares)	Shareholding (%)
Yi Jinn Industrial Co., Ltd.		15,586,193	38.53
Yi Tong Fiber Co., Ltd.		3,246,900	8.03
I JINN INDUSTRIAL CO., LTD.		1,853,521	4.58
Yi Shin Textile Industrial Co., Ltd.		1,231,000	3.04
Li Yeh Chen		700,000	1.73
ARK Assets Management Co., Ltd.		600,165	1.48
Li Yeh Li		574,000	1.42
Chin Chien Chang		467,000	1.15
Li Wei Chang		300,000	0.74
Citibank Custodied Berkeley Capital SBL/PB Investment Account		206,000	0.51

#### Dividend Policy and Implementation Status

##### Dividend Policy

The Company, upon the closing of its annual accounts, shall allocate the earnings—after paying all taxes and making up for any prior years' losses—first, 10% of the profit shall be set aside as the legal reserve; secondly, a special reserve shall be allocated or reversed in accordance with the law. The remaining balance, together with undistributed earnings at the beginning of the period, shall be proposed for distribution by the board of directors and submitted to the shareholders' meeting for approval.

If dividends, bonuses, legal reserves, or capital reserves are to be distributed wholly or partially in cash, the board of directors is authorized to execute such distribution with the approval of at least two-thirds of the directors in attendance and with the consent of a majority of the attending directors. The distribution shall then be reported to the shareholders' meeting.

The company shall consider the industry environment, stage of growth, future capital needs, and long-term financial planning, while also addressing shareholders' demand for cash inflow. The amount allocated for shareholder dividends shall not be less than 10% of the distributable earnings for the year, and cash dividends shall not be less than 50% of the total dividends distributed.

##### Implementation Status

Unit: NT\$

Item Year	Legal reserves	Special reserve	Shareholder's dividend
2023	163,607,987	0	809,100,000
2024	25,019,211	0	869,782,500

##### Dividend Distribution at this Shareholders' Meeting

The proposal for the distribution of earnings for the first half of 2024 was approved by the board of directors on August 2, 2024. A cash dividend of NT\$16.0 per share was distributed. The proposal for the distribution of earnings for the second half of 2024 was approved by the board of directors on March 10, 2025. A cash dividend of NT\$5.5 per share was distributed.

The proposed bonus stock distribution will not have any impact on the Company's business performance or earnings per share: Not applicable.

#### Employee's and director's remuneration

Percentage or range of employee and director remuneration by company's articles:

If the Company generates profit in fiscal year, 1% to 5% of the profit shall be allocated as employee compensation. The distribution either in the form of shares or cash shall be determined by a resolution of the board of directors. The recipients may include employees of the company's controlling or subsidiary companies who meet certain criteria, with such criteria and distribution methods authorized for resolution by the board. Additionally, the company may allocate up to 5% of the aforementioned profit as directors' remuneration, subject to a resolution by the board of directors. The proposals for the distribution of employee and director remuneration shall be reported to the shareholders' meeting.

However, if the company has accumulated losses, the amount needed to offset such losses shall first be retained before making allocations for employee and director remuneration as stated above.

Basis for estimating the amount of employee and director remuneration, basis for employee remuneration distributed in stocks, and accounting treatment for any differences between the estimated amount and the actual distribution amount:

The distribution of directors' remuneration is determined in accordance with regulations and the company's articles of incorporation. The allocated amount is recognized as an operating expense for the current fiscal year. If there is any difference between the estimated and actual cash remuneration for employees and directors as resolved by the board of directors during the current period, the difference shall be accounted for as a change in accounting estimate and recognized in the profit or loss of the following fiscal year.

The approved remuneration distribution by the Board of Directors:

If there is any difference between the actual amount of employee and director remuneration distributed in cash or stock and the estimated amount recognized as expenses in the fiscal year, the difference, reasons, and corresponding handling measures shall be disclosed.

Unit: NT\$

Distribution Condition	Employee's remuneration in cash	Employee's remuneration in stock	Director's remuneration
Distribution approval by the board of directors	2,940,000	0	1,200,000
The estimated amount recognized as expenses in the fiscal year	2,940,000	0	1,200,000
Difference	0	0	0
Reasons and corresponding handling measures	No difference		

The proportion of employee remuneration distributed in stocks and its ratio to the after-tax net profit of the individual or separate financial statements and the total amount of employee remuneration: No applicable.

Actual distribution of employee and director remuneration in the previous year (including the number of shares, amount and share price) and any differences from the recognized employee and director remuneration should be explained the difference amount, reason, and solution

Unit: NT\$

Distribution Condition	Employee's remuneration in cash	Employee's remuneration in stock	Director's remuneration
Distribution approval by the board of directors	17,241,039	0	4,000,000
The actual amount of distribution	17,241,039	0	4,000,000
The estimated amount recognized as expenses in the fiscal year	17,240,636	0	4,000,000
Difference	403	0	0
Reasons and corresponding hanging measures	1. The difference between the actual distributed amount and the estimated amount will be adjusted and recorded in the accounts for the year 2024. 2. According to the company's articles of incorporation, if the company has earnings for the year, the board of directors may resolve to allocate no more than 5% as director remuneration. The proportion of director remuneration for 2023 complies with the range stipulated in the articles. No director remuneration was distributed in 2022 due to a loss; however, the net income after tax significantly increased in 2023, and the total amount of remuneration complies with the provisions of the articles.		

Buyback of Treasury Stock: None

**Corporate Bonds** None

**Preferred Shares** None

**Overseas Depositary Receipts** None

**Employee Stock Options** None

**Status of Employee Restricted Stock** None

**Issuance of New Shares for Acquisition or Exchange of Other Companies' Shares** None

**Financing Plans and Implementation:** None

## 4. Business Overview

### Business Activities

#### Scope of Business

#### Major Business:

1. C302010 Weaving of Textiles
2. C399990 Other Textile and Products Manufacturing
3. F104110 Wholesale of Cloths, Garments, Shoes, Hats, Umbrellas and Clothing Accessories
4. F204110 Retail Sale of Cloths, Garments, Shoes, Hats, Umbrellas and Clothing Accessories
5. H701020 Industrial Factory Development and Rental
6. H703090 Real Estate Business
7. H703100 Real Estate Leasing
8. C301010 Spinning of Yarn
9. C801120 Manufacture of Man-made Fibers
10. ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval

#### Ratio of Business

Unit: NT\$ thousand; %

Products	2023		2024	
	Amount	%	Amount	%
Polyester drawn textured yarn	653,853	94.91	824,626	98.69
Processing income	3,412	0.50	1,212	0.14
Rental income	31,435	4.56	9,610	1.15
Other	233	0.03	149	0.02
Total	688,933	100.00	835,597	100.00

#### Current products (service)

The company is primarily engaged in the production and sales of polyester drawn textured yarns, mainly focusing on fine denier high filament yarns and functional yarns. The products are primarily sold for use in knitting, with weaving as a secondary application. These yarns can be used in a wide range of applications, including fashion apparel, eco-friendly recycled polyester fabrics, outdoor and sportswear fabrics, bridal gowns, premium labels, linings, trendy urban clothing fabrics, shoe materials, and home décor fabrics.

#### Planned development products (service)

The company utilizes raw materials developed by major domestic manufacturers such as eco-friendly fibers, ultrafine fibers, elastic fibers, and recycled yarns to successfully develop premium products that offer excellent texture, a wide range of colors, and multifunctionality. Future product and service development plans include:

1. Composite Fabrics: Focused on high-tech, multifunctional innovative materials made with cationic fibers or blends of cationic fibers and synthetic fibers.
2. Special Functional Fabrics: Health-related fashion fabrics with moisture absorption, sweat-wicking, antibacterial, deodorizing, and UV protection properties.
3. New Synthetic Fabric: Incorporating elastic fibers, 37.5 volcanic ash yarns, or eco-friendly yarns to enhance the performance of existing products, aligning better with current trends in eco-functional sports and leisurewear.

## Industry Overview

### Industry Status and Development

Polyester drawn textured yarn is produced by first converting petrochemical raw materials into polyester filament yarn, which is then processed through false-twist texturing. The main raw materials for polyester products are PTA (Pure Terephthalic Acid) and EG (Ethylene Glycol), both of which are basic petrochemical organic materials. Therefore, fluctuations in international crude oil prices have a significant impact on the prices of upstream raw materials in the textile industry.

The global economic and prices of petrochemical raw materials have a profound influence on the man-made fiber industry. In response to the current issue of global overcapacity in the man-made fiber, Taiwan's man-made fiber industry should adopt strategies focused on specialization and innovation. By developing fibers with functional and high-performance applications for industrial use, home furnishings, and apparel, fiber consumption can be stimulated. The man-made fiber industry is expected to continue growing in high value-added and new application areas. As manufacturers respond to evolving demands and market changes, they must also embrace environmental protection and sustainability by improving production processes and advancing the development of new fibers and textiles.

