

Stock Code: 1419



Shinkong Textile Co., Ltd.

2024 Annual Report

Notice to readers

This English-version is a translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail

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Annual Report is available at: <http://mops.twse.com.tw>

Company website: <http://www.sktextile.com.tw>

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Title: Vice President

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4. Audit of the latest financial statements

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5. Name of overseas exchange where securities are listed and method of inquiry: None

6. Company website: <http://www.sktextile.com.tw>



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Chapter 1. Letter to Shareholders

Dear Shareholders,

In 2024, the Company navigated a mixed landscape of opportunities and challenges shaped by global inflation, interest rate cuts, the U.S. presidential election, the geopolitical tensions between Iran and Israel, and the post-pandemic era.

The export-driven Sales Department faced:

- I. Brand customers increasingly focusing on sustainability, diversity, equity, and inclusion.
- II. Demand for innovative new products and technologies.
- III. Heightened emphasis on energy conservation, waste reduction, and carbon emissions cuts.
- IV. Supply chain restructuring and the rise of competing brands.

Despite these challenges, the Company achieved steady revenue growth by prioritizing ESG principles, developing new products, and expanding potential customer bases.

On the domestic retail front, the international luxury market experienced a decline due to the surge in outbound travel and rising luxury goods prices, compounded by renovation and expansion projects in some malls. However, the Company's successful acquisition of the operational rights for the second phase of the naval supply station boosted overall retail division revenues compared to 2023.

Combining domestic and international markets, the addition of the military supply outlet contributed to a 26.09% increase in annual revenue compared to the previous year.

The production and sales status of the Company are described as follows:

(I) Production conditions:

This period, 3,872,340 yds were self-produced, a decrease of 92,021 yds compared to the previous period's 3,964,361 yds. Subsequent finishing and processing reached 22,112,158 yds, an increase of 4,201,088 yds compared to the previous period's 17,911,070 yds.

(II) Business conditions:

The total net operating revenue for the current period amounted to NT\$3,985,990 thousand, representing an increase of NT\$824,800 thousand compared to the previous period's NT\$3,161,190 thousand, achieving 109.26% of the budget.

The operation of departments is summarized below:

- (I) Sales Department: Focused primarily on exporting finished fabric, the current period's revenue amounted to NT\$2,560,530 thousand, reflecting a 14.91% increase compared to the same period last year, achieving 117.72% of the budget. The strategies of expanding potential customers, diversifying products, and developing functional and eco-friendly materials have contributed to sustaining business growth.
- (II) Retail Department: With a focus on domestic retail sales in the apparel market, the current period's revenue totaled NT\$1,266,622 thousand, an increase of 63.23% compared to the same period last year. However, it represented 91.97% of the budget. The growth rate has shown a decline from the high base during the pandemic period, as the increase in outbound travel has weakened domestic consumption momentum for department stores. However, with the added contribution from the military supply outlets, overall profitability still grew compared to the same period last year, even though the budget target was not fully met.
- (III) Business Development Department: Its revenue of the current period was NT\$158,838 thousand, remained unchanged from the same period of last year, accounting for 100.62% of budget.

For the full year 2024, consolidated operating revenue amounted to NT\$4,214,489 thousand, an increase of NT\$831,544 thousand compared to the same period last year, achieving 107.24% of the budget. The net profit after tax attributable to the Company's owners was NT\$869,014 thousand.

(III) Business Plan Implementation Results, Budget Execution and Profitability Analysis:



(I) Results of operation based on 2024 business plan:

NT\$: thousand

Item \ Year	2024	2023	Difference
Net Operating Revenue	4,214,489	3,382,945	831,544
Operating costs	2,981,067	2,389,671	591,396
Gross profit	1,233,422	993,274	240,148
Operating expenses	775,150	633,530	141,620
Other income and expenses, net	34	-	34
Profit/(loss) from operations	458,306	359,744	98,562
Net Non-Operating Revenue	653,363	413,223	240,140
Net income before tax	1,111,669	772,967	338,702
Net income in the period	869,014	648,948	220,066

(II) Budget execution: In accordance with the Regulations Governing the Publication of Financial Forecasts of Public Companies, the Company is not required to prepare the financial forecast in 2025 and thus without disclosure of this information

(III) Financial position and profitability analysis:

Year		2024	2023	Changes in Percentage(%)
Item				
Return on assets		4.54	3.93	15.52
Return on shareholders' equity		6.07	5.21	16.51
As a percentage(%) to Paid-in Capital	Operating Income	15.27	11.99	27.36
	Net Income before Tax	37.05	25.76	43.83
Net profit margin		20.62	19.18	7.51
Earnings per share (NT\$)		2.90	2.17	33.64

(IV) Summary of Business Plan of this year:

The company's growth strategy has been acknowledged by both the market and our customers in recent years, and the overall revenue has met our expectations. Moving forward, the Company will continue to implement our past strategies and execute a range of plans to further accelerate business and operational growth. The expected project directions are as follows:

- (I) In response to the requirements of customers' geographic projects, we expect to set up an overseas subsidiary in Indonesia to plan for the expansion of the plant and to diversify the risk of centralized production.
- (II) In order to enhance product development and broaden our customer base, we have implemented plans to sustain the growth of our exported finished products.
- (III) Continues to exercise operational rights of the Navy's Military Supplies Sales Office for a period of five plus three years. We will commence research and development of military supplies and self-funded products, with the objective of strengthening our operational foundation and diversifying our revenue streams.
- (IV) The Group Uniform Department is actively promoting the ISP recycling plan and enhancing the environmentally-friendly group uniform operational plans.
- (V) Continuously update equipment, enhance production capacity, and improve product quality.
- (VI) Developing a clothing brand using recyclable materials - FYNE.
- (VII) Enhance digitalization and smart manufacturing to minimize inventory levels and reduce energy consumption.

In conclusion, by implementing the aforementioned plans, it is anticipated that there will be an improvement in this year's revenue and profitability.

- (V) The future corporate development strategy, the external impact of the competitive environment, regulatory environment and overall business environment:



(I) The future corporate development strategy

In the long run, the climate and ecological crisis is the biggest risk in the future, while inflation and increased raw material costs are the biggest threat in the short term. How to achieve the sustainable development in the post epidemic era is an important issue for the future corporate development. The Company will continue to promote ESG and maintain the Company's long-term competitiveness.

- (1) Promote sustainable recycling of products: In addition to the original recycled materials, further develop a series of products such as biological matrix materials, agricultural waste recycling, 100% recycling of zero waste and durability, so as to improve the added value and threshold of new products and achieve the goal of energy conservation and waste reduction.
- (2) Promote the talent training mechanism: Establish a competent and effective team, maintain the flexibility of the optimal scale, and keep the "vitality" of the organization. Pay attention to employee welfare and career development, continuously implement the direct employment and zero cost for migrant workers. Maintain the interaction with the community and take care of consumer rights.
- (3) Strengthen corporate governance: We strengthen the relationship maintenance with stakeholders, maintain the rights and interests of supply chain manufacturers and the safety of work environment, create profits based on the transparency, openness, efficiency and compliance with laws and regulations, so as to give back to the society and shareholders.
- (4) Enhancing existing processes and improving energy efficiency through equipment optimization and data analysis, while developing new processes that utilize environmentally friendly materials to align with environmental trends and enhance product competitiveness.
- (5) Integrate collaborative upstream development of new technologies and products.

Generally, ESG is the main axis of the company's future development strategy.

(II) Impact from the external competitive environment, regulatory environment and overall economic environment

In fiscal year 2024, the textile industry saw European and American end-market customer inventories decrease to healthy levels, and market demand returned to normal. The U.S. market experienced benefits from the peak in year-end consumer spending, the demand for inventory replenishment, and strong demand from ASEAN, which positively influenced both demand performance and raw material inputs. Furthermore, the renewed risks associated with the U.S.-China trade war have heightened brand owners' willingness to procure. In the year 2024, there was a modest increase in textile export orders.

Looking ahead to the year 2025, sustainable development will enter the "mandatory compliance" phase. Regulations will compel brands to establish a global supply chain ESG data platform to collect information on the sources of textile materials, carbon footprints, and recycling methods in response to regulatory oversight. Standards for supply chain management and labor conditions will be elevated, and adherence to regulations will become increasingly stringent. Shin Kong Textile will continue to develop green materials, transitioning from passive compliance to actively seeking opportunities within the circular economy, while leveraging AI and smart production to respond swiftly to market changes.

The Taiwanese textile industry is facing significant uncertainty and challenges in economic development for the year 2025. This is primarily due to high inflation following the pandemic, geopolitical tensions stemming from the Russia-Ukraine war and the Israel-Hamas conflict, as well as the effects of the new U.S. government's trade policies and tariff regulations. We will concentrate on developing specialized new products and technologies, ensuring international competitiveness through differentiation while continuously expanding our overseas



production bases. Our strategy will emphasize high-quality, differentiated products and a diversified supply chain to effectively respond to the evolving market demands.

Regards

Best wishes!

Chairman **Hsing-En Wu**

Chapter 2. Corporate Governance Report

I. Information on the Directors, President, Vice Presidents, Assistant Vice Presidents, and Supervisors of Divisions and Branch Units

(I) Directors' Information

1. Director

March 28, 2025

Title	Nationality/ Place of Registration	Name	Gender and Age	Elected (Appointed) Date	Term	First Election Date	Shareholding at the Time of Appointment		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Major Experience (Education)	Other Position Concurrently Held at the Company and Other Companies	Executives, Directors or Supervisors who Are Spouses or within the Second Degree of Kinship			Note
							Number of shares	Shareholding ratio(%)	Number of shares	Shareholding ratio(%)	Number of shares	Shareholding ratio(%)	Number of shares	Shareholding ratio(%)			Title	Name	Relationship	
Chairman	R.O.C.	Chichen Co., Ltd.	-	2023.05.26	3 years	2017.05.26	19,650,000	6.549	19,650,000	6.549	-	-	-	-	-	-	-	-	-	None
	R.O.C.	Representative: Hsing-En Wu	Male 40~49	2023.05.26		2009.06.19	0	0	0	0	0	0	240,000	0.08	Master of Materials Science and Engineering, UCLA Chairman of Shinkong Textile Co., Ltd. Chairman of Shinkong Asset Management Co., Ltd.	Note 1	Director	Hsin- Hung Wu	Brother	None
Director	R.O.C.	Haung En Co., Ltd.	-	2023.05.26	3 years	2023.05.26	5,563,669	1.854	5,563,669	1.854	0	0	0	0	-	-	-	-	-	None
	R.O.C.	Representative: Hsin-Hung Wu	Male 50~59	2023.05.26		2009.03.18	0	0	0	0	0	0	0	0	Master of Business Administration, Wharton School of the University of Pennsylvania Chairman of Shinkong Insurance/Shinkong Textile Co., Ltd. Chairman of Shin Kong Investment Trust Co., Ltd.	Note 2	Chairman	Hsing-En Wu	Brother	None
Director	R.O.C.	Chichen Co., Ltd.	-	2023.05.26	3 years	2017.05.26	19,650,000	6.549	19,650,000	6.549	-	-	-	-	-	-	-	-	-	None
	R.O.C.	Representative: Chin-Fa Chiu	Male 60~69	2023.05.26		92.06.05	5290	0	5,290	0	0	0	0	0	Master of Business Administration,	Independent Director of	-	-	-	None

Title	Nationality/ Place of Registration	Name	Gender and Age	Elected (Appointed) Date	Term	First Election Date	Shareholding at the Time of Appointment		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Major Experience (Education)	Other Position Concurrently Held at the Company and Other Companies	Executives, Directors or Supervisors who Are Spouses or within the Second Degree of Kinship			Note
							Number of shares	Shareholding ratio(%)	Number of shares	Shareholding ratio(%)	Number of shares	Shareholding ratio(%)	Number of shares	Shareholding ratio(%)			Title	Name	Relationship	
															National Taiwan University President of Shinkong Textile Co., Ltd. Executive Vice President of Ruentex Industries Co., Ltd.	Sunny Friend Environmental Technology Co., Ltd.				
Director	R.O.C.	Shin Kong Wu Tung Ching Foundation	-	2023.05.26	3 years	2009.06.19	51,660	0.01	51,660	0.02	-	-	-	-			-	-	-	None
	R.O.C.	Representative: Po-Han Lin	Male 60~69	2023.05.26		2021.01.07	0	0	0	0	0	0	0	0	Master of Business Administration, Meiji University Chairman of Shinkong LOHAS Co., Ltd., Director of Shin Kong Financial Holding	Chairman of Shin Kong LOHAS Design Co., Ltd., Chairman of Shin Kong Venture Capital International Co., Ltd., and Shin Kong Mitsukoshi Department Store Co., Ltd.	-	-	-	None
Independent Director	R.O.C.	Wei-Kan Chen	Male 40~49	2023.05.26	3 years	2021.07.16	0	0	0	0	0	0	0	0	Master of Finance, University of Cambridge Master of Design Studies (Real Estate), Harvard University Senior Consultant of E.R.C. Group Los Angeles City College Foundation/Director Preferred Bank/First Vice President concurrently Customer Relations Manager of the Commercial Banking Department	Executive Director, Harvard Design International , Ltd.	-	-	-	None
Independent Director	R.O.C.	Mao-Jung Wang	Male 60~69	2023.05.26	3 years	2020.06.19	0	0	0	0	0	0	0	0	Bachelor of Accounting, SooChow University, Senior Consultant of Ventec International Group	Independent Director of BASO Precision Optics, Ltd.	-	-	-	None



Title	Nationality/ Place of Registration	Name	Gender and Age	Elected (Appointed) Date	Term	First Election Date	Shareholding at the Time of Appointment		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Major Experience (Education)	Other Position Concurrently Held at the Company and Other Companies	Executives, Directors or Supervisors who Are Spouses or within the Second Degree of Kinship			Note
							Number of shares	Shareholding ratio(%)	Number of shares	Shareholding ratio(%)	Number of shares	Shareholding ratio(%)	Number of shares	Shareholding ratio(%)			Title	Name	Relationship	
															Director and CFO of COSMO Electronics Corporation Director and CFO of Zinwell Corporation					
Independent Director	U.S.A.	David Ching	Male 40~49	2023.05.26	3 years	2019.06.14	0	0	0	0	0	0	0	0	BS in Management Science - Economics, University of California, San Diego Founder and President of Violet Lake Pavilion Hotel, Thousand Island Lake, China Founder and President of Ivy Lake View Hotel, Qiandao Lake First Vice President of Corporate Banking Department, Bank of China (China) Limited, Hangzhou Branch	President of Violet Lake Pavillion Hotel, Qiandao Lake President of Ivy Lake View Hotel, Qiandao Lake	-	-	-	None

Note 1: Chairman of Shinkong Asset Management Co., Ltd., Director of Shinkong Synthetic Fibers Corporation, Director of Shinkong Mitsukoshi Department Store Co., Ltd.
Note 2: Chairman of Shinkong Insurance Co., Ltd., Director of Shinkong Co., Ltd.



2. Major Shareholders

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Name of Corporate Shareholders	Major Shareholders	
	Item	Shareholding ratio
Chichen Co., Ltd.	Cheng Cheng Co., Ltd.	41.546%
	Cheng Qian Co., Ltd.	40.207%
	Ci-Qing Corporation	18.245%
	Tung-Hsien Wu	0.001%
	Ruo-Nan Sun	0.001%
	Hsin-Hung Wu	-
	Hsing-En Wu	-
Haung En Co., Ltd.	Chichen Co., Ltd.	41.290%
	Cheng Cheng Co., Ltd.	20.078%
	Ci-Qing Corporation	19.348%
	Cheng Qian Co., Ltd.	18.294%
	Ruo-Nan Sun	0.989%
	Tung-Hsien Wu	0.001%
Shin Kong Wu Tung Ching Foundation	Not applicable	-

3. Major Shareholders of Institutional Shareholders with Corporations as Their Major Shareholders

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Name of Corporation	Substantial Shareholders of Corporate	
	Item	Shareholding ratio
Cheng Cheng Co., Ltd.	Yong-Le Corporation	33.33%
	Bonteck Industrial Inc.	33.33%
	Huan-Song Corporation	33.33%
Cheng Qian Co., Ltd.	Fu Yu Bu Corporation	50.00%
	Fu Yu Tian Corporation	50.00%
Ci-Qing Corporation	Ruo-Nan Sun	92.59%
	Tung-Hsien Wu	7.41%

4. Director's professional qualifications and Independent Director's independent information disclosure

March 28, 2025

Qualifications		Professional Qualification and Work Experience	Independence	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Name				
Hsing-En Wu		For the professional qualifications and experience of directors, please refer to Note 1 of	Not applicable	0
Hsin-Hung Wu				0
Chin-Fa Chiu				1
Po-Han Lin				0
Wei-Kan Chen		“the status and implementation of diversification policy of Board of Directors” on page 18 of this annual report. All directors do not meet any conditions defined in Article 30 of the Company Act (note 1)	All independent directors meeting the following conditions: 1. Meet Article 14-2 of Securities and Exchange Act and "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by Financial Supervisory Commission (note 2) 2. They (or in the name of others), their spouse and minor children do not hold shares of the Company 3. No compensation is received for providing commercial legal, financial, accounting or related services to the Company or any affiliated company of the Company in the past 2 years	0
Mao-Jung Wang				1
David Ching				0



Note 1: A person who is under any of the following circumstances shall not act as a managerial officer the Company. If the job has been taken, such person shall certainly be discharged:

1. Having committed an offence as specified in the Statute for Prevention of Organizational Crimes and subsequently convicted of a crime, and has not started serving the sentence, has not completed serving the sentence, or five years have not elapsed since completion of serving the sentence, expiration of the probation, or pardon.
2. Having committed the offence of fraud, breach of trust or misappropriation and subsequently been convicted with imprisonment for a term of more than one year, and has not started serving the sentence, has not completed serving the sentence, or two years have not elapsed since completion of serving the sentence, expiration of the probation, or pardon.
3. Having committed the offense as specified in the Anti-corruption Act and subsequently convicted of a crime, and has not started serving the sentence, has not completed serving the sentence, or two years have not elapsed since completion of serving the sentence, expiration of the probation, or pardon.
4. Having been adjudicated bankrupt or adjudicated of the commencement of liquidation process by a court, and having not been reinstated to his rights and privileges.
5. Having been dishonored for unlawful use of credit instruments, and the term of such sanction has not expired yet; or
6. Having no or only limited disposing capacity.
7. Having been adjudicated of the commencement of assistantship and such assistantship having not been revoked yet.

Note 2:

1. Not government agency, juristic person or representative specified in Article 27 of the Company Act.
2. No independent director concurrently serves as an independent director or more than three other public companies.
3. During the two years before being elected or during the term of office, the independent director may not have been or be any of the following:
 - (1) An employee of the company or any of its affiliated companies.
 - (2) A director or supervisor of the company or any of its affiliated companies.
 - (3) A natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or is ranked in the top 10 in shareholdings.

- (4) Managers listed in (1) or spouses/relatives within the second degree of kinship/blood relatives within the third degree of kinship listed in (2) or (3).
- (5) A director, supervisor or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27 of the Company Act.
- (6) If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: a director, supervisor, or employee of that other company.
- (7) If the chairperson, president, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: a director (or governor), supervisor, or employee of that other company or institution.
- (8) A director (or governor), supervisor, managerial officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company.
- (9) A professional individual, sole proprietorship, partnership, owner of a company or institution, partner, director (or governor), supervisor, managerial officer or spouse thereof that provides auditing service for the Company or any of its affiliated companies, or provides commercial, legal, financial, or accounting service with cumulative remuneration less than NT\$500,000 in the past two years. The above regulations do not apply for the members of the Remuneration Committee of the Company.

5. Diversity and Independence of the Board of Directors

A. Diversity of the Board of Directors:

At the 4th meeting of the 23rd Board of Directors on November 11, 2020, the Company adopts and formulates "Corporate Governance Best Practice for the Company", of which the diversified policy is specified in Chapter III strengthening the functions of the board.

The nomination and selection of members of the Board of



Directors adopts the candidate nomination system, and complies with the "Director Election Measures" and the "Corporate Governance Best Practice for the Company". In addition, performance evaluation is carried out regularly every year to confirm the suitability, diversity and independence of each member, and taking into account the opinions of stakeholders.

The board of the Company adopts the diversified policy and capacity summarized below:

(1) Diversified policy

The overall Board composition shall be taken into consideration in the election of Directors. The Company shall diversify Board composition and develop guidelines on diversity based on the operations, nature of business activities and development needs of the Company, including but not limited to the following two aspects:

- a. Basic requirements and values: Gender, age, nationality, and culture.
- b. Professional knowledge and skills: professional background (such as law, accounting, industry, finance, marketing or technology), professional skills and industry experience.

(2) Board members shall have the knowledge, skills, and experience required to perform their duties. The entire Board shall possess the following abilities:

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

- h. Ability to make policy decisions.

Goals

It is expected that the following objectives will be achieved in terms of the board diversity policy: (1) Creative thinking: Board members with different backgrounds and experiences can provide different views and ideas to help the company to form creative thinking and make innovative decisions. (2) Ability promotion: Diversified board members can learn from and share experiences with each other, thereby enhancing the overall competence of the board and improving the company's business performance and overall competitiveness.

Implementation

The 24rd board consists of 7 directors (including 3 independent directors).The directors have important management experience in companies listed on TWSE/TPEX or well-known enterprises both at home and abroad, and have business management experience and international market vision. Of them, Hsing-En Wu acts the Chairman of the Company, Hsin-Hung Wu is chairman of Shinkong Insurance, Chin-Fa Chiu once was director of Chyang Sheng Dyeing & Finishing Co., Ltd., and the President of the Company, director Po-Han Lin is director of Shinkong LOHAS, independent director David Ching is president of Ivy Lake View Hotel, Qiandao Lake, they have experience and capability in operation judgment, leadership, decision-making and crisis management. Director Hsing-En Wu, Director Hsin-Hung Wu and Director Chin-Fa Chiu have business experience in textile retail industry. Independent Director David Ching and Mao-Jung Wang have finance and accounting education background and industry experience. Wei-Kan Chen Independent Director, holds a master's degree in finance from Karjee Business School, University



of Cambridge, UK, and a Master's degree in Design and Research (Real Estate) from Harvard University, USA. He has rich experience and insight in land asset planning, design and construction.

The board consists of members from diversified background, with complementary work experience and educational background, better than the standards set out in Article 23 of Corporate Governance Best Practice for the Company.

Except one, all directors hold the citizenship of Republic of China. The average age of the directors is 56 years. In the future, the Company will continue to evaluate the diversity and complementarity of directors and implement the diversification policy. Future objectives include the incorporation of a board succession plan and the selection of younger board members, as well as ensuring that at least one female director is included in the board re-election scheduled for 2026.

Reasons for Single Gender Not Reaching One-Third and Measures for Improvement.

According to Article 27, Section 2 of the Company Act: "Where a government agency or a juristic person acts as a shareholder of a company, its authorized representative may also be elected as a director or supervisor of the company. If there is a plural number of such authorized representatives, each of them may be so elected, but such authorized representatives may not concurrently be selected or serve as the director or supervisor of the company." Currently, all candidates for the Board of Directors of our company are nominated by representatives appointed by corporate shareholders, each of whom possesses professional expertise that aligns with the operational needs of the company. The company cannot interfere with the appointment or rejection of nominations by corporate shareholders solely on the basis of gender. However, to enhance the gender diversity of the Board of Directors, the Company will recommend that institutional shareholders include candidates of different genders in the upcoming board elections to promote gender balance.

Note 1: (the status and implementation of diversification policy of Board of Directors):

Name of Directors	Nationality	Age	Gender	Concurrently serving as an employee	Seniority of Independent Director	Diverse Background & Core Competencies							
						Professional Background	Operation Judgement	Industrial experience	Business Administration	Finance and Accounting	International Market Vision	Leadership	Crisis Management
Hsing-En Wu	R.O.C.	40~49	Male	Yes		Master of Materials Science and Engineering, UCLA Chairman of Shinkong Textile Co., Ltd. Chairman and President of Shinkong Asset Management Co., Ltd.	V	V	V	○	V	V	V
Hsin-Hung Wu	R.O.C.	50~59	Male	Yes		Master of Business Administration, Wharton School of the University of Pennsylvania Chairman of Shinkong Insurance Director of Shinkong Asset Management Co., Ltd.	V	V	V	V	V	V	V
Chin-Fa Chiu	R.O.C.	60~69	Male	Yes		Master of Business Administration, National Taiwan University President/Director of Shinkong Textile Co., Ltd. Chyang Sheng Dyeing & Finishing Co., Ltd./Director	V	V	V	V	V	V	V
Po-Han Lin	R.O.C.	60~69	Male	No		Master of Business Administration, Meiji University Chairman/Shin Kong LOHAS Co., Ltd., Chairman of Shin Kong Venture Capital International Co., Ltd., Director/Shin Kong Mitsukoshi Department Store Co., Ltd.	V	○	V	V	V	V	V
David Ching	U.S.A.	40~49	Male	No	3~6 years	BS in Management Science - Economics, University of California, San Diego President of Violet Lake Pavillion Hotel, Qindao Lake President of Ivy Lake View Hotel, Qindao Lake	V		V	V	V	V	V
Wei-Kan Chen	R.O.C.	40~49	Male	No	3~6 years	Master of Finance, University of Cambridge Master of Design Studies (Real Estate), Harvard University Senior Consultant of E.R.C. Group Executive Director, Harvard Design International., Ltd.	○		V	V	V	○	○
Mao-Jung Wang	R.O.C.	60~69	Male	No	3~6 years	Accounting Department of Soochow University Director and CFO of COSMO Electronics Corporation Director and CFO of	○		V	V	V	○	○



Name of Directors	Nationality	Age	Gender	Concurrently serving as an employee	Seniority of Independent Director	Diverse Background & Core Competencies								
						Professional Background	Operation Judgement	Industrial experience	Business Administration	Finance and Accounting	International Market Vision	Leadership	Decision Making	Crisis Management
						Zinwell Corporation Independent Director of MasterLink Securities Corp./Independent Director/Member of Remuneration Committee								

V refers to fully capable ○ refers to partially capable

B. Independence of Board of Directors:

(1) Independent Board of Directors:

The current Board of Directors consists of seven members, three of which are independent directors (accounting for 42.9%, more than one-third of the Board). All directors do not hold positions as employees or managers. There are 2 seats (28.6%, less than half the seats of all the directors) among all Board of Directors who have a spouse or within the Second Degree of Kinship, which is in accordance with the provisions of Item 3 of Article 26-3 of the Securities and Exchange Act. The company does not have the same Chairman and the President or the equivalent position as the spouse or a relative of each other, which conforms to the provisions of Item 2 of Article 4 in the establishment and exercise of functions and powers of the Board of Directors of listed companies in Taiwan Stock Exchange Co., LTD.