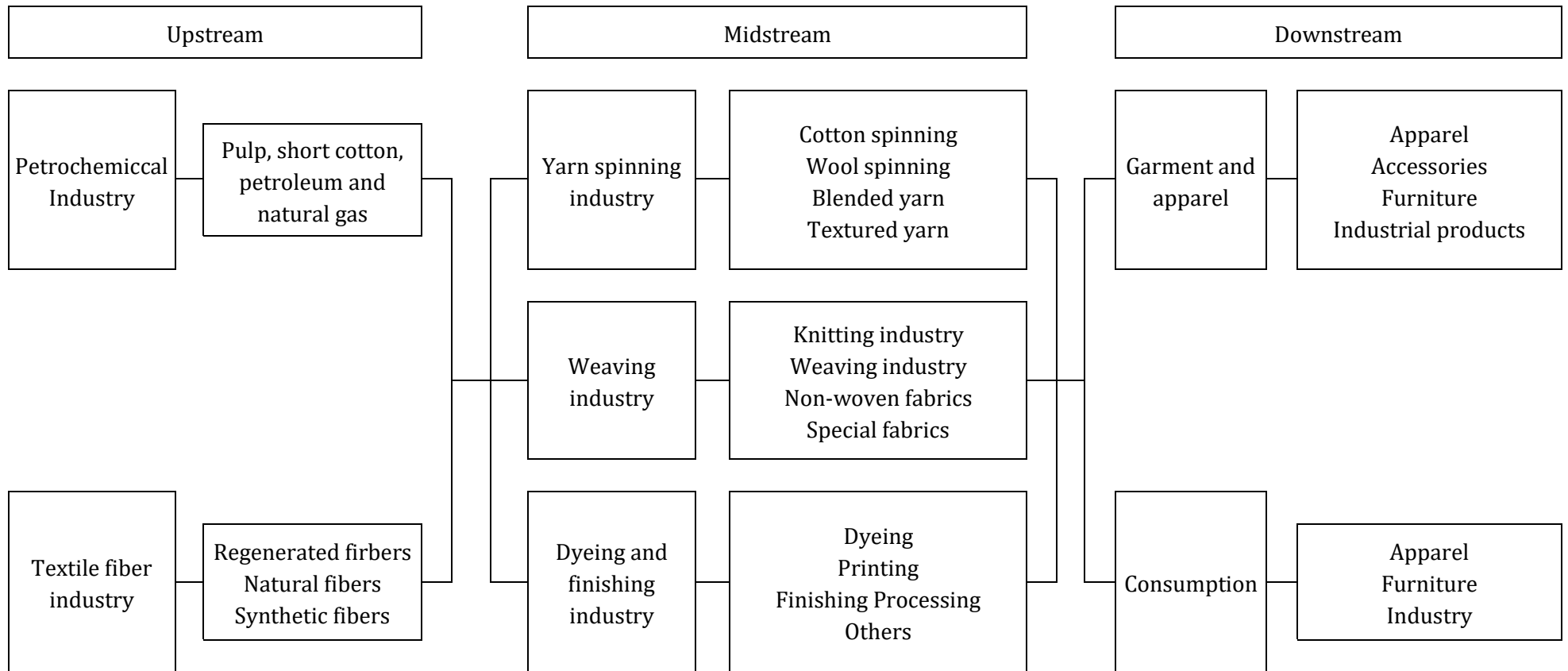
As global economic shift, the downstream textile industry is also undergoing relocation, resulting in more competition in export markets. The company will continue to monitor the trends of global regional economic integration and the impacts on the industry, seize opportunities to explore new markets, develop new products, and strengthen collaborations with brand partners to create new business advantages.

### The relationship between upstream, midstream, and downstream of industry

The upstream of the textile industry consists of the petrochemical raw materials and fiber manufacturing industries, which use petrochemical materials such as PTA and EG to produce regenerated and synthetic fibers and related products. The midstream encompasses primary, secondary, and tertiary processing stages such as spinning, weaving, dyeing and finishing. Primary processing involves blending man-made and natural fibers (e.g., cotton, linen, wool) into various yarn, which are then supplied to downstream weaving manufacturers. Secondary processing weaves yarns such as synthetic, cotton, or blended yarns into fabrics for further dyeing and finishing or direct use in garments and artificial leather. Tertiary processing involves dyeing and finishing greige yarns or fabrics into finished yarns or textiles. The garment and fashion accessories industry represents the most downstream segment of the overall textile industry.

The company is a specialized false-twist texturing manufacturer in the textile industry, mainly engaged in primary and secondary processing. The company processes upstream polyester filament yarn through false-twist texturing and heat setting to produce polyester drawn textured yarn. This is then woven into greige fabric through processes such as sizing. The industrial supply chain relationships are illustrated as follows:

Diagram of the upstream, midstream and downstream of the textile industry



## Development Trends and Competition of Each Product

### Development Trends of Each Product

Taiwan's textile industry has long been export-oriented and is renowned in the international market for its extensive experience in developing functional fabrics. In the face of rapid global market changes and fierce competition from South Korea, China, and India, Taiwanese manufacturers leverage the technological advantage in diversified functional fibers to move toward customized specialty applications with regulatory functions such as professional sportswear and textiles for apparel and home furnishings that emphasize environmental adaptability. At present, functional apparel in Taiwan is experiencing strong growth and has become a key part of the supply chain for major international brands in Europe and the United States. Driven by the popularity of sports trends and the rise of environmental awareness, demand for functional outdoor apparel products in the European and U.S. markets remains robust.

Over the past 20 years, Taiwan's textile industry has faced aggressive factory expansions and low-price competition from manufacturers in China. However, it has gradually carved out a niche with blue ocean strategy products. The industry has shifted away from high inventory and mass production, focusing instead on differentiated products such as wearable technology, radiation-proof fabrics, and stylish and functional apparel, actively seeking exposure in international markets. Taiwanese manufacturers possess strong R&D and innovative capabilities, and are well-positioned to secure a place in niche markets. In addition to continual improvements in technical capabilities, Taiwan has also begun offering end-to-end services, working closely with clients on everything from market trend analysis and competitor research to product design, development, and finished goods manufacturing. Through this comprehensive service approach, companies are able to foster stronger client relationships, achieve differentiation, and provide flexible, customized production processes.

The global Internet of Things (IoT) boom has driven the rapid development of the wearable technology industry, making smart clothing a rising star attracting investments from both the electronics and textile. In addition to focusing on the integration and application of advanced fiber materials and innovative electronic textiles, major Western countries are also actively engaged in the research and establishment of standards for smart clothing. In this context, the collaboration between Taiwan's textile manufacturers and high-tech companies through strategic alliances to produce wearable smart apparel represents a powerful combination. This synergy holds significant market value and presents tremendous business opportunities, particularly in applications for healthcare and sports.

### Competition of Each Product

Taiwan's textile industry was once labeled a "sunset industry," having gone through significant ups and downs. Fortunately, thanks to the dedicated transformation efforts of a few companies, the industry has shifted toward front-end development, with a strong focus on refinement and differentiation. As a result, it is now gradually forging a new path. With the rising popularity of sports and active lifestyles, functional textiles have become increasingly important. Taiwanese manufacturers have successfully established a value chain for functional textiles, becoming a key part of the global supply chain for many well-known international apparel brands. Textiles in Taiwan have evolved into high-performance fabrics with features such as windproof and breathable, waterproof and breathable, quick-drying, anti-pilling, and elastic fitting. They also offer lightweight insulation and multifunctional weather protection. Additionally, the high-tech industry is actively seeking integration with the textile industry to develop wearable technology products, further highlighting Taiwan's strong competitive advantage. Currently, Taiwan supplies approximately 70% of the world's functional fabrics to leading international brands. Global outdoor and sportswear brands have long been key clients of Taiwan's textile industry, and with such customers spread worldwide, Taiwan has become one of the primary suppliers of man-made fibers globally.

Fabrics are the driving force behind Taiwan's textile exports, with functional and high-quality textiles being the industry's signature strengths. Taiwanese textured yarn manufacturers have also adopted global expansion strategies, actively developing overseas markets and gradually shifting production bases abroad to lower costs and stay competitive internationally. Taiwanese companies are now focusing on the development of high-value functional products. With advanced technology and stable quality, they continue to attract international buyers to place orders directly in Taiwan. Currently, Taiwan has successfully developed functional textile materials such as antibacterial and odor-resistant, flame-retardant, UV-resistant, eco-friendly and elastic, as well as heat-retaining and cooling fabrics and yarns. Other innovations include 3D textured yarns with quick-dry, stretchable, stain-resistant, and vibrant color properties; bamboo charcoal fibers with deodorizing and moisture-wicking functions; and new eco-friendly materials made from recycled PET bottles, all embodying energy-saving and sustainability concepts.