(2) All the independent directors comply with the standards of independent directors set by the Financial Regulatory Commission. The independence status is as follows:

Name	Whether a natural-person, person's spouse or within the Second Degree of Kinship designate director, supervisor or employee of a corporate of the company	A natural-person, person's spouse, within the Second Degree of Kinship (or in the name of others) held number and proportion of company shares	Whether designates director, supervisor or employee of a corporate of the company	Earn compensation from providing commercial, legal, financial, accounting or related services to the company or any affiliated company of the company in the past 2 years
David Ching	No	No such case	No	No such case
Wei-Kan Chen	No	No such case	No	No such case
Mao-Jung Wang	No	No such case	No	No such case

(II) Information on President, Vice Presidents, Assistant Vice Presidents and Supervisors of Departments and Branches

March 28, 2025

Title	Nationality	Name	Gender	Elected (Appointed) Date	Shareholding		Shares Held by Spouse and Underage Children		Shareholding by Nominees		Major Experience (Education)	Selected Present Positions at Other Companies	Managerial officer who are Spouses or within the Second Degree of Kinship			Note
					Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)			Title	Name	Relationship	
President	R.O.C.	Shu-Ti Chang	Female	2025.01.01	20	0	0	0	0	0	Bachelor of Business Administration, SooChow University Management Department of Shinkong Textile Co., Ltd.	Director of Shinkong Asset Management Co., Ltd.	-	-	-	None
President	R.O.C.	Jui-Nan Chang	Male	2022.05.16	0 share	0	0	0	0	0	Master of Business Administration, Lake Superior State University, Michigan Executive Vice President of Ruentex Industries Co., Ltd.	Director of Chyang Sheng Texting Co., Ltd.	-	-	-	None
Vice President	R.O.C.	Su-Chuan Ko	Female	2009.09.01	1,230	0	0	0	0	0	Bachelor of Accounting, SooChow University Finance Department/Auditing Office of Shinkong Textile Co., Ltd.	None	-	-	-	None
Accounting Supervisor	R.O.C.	Pin-Tsung Yang	Male	2025.03.12	0	0	0	0	0	0	Department of Accounting, Fu Jen Catholic University Deloitte & Touche	None	-	-	-	None
Assistant Vice President	R.O.C.	Yung-Hsin Huang	Male	2017.03.01	0	0	0	0	0	0	Master of Business Administration, Chung Yuan Christian University Deputy Director of HUALON Corporation	None	-	-	-	None

Title	Nationality	Name	Gender	Elected (Appointed) Date	Shareholding		Shares Held by Spouse and Underage Children		Shareholding by Nominees		Major Experience (Education)	Selected Present Positions at Other Companies	Managerial officer who are Spouses or within the Second Degree of Kinship			Note
					Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)			Title	Name	Relationship	
Assistant Vice President	R.O.C.	Chu-Ying Chen	Female	2017.08.01	0	0	0	0	0	0	Bachelor from the Department of Textiles and Clothing, Fu Jen Catholic University Retail Department, Shinkong Textile Co., Ltd.	None	-	-	-	None
Assistant Vice President	R.O.C.	Jen-Chung Wang	Male	2020.08.16	0	0	0	0	0	0	Master of Business Administration, National Taipei University Retail Department, Shinkong Textile Co., Ltd.	None	-	-	-	None
Assistant Vice President	R.O.C.	Hui-Chen Chang	Female	2022.01.01	0	0	0	0	0	0	Bachelor from the Department of Textiles and Clothing, Fu Jen Catholic University R&D Department/Management Department Purchase Office, Shinkong Textile Co., Ltd.	None	-	-	-	None
Assistant Vice President	R.O.C.	Chun-Ming Su	Male	2022.08.22	0	0	0	0	0	0	Bachelor Degree, Department of Industrial Engineering and Management, Ming Chi University of Technology Vice President of Ruentex Industries Limited	None	-	-	-	None



Title	Nationality	Name	Gender	Elected (Appointed) Date	Shareholding		Shares Held by Spouse and Underage Children		Shareholding by Nominees		Major Experience (Education)	Selected Present Positions at Other Companies	Managerial officer who are Spouses or within the Second Degree of Kinship			Note
					Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)			Title	Name	Relationship	
Executive Assistant Vice President	R.O.C.	Hsiao- Chen Cheng	Female	2024.11.01	0	0	0	0	0	0	Bachelor of Arts in Chinese Language and Literature (Double Major in English and American Literature), National Dong Hwa University Hong Liang Dyeing and Weaving Co., Ltd. (Fujian) - Director of Foreign Business and the Second National Division Sales Representative, Ho Yu Textile Co., Ltd.	None	-	-	-	None
Assistant Vice President	R.O.C.	Chia-Chi Yang	Female	2024.11.01	0	0	0	0	0	0	Department of Spanish Literature, Tamkang University Sales Manager, Everest Textile Co., Ltd.	None	-	-	-	None
Assistant Vice President	R.O.C.	Hui-Wen Teng	Female	2024.11.01	0	0	0	0	0	0	Department of Foreign Languages, Shih Chien University Sales Manager, Bravotek Co., Ltd. and Bai Jia Corporation Assistant Sales Manager, Chia Her Industrial Co., Ltd.	None	-	-	-	None



Title	Nationality	Name	Gender	Elected (Appointed) Date	Shareholding		Shares Held by Spouse and Underage Children		Shareholding by Nominees		Major Experience (Education)	Selected Present Positions at Other Companies	Managerial officer who are Spouses or within the Second Degree of Kinship			Note
					Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)			Title	Name	Relationship	
Assistant Vice President	R.O.C.	Kuan- Wen Yeh	Female	2024.11.01	0	0	0	0	0	0	Doctor of Engineering, National University of Gunma (Japan) Postdoctoral Researcher, Center of Biomedical Engineering, Chung Yuan Christian University Assistant Professor (adjunct), Department of Textile Engineering, Chinese Culture University	None	-	-	-	None

II. Remuneration paid to Directors, Presidents, and Vice Presidents during the most recent year

(I) Directors' remuneration

Unit: In Thousands of New Taiwan Dollars

Title	Name	Remuneration to Directors								The Total Remuneration (A+B+C+D) and its ratio to the Net Income After Tax		Relevant Remuneration Received by Directors who Are Also Employees								Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income		Compensation from an Invested Company Other than a Company Subsidiary or the Parent Company
		Base Compensation (A)		Severance Pay and Pension (B)		Directors (C)		Business Execution Expenses (D)				Salary, Bonus, and Allowance (E)		Severance Pay and Pension (F)		Employee Compensation (G)						
		The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	
Chairman	Chichen Co., Ltd. Representative: Hsing-En Wu	448	672	0	0	18,000	18,000	0	0	18,448 2.12%	18,672 2.15%	16,121	27,070	216	324	1,117	0	1,317	0	36,622 4.21%	48,103 5.54%	None
Director	Haung En Co., Ltd. Representative: Hsin-Hung Wu																					
Director	Chichen Co., Ltd. Representative: Chin-Fa Chiu																					
Director	Shin Kong Wu Tung Ching Foundation Representative: Po-Han Lin																					
Independent Director	Mao-Jung Wang	720	720	0	0	0	0	0	0	720 0.08%	720 0.08%	0	0	0	0	0	0	0	0	720 0.08%	720 0.08%	None
Independent Director	Wei-Kan Chen																					
Independent Director	David Ching																					
<div>1. Please describe the remuneration policy, regulations, standards and structure of independent directors, and the relationship with the remuneration in line with the responsibilities, risks, time engagement and other factors: The remuneration of the independent directors of the Company authorizes the Board of Directors to negotiate a fixed remuneration according to their responsibilities, risks, time engagement and the industrial standards, and independent directors do not participate in the distribution of earnings of the Company.</div> <div>2. Other than disclosures in the above table, remuneration paid to directors for providing service (e.g., providing consulting services for parent company, all companies in consolidated financial statements, non-employee for reinvested business) in the most recent year: None.</div>																						

Remuneration Ranges

Range of Remuneration Paid to Directors	Name of Directors			
	Total Amount of Remuneration (A+B+C+D)		Total Amount of Remuneration (A+B+C+D+E+F+G)	
	The Company	All Companies in Consolidated Financial Statements H	The Company	All Companies in Consolidated Financial Statements I
Less than NT\$1,000,000	Hsing-En Wu, Hsin-Hung Wu, Po-Han Lin, Chin-Fa Chiu, David Ching, Wei-Kan Chen, Mao-Jung Wang	Hsing-En Wu, Hsin-Hung Wu, Po-Han Lin, Chin-Fa Chiu, David Ching, Wei-Kan Chen, Mao-Jung Wang	Po-Han Lin, David Ching, Wei-Kan Chen, Mao-Jung Wang	Po-Han Lin, David Ching, Wei-Kan Chen, Mao-Jung Wang
NT\$1,000,000 (inclusive)~NT\$2,000,000 (exclusive)				
NT\$2,000,000 (inclusive)~NT\$3,500,000 (exclusive)				
NT\$3,500,000 (inclusive)~NT\$5,000,000 (exclusive)	Haung En Co., Ltd. Shin Kong Wu Tung Ching Foundation	Haung En Co., Ltd. Shin Kong Wu Tung Ching Foundation	Haung En Co., Ltd. Shin Kong Wu Tung Ching Foundation Chin-Fa Chiu	Haung En Co., Ltd. Shin Kong Wu Tung Ching Foundation Chin-Fa Chiu
NT\$5,000,000 (inclusive)~NT\$10,000,000 (exclusive)	Chichen Co., Ltd.	Chichen Co., Ltd.	Chichen Co., Ltd., Hsing-En Wu Hsin-Hung Wu	Chichen Co., Ltd. Hsing-Hung Wu
NT\$10,000,000 (inclusive)~NT\$15,000,000 (exclusive)				Hsin-Hung Wu
NT\$15,000,000 (inclusive)~NT\$30,000,000 (exclusive)				Hsing-En Wu
NT\$30,000,000 (inclusive)~NT\$50,000,000 (exclusive)				
NT\$50,000,000 (inclusive)~NT\$100,000,000 (exclusive)				
Over NT\$100,000,000				
Total	10 persons (including 3 legal persons)	10 persons (including 3 legal persons)	10 persons (including 3 legal persons)	10 persons (including 3 legal persons)



(II) Remuneration Paid to the President and Vice Presidents

Unit: In Thousands of New Taiwan Dollars

Title	Name	Salary (A)		Severance Pay and Pension (B)		Bonuses and Allowances (C)		Employee Compensation (D)				The Total Compensation (A+B+C+D) and its ratio to the Net Income After Tax (%)		Compensation from an Invested Company Other than a Company Subsidiary or the Parent Company
		The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company		All Companies in Consolidated Financial Statements		The Company	All Companies in Consolidated Financial Statements	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
President	Chin-Fa Chiu (Note 1)	8,893	8,989	417	417	4,068	4,084	1,075	-	1,075	-	14,452 1.66%	14,564 1.68%	None
President	Jui-Nan Chang													
Executive Vice President	Shu-Ti Chang													
Vice President	Su-Chuan Ko													

Note 1: General Manager Chiu Chin-Fa retired on December 31, 2024.

Range of Remuneration

Range of Remuneration Paid to the President and Vice Presidents	Names of President and Vice Presidents	
	The Company	All Companies in Consolidated Financial Statements
Less than NT\$1,000,000		
NT\$1,000,000 (inclusive)~NT\$2,000,000 (exclusive)		
NT\$2,000,000 (inclusive)~NT\$3,500,000 (exclusive)	Su-Chuan Ko	Su-Chuan Ko
NT\$3,500,000 (inclusive)~NT\$5,000,000 (exclusive)	Chin-Fa Chiu	Chin-Fa Chiu
NT\$5,000,000 (inclusive)~NT\$10,000,000 (exclusive)	Jui-Nan Chang, Shu-Ti Chang	Jui-Nan Chang, Shu-Ti Chang
NT\$10,000,000 (inclusive)~NT\$15,000,000 (exclusive)		
NT\$15,000,000 (inclusive)~NT\$30,000,000 (exclusive)		
NT\$30,000,000 (inclusive)~NT\$50,000,000 (exclusive)		
NT\$50,000,000 (inclusive)~NT\$100,000,000 (exclusive)		
Over NT\$100,000,000		
Total	4 persons	4 persons

(III)Employee Compensation Paid to Managerial Officers

Unit: In Thousands of New Taiwan Dollars

	Title	Name	Stock Amount	Cash Amount	Total	Ratio of total compensation to net income after tax(%)
Managerial officers	President	Chin-Fa Chiu	0	2,163	2,163	0.33%
	President	Jui-Nan Chang				
	Executive Vice President	Shu-Ti Chang				
	Vice President	Su-Chuan Ko				
	Assistant Vice President	Yung-Hsin Huang				
	Assistant Vice President	Chu-Ying Chen				
	Assistant Vice President	Jen-Chung Wang				
	Assistant Vice President	Hui-Chen Chang				
	Assistant Vice President	Chun-Ming Su				

(IV)Analysis of Total Remuneration, as a Percentage of Net Income Stated in the Parent Company Only and Consolidated Financial Statements, Paid by the Company and All Companies in Consolidated Financial Statements during the Past 2 Fiscal Years to the Directors, President, and Vice Presidents, Along with Description of Remuneration Policies, Standards, and Packages, Procedure for Determining Remuneration, and Linkage Thereof to Operating Performance and Future Risk Exposure:



Remuneration Paid to	2023		2024	
	Remuneration as A Percentage of Net Income After Tax (%)		Remuneration as A Percentage of Net Income After Tax (%)	
	The Company	All Companies Included in the Consolidated Financial Statements	The Company	All Companies Included in the Consolidated Financial Statements
Director	4.85%	6.68%	4.21%	5.54%
President and Vice President	1.64%	1.73%	1.50%	1.51%

Note: President Chin-Fa Chiu also holds the position of director, and his percentage of remuneration is shown in the Directors' column.

The Company's remuneration policy (including Directors, managers and employees) is as follows:

(1) Remuneration paid to Directors and Independent Directors:

The performance appraisal, remuneration policy, standard, structure and plan shall submit to the remuneration committee and Board of Directors for review.

Fixed remuneration: In accordance with Article 16-1 of the Articles of Incorporation, the Company may pay remuneration to directors regardless of whether the Company operates at a profit or loss. The Board of Directors is authorized to determine upon the remunerations for Directors according to their participation in and the value of their contribution to the Company operation and with reference to the common remuneration level in the industry.

Flexible income: Pursuant to Article 27 of the Articles of Incorporation, the Company shall allocate no more than five percent as the remuneration for Directors and Supervisors. Directors' remuneration is divided among directors (legal persons) according to contribution levels and independent directors do not participate in the distribution of directors' remuneration specified in Article 27 of Articles of Incorporation.

(2) Managerial Officer:

The remuneration of managerial officers shall be regularly evaluated and reviewed by the remuneration committee of the Company and then submitted to the Board of Directors for approval and resolution.

According to the salary management measures, employee

appointment and promotion management measures, employee performance evaluation measures and employee reward and punishment measures, various work allowances and bonuses shall be approved based on the position, responsibility, department performance and contribution to the overall operation of the Company.

At the end of the year, the performance evaluation results implemented in accordance with the "Performance Management Measures" will be used as the reference basis for issuing managers' bonuses. The manager performance evaluation items can be divided into: 1. According to the management profit and loss statement, the contribution of each profit center to the company's profit and the achievement rate of the manager's goals; 2. Remuneration for operating performance shall be calculated based on operational management ability, innovative thinking and participation in sustainable operation.

(3) Employees:

The salary shall be determined in line with the job function, work intensity and professional skills, taking into account the provisions of the Company's employee salary management measures and employee appointment and promotion management measures. And sales bonus, achievement bonus or performance bonus shall be issued according to the profit center bonus system.

Sales bonus: monthly performance bonus will be issued according to personal monthly gross profit.

Bonus achievement: Check and issue bonus achievement according to budget target and actual performance.

Performance bonus: refer to machine operation rate, quality achievement status, etc., to issue performance bonus.

(4) Year-end bonus payment:

Based on the profit status of the profit center, after considering the annual performance assessment of the employees and the in-service ratio of the current year, the year-end bonus is distributed to the colleagues for the main purpose of motivating the colleagues to achieve the company's goals.

(5) Compensation to employees:

According to Article 27 of the Articles of Incorporation of the Company, no less than 1% of the annual profit shall be allocated to



the employee's remuneration, and the proportion of the annual 2024 shall be 2%.

Executive Compensation and ESG Performance

To incentivize senior executives to prioritize long-term overall performance and achieve sustainable development. Starting in 2024, Starting in 2024, the Company plans to evaluate senior executives by incorporating sustainability performance indicators when setting annual targets. Evaluations will be conducted in accordance with the company's performance assessment management regulations.

Implement the integration of ESG (Environmental, Social, and Governance) factors into the comprehensive evaluation and compensation mechanisms for senior executives. This will ensure sustainable corporate development, enhance competitiveness, and meet the demands of investors and the market.

Goals

1. Enhancing corporate focus: overwhelming investor and market expectations for ESG
2. Risk reduction: ensuring compliance to minimize environmental and labor risks
3. Attracting investment: growing interest in ESG funds and sustained investment institutions
4. Enhancing brand value: strengthening the corporate social responsibility image
5. Enhancing talent attraction: establishing an ESG talent development mechanism to improve employee engagement
6. In the future, the connection between compensation and sustainable performance will be enhanced for managerial-level personnel.

Establishing ESG Performance Indicators (KPIs)

According to the sustainable development strategy, the standards for senior executives and the ESG indicators are established as follows:

Title	Primary Responsibilities of ESG	Performance Indicators	Annual Target Value
President	ESG strategic direction Promotion of sustainable development Supplier compliance management Diverse and inclusive talent development	Progress on carbon neutrality Proportion of revenue from sustainable products Supplier ESG review pass rate Diversity, inclusion and female executive ratio	Annual carbon emissions per unit of output have been reduced by 10% Proportion of revenue from sustainable products Supplier ESG compliance: 100% Female management accounts for over 30%
Associate Director of Manufacturing	ESG management in production, manufacturing, and supply chain	Energy conservation and carbon reduction achievement rate Water recovery rate Waste and environmental management Supplier training	Energy saving and emission reduction target achievement rate: 90% Water recovery rate increased by 10% Obtaining relevant environmental, chemical, and environmental protection certifications. Annual supplier conference
Vice President of Finance	ESG financial transparency and green investment	ESG risk management Stakeholder communication	Increase in the proportion of green investments ESG risk management execution rate: 100%
Associate Director of Sales	Responsible for market promotion and ESG-driven sales	Proportion of revenue from sustainable products ESG image and brand influence Customer ESG satisfaction	Proportion of revenue from sustainable products is over 50% ESG image and brand influence increased 10% Customer ESG satisfaction is over 80%
Associate Director of R&D	Research and development of sustainable products and environmental protection technologies	Quantity of low-carbon product developed Proportion of environmentally friendly material usage Green process development	Low-carbon and environmentally friendly material products account for over 80% of the development volume. Develop at least one technology annually to improve the product recycling rate.
Associate Director of Procurement	Sustainable procurement and supply chain management	Sustainable material utilization rate Supplier ESG compliance rate Supplier training	Sustainable material utilization rate is over 50% Supplier ESG compliance rate is over 80% Annual supplier conference



ESG performance-linked compensation mechanism

Linked to annual KPIs, affecting the proportion of annual salary adjustments and annual bonuses

ESG performance achievement rate exceeds 80%: annual bonus increased by 5%

ESG performance achievement rate below 50%: annual bonus reduced by 5%; senior executives must submit an improvement plan and undergo quarterly review.

III. Operation of Corporate Governance

(I) Information on the Operation of the Board of Directors:

A total of nine (6) meetings of the Board of Directors were held in the most recent year (2024). The attendance of Directors and Supervisors was as follows:

Title	Name	Number of attendance in person (B)	Attendance by proxy	Number of attendance in person (A)	Attendance Rate (%) [B/A]	Note
Chairman	Chichen Co., Ltd. Representative: Hsing-En Wu	6	0	6	100%	None
Director	Haung En Co., Ltd. Representative: Hsin-Hung Wu	5	1	6	83%	None
Director	Chichen Co., Ltd. Representative: Chin-Fa Chiu	6	0	6	100%	None
Director	Shin Kong Wu Tung Ching Foundation Representative: Po- Han Lin	6	0	6	100%	None
Independent Director	David Ching	6	0	6	100%	None
Independent Director	Wei-Kan Chen	6	0	6	100%	None
Independent Director	Mao-Jung Wang	6	0	6	100%	None

The attendance status of the Independent Directors in 2024				
O: Attendance in Person Δ: Attendance by Proxy *: Absence				
Date	Term	David Ching	Wei-Kan Chen	Mao-Jung Wang
2024/03/08	7th meeting of the 24th board	○	○	○
2024/04/12	8th meeting of the 24th board	○	○	○
2024/05/14	9th meeting of the 24th board	○	○	○
2024/08/12	10th meeting of the 24th board	○	○	○
2024/11/12	11th meeting of the 24th board	○	○	○
2024/12/19	12th meeting of the 24th board	○	○	○



Other matters required to be recorded:

I. With regard to the implementation of the Board of Directors (2024), if any of the following circumstances occurs, the dates, terms of the meetings, contents of motions, all independent directors' opinions and the Company's handling of such opinions shall be specified:

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

According to Article 14(5-1) of Securities and Exchange Act, Article 14-3 of this Act is not applicable since the Company has already established an Audit Committee. Matters referred to in Article 14-5 of the Securities and Exchange Act: Please refer to the Audit Committee section herein.

(II) Any recorded or written Board resolutions to which independent directors have objections or reservations to be noted in addition to the above: None.

II. Regarding recusals of independent directors from voting due to conflicts of interest, the names of the independent directors, contents of motions, reasons for recusals, and results of voting shall be specified.

Date	Term	Contents of Motions	Avoidance of conflict of interest and voting
2024/03/08	7th meeting of the 24th board	Review of the compensation package for members of the Sustainable Development Committee	Independent Directors David Ching, Wei-Kan Chen, and Chin-Fa Chiu, recused from the voting and discussions due to conflicts of interest. All the remaining Directors had approved the motion upon enquiry made by the Chairman. Thus, it was approved as proposed.
2024/05/14	8th meeting of the 24th board	Rescind the resolution regarding the sale of public reserved land (road use land) from subsidiary Shin Kong Asset Management Co., Ltd. to the sub-subsidiary Shin Fu Development Co., Ltd.	As Director Hsin-En Wu, also serving as the Chairman of the counterparty, Shin Fu Development Co., Ltd., has the second degree of kinship with Hsin-Hung Wu, they were both recused from the voting. Director Hsing-En Wu appointed Director Chin-Fa Chiu to be the acting Chairman before the recusal. All the remaining Directors had approved the motion upon enquiry made by the acting Chairman. Thus, it was approved as proposed.

III. The Company discloses the frequency and period of self-assessment (or peer assessment) made by the Board of Directors of the Company, the assessment scope, method, and content, and please refer to the table below for the implementation.

Evaluation of the Board

Frequency	Period	Scope	Method	Content
Once a year	2023/11/01-2024/10/31	Performance evaluation of the entire board, individual director, the audit committee, and the remuneration committee	Internal self-evaluation of the Board of Directors and board members	<p>(1) The evaluation of the Board performance includes participation in the operation of the Company, the quality of the Board of Directors' decision making, composition and structure of the Board of Directors, election and continuing education of the directors, and internal control.</p> <p>(2) Performance assessment of individual board members: including familiarity with the goals and missions of the Company, understanding their duties and responsibilities, participation in corporate operation, internal relationship management and communication, directors' professionalism and continued knowledge development, internal control.</p> <p>(3) Performance evaluation of the Functional Committee: Participation in the Company's operation, recognition of the Functional Committee's responsibilities, the decision quality of the Functional Committee, composition of the Functional Committee, the election of the members, and internal control.</p>



IV. Objectives of strengthening the functionality of the Board of Directors in the current year and the most recent fiscal year (e.g., setting up the Audit Committee, enhancing information transparency, etc.), and evaluation of the execution thereof.

- (1) The audit supervisor and the independent directors had four meetings in 2024 to conduct the Company's audit report and relevant explanations. After discussion and communication, the independent directors had no objections.
- (2) In 2024, CPAs report to the Independent Directors at least twice each year on the Company's financial status, overall operations and the audit on internal controls, and fully communicate on whether material journal entry adjustments are required or regulatory amendments have any impact on the Company's accounts. After discussion and communication, the independent directors had no objections.
- (3) On December 19, 2024, the Board of Directors reviewed the report on operational integrity for the year 2024, the risk management report for 2024, the execution report of the intellectual property management plan for 2024, the stakeholder communication report for 2024, and the report on the promotion of sustainable development for 2024.
- (4) The Board of Directors conducted performance evaluation in November 2024 and increased the scope of performance evaluation, including the Remuneration Committee. On March 11, 2025, the Board of Directors reported the evaluation results.
- (5) The 2023 Sustainability Report was submitted after receiving approval from the Sustainability Development Committee and the Board of Directors on August 12, 2024.
- (6) The English version of the sustainable development report is expected to be issued in 2025.

(II) Operations of Audit Committee

A total of 5 meetings of the Audit Committee were held in 2024. The attendance of independent directors is as follows:

Title	Name	Number of attendance in person (B)	Attendance by proxy	Number of attendance in person (A)	Attendance Rate (%) [B/A]	Note
Independent Director	David Ching	5	0	5	100%	None
Independent Director	Wei-Kan Chen	5	0	5	100%	None
Independent Director	Mao-Jung Wang	5	0	5	100%	None

Other matters required to be recorded:

I. Annual key functions

The Audit Committee comprises of three Independent Directors. The Audit Committee aims to assist the Board of Directors to monitor the quality and integrity of the Company in the execution of accounting, auditing, financial reporting procedures, and financial controls.

The Audit Committee convened 5 meetings in 2024. Items reviewed primarily included:

1. To review business report and financial statements
2. Audit of earnings distribution plan
3. Evaluation of the effectiveness of the internal control system
4. Evaluation of independence and competence of Certified Public Accountants
5. Revision of internal control system
6. Review of the merger and acquisition proposal

■ Review of financial reports, business reports and audit of earnings distribution plan

The Audit Committee hereby presents the Company's 2023 Business Report, financial statements and proposal for earnings distribution, among which the financial statements have been audited by Deloitte & Touche, by whom an audit report has been issued accordingly. The above-mentioned business report, financial statements and earnings distribution proposal have been reviewed and determined to



be accurate by the Audit Committee.

■ **Evaluation of the effectiveness of the internal control system**

The Company evaluates the design and operating effectiveness of the internal control system based on the criteria provided in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies". The Regulations are made to examine the following five factors during the management and control process: (1) control environment, (2) risk assessment and response, (3) control activities, (4) information and communication, and (5) supervision. Each key component includes several items.

The Company has evaluated the design and operating effectiveness of the internal control system according to the Regulations.

Based on the results of the determination in the preceding paragraph, the Audit Committee is of the opinion that, as of December 31, 2023, the internal control system (including the supervision and management of subsidiaries), including the design and implementation of the internal control system relating to the effectiveness and efficiency of the operations, reliability, timeliness, and transparency of reporting, and compliance with applicable standards, laws and regulations, is effective and can reasonably assure the achievement of the foregoing goals.

■ **Evaluation of independence and competence of Certified Public Accountants**

The most recent evaluation was adopted by the resolution of the 6th meeting of the 3rd term of Audit Committee on March 8, 2024 and submitted to the 7th meeting of the 24th term of Board of Directors on March 8, 2024.

The audit certification of this company's financial statements was conducted by Certified Public Accountants Li-Huang Li and Jui-Chuan Chi from Deloitte Taiwan. Due to the implementation of the CPA firm's internal rotation mechanism, effective from 2024, the signing accountants will be replaced by Li-Huang Li and Po-Jen Weng.

According to the Report of Audit Quality Indicators provided by Deloitte Taiwan for CPAs Li-huang Li and Po-Jen Weng, and the Professional Ethics Bulletin No. 10 "Integrity, Objectivity and Independence" set forth by the CPA Associations of the Republic of China and the Company's form "Independence and Competency of CPAs for 2024 Annual Financial Statements", the Company assesses CPAs' independence and the authorized CPAs and their accounting firm for free of interest in the Company and changes the CPAs upon a certain period of time as required. Furthermore, based on the Audit Quality Indicators Report (AQI Report) for 2022

(June 1, 2022 to May 31, 2023) disclosed by the Company, it is confirmed that the CPAs and the firm demonstrate superior training hours and quality control support compared to the industry average. The adoption of a cloud-based audit platform enables the consistent application of unified audit methodologies globally to ensure audit quality and more efficiently execute multinational or group audits. Furthermore, the application of digital technology saves administrative processing time, allowing audit work to focus more intently on the verification of specific risks and anomalies.

■ **Revision of Internal Control System**

On August 12, 2024, the 8th meeting of the 3rd Audit Committee resolved to approve the revision of the company's management regulations aimed at preventing insider trading.

On December 19, 2024, the 10th meeting of the 3rd Audit Committee resolved to notify the following: the management procedures for sustainable information regarding the internal control system of the company; the management procedures for the preparation of the company's financial statements; the management procedures for sustainable information concerning the internal audit implementation rules; and the management procedures for the preparation of financial statements in accordance with the internal audit implementation rules.