#### Technics and R&D Overview

The R&D expenses and the successful developed technics or products up to the date of printing of the latest annual report

##### 1. Technical level and research and development

The company collaborates with customers to meet the demands and trend of international fashion brands and apparel markets. Together, the company engages in the innovation and development of new styles of textured yarns and the enhancement of production technologies. By exploring new development opportunities and strengthening the research and development of yarn varieties, the company aims to expand and better serve the textile consumer market, ultimately achieving the long-term goal of sustainable operation.

##### 2. R&D expenses in recent years:

Due to the characteristics of the industry, the product technology and research in the spinning and weaving department of the company are mainly carried out through the collaborative development between the company's experienced sales and manufacturing personnel and clients. The manufacturing and sales teams possess extensive experience, knowledge, and technical skills in the textile industry, all of which have been cultivated through long-term practical training. Since 2013, the amount allocated under R&D expenses has been zero, and there are currently no research and development plans in the near future.

##### 3. Successfully developed technologies or products

In response to external competitive pressures and to align with product development trends, the company has not only collaborated with upstream suppliers to utilize their high value-added raw materials but also upgraded production equipment to improve processes and enhance production efficiency.

The company has recently acquired two fully automatic winding machines with winding-side and single automatic winder, capable of handling T-type, V-type, and M-type yarn paths. These machines are now in regular operation and significantly reduce labor force while improving the precision of package length. Looking ahead, the company aims to focus on the development of small-batch, diversified, and specialized products to create high value-added, differentiated offerings. Additionally, the company has installed a circular knitting machine to work more closely with clients. By responding quickly to market trends and downstream customer demands, the company can produce custom samples efficiently, allowing clients to obtain accurate new samples in the shortest time, greatly benefiting new product development and order acquisition.

#### Short-term and long-term sales development plan

The company will continue to invest in research and development to expand the breadth and depth of the existing product lines. The company will develop application products of various specifications based on



market supply and demand, technological trends, and individual customer needs. The key future focuses are as follows:

Short-term sales development plan

The company continuously innovates and develops new technologies, deeply cultivating both domestic and international markets and works closely with clients to develop differentiated, high value-added polyester yarns and further enhance product quality. In addition, the company is actively expanding into new export markets (including the European Union, the United States, Southeast Asia, etc.). As global environmental awareness rises, the use of 100% recycled fibers has become a trend among international brands. This not only helps reduce environmental pollution and the use of petrochemical materials but also lowers CO2 emissions and energy consumption. (these products must pass Oeko-Tex and GRS certifications.) In response to brand trends and demands, the company not only offers standard eco-friendly yarns but also collaborates with international brands to develop other eco-friendly yarn specifications, aiming to achieve a win-win outcome.

Long-term sales development pla,

- 1.The company has implemented an ERP management information system, using the internet as its framework. This system is designed to integrate procurement, production, and sales into an internal control cycle, aligning with the company’s textile information system and enhancing its competitiveness in the market.
- 2.The company will continue to R&D, leveraging the experience and excellent technical capabilities of the company’s senior employees to develop and manufacture high value-added or specialty functional textile products. The company aims to meet the diverse needs of the clients in real time and keep pace with global trends by producing various types of fashionable textiles.
- 3.To ensure the products stay aligned with fashion trends and fully reflect consumer preferences and stylistic tastes, the company actively engages with industry peers to absorb market information, which serves as a valuable reference for designing innovative and stylish products.

Market, Production and Marketing Overview

Market Analysis

Main sales areas of products (services)

Unit: NT\$ thousand				
Sales areas \ Year	2023		2024	
	Amount	%	Amount	%
Domestic - Taiwan	678,108	98.43	835,597	100.00
International	10,825	1.57	-	-
Total	688,933	100.00	835,597	100.00

Since the Company’s fiber department was established in 2015, it has seen a continuous increase in both the variety and volume of orders. It has achieved notable success in medical, apparel, automotive and footwear materials. The fiber department will continue to actively collaborate with downstream clients to develop niche products.

Market Shares

The main product of the company is polyester draw textured yarn, which belongs to the midstream spinning industry of the textile industry. Taking into account business scope, product categories, and product proportions, the company has selected the listed companies Lealea Enterprise Co., Ltd. (hereinafter referred to as "Lealea"), Taiwan TAFFETA Fibers Co., Ltd. (hereinafter referred to as "TAFFETA"), and the OTC-listed company Hsin Sin Textile Co., Ltd. (hereinafter referred to as "Hsin Sin") for comparison.

Unit: NT\$ thousand

Company Name	Paid-in capital (Mar.31, 2025)	Operating Revenue		Scope of business	Revenue ratio of main products
		2023	2024		
Kwang Ming 4420	404,550	688,933	835,597	Polyester draw textured yarn Real estate leasing and sales and industrial factory development, leasing and sales.	polyester draw textured yarn (98.69%)、processing income (0.14%)、rental income (1.15%) and others (0.02%)
Lealea 1444	9,955,951	8,149,113	8,269,876	Polyester draw textured yarn、Polyester filament yarn and PET resin	Textured yarn (42.19%)、PET bottle resin (28.16%)、Polyester filament yarn and PET resin (7.89%)、coal (9.74%)、Filament weaving (10.64%) and others (1.38%)
TAFFETA 1454	1,298,338	1,513,543	1,623,569	Tetoron and Polyester yarn	Tetoron (64.92%)、Polyester textured yarn (34.992%) and others (0.09%)
Hsin Sin 4406	519,120	409,538	447,920	Polyester textured yarn	Polyester textured yarn (94.20%)、Sales of finished cloth (0.59%) and commodity (5.21%)

Note1：Polyester is the chemical name of POY, while Tetoron is a proprietary term given by Japan for products made from POY material. Both refer to the same substance.

Note2：The data in the above table is sourced from the company's financial reports audited and certified by CPAs. Revenue data for peer companies is obtained from the MOPS. The revenue proportion of the company's main products is based on figures from the year 2024, while the data for peer companies is taken from their 2024 annual general meeting reports.

The company's 2024 operating revenue amounted to NT\$835,597,000, representing growth compared to 2023. Starting from the second half of the year, market demand from customers had a slight recovery, leading to an increase in the machine utilization rate to 70%. In addition, the sales team actively cleared E&O (Excess and Obsolete), resulting in a 23% year-over-year increase in total sales volume and a 26% increase in operating revenue.

#### Market future supply-demand situation and growth potential

The global economic and petrochemical raw material prices have a significant impact on the man-made fiber industry. In response to the current global issue of oversupply in the man-made fiber, Taiwan's industry should adopt a strategy of specialization and innovation. By developing fibers for industrial, home décor, and apparel applications that emphasize functionality and performance, fiber consumption can be stimulated. The man-made fiber industry will continue to grow in areas of high added value and new applications. Manufacturers, while adapting to evolving times and market demands, must also uphold the principles of environmental protection and sustainability, enhancing production processes and the development of new fibers and fabrics.

As global economic shifts, the midstream and downstream textile industries are also undergoing relocation, intensifying export competition. The company will continue to monitor the impact of global regional economic integration on the industry, timely develop new markets, and innovate new

products. The company will also strengthen collaborations with brand partners to create new competitive advantages.

### Niche Market Competition

1. In recent years, Taiwan's textured yarn market has matured, with production capacity being scaled down and stabilized. Inventory levels have been gradually reduced to low levels year by year, and both production and sales of textured yarn have maintained a well-balanced development.
2. Due to the development of new products and technologies, the demand for differentiated and functional products has increased. As a result, Taiwan’s textured yarn industry has enhanced its competitiveness, attracting orders from internationally renowned companies.
3. Textured yarn companies with poor competitiveness were phased out years ago, eliminating the situation “Bad money drives out good”. The current textured yarn industry in Taiwan is composed of healthy and fundamentally sound players who engage in positive competition and collective growth.
4. Taiwan's chemical fiber industry has the advantage of producing in small quantities with high variety, providing a strong foundation for the development of the weaving industry. Through continuous efforts in differentiated R&D and leveraging the strength of small-batch, diverse production, high-quality products are supplied to Taiwan’s textile and fabric manufacturers, helping them expand into international markets.