■ **Review of the Case for the Indirect 100% Investment in the Subsidiary Company, One Full Co., Ltd.**

In order to streamline the investment structure, accelerate organizational adjustments, and enhance overall operational efficiency, the Company has approved the merger of its wholly-owned subsidiary, One Full Co., Ltd. (hereinafter referred to as "One Full"). Following the merger, Shin Kong Textile Co., Ltd. will be the surviving entity, while One Full will be dissolved. The name of the surviving entity post-merger will continue to be Shin Kong Textile Co., Ltd. The case was decided by the 6th Audit Committee of the 3rd session on March 8, 2024 and the 7th Board of Directors of the 24th session on the same day.

- II. With regard to the operations of the Audit Committee, if any of the following circumstances occur, the dates, terms of Audit Committee meetings, contents of motions, dissenting or reserved opinion or material recommendation from the Independent Director, Audit Committee's resolutions, and the Company's response to the Audit Committee's opinions shall be specified.



(I) Matters referred to in Article 14-5 of the Securities and Exchange Act.				
Date	Term	Contents of Motions	Independent directors' objections, reservations or major suggestions Details	Resolution results of the Audit Committee and the Corporation's Handling of Its Opinions
2024/03/08	6th meeting of the 3rd board	1. To review the 2023 business report and financial statements	None	When discussing and voting this proposal, the present personnel are asked to leave. Upon the chairman putting forward the resolution for approval, all attending members voted in favor of the proposal without any objections.
		2. Review the 2023 earnings distribution plan	None	When discussing and voting this proposal, the present personnel are asked to leave. Upon the chairman putting forward the resolution for approval, all attending members voted in favor of the proposal without any objections.
		3. Review of the appointment of the Company's CPA, along with an assessment of the independence and suitability of said CPA.	None	When discussing and voting this proposal, the present personnel are asked to leave. Upon the chairman putting forward the resolution for approval, all attending members voted in favor of the proposal without any objections.
		4. Review of the Case for the Indirect 100% Investment in the Subsidiary Company, One Full Co., Ltd.	None	When discussing and voting this proposal, the present personnel are asked to leave. The Recorder, Shu-Ti Chang, Executive Vice President, recused herself. Upon the chairman putting forward the resolution for approval, all attending members voted in favor of the proposal without any objections.
		5. Proposed Non-Assurance Services to be Provided by Deloitte Taiwan for fiscal year 2024.	None	When discussing and voting this proposal, the present personnel are asked to leave. Upon the chairman putting forward the resolution for approval, all attending members voted in

					favor of the proposal without any objections.
			6. Review the proposal for the Company's 2023 Statement on Internal Control System.	None	When discussing and voting this proposal, the present personnel are asked to leave. Upon the chairman putting forward the resolution for approval, all attending members voted in favor of the proposal without any objections.
			7. Review of the Company's Proposal to Establish a Subsidiary and Invest in Land in Indonesia	None	When discussing and voting this proposal, the present personnel are asked to leave. Upon the chairman putting forward the resolution for approval, all attending members voted in favor of the proposal without any objections.
			8. Review the proposal on amendments to the Company's Rules of Procedure for the Board Meetings.	None	When discussing and voting this proposal, the present personnel are asked to leave. Upon the chairman putting forward the resolution for approval, all attending members voted in favor of the proposal without any objections.
			9. Review the proposal on amendments to the amendment to the "Regulations for the Implementation of Internal Audit" regarding the management of Board of Directors meeting operations.	None	When discussing and voting this proposal, the present personnel are asked to leave. Upon the chairman putting forward the resolution for approval, all attending members voted in favor of the proposal without any objections.
			10. Review the amendments of the Company's "Audit Committee Charter".	None	When discussing and voting this proposal, the present personnel are asked to leave. Upon the chairman putting forward the resolution for approval, all attending members voted in favor of the proposal without any objections.
			11. Review the	None	When discussing and voting



			proposal on amendments to the amendment to the "Regulations for the Implementation of Internal Audit" regarding the management of Audit Committee meeting operations.		this proposal, the present personnel are asked to leave. Upon the chairman putting forward the resolution for approval, all attending members voted in favor of the proposal without any objections.
	2024/05/14	7th meeting of the 3rd board	1. Rescind the resolution regarding the sale of public reserved land (road use land) from subsidiary Shin Kong Asset Management Co., Ltd. to the sub-subsidiary Shin Fu Development Co., Ltd.	None	When discussing and voting this proposal, the present personnel are asked to leave. Upon the chairman putting forward the resolution for approval, all attending members voted in favor of the proposal without any objections.
			2. Rescind the resolution regarding the establishment of the Procedures for Acquisition or Disposal of Assets for the Indonesian subsidiary PT. Shinkong Textile Indonesia.	None	When discussing and voting this proposal, the present personnel are asked to leave. Upon the chairman putting forward the resolution for approval, all attending members voted in favor of the proposal without any objections.
	2024/08/12	8th meeting of the 3rd board	1. Review and amend the Company's Management Regulations for Preventing Insider Trading	None	When discussing and voting this proposal, the present personnel are asked to leave. Upon the chairman putting forward the resolution for approval, all attending members voted in favor of the proposal without any objections.
	2024/12/19	10th meeting of the 3rd board	1. Review and revise the Company's	None	When discussing and voting this proposal, the present personnel are asked to

			internal control system regarding the Management Operating Procedures for Sustainability Information.		leave. Upon the chairman putting forward the resolution for approval, all attending members voted in favor of the proposal without any objections.
			2. Review and revise the amendment to the Company's Management Operating Procedures for the Financial Statement Preparation Process.	None	When discussing and voting this proposal, the present personnel are asked to leave. Upon the chairman putting forward the resolution for approval, all attending members voted in favor of the proposal without any objections.
			3. Review and revise the Company's internal audit system regarding the Management Operating Procedures for Sustainability Information.	None	When discussing and voting this proposal, the present personnel are asked to leave. Upon the chairman putting forward the resolution for approval, all attending members voted in favor of the proposal without any objections.
			4. Review and revise the Company's internal audit system regarding the Management Operating Procedures for the Financial Statement Preparation Process.	None	When discussing and voting this proposal, the present personnel are asked to leave. Upon the chairman putting forward the resolution for approval, all attending members voted in favor of the proposal without any objections.
			5. The review committee has entrusted the China Construction Engineering Corporation [Agent] with the implementation of the urban renewal project.	None	When discussing and voting this proposal, the present personnel are asked to leave. Upon the chairman putting forward the resolution for approval, all attending members voted in favor of the proposal without any objections.



			This project involves a joint application for the development of land parcel No. 667 and adjacent properties situated in Section 1, Dunhua South Road, Songshan District, Taipei City.		
(II) Except for the aforementioned matters, other resolutions which were not approved by the Audit Committee but approved by two-thirds of all Board of Directors members: None.					
III. Regarding recusals of independent directors from voting due to conflicts of interest, the names of the independent directors, contents of motions, reasons for recusals, and results of voting shall be specified: None.					
IV. Communication between the independent directors, chief internal auditor, and CPAs (including the key items, methods, and results of audit of finances and operations).					
(I) Communication status between independent directors and internal audit supervisor					
1. Communication policy between independent directors and audit supervisor					
In addition to the audit report received by independent directors on a monthly basis, the audit supervisor shall submit the audit report of the Company to the independent directors at least once a year, and have fully exchanged on the implementation and effectiveness of the audit work.					
2. Summary of communication between independent directors and internal audit supervisor					
Date	Attending Members		Items	Results	
2024/03/08 Audit communication meeting (before the audit committee meeting)	David Ching, Wei-Kan Chen, Mao-Jung Wang		October 2023-January 2024 audit business report and description.	After discussion and communication, the independent directors have no objections.	
2024/05/14 Audit communication meeting (before the audit committee meeting)	David Ching, Wei-Kan Chen, Mao-Jung Wang		February 2024-March 2024 audit business report and description.	After discussion and communication, the independent directors have no objections.	

2024/08/12 Audit communication meeting (before the audit committee meeting)	David Ching, Wei-Kan Chen, Mao-Jung Wang	April 2024-June 2024 audit business report and description.	After discussion and communication, the independent directors have no objections.
2024/11/12 Audit communication meeting (before the audit committee meeting)	David Ching, Wei-Kan Chen, Mao-Jung Wang	July 2024- September 2024 audit business report and description.	After discussion and communication, the independent directors have no objections.
(II) Communication between independent directors and CPA			
1. Communication policy between independent directors and internal audit			
The audit committee of the company is composed of all independent directors. The CPA shall report to the independent directors at least twice a year on the company's financial status, overall operation and internal control audit status, and fully communicate whether there are major adjustments to the entries or amendments to laws and regulations that affect the accounting.			
2. Summary of communication between independent directors and CPA			
Date	Attending Members	Items	Opinions and Recommendations
2024/03/08 Meeting on key audit matters (before the audit committee meeting)	David Ching, Wei-Kan Chen, Mao-Jung Wang	CPA's explanation on key audit report items of financial statements in 2023.	None
2024/11/12 Meeting on key audit matters (before the audit committee meeting)	David Ching, Wei-Kan Chen, Mao-Jung Wang	CPAs discussed the audit planning matters for 2024 financial statements.	None

(III) Corporate governance implementation status and deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
I. Does the Company establish and disclose the Code of Corporate Governance Practice in accordance with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?	V	-	The Company drafted the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies in 2020 and disclosed on the company's website.	Without deviation.
II. Shareholding structure & shareholders' rights				
(I) Does the company establish and implement internal operating procedures to deal with shareholders' suggestions, doubts, disputes, and litigations?	V	-	(I) The Company has a spokesperson and an acting spokesperson to respond to the suggestions or doubts raised by shareholders; disputes or litigation issues shall be addressed by lawyers. The share issues will be processed by the Company's share broker Stock Affairs Agency Department of Taishin Securities.	(I) Without deviation.
(II) Does the company possess a list of its major shareholders with controlling power as well as the ultimate owners of those major shareholders?	V	-	(II) The Company makes the list of the major shareholders who actually control the Company and the ultimate controllers of the major shareholders in a timely manner, and in accordance with Article 3 of the Rules Governing Information Reporting by Listed Companies, will file information regarding changes in directors, supervisors, and major shareholders (legal entities holding 10% or more of the shares) by the end of July each year, and will disclose the list of the top 5% shareholders in the notes to each quarterly financial statements.	(II) Without deviation.
(III) Does the company establish and execute a risk management and	V	-	(III) The Company is independent of its affiliated companies and has separate financial control, and has formulated the	(III) Without deviation.

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
firewall system within its affiliated companies?			"Procedures for the Acquisition or Disposal of Assets", "Operating Procedures of Fund Lending" and "Operating Procedures for Endorsement and Guarantee". In addition, in accordance with the "Regulations Governing Establishing of Internal Control System by Public Companies" promulgated by the competent authority, the Company has formulated the control procedures, including "the Management of Related Party Transactions" and "the Management of Financial Statement Preparation Process" in terms of internal control regulations. The risk control mechanism and firewall have been properly established, and the management measures for the supervision of subsidiaries have been formulated for implementation.	
(IV) Does the company establish internal rules against insiders using undisclosed information to trade in securities?	V	-	(IV) The company has established a "Code of Ethical Conduct." Employees are expected to refrain from using their positions within the company to obtain improper benefits for themselves, their relatives, or their enterprises. Additionally, employees have a responsibility to protect and promote the legitimate interests of the company and to avoid using company property, information, or their positions for personal gain. In 2022, the original "Management Regulations for Preventing Insider Trading" and the "Procedures for Handling Material Information" were merged. The consolidated document has been renamed the "Management Regulations for Preventing Insider Trading." This new regulation enhances confidentiality measures concerning internal significant information that may impact stock prices prior to public disclosure and prohibits trading activities based on such information. Furthermore, in	(IV) Without deviation.

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
			compliance with government regulations, new provisions for the assessment, approval, and retention of significant information have been established.	
III. Composition and responsibilities of the Board of Directors				
(I) Has the Board of Directors formulated a diversification policy, substantial management objectives and implemented accordingly?	V	-	(I) Please refer to the " Diversity and Independence of the Board of Directors " section on page 14 of this Annual Report for the diversity policy, specific management objectives and implementation status of the Company. The director diversity policy and its implementation status are disclosed on the Company's website.	(I) Without deviation.
(II) Other than Remuneration and Audit Committees which are required by laws, does the Company plan to set up other functional committees?	V	-	(II) The Sustainable Development Committee was established on December, 2023, comprised of three members: Director Chin-Fa Chiu, Independent Director David Ching, and Independent Director Wei-Kang Chen. Director Chin-Fa Chiu, the chairperson of the committee, previously served as the convener of the Risk Management Team at Shinkong Textile, where he led and coordinated the company's risk management initiatives, demonstrating expertise in risk management and corporate governance. Independent Director David Ching has an economics background, is well-versed in market operations and business management, and has deeply studied corporate compliance and directors' legal responsibilities, contributing to a robust compliance system and reducing regulatory risks. Independent Director Wei-Kang Chen holds a master's degree in finance, has studied financial statement analysis, assists the company in managing financial risks, and is focused on the company's carbon reduction strategies, possessing the ability to	(II) Without deviation.

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
(III) Has the Company formulated rules and methods for the performance assessment of the Board of Directors and evaluate the Board performance every year? Is the outcome of performance assessment submitted to the Board of Directors and used as reference for the remuneration and re-election nomination of individual Director?	V	-	<p>promote corporate decarbonization and ESG transformation. The committee is required to convene at least twice a year and may hold additional meetings as needed. The responsibilities include formulating appropriate sustainable development policies, reviewing sustainability reports, overseeing the direction and implementation plans of the company's sustainable development policies, regularly monitoring progress, and reporting annual accomplishments to the Board of Directors. The Sustainable Development Committee convened twice in 2024, with a 100% attendance rate for both meetings.</p> <p>(III) The Company has established the performance evaluation method of the Board of Directors in 2019. The self or peer evaluation of the Board of Directors will be implemented regularly every year, and the evaluation scope, evaluation method, evaluation results and relevant improvement suggestions will be submitted to the Board of Directors in the first quarter of the next year for their reference to decide the individual directors' remuneration and nomination. The performance evaluation of individual director, the Board of Directors, the audit committee and the remuneration committee was carried out in 2024. The evaluation period was from November 1, 2023 to October 31, 2024, and the performance evaluation results were submitted to the Board of Directors on March 11, 2025.</p> <p>Please refer to the Investor section of our website for the evaluation content and results.</p>	(III) Without deviation.