### Development Vision

#### Favorable factors

1. Taiwan possesses strong capabilities in the research, development, and production of functional fabrics, and serves as a key supplier to major European, American, and international sports brands. This enables close access to the latest development trends of international brands and markets, providing a favorable advantage in the development of new textured yarn products.
2. Man-made fibers are not affected by weather, and the global textile market will increasingly rely on them in the future. The development potential is immense, and Taiwan’s industry structure is comprehensive, with a well-established upstream, midstream, and downstream industrial network that offers the advantage of industrial clustering and mutual support.
3. With the global trends in sports, outdoor recreation, and fast fashion, along with increasing public awareness of environmental issues, the demand for high value-added yarns is growing steadily.
4. The company’s equipment is fully automated and operates reach economical of production scale, allowing for stable quality control, increased production capacity, and reduced costs, thereby enhancing the company’s competitiveness within the industry.

#### Unfavorable factors and corresponding strategies

Unfavorable factors	Corresponding strategies
The textile industry is highly labor-intensive, and the insufficient labor supply in Taiwan has led to rising labor costs, which in turn has increased production costs.	<ul style="list-style-type: none"> <li>● Employ local workers who are willing to enter the job market, and in line with government policies, apply for foreign labor to make up for labor shortages. Improve working conditions, offer various employee welfare programs, and establish a strong corporate culture.</li> <li>● Accelerate the introduction of high-speed and automated equipment to optimize and refine the use of human resources, thereby enhancing productivity and product added value, while alleviating operational pressures caused by rising labor costs.</li> </ul>

Unfavorable factors	Corresponding strategies
Fluctuations in domestic electricity and fuel prices, and growing environmental awareness, have resulted in higher related expenses, affecting overall profit.	<ul style="list-style-type: none"> <li>● Develop specialized functional and diversified textile products to enhance product competitiveness.</li> <li>● Improve manufacturing processes to elevate quality and increase product added value, thereby differentiating from other textile products.</li> </ul>
With the increasing prevalence of regional trade integration among various countries, some products from emerging textile-producing nations such as those in ASEAN have become less reliant on Taiwan.	<ul style="list-style-type: none"> <li>● Develop specialized functional and diversified textile products to enhance product competitiveness.</li> <li>● Improve production processes to enhance quality and increase the added value of products, thereby differentiating them from other textile products.</li> </ul>

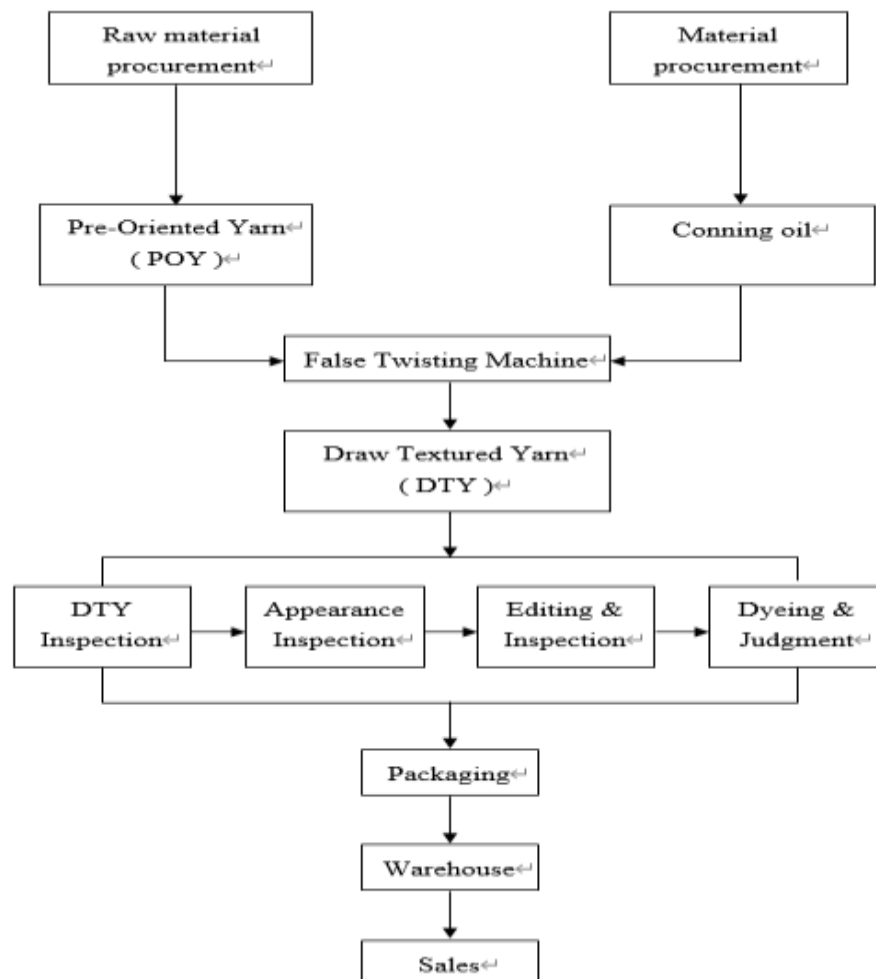
### Important use and manufacturing process of main products

#### Important use of main products

Product	Important use or function	Application products
Polyester draw textured yarn	The raw materials used for various woven and knitted fabrics.	Various types of garment fabrics (such as casual wear, sportswear, socks, gloves, suits, shirts, and trousers), industrial woven fabrics, and eco-friendly recycled polyester textiles, often blended with elastic yarns to produce highly functional outdoor leisure and performance sports apparel.

#### Manufacturing process of main products

##### Polyester draw textured yarn



### Supply of main material

When purchasing raw materials, the company not only considers quality, supply sources, and pricing but also takes into account future supply and demand conditions. The company has established long-standing and solid trading relationships with upstream suppliers, all of whom are reputable companies. Over the past three years, the supply of the company's primary raw materials has been stable, with no shortages or interruptions in delivery.

Category	Main material	Availability
Polyester draw textured yarn	Polyester Filament Yarn	Good

Suppliers and customers that accounted for 10% or more of total purchases (sales) in either of the most recent two fiscal years

Main suppliers with last 2 years

Unit: NT\$ thousand; %

2023					2024			
No.	Name	Amount	Ratio of purchasing	Relation with Issuer	Name	Amount	Ratio of purchasing	Relation with Issuer
1	Hung Chou Fiber Ind. Co., Ltd.	439,678	96.43%	Affiliated company	Hung Chou Fiber Ind. Co., Ltd.	589,129	97.07%	Affiliated company
2	Tainan Spinning Co., Ltd	3,783	0.83%	None	Tainan Spinning Co., Ltd	2,039	0.34%	None
	Others	12,506	2.74%	None	Others	15,706	2.59%	None
	Net purchase	455,967	100.00%		Net purchase	606,874	100.00%	

Note: As of the date of the annual report, there are no financial statements as audited or reviewed by CPA.

Main customers with last 2 years

Unit: NT\$ thousand; %

2023					2024			
No.	Name	Amount	Ratio of sales	Relation with Issuer	Name	Amount	Ratio of sales	Relation with Issuer
1	Yi Jinn Industrial Co., Ltd.	135,978	19.74%	Parent company	Yi Jinn Industrial Co., Ltd.	105,675	12.65%	Parent company
2	Yi Shin Textile Industrial Co., Ltd.	61,679	8.95%	None	Yi Shin Textile Industrial Co., Ltd.	58,686	7.02%	None
	Others	491,276	71.31%	None	Others	671,236	80.33%	None
	Net Sales	688,933	100.00%		Net Sales	835,597	100.00%	

Note: As of the date of the annual report, there are no financial statements as audited or reviewed by CPA.

## Employee Information

Employee statistics in the past two years up to publication date

Mar. 31, 2025; Unit: person, year, %

Year		2023	2024	Mar.31, 2025
Number of employee	Direct labor	79	82	81
	Indirect labor	22	21	21
	Part-time labor	32	30	30
	Total	133	133	132
Averaged Age		45.65	45.22	45.37
Averaged job tenure		9.01	9.10	9.13
Employee's education (%)	Master	0.99	0.97	0.98
	University / College	19.80	18.45	17.65
	Senior high school	61.39	63.11	63.72
	Under senior high school	17.82	17.47	17.65
Professional certifications held by employee	Internal Auditor, Professional Certification for Accounting of Public Offering Companies, Occupational Safety and Health Affairs Supervisor, Technician for Labor Safety and Health Management	5	5	5

## Environmental Protection Expenses

Total losses due to environmental pollution as of the date of printing the latest annual and reports (including compensation and violations of environmental protection regulations found during inspections, details must include the date of the penalty, reference number, violated regulation, description of the violation, and content of the penalty), along with disclosure of current and potential future estimated amounts and countermeasures. If a reasonable estimate cannot be provided, the reasons must be explained: None

## Labor-Management Relations

Employee welfare measures, education, training, retirement system, and the implementation status  
Employee welfare measures

The company has effort in promoting employee welfare and has established facilities such as a cafeteria, dormitory, and parking lot. In accordance with the law, employee welfare funds are allocated and managed by the Employee Welfare Committee to handle various welfare matters, including:

- Labor insurance, National Health Insurance, and comprehensive group insurance
- Holiday, performance, and birthday bonuses
- Scholarships and educational assistance
- Marriage and funeral subsidies
- Regular health check-ups for all employees
- Monthly retirement fund contributions in accordance with the Labor Pension Act

Implementation status of employee welfare in 2024:

Holiday bonuses NT\$385,450; Marriage and funeral subsidies NT\$34,600; Emergency assistance for illness and hardship NT\$12,000; Recreational expenses NT\$0; Group insurance NT\$166,850 and Scholarships and educational assistance for employee's children NT\$35,000.