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof															
	Yes	No	Description																
(IV) Has the Company periodically evaluate the independence of the CPAs?	V	-	<div> <div>(IV) According to the Report of Audit Quality Indicators (AQIs) according to the Professional Ethics Bulletin No. 10 "Integrity, Objectivity and Independence" set forth by the CPA Associations of the Republic of China and the Company's form "Independence and Competency of CPAs for 2025 Annual Financial Statements", the Company assesses CPAs' independence and the authorized CPAs and their accounting firm for free of interest in the Company and changes the CPAs upon a certain period of time as required. Refer to AQIs to confirm that the CPAs and the CPA firm are above average in terms of quality control review and quality control support capability.</div> <div>The most recent evaluation was adopted by the resolution of the 11th meeting of the 3rd term of Audit Committee on March 11, 2025 and submitted to the 13th meeting of the 24th term of Board of Directors on March 11, 2025.</div> <table> <tr> <th>Evaluation Item</th> <th>Result (Yes/No)</th> <th>Meet independence status? (Yes/No)</th> </tr> <tr> <td>1. No direct or indirect material financial interests with the Company.</td> <td>Yes</td> <td>Yes</td> </tr> <tr> <td>2. No financing or guarantee activities with the Company or its directors.</td> <td>Yes</td> <td>Yes</td> </tr> <tr> <td>3. No close business relationship or potential employment relationship with the Company.</td> <td>Yes</td> <td>Yes</td> </tr> <tr> <td>4. The CPAs and members of the audit team do not serve as directors or managerial officers or</td> <td>Yes</td> <td>Yes</td> </tr> </table> </div>	Evaluation Item	Result (Yes/No)	Meet independence status? (Yes/No)	1. No direct or indirect material financial interests with the Company.	Yes	Yes	2. No financing or guarantee activities with the Company or its directors.	Yes	Yes	3. No close business relationship or potential employment relationship with the Company.	Yes	Yes	4. The CPAs and members of the audit team do not serve as directors or managerial officers or	Yes	Yes	(IV) Without deviation.
Evaluation Item	Result (Yes/No)	Meet independence status? (Yes/No)																	
1. No direct or indirect material financial interests with the Company.	Yes	Yes																	
2. No financing or guarantee activities with the Company or its directors.	Yes	Yes																	
3. No close business relationship or potential employment relationship with the Company.	Yes	Yes																	
4. The CPAs and members of the audit team do not serve as directors or managerial officers or	Yes	Yes																	



Evaluation Item	Implementation Status						Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof	
	Yes	No	Description					
				holding positions with significant influence on the audit work of the Company at present or in the past 2 years.				
				5. No provision of non-audit services that may directly affect the audit work.	Yes	Yes		
				6. Not an intermediary of the shares or other securities issued by the Company.	Yes	Yes		
				7. Not serving as a defense counsel of the Company or representing the Company in mediating conflicts with third parties.	Yes	Yes		
				8. Not a family member or relative of a director or managerial officer or person holding a position that has a significant impact on the audit work of the Company.	Yes	Yes		
				9. As of the latest auditing, the CPAs do not provide audit services to the Company for seven consecutive years.	Yes	Yes		
				10. So far, the CPAs have not been punished.	Yes	Yes		
IV. Has the Company (list on a stock or OTC market) engaged an appropriate number of qualified corporate governance personnel, and designated the corporate governance supervisor to be responsible for corporate governance-related matters (including but not limited to providing directors and supervisors with necessary information to perform business, assisting directors and supervisors in complying with laws and regulations, handling matters related to the meetings of the Board of	V	-	(I)	The Company appointed the corporate governance supervisor through the Board of Directors on December 23, 2020. The main job functions are to handle matters pertaining to Board meetings and shareholders' meetings, produce minutes of Board meetings and shareholders meetings, assist Directors with assuming office and continuing education, provide information required for business execution by Directors, and assist Directors with regulatory compliance, and report to the Board of Directors the results of the examination of whether the qualifications of independent directors are in conformity with relevant laws and regulations at the time of nomination, election and during the term of office, and handle matters related to the change of directors and other matters stipulated in				Without deviation.

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
Directors and the shareholders' meeting according to laws, and taking the minutes of board and shareholders' meetings)?			<p>the Articles of Incorporation or contracts of the Company.</p> <p>(II) The Company also set up an ESG implementation team to help promote and strengthen the functions of the Board of Directors and enhance the sustainable value of the enterprise; improve information transparency and promote sustainable operation; strengthen the communication between stakeholders and build a good interactive channel; align with international standards and guide due diligence governance; deepen the Company's sustainable governance culture and provide diversified commodities.</p> <p>(III) In 2024, corporate governance supervisor will focus on the following work:</p> <ol style="list-style-type: none"> 1. Go through 2024 corporate change registration. 2. Provide continuous learning information for board members, and invite external lecturers to assist in completing the learning courses. 3. Purchase the "directors, supervisors and managerial officers liability insurance". 4. Urge to convene the communication meeting with CPAs, independent directors, and the auditors to ensure internal audit control, and the minutes of such meeting shall be released on the company's website. 5. The proposed meeting schedule of the Board of Directors shall be notified to the directors seven days in advance, the meeting shall be convened and the meeting information shall be provided. In case of any matters to be avoided due to conflict of interests, such matters shall be notified in advance and shall be completed within 20 days after the 	

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof										
	Yes	No	Description											
			<p>meeting, with the minutes of the board meeting delivered.</p> <p>6. Handle the relevant matters of the shareholders' meeting according to laws, and go through the registration of changes in the amendment to the Articles of Incorporation and the change of directors.</p> <p>7. Respond to the requirements of directors, assist directors in performing their duties and improve the efficiency of the Board of Directors.</p> <p>8. Support the Board of Directors and various functional committees in carrying out annual self-performance evaluations.</p> <p>9. Conduct a thorough review whether the qualifications of independent directors at the time of nomination and election and during their term of office are in compliance with relevant laws and regulations, and to report the results of such review to the Board of Directors.</p> <p>(IV) Continuing education of the corporate governance supervisor in 2024</p> <table border="1"> <thead> <tr> <th>Date</th><th>Host</th><th>Class</th><th>Continuing Education Hours</th><th>Total Number of Hours of Continuing Education in the Year</th></tr> </thead> <tbody> <tr> <td>2024/07/16</td><td>Chinese Republic Internal Audit Association</td><td>Essential Labor Law Knowledge for Supervisors at All Levels: Recruitment</td><td>6 hours</td><td>17 hours</td></tr> </tbody> </table>	Date	Host	Class	Continuing Education Hours	Total Number of Hours of Continuing Education in the Year	2024/07/16	Chinese Republic Internal Audit Association	Essential Labor Law Knowledge for Supervisors at All Levels: Recruitment	6 hours	17 hours	
Date	Host	Class	Continuing Education Hours	Total Number of Hours of Continuing Education in the Year										
2024/07/16	Chinese Republic Internal Audit Association	Essential Labor Law Knowledge for Supervisors at All Levels: Recruitment	6 hours	17 hours										

Evaluation Item	Implementation Status						Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof		
	Yes	No	Description						
					and Interviewing, General and Specialized Employee Management, and Performance Evaluation.				
			2024/08/22	Shinkong Textile Co., Ltd.	Analysis of the Personal Data Protection Act	2 hours			
			2024/09/03-2024/09/04	TWSE	Climate Risk Identification Workshop and Net Zero Carbon Emission Promotion Conference	9 hours			
V. Has the Company established a communication channel for its stakeholders (including but not limited to shareholders, employees, customers and suppliers) and created a stakeholder section at the Company's website to address their concerns on major corporate social responsibility (CSR) issues?	V	-	(I) The communication channels between the Company and stakeholders are unblocked. In addition to various departments responsible for communicating with their respective business, finance, development clients, other issues such as suggestions or doubts raised by stakeholders are responded by spokespersons and acting spokespersons and the Stock Affairs Agency Department of Taishin Securities, a stock affairs agency appointed by the Company. (II) The stakeholder page has been set up on the Company's website. (https://www.sktextile.com.tw/investors/sustainability/2)						Without deviation.
VI. Has the Company appointed a professional shareholder service agency to organize the shareholders' meetings?	V	-	The Company appoints the Stock Affairs Agency Department of Taishin Securities, a stock affairs agency, to handle matters of shareholders' meeting.						Without deviation.

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
VII. Information disclosure				
(I) Has the Company established a corporate website to disclose information regarding the Company's financials, business and corporate governance status?	V	-	(I) The Company's website (http://www.sktextile.com.tw) has a dedicated investor section to disclose financial business and corporate governance information, with a link to the public information observatory of the Taiwan Stock Exchange to disclose the Company's financial and major information on a regular or irregular basis.	(I) Without deviation.
(II) Does the Company have other information disclosure channels (e.g., maintaining an English-language website, designating personnel to handle information collection and disclosure, implementing spokesperson system, uploading investor conference recordings to the corporate website)?	V	-	(II) The Company has a spokesperson and acting spokesperson system, and a specially assigned person is responsible for the collection and disclosure of the company's information. The information about corporate briefing meeting is published in the investor section of the Company's website. (http://www.sktextile.com.tw)	(II) Without deviation.
(III) Does the company publicly announce and file the annual financial reports within two months after the close of the given fiscal year and publicly announce and file the first, second, and third quarterly financial reports and the operation of each month ahead of the required deadline?	-	V	(III) The Company shall submit the annual financial report within three months after the end of the fiscal year in accordance with relevant regulations, and submit the quarterly financial report within 45 days after the end of the first, second and third quarters.	(III) The Company will be subject to the provisions of the statute.

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
VIII. Is there any other important information to facilitate a better understanding of the company's corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchase of liability insurance for directors and supervisors)?	V	-	<p>(I) Employee's rights and interests: the Company complies with the provisions on employee's rights and interests in accordance with the Labor Standards Act and relevant regulations, allocates pension and employee benefits on a monthly basis, and insures group insurance and travel safety insurance to protect employee's rights and interests.</p> <p>(II) Employee care: The Company has established the Employee Benefit Committee and allocate employee benefit funds according to the total operating income, regularly organize employee travel or small-scale activities for team-building purposes, and set up an employee discount system, along with funeral allowance and children's education subsidy. Each factory has budget allocated for annual gatherings and gifts for the Dragon Boat Festival and Mid-Autumn Festival. Employees are entitled to floor models and shopping discounts. Health check-ups are arranged for employees regularly. Also, employees may apply for maternity leave, paternity leave and parental leave in accordance with the laws. In 2024, activities were conducted in Taichung, Sun Moon Lake, and Yilan. Employee travel programs in South Korea and other locations enable employees to form their own groups for participation in international travel, offering a variety of options for employees to choose from freely. Irregularly organize multiple parent-child activities and employee career planning seminars. The Company's internal management rules emphasizes and protects the interests of pregnant employees. The Company has signed long-term contracts with day care centers in the</p>	Without deviation.

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
			<p>neighborhood areas of each factory to ease the babysitting concern. Employees are entitled to parental leave before any of their children reach the age of three years old pursuant to the "Act of Gender Equality in Employment" and the "Regulations for Implementing Unpaid Parental Leave for Raising Children" for a period not exceeding two years. The Company would make arrangements for reinstatement after the parental leave. In 2024, there were 6 employees who applied for parental leaves.</p> <p>(III) Investor relations: the Company has spokespersons and acting spokespersons, who are responsible for responding to investor suggestions, communication, etc.</p> <p>(IV) Supplier relations: The Company establishes good relationships with its suppliers and provides products that meet the Company's needs through long-term dealings with them, invites suppliers from time to time for market information exchange and holds technical seminars. Supplier assessment is conducted every year and the Company will provide guidance to suppliers with poor evaluation results, and increasingly purchase and develop new business with suppliers with excellent evaluation results. The Company will visit suppliers from time to time to inspect their implementation of social responsibility. When signing a contract with a supplier, the Company will ask the supplier to comply with the "Shinkong Textile's Ethical Corporate Management Best Practice Principles and Code of Ethical Conduct" and fill out the supplier's form with their basic information. Apart from furnishing their basic details,</p>	



Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
			<p>suppliers must also disclose any adverse environmental effects resulting from their products and production processes, along with any significant labor disputes, human rights violations, or negative impacts, as well as the measures taken to address them. When providing samples, suppliers must ensure that they pass unit testing and comply with the relevant standards of Bluesign, GRS, OCS, and RWS.</p> <p>When providing samples, the supplier must be tested and qualified by the unit and comply with bluesign, GRS, OCS, RWS or promise not to violate bluesign, GRS, ZDHC MRSL and the relevant regulations of banned and restricted substances in the environmental protection laws and regulations of each country. The Company conducts environmental, social, and human rights assessments of its major suppliers every year, and if the assessment is unsuccessful and no improvement is made within the deadline, the supplier will be disqualified.</p> <p>The Company discussed and evaluated supplier quality, delivery time, production capacity and supply chain disruption risk in weekly operations meetings, and provided project coaching to suppliers with poor quality rating; and held multiple supplier conferences in 2024, including quality inspection, color matching standard and digitalization training for color, to facilitate quality exchange and guidance with suppliers.</p> <p>(V) Rights of stakeholders: In addition to communication and coordination with stakeholders, all departments shall regularly publish financial and other relevant information and material</p>	

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
			<p>information at the Market Observation Post System in accordance with the regulations of the competent authority.</p> <p>(VI) Training of directors and supervisors: The training of directors of the Company on relevant corporate governance courses has been reported at the Market Observation Post System in accordance with regulations. Please refer to Page 64 Note 2 "Continuing Education of Directors in 2024" for details.</p> <p>(VII) Implementation of risk management policies and risk evaluation standards: The Company has established internal control and internal audit systems and carries out various risk management and assessments. Regarding major corporate decision-making, if any director or a juristic person represented by a director is an interested party with respect to any agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interests of the Company, the director may express opinions and reply the enquiries and shall not participate in discussion or voting on that agenda item, and further, shall enter recusal during discussion and voting on that item and may not act as another director's proxy to exercise voting rights on that matter. On November 10, 2021, the 10th meeting of the 23rd Board of Directors approved the "Risk Management Policies and Procedures," which address the analysis of overall risks. "The prevention and monitoring of significant risk management issues, along with the progress of executing risk management</p>	

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
			<p>plans and the status of management tracking improvements, shall be reported to the Board of Directors at least once a year. Beginning in 2023, the Company established a Sustainability Development Committee, which will also receive reports on risk management initiatives. The most recent submission date is December 19, 2024, coinciding with the 2nd meeting of the 1st Sustainable Development Committee and the 12th meeting of the 24th Board of Directors.</p> <p>The key business driving principles of the Risk Management Team are: In response to the changes in the global economic environment and sustainable risks, it cooperates with R&D, manufacturing and sales units, as well as finance, legal, human resources, information systems and environmental safety management departments to identify and grasp the risks that may affect the sustainable development of the Company from the financial, strategic, operational and disaster aspects, and, through risk transfer, reduction and avoidance related management strategies and response measures, minimizes possible risks and enhances positive operating opportunities.</p> <p>(VIII) Implementation of client policy: Based on marketing, the Company works with internationally leading brands in product research and development, to provide customers with the best quality products.</p> <p>(IX) The liability insurance purchased by the Company for directors: The Company has continuously purchased the liability insurance for directors, supervisors and managerial officer</p>	

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
			since June 2019 and submitted to the Board of Directors.	
IX. Please explain the improvements made in accordance with the Corporate Governance Evaluation results released by the Taiwan Stock Exchange's Corporate Governance Center, and provide the priorities and plans for improvement with items yet to be improved. Progress of improvement on items that the Company did not receive positive scores in the 10th Corporate Governance Evaluation in 2024 is as follows:				
No.	Indicator			Priority of pending issues
II. To strengthen the structure and operation of the Board				
2.6	Is there at least one female director on the Company's Board of Directors? [If each gender of the company's directors accounts for more than one-third of the seats on the Board of Directors, an additional point will be added to the total score.]			Improvements are expected to be made by the upcoming 2026 director election.
IV. To promote sustainable development				
4.7	Is the English version of the Company's sustainable development report available on the MOPS and the Company's website?			The English version of the sustainable development report is expected to be uploaded in 2025.

Note 1:

Succession Plan and Management Goals of Members of the Board of Directors and Key Managerial Officers

In the succession planning of the Company, the successor must be highly competent, and his/her business philosophy should be consistent with the Company. The Company upholds such values integrity, fairness, innovation, teamwork, loving life and the earth, and pays attention to the promotion and implementation of social responsibility.

The integrity and moral business operation indicators have been added into the self performance appraisal for the board of director, to strengthen the members of the Board of Directors to show integrity and moral values through action.

At present, there are 4 incumbent directors and 3 independent directors. All director members agree with the Company's business philosophy and understand the industrial situation of the Company. Also, they have considerable experience in international political and economic situation, law compliance, international operation and management and manufacturing operation and management. In response to the changing international competition management environment and the continuous updating of laws and regulations (such as corporate governance), the Company also designs the dedicated courses for the board members, and each

board member receives at least 6 hours of courses every year to keep abreast of the industrial knowledge and the latest information.

Among the current members of the Board of Directors, Director Chin-Fa Chiu was the President of the Company. He joined the Board of Directors during his tenure and is familiar with the operation of the Board of Directors. Moreover, he is familiar with the business of the Company, and has contributed a lot to the long-term development of the Company's business during his tenure as a director.

The senior supervisors of the Company and its group company have different professional abilities and can be selected in the talent pool for future directors.

For important management, the Company has designed a series of supervisor promotion and training programs in line with the Company's operation and globalization and promotes personal development plans. The Company releases information in an open and transparent way among departments. Senior supervisors exchange and discuss information through various seminars.

"Innovation" ,"strategic planning" , "global thinking" and "vision leadership" are required capacities for the management. The annual curriculum is designed in line with the needs surveyed from directors. Annual performance is assessed to know their personal capacity, give appropriate guidance and assistance, and improve their performance.

Currently, the Company has proposed a succession plan for key executives of the Company. In a period of one to five years, the supervisors of key positions propose the main and secondary successors, and put forward the concept of job agency, so that the main and secondary successors can learn about the company in charge of key positions, and improve the preparation for the position.

In response to the Company's development and organizational growth momentum, in addition to internally developing potential middle and high-level managers, the Company also invites outstanding high-level talents in the industry to join the Company's management team. The Company train important managers in an open and transparent way, and recruit the future management team in a planned and targeted manner.

Note 2: Continuing education of directors in 2024

Title	Name	Date	Host	Class	Duration	Total Number of Hours of Continuing Education in the Year
Chairman	Hsing-En Wu	2024/11/11	Corporate Operating and Sustainable Development Association	Global Political and Economic Trends 2025 and Sustainable Management	3.0	6.0
		2024/08/06	Corporate Operating and Sustainable Development Association	Sustainable Opportunities and Challenges for Taiwanese Businesses Amid the Trade War: The Impact of Two Investment Control Cases, Origin Certification in the Context of U.S.-China Tensions, and the Hong Kong National Security Law	3.0	
Director	Hsin-Hung Wu	2024/08/16	Taiwan Corporate Governance Association	Evolution of Data Centers: Development Trends in Silicon Photonics and Artificial Intelligence Servers	3.0	6.0
		2024/07/26	Taiwan Corporate Governance Association	Starting with TIPS: A Discussion on How Enterprises Develop Strategies for Intellectual Property Risk Prevention and Control	3.0	
Director	Chin-Fa Chiu	2024/11/22	Foundation for the Development of Securities and Futures Markets, Republic of China (Taiwan)	Workshop on Equity Trading Compliance for Insiders of Publicly Listed Companies for 2024	3.0	6.0
		2024/03/01	Chinese National Association of Industry and Commerce	Hostile Takeover Defense and the Responsibilities of Directors and Supervisors in Corporate Mergers and Acquisitions	3.0	
Director	Po-Han Lin	2024/12/02	Accounting Research and Development Foundation in Taiwan	Practical Forum on Internal Control of Sustainable Information Management	3.0	6.0
		2024/10/25	Foundation for the Development of Securities and Futures Markets, Republic of China (Taiwan)	Workshop on Equity Trading Compliance for Insiders of Publicly Listed Companies for 2024	3.0	
Independent Director	David Ching	2024/11/06	Accounting Research and Development Foundation in Taiwan	Corporate Fraud Investigation Practices and Case Studies	6.0	6.0
Independent Director	Wei-Kan Chen	2024/10/16	Taiwan Corporate Governance Association	The 20th International Corporate Governance Summit (2024) - Emphasizing Governance Priorities and Capitalizing on Talent Advantages	6.0	6.0
Independent Director	Mao-Jung Wang	2024/10/04	Taiwan Corporate Governance Association	Decoding Crisis: How to Achieve Longevity in the Era of Black Swans	3.0	9.0
		2024/10/04	Taiwan Corporate Governance Association	Trends in Technological Risk Development in the Cloud Generation	3.0	



(IV) For companies having a remuneration committee, the committee's composition, duties and operations:

The Remuneration Committee shall be appointed by resolution of the Board of Directors for the same term of office as the appointed Board of Directors. More than half of the members shall be held by independent directors, and all members shall elect independent directors to serve as the convener and chairman of the meeting. Its professional qualification and independence shall comply with the provisions of Articles 5 and 6 of the Functions and Powers of the Remuneration Committee. The Committee formulates and regularly reviews the policies, systems, standards and structure of the performance assessment and remuneration of Directors and managerial officers, and regularly evaluate and determine the remuneration of directors and managers, and submit the suggestions to the Board of Directors for discussion.

1. Information on Remuneration Committee Members

March 28, 2025

Title	Qualifications Name	Professional Qualification and Work Experience	Independence	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Remuneration Committee Member
Independent Director	David Ching	The Remuneration Committee of the	All remuneration committee members meet the following conditions:	0
Independent Director	Wei-Kan Chen	Company consists of two independent	1. Meet Article 14(6) of Securities and Exchange Act and the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange" (note)	0
Other	Chi-Yen Liang	directors and one expert member. Please refer to the attached schedule for the professional qualifications and experience of the members.	2. They (or in the name of others), their spouse and minor children do not hold shares of the Company 3. Do not earn compensation from providing commercial, legal, financial, accounting or related services to the company or any affiliated company of the company in the past 2 years	2

Note: Professional qualifications and experience of compensation committee members

Name	Nationality	Age	Gender	Education	Industrial experience				Professional Capabilities		
					Operation	Business	Leadership	Industrial knowledge	Finance and accounting	Commerce	Law
David Ching	U.S.A.	40~49	Male	BS in Management Science - Economics, University of California, San Diego President of Violet Lake Pavillion Hotel, Qiandao Lake Has more than five years of work experience necessary for the business of the Company	V	V	V		V	V	
Wei-Kan Chen	R.O.C	40~49	Male	Master of Finance, University of Cambridge/Master in Design Studies (Real Estate) Harvard University/Senior Consultant of E.R.C. Group/Executive Director, Harvard Design International., Ltd. Has more than five years of work experience necessary for the business of the Company		V				V	V
Chi-Yen Liang	R.O.C	60~69	Male	Master of Business Administration, National Chengchi University Bachelor of Chemistry, National Tsing Hua University Lecturer of Management, Soochow University COO of Huawei International Technology Consultant Co., Ltd. Member of Remuneration Committee, Sesoda Steamship Corporation. Independent Director, Excelliance MOS Corporation Has more than five years of work experience necessary for the business of the Company	V	V	V	V	V	V	V

Note: During the two years before being elected or during the term of office, the independent director may not have been or be any of the following:

- (1) An employee of the company or any of its affiliated companies.
- (2) A director or supervisor of the company or any of its affiliated companies.
- (3) A natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or is ranked in the top 10 in shareholdings.
- (4) Managers listed in (1) or spouses/relatives within the second degree of kinship/blood relatives within the third degree of kinship listed in (2) or (3).
- (5) A director, supervisor or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27 of the Company Act.
- (6) If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: a director, supervisor, or employee of that other company.



- (7) If the chairperson, president, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: a director (or governor), supervisor, or employee of that other company or institution.
- (8) A director (or governor), supervisor, managerial officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company.
- (9) A professional individual, sole proprietorship, partnership, owner of a company or institution, partner, director (or governor), supervisor, managerial officer or spouse thereof that provides auditing service for the Company or any of its affiliated companies, or provides commercial, legal, financial, or accounting service with cumulative remuneration less than NT\$500,000 in the past two years. The above regulations do not apply for the members of the Remuneration Committee of the Company.

2. Operational Status of the Remuneration Committee

- (1) The Company's Remuneration Committee comprises of three members.
- (2) The term of office for the 6th committee: from June 6, 2023 to May 25, 2026. The Remuneration Committee convened 4 meetings in recent year. The attendance of members is as follows:

Title	Name	Attendance Rate No. of meetings attended by proxy	No. of meetings attended by proxy Required to attend	Required to attend Required to attend	Attendance Rate (%)	Note
Convener	David Ching	4	0	4	100%	None
Member	Wei-Kan Chen	4	0	4	100%	None
Member	Chi-Yen Liang	4	0	4	100%	None

Other matters required to be recorded:

- I. If the Board of Directors refuses to adopt or amends a recommendation of the Remuneration Committee, the date of the meeting, session, content of the motion, resolution by the Board of Directors, and the company's response to the Remuneration Committee's opinion (e.g., if the remuneration passed by the Board of Directors exceeds the recommendation of the Remuneration Committee, the circumstances and cause for the difference shall be specified) shall be specified: None.
- II. If there are resolutions of the Remuneration Committee to which members object or express reservations, and for which there is a record or declaration in writing, the date

of the meeting, session, content of the motion, all members' opinions and the response to members' opinion shall be specified: None.

III. The date, session, proposal contents and resolutions of the Remuneration Committee, and the Corporation's actions in response to the opinions of the Remuneration shall be stated:

Remuneration Committee		Contents of Motions and Actions Taken	Resolutions	Actions Taken
Date	Term			
2024/03/08	3rd meeting of the 6th board	To review the performance assessment and remuneration system, standard, structure and plan of the Company's Directors and managerial officers and the principles for the distribution of 2023 year-end bonuses.	After the discussion of all the members present, it is found that the system, standard, structure and compensation plan of performance evaluation and compensation of directors and managers as well as the principle of year-end bonus payment are reasonable. After consulting all the members present, the case is passed without objection.	Reported to the Board and approved by all attending Directors.
		Discussion of the compensation package for members of the sustainable development committee	This case is being handled on a vote-by-vote, recusal-by-recusal basis. During the discussion of their individual proposals, Independent Directors David Ching and Wei-Kan Chen were recused from the discussion and voting. All attending members had approved the motion upon enquiry made by the Chairman. Thus, it was approved as proposed.	Reported to the Board and approved by all attending Directors.
2024/08/12	4th meeting of the 6th board	Review the principles for the distribution of 2023 compensation to employees and remuneration to Directors.	All attending members approved the motion upon enquiry made by the Chairman. Thus, it was approved as proposed.	Reported to the Board and approved by all attending Directors.
		Review the Company's 2024 annual remuneration adjustment plan.	All attending members approved the motion upon enquiry made by the Chairman. Thus, it was approved as proposed.	Reported to the Board and approved by all attending Directors.
2024/11/12	5th meeting of the 6th board	Promotion Case for the Heads of the Business Department and the Research and Development Center	All attending members had approved the motion upon enquiry made by the Chairman. Thus, it was approved as proposed.	Reported to the Board and approved by all attending Directors.
2024/12/19	6th meeting of the 6th board	Review the remuneration of the proposed president of the Company	All attending members had approved the motion upon enquiry made by the Chairman. Thus, it was approved as proposed.	Reported to the Board and approved by all attending Directors.