## Education and Training

### 1. Employee Education and Training (in accordance with the training procedures related to the payroll cycle in the internal control system)

#### (1) Pre-service training

All new employees are required to undergo a pre-service training to gain a basic understanding of the company's organizational culture, job roles and responsibilities, business philosophy, and regulations before commencing their duties. The training content focuses on helping new employees quickly adapt to the work environment and integrate into their job roles as soon as possible.

#### (2) On-the-job training

Internal training is conducted by each department in accordance with relevant laws and regulations such as occupational safety and health and the ISO quality management system. Meetings are held during employees' available time to carry out on-the-job training. External training is arranged based on actual needs, with departments submitting a training application and evaluation form, which is implemented upon approval by the managers.

#### (3) Training implementation methods

Managers provide educational opportunities to subordinates through meetings, one-on-one discussions, and other appropriate occasions. Training programs are either organized centrally by the company or individually by different departments. Employees may also participate in educational and training programs offered by domestic training institutions.

### 2. Training implementation overview

Year \ Item	Total training expenditure	Total training hours	Total number of participants
2023	NT\$ 49,314	1,184 hours	304
2024	NT\$ 53,563	1,208 hours	366

## Retirement System

The company has established a retirement policy for formally employees. According to the policy, retirement pension are calculated based on the employee's years of service: for each full year of service, two base units are granted; however, for years exceeding fifteen, one base unit is granted per year, with a maximum of forty-five base units in total. The base unit is calculated based on the employee's average monthly salary over the six months prior to retirement.

Since the implementation of the Labor Pension Act (the New Fund) on July 1, 2005, employers are required to contribute monthly pension for employees covered under the new scheme into individual pension accounts managed by the Bureau of Labor Insurance. The employer's monthly contribution must not be less than 6% of the employee's monthly salary. All newly hired employees are subject to the new fund, while existing employees were allowed to choose between the old and new funds. Starting from 2016, the company gradually offered early retirement plans to employees who had chosen the old pension fund. On Nov.30, 2016, the company settled the retirement benefits for employees who had opted into the new funds but retained seniority under the old Labor Standards Act. After completing the settlement of the old pension funds, the company disbanded its "Labor Pension Supervisory Committee" and closed the dedicated labor retirement reserve.

Currently, all company employees are enrolled under the new pension funds. The company contributes no less than 6% of each employee's monthly wage into their individual retirement accounts, while employees may voluntarily contribute an additional 1% to 6% of their monthly salary.

## Labor-Management Agreement and Employee Rights Protection

The company maintains a harmonious labor-management relationship. In accordance with regulatory requirements, regular labor-management meetings are held, and related matters are properly handled.



There have been no labor disputes. The company emphasizes a rational and human-centered management system, has established smooth communication channels, and maintains a good relationship between labor and management. By implementing employee profit-sharing and sharing operational achievements, the company fosters a stable and harmonious labor-management environment while jointly enhancing productivity.

#### Work Environment and Employee Personal Safety Protection

The current status and implementation by the company as follows:

Current status	Implementation
Posting of "No Open Flames" signs and installation of fire extinguishing equipment in compliance with fire safety regulations.	<ul style="list-style-type: none"> <li>● Propaganda Posters of Home Fire Prevention &amp; Safety are displayed on-site.</li> <li>● The entire plant is equipped with CO<sub>2</sub> fire extinguishers, dry chemical fire extinguishers, and fire hydrants.</li> <li>● Annual fire safety training is conducted for all departments, with relevant departments receiving hands-on guidance.</li> <li>● Purchase fire accident insurance annually.</li> </ul>
Recycling and reuse of cardboard boxes, yarn hose, scrap iron, and waste yarn.	<ul style="list-style-type: none"> <li>● Cardboard boxes and yarn hose used for packaging materials are sorted, recycled, and sold by designated personnel.</li> <li>● Scrapped machinery and parts are organized by each department and sold as scrap iron.</li> <li>● Waste yarn generated during the production is sorted by designated personnel and sold as pre-consumer waste.</li> <li>● 20% of the proceeds from the above recycling and sales is allocated to employee welfare.</li> </ul>
Implementation of various measures to protect workers' personal safety in accordance with labor safety regulations.	<ul style="list-style-type: none"> <li>● In accordance with labor safety and health regulations, relevant departments are required to implement various safety measures to comply with labor safety standards.</li> <li>● Safety and health education and training are provided for employees.</li> <li>● Propaganda posters of labor safety are displayed on-site.</li> <li>● Certified institutions are regularly commissioned to conduct on-site noise level monitoring, and in-service employees undergo general health check-ups and specialized physical (noise) examinations as required, enabling each employee to stay informed about their health status.</li> <li>● A contract has been signed with Taipei Skypark Medical Clinic for on-site labor health services provided by medical professionals, offering services as stipulated in the Regulations governing the labor health protection. Regular labor health education and psychological counseling are conducted to promote employee well-being.</li> </ul>
Installation of residual current device (RCD) and protection for power cables.	<ul style="list-style-type: none"> <li>● Drinking fountains and water heaters are equipped with RCD, and some power cables are additionally protected with plastic hose.</li> </ul>
Procurement of additional automatic stacking and conveying equipment.	<ul style="list-style-type: none"> <li>● Textured yarn products are packaged and stacked using automated systems to reduce manual labor and prevent injuries during stacking.</li> </ul>

#### Employee Code of Conduct and Ethics

The company has established "Work Rules" in accordance with the Labor Standards Act and relevant laws. All employees hired by the company and receiving wages for their work are subject to these rules. The work rules include measures for the prevention of sexual harassment, along with procedures for



complaints and disciplinary actions. A dedicated complaint hotline and mailbox have been set up to ensure a harassment-free work environment for employees, job applicants, and business contacts. The full text of the work rules can be found on the company's website at <http://www.kwangming.com> under the "Investor Area" → "Articles & Policies" section.

In addition, to ensure that the conduct of directors and managers meets ethical standards, the board of directors has approved a "Code of Ethical Conduct" to serve as a guideline for relevant personnel. The full text of this code is available on the company's website and on the MOPS.

The recent annual and year-to-date reports state that there have been losses due to labor disputes: None

The company has a good labor-management relationship with employees thus there have been no losses due to labor disputes now and in the future.

## **Cyber Security Management**

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### **Risk Management Framework of Cyber Security**

The responsible department for cyber security risk management in the company is the IT Department, which includes a dedicated team for the security of the network and information environment. Currently, the general manager holds the position of the chief manager in charge, with designated cyber security personnel under their supervision. These personnel are responsible for conducting risk assessments related to cyber security, planning the construction of IT hardware infrastructure, setting computer usage guidelines, managing cyber security systems, and implementing internal training and awareness programs. The audit department supervises and provides recommendations in accordance with the audit plan and prepares regular audit reports to the board of directors. In addition, the company's cyber systems are subject to annual audits conducted by CPAs.

### **Policy of Cyber Security**

To prevent the company's cyber systems or data from unauthorized access, use, control, disclosure, destruction, tampering, deletion, or other forms of compromise, and to ensure their confidentiality (ensuring that only authorized personnel can access information), integrity (ensuring the accuracy and unaltered state of information), and availability (ensuring authorized personnel can access the necessary information), the company has established a policy of cyber security for all employees to follow:

1. In response to the evolving landscape of cyber security threats, employees across departments (Finance, Manufacturing, Sales, and Plant) must participate in cyber security training to enhance awareness.
2. Safeguard the confidentiality and integrity of sensitive information and cyber systems, preventing unauthorized access and tampering.
3. Conduct regular internal audits to ensure that relevant operations are effectively implemented and enforced.

### **Cyber Security Management Plan**

1. Office employees (department of Finance, Manufacturing, Sales, and Plant) are required to complete 3 hours of cyber security training annually.
2. Upon awareness of an cyber security incident, employees must complete reporting, response, and recovery procedures within the required timeframe (a system recovery test plan is conducted once a year).
3. Any deficiencies or irregularities identified in the previous internal audit must be fully rectified, with no outstanding corrective actions remaining.

## Resources Invested in Cyber Security Management

To enhance cyber security, the company shall provide resources to raise awareness and promote the following measures:

1. Irregularly conduct cyber security awareness for employees (at least once a year), covering topics such as antivirus protection, use of licensed software, and email usage policies, with records retained.
2. Irregularly review the information provided on the company website, and promptly remove or update any confidential, sensitive, or outdated content.
3. Announce matters related to computer network security, such as promoting cyber security policies, preventing cyberattacks, and antivirus measures, as needed.
4. Ensure all computers are equipped with antivirus software and set to perform virus scans on the system.

The losses, potential impact, and response measures suffered due to significant cyber security incidents during the latest fiscal year and up to the date of printing of this annual report are listed below. If unable to make a reasonable estimate, it should be stated that such cannot be reasonably estimated: No such situation

## Important Contracts

Contract Type	Counter Party	Beginning and End of Contract	Main Content	Restrictive Clauses
Loan	Mega International Commercial Bank, Ta Tao Cheng Branch	July.01, 2024 ~ July.01, 2039	Long-term real estate secured loans	According to contract
Loan	Hua Nan Bank, Nanmen Branch	Sep.30, 2019 ~ Sep.30, 2039	Long-term real estate secured loans	According to contract
Sale and Purchase	Tung Qi Dyeing & Finishing Co., Ltd	Nov.27, 2023 ~ Jun.30, 2024	Sale of Taoyuan Guanyin Plant	According to contract
Sale and Purchase	ST Media Co., Ltd	May.22, 2024 ~ Jun.11, 2024	Sales of Xizhi U-TOWN building	According to contract
Sale and Purchase	JT Food Service Corporation	Jun.12, 2024 ~ Sep.05, 2024	Sales of Nangang I-CITY building	According to contract
Sale and Purchase	Winex Derma International Co., Ltd	Aug.02, 2024 ~ Jan.22, 2025	Sales of Xizhi U-TOWN building	According to contract
Sale and Purchase	Lotes Co., Ltd	Dec.09, 2024 ~ Jan.17, 2025	Sales of Nangang I-CITY building	According to contract

## Status of Personnel Obtaining Relevant Certifications Designated by the Competent Authority Related to Financial Information Transparency

Name of certification	Issuing authority	Number of person
Internal audito	The Institute of Internal Auditors	2
Professional certification for accounting managers of public offering companies	Accounting Research and Development Foundation	1
Class A occupational safety and health affair managers	Safety & Health Occupational Development Association of R.O.C	1
Class B technician for for labor health management.	Council of Labor Affairs' Executive Yuan	1

## 5. Review and Analysis of Financial Status and Performance and Risks

### Financial Status

Unit: NT\$ thousand

Item \ Year	2023	2024	Difference	
			Amount	%
Current assets	2,227,084	684,498	(1,542,586)	(69.26)
Non-current assets	2,132,773	1,333,168	(799,605)	(37.49)
Total assets	4,359,857	2,017,666	(2,342,191)	(53.72)
Current liabilities	522,405	248,111	(274,294)	(52.51)
Non-current liabilities	1,120,994	259,285	(861,709)	(76.87)
Total liabilities	1,643,399	507,396	(1,136,003)	(69.13)
Capital	404,550	404,550	-	-
Capital reserve	203,158	203,158	-	-
Legal reserve	192,868	356,476	163,608	84.83
Special reserve	463	463	-	-
Unappropriated earnings	1,915,882	546,086	(1,369,796)	(71.50)
Other interests	(463)	(463)	-	-
Total equity	2,716,458	1,510,270	(1,206,188)	(44.40)

Please explain the cause of changes and future action plan in assets, liabilities and owner's equity in the most recent 2 fiscal years (analysis of changes exceeding 20% proportion and amount reaches to NT\$10,000,000):

1. Current assets and total assets: The trade receivable from the sale of the Taoyuan Guanyin Plant in 2023 have been fully collected within the current year, resulting in a significant decrease in other receivables and, consequently, a substantial reduction in current assets.
2. Non-current assets and total assets: The sales of the Nangang and Xizhi buildings during the year led to a reduction in investment properties, causing a substantial decrease in non-current assets. Two of these transactions were reclassified under non-current assets held for sale, while the others were fully settled with payment received upon transfer of property ownership within the current year.
3. Current liabilities, non-current liabilities, total liabilities, unappropriated earnings and total equity: The proceeds from the aforementioned real estate sales were used to pay cash dividends to shareholders, repay short-term and long-term bank loans, and financing from related parties. As a result, current liabilities, non-current liabilities, total liabilities, unappropriated earnings, and total equity all experienced significant decreases.
4. Legal reserve: Due to the substantial profit generated from the sale of the Taoyuan Guanyin Plant in 2023, the legal reserve was appropriated in accordance with the law.
5. The company's overall performance does not present any major irregularities; therefore, no contingency plan is required.

## Financial Performance

### Financial performance analysis

Unit: NT\$ thousand

Item \ Year	2023	2024	Amount of increases or Decrease	Ratio of Change %
Net operating revenue	688,933	835,597	146,664	21.29
Operating costs	696,200	835,131	138,931	19.96
Operating margin	(7,267)	466	7,733	106.41
Operating expense	69,876	47,304	(22,572)	(32.30)
Other income and expenses	1,824,706	340,621	(1,484,085)	(81.33)
Operating net profit	1,747,563	293,783	(1,453,780)	(83.19)
Non-operating income and expenses	(44,700)	(4,845)	39,855	89.16
Net profit before tax	1,702,863	288,938	(1,413,925)	(83.03)
Income tax expense (benefit)	(66,783)	(38,746)	28,037	41.98
Net income	1,636,080	250,192	(1,385,888)	(84.71)
Other comprehensive income	-	-	-	-
Total comprehensive income	1,636,080	250,192	(1,385,888)	(84.71)

Please explain the cause of changes (analysis of changes exceeding 20% proportion and amount reaches to NT\$10,000,000):

1. Net operating revenue and operating margin: In the second half of the year, customer demand in the market slightly rebounded, increasing the production utilization rate to 70%. Additionally, the sales team actively cleared dead stock, contributing to overall revenue growth. With the gradual sale of vacant offices and buildings, rental losses were reduced, resulting in a turnaround from loss to profit for the full year.
2. Operating expense: In 2023, due to significant profits from the sale of the Taoyuan Guanyin Plant, the company accrued higher amounts for employee bonuses and directors' remuneration. This year, the accrued amounts were lower, resulting in a decrease in operating expenses compared to the same period last year.
3. Other income and expenses, operating net profit, net profit before tax, net income and total comprehensive income: In 2023, the company benefited from substantial gains from the sale of the Taoyuan Guanyin Plant. However, the gains from property sales this year were smaller, leading to decreases in other income and expenses, operating net profit, net income, and total comprehensive income compared to the same period last year.
4. Non-operating income and expenses: This year, gains from the disposal of financial assets (listed stocks) and inventory valuation gains increased non-operating income. Additionally, as short and long-term borrowings were gradually repaid, interest expenses decreased compared to last year, resulting in lower non-operating expenses.
5. Income tax expense (benefit): Profit from the sale of the I-CITY building this year was included in the calculation of annual operating income. Losses from the previous year were deductible against this profit, thereby reducing the income tax expense for the current year.

Expected sales quantity and along with corresponding plans which may be potentially impact on the Company's financial business:

The Company has not disclosed the financial forecast for 2024, and therefore does not intend to disclose the expected sales quantity.

## Cash Flow

Analysis of cash flow changes in the most recent year

Unit: NT\$ thousand

Item \ Year	Cash inflow (outflow)		Increase or decrease	
	2023	2024	Amount	%
Operating activities	(2,439)	41,019	43,458	1,781.80
Investing activities	59,382	2,536,330	2,476,948	4,171.21
Financing activities	(33,318)	(2,598,898)	(2,565,580)	(7,700.28)

Analysis of change exceeding 20% proportion:

1. Cash inflow from operating activities was approximately NT\$41,019,000: Due to increased sales revenue, a turnaround in operating margin from a loss to a profit, and cash inflows from the disposal of financial assets, the net cash inflow from operating activities significantly increased this year.
2. Cash inflow from investing activities was approximately NT\$2,536,330,000: Mainly due to the receipt of the final payment from the sale of the Taoyuan Guanyin property last year and proceeds from the disposal of investment properties this year, resulting in a substantial increase in net cash inflow from investing activities.
3. Cash outflow from financing activities was approximately NT\$2,598,898,000: Primarily due to the repayment of short and long-term bank loans and the distribution of cash dividends to shareholders during the year.

Insufficient liquidity improved plan: No such situation

Analysis of cash liquidity in the coming year

Unit: NT\$ thousand

Opening Cash Balance	Net Cash Flow from Operating Activities in the Year	Other Cash Inflows (Outflows) (including exchange influence)	Cash Balance (Shortage)	Remedial Measures for Cash Shortages	
				Investment Plan	Financial Plan
54,487	(85,987)	89,301	57,801	N/A	N/A

Cash liquidity analysis next year:

1. Operating activities: Expect cash outflow is NT\$85,987,000, mainly for income tax payments and the purchase of financial assets.
2. Investing activities: Expect cash inflow is NT\$630,998,000, primarily from the proceeds of disposing of investment properties.
3. Financing activities: Expect cash outflow is NT\$541,697,000, mainly due to the repayment of short and long-term borrowings and the distribution of dividends to shareholders.
4. The company is not expected any liquidity issues in the next year.

**Impact of Major Capital Expenditure in the Past Year on the Financial Status** None

**Re-investment Policy in the Past Year, the Main Reason for Its Profit or Loss, the Improvement Plan and Investment Plan in the Next Year** None

## Analysis and Assessment of Risk Issues

1. The impact of recent changes in interest rates, exchange rates, and inflation on the profits and losses, as well as future response:

- (1) Interest rate changes : In 2024, the company's interest income was NT\$2,843,000, representing a very small proportion of net operating revenue. Bank interest expenses amounted to NT\$17,285,000, accounting for 2.07% of net operating revenue, which is not a high ratio. Therefore, interest rate fluctuations have had minimal impact on overall profit. Additionally, the company

maintains good relationships with its correspondent banks and has a good credit reputation. Accordingly, as of the date of the publication of the 2024 and 2025 annual reports, interest rate risks have not had a significant impact on the company's profit or loss. To address potential interest rate changes, the company will closely monitor interest rate trends, adjust its borrowing structure as needed, and adopt necessary measures to hedge against the risk of rising interest rates. For related interest rate sensitivity analysis, please refer to Note 6(21)3.(2) of the latest annual financial statements. The aforementioned financial report e-book can be found on MOPS (<https://mopsplus.twse.com.tw/>) by selecting [Single Company] > [Download e-Documents] > [Financial Reports].

(2)Exchange Rate Fluctuations : In 2024, the company's purchases and sales were all denominated in NT Dollars, and therefore, exchange rates had little impact on the company's overall operations. However, the company will continue to closely monitor exchange rate market developments and stay informed of exchange rate trends. In the event of significant foreign currency transactions in the future, the company will promptly adjust the asset and liability structure based on global macroeconomic conditions, exchange rate movements, and future funding needs, in order to hedge against exchange rate risks and minimize the impact of exchange rate fluctuations on the company's profit and loss.

(3)Inflation : The company will closely monitor price fluctuations of upstream raw materials and key components, maintain good relationships with suppliers and customers, and adjust product prices and raw material inventory in time in response to price changes, thereby mitigating the impact of inflation on the company.

2.The main reasons and corresponding measures for profits or losses of the high-risk, high-leverage investment, lending, endorsements and guarantees and derivatives carried out in the recent fiscal year

(1) The company does not engage in high-risk or high-leverage investing activities.

(2) The company currently has no activities related to lending, endorsements or guarantees, or engaging in derivative transactions; any such future activities will be carried out in accordance with the relevant management procedures approved by the board of directors and shareholders' meeting.

3. Future R&D plans and estimation of R&D expenses

Since the textile industry has shifted from a "production oriented" to a "market oriented", the company's research and development is carried out independently by the department of manufacturing and sales or in collaboration with customers, focusing on the development of new types of textured yarns and the improvement of production technologies. In the future, expenses arising from related research will be adjusted based on market supply and demand conditions and individual customer needs, and will be included under manufacturing and selling expenses.

4.The impact and measures to cope with recent important policy and legal changes domestically and abroad on the Company's financial business

The relevant departments of the company continuously monitor important policy and regulatory updates that may affect operations and adjust internal systems accordingly, with legal compliance as the primary principle. In recent years and up to the date of publication of the annual report, there have been no significant impacts on the company's financial business resulting from policy and legal changes domestically and abroad.

5. Impact and corresponding measures of Technological and Industrial Changes (Including Cyber security Risks) on Financial Status

Impact of the company's financial business :

The company has established cyber security for its networks and computer systems; however, it cannot guarantee that these controls will fully protect the computer systems supporting critical corporate functions such as manufacturing operations and accounting from all third-party cyber attacks. Such cyber attacks may involve unlawful intrusions into the company's internal network systems to disrupt

operations and damage the company's reputation. In the event of a severe cyber attack, the company's systems could lose critical data, and production lines may be forced to shut down. While the company continuously reviews and assesses the cyber security to ensure the appropriateness and effectiveness, it cannot guarantee immunity from emerging risks and attacks in the rapidly evolving landscape of cyber security threats. Cyber attacks may also attempt to steal the company's trade secrets and other confidential information, including proprietary data of customers or other stakeholders, as well as employees' personal information.

Malicious hackers could also attempt to introduce computer viruses, destructive software, or ransom into the company's network systems to disrupt operations, extort or blackmail the company, get control over the computer systems, or access confidential information.

Such attacks could result in the company being required to compensate customers for losses due to order delays or disruptions, incurring substantial costs to implement remedial and improvement measures to strengthen the cyber security, or facing legal liabilities and regulatory investigations due to breaches involving confidential information of employees, customers, or third parties to whom the company owes confidentiality obligations.

Corresponding measures :

- (1) To prevent and mitigate the damage caused by the aforementioned attacks, relevant improvement measures should be implemented and continuously updated.
- (2) Establish a entry anti-virus scanning mechanism to prevent machines containing malicious software from entering the company.
- (3) Strengthen network firewalls and management to prevent the spread of computer viruses across machines and plant.
- (4) Implement endpoint anti-virus measures according to the type of computer.
- (5) Introduce advanced solutions to detect and handle malicious software.
- (6) Design and develop cyber security and enhance personal computers for employee use.
- (7) Design and develop cloud application security policies.
- (8) Introduce new technologies to enhance data protection.
- (9) Enhance phishing email detection.
- (10) Regularly conduct employee awareness tests or engage external experts to perform cyber security assessments.

As of the recent years and up to the date of this annual report's publication, there have been no significant impacts on the company's financial business due to technological changes (including cyber security risks).

6. Impact and corresponding measures of crisis management of Corporate Image Changes

The company has always adhered to the business philosophy of integrity, responsibility, pro-activeness, and pragmatism. The management of the company operates in compliance with laws and regulations, and since the company's establishment, the company has focused on the core business, placed great importance on corporate image and risk management, and continuously enhanced internal management. The company has maintained good cooperative relationships with suppliers, customers, and financial institutions. As of the most recent years and up to the date of the annual report's publication, there have been no significant impacts on the company resulting from changes in its corporate image.

7.Expected benefits, potential risks, and corresponding measures of merger and acquisition: No such situation.

8.Expected benefits, potential risks, and response measures of expanding the factory: No such situation.

9.Risks and corresponding measures faced in Centralizing Purchases or Sales

- (1) Purchase : In the past 2 years, the company's purchases have been concentrated with a major supplier, who is a member of the parent company's group and an affiliated enterprise, maintaining a strategic upstream and downstream partnership with the company. However, the company

diversifies the procurement sources and phases out less suitable suppliers, ensuring that there are always at least two or more suppliers to maintain a stable supply chain. The company also establishes long-term and close cooperative relationships with all suppliers to ensure a secure and sufficient supply of raw materials.

(2) Sales : In the past 2 years, the company's sales to any single customer did not exceed 25% of total sales and have shown a decreasing year by year. Therefore, there is no concentration of sales to a single customer.

10.Impact, risks, and corresponding measures of major transfers or changes in share ownership by directors, supervisors, or large shareholders holding more than 10% of the Company's shares  
There have been no significant transfers of shareholding by the company's directors or major shareholders holding more than 10% of the company's shares. Currently, the shareholding of the directors complies with regulatory requirements, and there has been no major impact on the company's operation.

11.Impact, risks and corresponding measures of changes of management rights  
There have been no changes of management rights affected the company's operations. Furthermore, the company has established a comprehensive internal control system and related management regulations, and therefore, any changes in management rights are not expected to have a major impact on the company's operations.

12.The final adjudicated or pending contentious or non-contentious business or administrative disputes of the directors, supervisors, general manager, substantial responsible person, major shareholders holding over 10% of the shares, the results may have a significant impact on shareholder equity or securities prices should be disclosed: No such situation.

13.Cyber Security Risk Assessment and Corresponding Measures

According to the company's "Rules of Information Management," the IT personnel are required to back up user computer files to an external hard drive every week. The hard drive should have two copies of the most recent data, one of which is kept by the IT supervisor, and the other is stored with the IT specialist to implement a data backup mechanism.

To ensure a swift recovery of business operations in the event of information system damage, thereby minimizing potential losses and risks, the company follows the "Control of system recovery plan and testing procedures" outlined in the internal control system for electronic data processing. The company conducts an annual computer system recovery test to ensure the normal operation of the information system and data security, reducing the risks of system disruption caused by unforeseen natural disasters and human errors.

According to the "Control of Cyber Security Check" in the internal control system for electronic data processing, the company irregularly conducts cyber security awareness programs for employees. Additionally, an annual self-assessment is performed on whether the operational procedures and control points in the electronic data processing cycle are effectively implemented. Besides explaining each audit item, any unimplemented parts must be improved upon.

14.Other important risks and corresponding measures: None.

**Other important matters**    None

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## 6. Additional Information

### Information about the Company's Affiliates

Please visit M.O.P.S. (<https://mopsplus.twse.com.tw/>) and select [Single Company] under [Electronic Document Download] and click on [Three Forms and Statements for Related Enterprises].

**Private Securities in the Past Year and as of the Date of Publication of the Annual Report** None

### Other Necessary Supplementary Notes

The Company has no outstanding over-the-counter commitments.

Continuing education and training of directors and management in 2024

Date: from Jan.01, 2024 to Dec.31, 2024

Title/Name	Training date		Organizer (Note)	Course Name	Course Hours	Education Meets Regulations or not
	From	To				
Chairman Chan, Cheng-Tien	2024. 08.01	2024. 08.01	COSDA	Analysis of board regulations and practical disputes	3	Yes
	2024. 08.20	2024. 08.20	COSDA	Identifying corporate corruption or operational crises through financial statements	3	Yes
Director Huang, Li-Hsuan	2024. 09.10	2024. 09.10	TPEX	Insider shareholding advocacy and explanation session for emerging and OTC companies	3	Yes
	2024. 09.13	2024. 09.13	SFI	Corporate financial awareness - behavioral finance and corporate decision making	3	Yes
Director Cheng, Yu-Jing	2024. 10.17	2024. 10.17	COSDA	Corporate governance and securities regulations - regulations and risk responsibilities for directors, supervisors and insiders under corporate governance	3	Yes
	2024. 11.07	2024. 11.07	COSDA	Gender equality and sustainable development in corporate governance	3	Yes
Director/GM Li, Ye-Zhen	2024. 09.18	2024. 09.18	ARDF	2024 ESG summit: comprehensive net zero, a sustainable future	6	Yes
Director Jin, Jian-Zhang	2024. 10.22	2024. 10.22	IIA	Risk-oriented internal audit methods and practices	6	Yes
Director Chan, Yi-Chin	2024. 08.01	2024. 08.01	COSDA	Analysis of board regulations and practical disputes	3	Yes
	2024. 10.30	2024. 10.30	COSDA	Planning for corporate mergers, acquisitions, and equity investments, and practical analysis of joint venture agreements	3	Yes
Independent director Yang, Hsiao-Chin	2024. 10.25	2024. 10.25	SFI	AI booming: the technology development and application opportunities of the chatbot ChatGPT	3	Yes
	2024. 11.07	2024. 11.07	SFI	Practicing corporate sustainability: case analysis of legal responsibilities under act of gender equality.	3	Yes

Title/Name	Training date		Organizer (Note)	Course Name	Course Hours	Education Meets Regulations or not
	From	To				
Independent director Liu, Yung-Fu	2024. 04.30	2024. 04.30	TCGA	Practical operations of the sustainability committee (chief sustainability officer and working groups)	3	Yes
	2024. 05.28	2024. 05.28	TCGA	New era of artificial intelligence: chatbot ChatGPT flips new industry trends	3	Yes
	2024. 06.04	2024. 06.04	TCGA	The role and responsibilities of the board of directors/senior management in ESG governance	3	Yes
	2024. 07.03	2024. 07.03	TWSE	2024 Cathay sustainable finance and climate change summit	6	Yes
	2024. 07.09	2024. 07.09	TPEX	TPEX family seminar: "AI strategy and governance"	3	Yes
Independent director Hsu, Chi-Sheng	2024. 07.09	2024. 07.09	TPEX	TPEX family seminar: "AI strategy and governance" ㄐ	3	Yes
	2024. 10.18	2024. 10.18	SFI	Introduction to the contest of corporate control and the commercial case adjudication act	3	Yes
Corporate governance officer. Lai, Yu-Min	2024. 04.19	2024. 04.19	TCGA	Director responsibilities in the contest of corporate control - focusing on the protection of shareholder rights	3	Yes
	2024. 06.25	2024. 06.25	TCGA	Post-pandemic era - how Taiwanese enterprises should arrange strategically to meet the challenges and opportunities of upgrading and transformation (Part I)	3	Yes
	2024. 07.09	2024. 07.09	TCGA	Discussion on employee's compensation strategies and the use of tools	3	Yes
	2024. 08.13	2024. 08.13	TCGA	How to balance smart security risks during corporate digital transformation to create a win-win-win situation	3	Yes
Financial manager Liu, Hsiao-Chun	2024. 10.21	2024. 10.21	IIA	Data analysis methods and practices	6	Yes
	2024. 10.28	2024. 10.28	ARDF	Continuing education program for issuers, securities firms, and stock exchange accounting managers	12	Yes
	2024. 11.20	2024. 11.20	IIA	How internal auditors interpret business performance and risks through IFRS financial statements	6	Yes
Note : COSDA Corporate Operating and Sustainable Development Association TPEX Taipei Exchange SFI Securities and Futures Institute ARDF Accounting Research and Development Foundation IIA The Institute of Internal Auditors TCGA Taiwan Corporate Governance Association TWSE Taiwan Stock Exchange						

The Company evaluates the independence and suitability of CPAs in 2024 are as follows :

<b>Evaluation Facets</b>	<b>Evaluation Index</b>	<b>Yes</b>	<b>No</b>
1. Independence	(1) When a CPA has a direct or significant indirect interest in the entrusted matter that can affect the CPA's impartiality and independence, the CPA been recused from the case.	✓	
	(2) When a CPA provides an audit, review, review, or ad hoc review of the financial statements and makes an opinion, the CPA maintained formal independence in addition to its substantive independence.	✓	
	(3) The audit service team members, other co-practicing CPAs, or shareholders of corporate accounting firms, accounting firms, companies affiliated with the firm, and alliance firms also maintained independence from the Company.	✓	
	(4) The CPAs performed professional services with integrity and rigor.	✓	
	(5) The CPAs maintained a fair and objective position in the performance of their professional services and avoided prejudice, conflict of interest, or interest that might affect their professional judgment.	✓	
	(6) The CPAs' position of integrity, impartiality, or objectivity is not lacking or lost due to the loss of independence.	✓	
2. Suitability	(1) The certain scale and reputation of the CPA firm.	✓	
	(2) The peer evaluation of the CPA firm is good.	✓	
	(3) The CPAs have provided auditing services to the company for less than 7 consecutive years.	✓	
	(4) The CPAs are not involved in any significant lawsuit or litigation, and have never been censured by any regulatory body.	✓	
	(5) The auditing services provided by the CPAs and key management personnel are of good quality.	✓	
	(6) The CPAs have regular training and provide real-time professional information of the company.	✓	
	(7) The CPAs have Effective interaction with management and internal audit officer.	✓	

Explanation :

- Referring to the Sarbanes-Oxley Act of the United States, in order to implement the corporate governance mechanism, the company is not allowed to hire audit certified accountants to engage in non-audit services (such as accounting services or wealth management services) for the company at the same time.
- In order to prevent CPA from providing company audit services for too long and being too familiar with the company's management, resulting in loss of their independence, the competent authority has clearly stipulated the Revolving Door for CPAs to change regularly (7 years), and the audit services period for the same client is up to 6 years, that is, other CPA must be rotated. CPA Pan Chun-Ming has provided auditing services since 2022. Deputy CPA Chang Shu-Ying has provided auditing services since 2019, and 2024 is the sixth year.
- The Evaluation of CPAs' Independence and Suitability based on the 2022 Audit Quality Indicators (AQI) information provided by KPMG.

**Matters of Critical Influence on Shareholders' Rights and Interests as Described in Subparagraph 2 of Paragraph 3 of Article 36 of the Securities and Exchange Act**    None



**光明絲織廠股份有限公司**  
**Kwang Ming Silk Mill Co., Ltd.**



*Chairman Cheng-Tien Chan*