(V) Implementation Status of Sustainable Development and Deviations from the Corporate Social Responsibility Best Practices for TWSE/TPEX Listed Companies and Reasons Thereof

Item	Implementation Status			Gaps with the Corporate Social Responsibility Best Practices for TWSE/TPEX Listed Companies and root causes
	Yes	No	Description	
I. Has the Company established exclusively (or concurrently) dedicated units to implement sustainable development, and has the Board of Directors appointed the senior management with responsibility for sustainable development, and to report the status of the supervision to the Board of Directors? (TWSE/TPEX-listed companies should report the implementation status, not the compliance or explanation.)	V	-	To promote sustainable development, the Company, appointed by the Board of Directors, set up a dedicated division - ESG Implementation Team from November 11, 2020 to be responsible for the promotion of corporate social responsibility and sustainable development. The members of the team include the management department of the headquarters, legal affairs, production divisions and business related personnel, and the President acts as the convener. ESG implementation team (Sustainable Development Implementation Team) is dedicated to enhancing the sustainable value of the enterprise; improving information transparency and promoting sustainable operation; strengthening the communication between stakeholders and building a good interactive channel; aligning with international standards and guiding due diligence governance; deepening the Company's sustainable governance culture and implementing the policy for business. The Team will strive to promote sustainable development and fulfill corporate social responsibility in a systematic and organized way. The implementation team strive to promote sustainable development and	Without deviation.



Item	Implementation Status			Gaps with the Corporate Social Responsibility Best Practices for TWSE/TPEX Listed Companies and root causes
	Yes	No	Description	
			<p>fulfill corporate social responsibility in a systematic and organized manner.</p> <p>The ESG Implementation Team (Sustainable Development Implementation Team) regularly discusses, reports, and proposes improvements and budget on current, impact and proposed direction of environmental, occupational safety, product safety, and corporate governance..., and plans and assists in driving to ensure that the sustainable development strategy is fully implemented in the Company's operations. In addition to holding monthly internal meetings to review and discuss implementation results and future directions, the Company reports to the Sustainable Development Committee or the Director of the Committee at least on its work plan and handling status.</p> <p>The main themes of the ESG Implementation Team (Sustainable Development Implementation Team): zero fee for migrant workers, environmental sustainable development, energy saving, carbon and water conservation, and waste water recycling policy.</p> <p>Supervision by the Board of Directors: The Board of Directors assists in evaluating the feasibility of the sustainable development strategy and reviewing the progress of the promotion in the annual</p>	

Item	Implementation Status			Gaps with the Corporate Social Responsibility Best Practices for TWSE/TPEX Listed Companies and root causes
	Yes	No	Description	
			<p>report, and may request the implementation team to adjust the Company's sustainable development strategy in light of environmental and external factors.</p> <ol style="list-style-type: none"> 1. Zero fee for migrant workers and direct state-to-state employment policies have positive effects on promoting international human rights policies, and we will continue to strengthen the promotion and auditing of labor policies and the implementation of social responsibilities along the supply chain. In recent years, brand companies have increased their demands concerning zero-cost requirements. The sustainability unit is tasked with continuing to monitor changes in relevant regulations. 2. Energy saving and waste reduction is an international trend, and greenhouse gas inventory and related verification operations are the key targets for business promotion in 2025 to promote the installation of intelligent systems and to understand the use of energy and water consumption in factories. The year 2025 marks the deadline for the brand's commitment to reduce emissions by 15%. It is crucial to accurately track and leverage process improvements and equipment upgrades to meet the emission reduction targets. 3. Continue to develop and promote recyclable materials. 4. Assist the supply chain in recognizing social responsibility, human rights, environmental protection, carbon rights, climate 	

Item	Implementation Status			Gaps with the Corporate Social Responsibility Best Practices for TWSE/TPEX Listed Companies and root causes
	Yes	No	Description	
			<p>change, and regulatory risks.</p> <p>The Sustainable Development Committee was established on December, 2023, with a total of three members, including two independent directors and one director from the company. The committee is required to convene at least twice a year and may hold additional meetings as needed. The responsibilities include formulating appropriate sustainable development policies, reviewing sustainability reports, overseeing the direction and implementation plans of the company's sustainable development policies, regularly monitoring progress, and reporting annual accomplishments to the Board of Directors. The ESG implementation team and Risk Management Team currently in place are responsible for supporting the committee in the development and execution of strategies.</p>	
II. Has the Company conducted risk assessments on environmental, social and corporate governance issues related to the Company's operations in accordance with the materiality principle, and formulate relevant risk	V	-	<p>The Company upholds the business philosophy and materiality principle of integrity operation. While pursuing the sustainable operation and profit of the enterprise, the Company performs corporate social responsibility, pays attention to the rights and interests of stakeholders, emphasizes the issues of environment, society and corporate governance, and integrates them into the company's management policies and operating activities, so as to achieve the goal of sustainable operation.</p>	Without deviation.

Item	Implementation Status			Gaps with the Corporate Social Responsibility Best Practices for TWSE/TPEX Listed Companies and root causes									
	Yes	No	Description										
management policies or strategies? (TWSE/TPEx-listed companies should report the implementation status, not the compliance or explanation.)			Based on the principle of CSR materiality, the Company conducts risk assessment of important issues and formulate relevant risk management policies or strategies based on the assessed risks. The risk assessment boundary is based on the Company, including the head office, Taoyuan Factory and Dayuan Factory.										
			<table><tr><th>Aspects</th><th>Risk Identification Issues</th><th>Risk Mitigation Measures</th></tr><tr><td>Economic Aspect - Strategy</td><td>1. Developing the company's operational strategy, annual budget, business policies, and investment plans 2. Operational Strategy and Goal Setting 3. Developing the company's operational strategy, annual budget, business policies, and investment plans 4. Management and Control of Operational Goal Achievement Rate 5. Competition in Domestic and International Markets; Collaboration within the Industry</td><td>Board of Directors: Approval of the Annual Budget, Investment Direction, and Review of Operational Performance. Establishing the corporate vision and objectives, including sustainable management strategies, operational strategies, and target achievement rates. Regularly convene meetings for operations, business, research and development, and management to adjust strategies in response to changes in the external environment.</td></tr><tr><td>Economic Aspect - Finance</td><td>1. Effect of interest rates, exchange rate changes and inflation on the Company's profit or loss</td><td>1. The portion of foreign-currency derivatives from import and export operations is used as a natural hedge against currency fluctuations. The</td></tr></table>		Aspects	Risk Identification Issues	Risk Mitigation Measures	Economic Aspect - Strategy	1. Developing the company's operational strategy, annual budget, business policies, and investment plans 2. Operational Strategy and Goal Setting 3. Developing the company's operational strategy, annual budget, business policies, and investment plans 4. Management and Control of Operational Goal Achievement Rate 5. Competition in Domestic and International Markets; Collaboration within the Industry	Board of Directors: Approval of the Annual Budget, Investment Direction, and Review of Operational Performance. Establishing the corporate vision and objectives, including sustainable management strategies, operational strategies, and target achievement rates. Regularly convene meetings for operations, business, research and development, and management to adjust strategies in response to changes in the external environment.	Economic Aspect - Finance	1. Effect of interest rates, exchange rate changes and inflation on the Company's profit or loss	1. The portion of foreign-currency derivatives from import and export operations is used as a natural hedge against currency fluctuations. The
			Aspects		Risk Identification Issues	Risk Mitigation Measures							
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Item	Implementation Status			Gaps with the Corporate Social Responsibility Best Practices for TWSE/TPEx Listed Companies and root causes			
	Yes	No	Description				
			<table><tr><td></td><td><div>2. Significant domestic and international policy and law changes 3. Learning about Profit or Loss 4. Inventory Alert</div></td><td><div>Company maintains foreign currency positions in response to its foreign currency funding needs and adjusts its foreign currency positions in a timely manner in response to changes in foreign exchange rates. 2. In order to comply with laws and regulations and prevent insider trading, we cooperate with the Corporate Governance Unit to arrange for related training courses and publicize laws and regulations. 3. Regular reports are submitted on accounts receivable, profit or loss status to facilitate effective financial planning and fund allocation. 4. Consistently provide inventory status reports to the appropriate departments in order to manage the overall value of inventory. 5. Strengthening financial management, corporate governance, and exchange rate risk management. 6. Monitor daily fluctuations in raw material prices and make necessary adjustments to ensure favorable pricing. 7. The specialized unit investigates daily fluctuations in exchange rates and makes necessary adjustments to each foreign exchange position. 8. Engage in proactive negotiations with financial institutions to secure advantageous financing terms and lower interest rates.</div></td></tr></table>		<div>2. Significant domestic and international policy and law changes 3. Learning about Profit or Loss 4. Inventory Alert</div>	<div>Company maintains foreign currency positions in response to its foreign currency funding needs and adjusts its foreign currency positions in a timely manner in response to changes in foreign exchange rates. 2. In order to comply with laws and regulations and prevent insider trading, we cooperate with the Corporate Governance Unit to arrange for related training courses and publicize laws and regulations. 3. Regular reports are submitted on accounts receivable, profit or loss status to facilitate effective financial planning and fund allocation. 4. Consistently provide inventory status reports to the appropriate departments in order to manage the overall value of inventory. 5. Strengthening financial management, corporate governance, and exchange rate risk management. 6. Monitor daily fluctuations in raw material prices and make necessary adjustments to ensure favorable pricing. 7. The specialized unit investigates daily fluctuations in exchange rates and makes necessary adjustments to each foreign exchange position. 8. Engage in proactive negotiations with financial institutions to secure advantageous financing terms and lower interest rates.</div>	
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Item	Implementation Status			Gaps with the Corporate Social Responsibility Best Practices for TWSE/TPEX Listed Companies and root causes
	Yes	No	Description	
			<div>Environmental Aspect - Energy Recycling</div> <div> 1. Environmental protection 2. Climate Change Risks </div>	1. The Company formulates annual implementation plans and programs, track and review the progress of each target regularly to ensure that the target is achieved. 2. The Company obtains ISO14001 environmental management system certification and establish, implement, maintain and continue to improve it in accordance with its requirements to achieve expected results, including improving the environmental performance of the organization. 3. It continues to implement environmental policies and make improvements to the processes and equipment to effectively reduce energy waste and carbon emissions. 4. It introduces smart meters for equipment energy consumption management to grasp equipment power consumption information and formulate more accurate power consumption strategies. 5. Install water cooling valves to prevent steam leakage and reduce natural gas consumption. 6. The objective is to promote the INFINITY SHIRT PROJECT, which aims to establish a circular economy ecosystem for clothing by designing a single shirt. We adhere to the principle of using a single material from the design stage and conduct fabric and style design for a wide range of clothing types, including daily wear, sports apparel, and leisurewear.

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	Yes	No	Description	
			<div> <div></div> <div></div> <div> <p>These garments can be easily returned to the raw material production stage through a recycling system, serving as materials for the next piece of clothing. This ensures that clothes are made from recycled clothing materials, rather than other non-clothing recycled materials. By constructing a closed loop recycling system that does not waste energy, effectively recycles usable resources, the earth is no longer over-exploited, and clothing can be comfortable, environmentally friendly, and fashionable. By utilizing the ISP program, the closed loop recycling of a single material can effectively prolong the use of PET material clothing to maximize the use and manufacturing benefits, and reduce the loss of resources from the raw material side.</p> <p>7. It is anticipated that ISO 14064 system certification will be completed by February 2025. Furthermore, the Company designs, develops, manages, and reports its greenhouse gas inventory in accordance with their requirements to achieve corporate carbon reduction performance.</p> <p>8. The textile industry is responsible for around 8% of global greenhouse gas emissions, and its contribution to climate change will worsen as the current trend continues. In addition to</p> </div> </div>	

Item	Implementation Status			Gaps with the Corporate Social Responsibility Best Practices for TWSE/TPEX Listed Companies and root causes
	Yes	No	Description	
				<p>greenhouse gas emissions, the textile industry is also a major water user.</p> <p>The Company's continuous investment in green process development is engineered based on physics and requires substantially less chemicals and water. Not only does the process cut down water consumption but the environmental hazard from chemical auxiliaries and polluted water is also prevented. Furthermore, the implementation of smart meters, the utilization of a new energy-saving steam condenser, the application of thermal insulation coatings, and the upgrading of equipment will enhance manufacturing efficiency and contribute to the attainment of energy conservation and carbon reduction objectives.</p>
			<p>Social Aspect - Supplier</p> <ol style="list-style-type: none"> 1. Inventory of Current Key Suppliers 2. Production Lead Time and Quality Control 3. Raw Material Prices and Availability 4. Capacity control of major suppliers 5. Percentage of customer sales 6. Customer Relationship Management 7. Supplier Evaluation 	<ol style="list-style-type: none"> 1. Monthly Operations Meeting: Regularly review production, capacity and quality. 2. Cautiously evaluating and developing alternative suppliers of raw materials to avoid monopolization by a small number of suppliers, and actively developing consignment factories to increase production capacity. 3. A safety stock should be built up appropriately and a portion of the required quantity is retained for off-the-shelf purchases in order to flexibly respond to production needs.

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	Yes	No	Description	
				<p>4. Since material control is a key factor for smooth operation, in order to achieve effective procurement management, suppliers are required to sign procurement contracts to ensure their delivery, quality and warranty specifications.</p> <p>5. Continue to develop new customers and focus on cultivating potential customers.</p> <p>6. Maintain strong customer relationships by ensuring customer satisfaction, timely delivery, adherence to brand social responsibility, and compliance with environmental safety regulations to enhance the Company's competitiveness in the industry.</p> <p>7. Suppliers undergo regular evaluations to verify their production capacity and quality.</p>
			<p>Social Aspects - Disasters</p> <p>1. Information Security Risk</p> <p>2. The Impact of Infectious Diseases on Production</p>	<p>1. Development of an information security management policy</p> <p>2. Build multiple sets of auxiliary and replacement computer equipment to minimize the risk of information system outages.</p> <p>3. All important data and files are backed up regularly.</p> <p>4. Introduce firewall rule inventory tools to improve protection quality.</p> <p>5. Ensure the security of employee and customer information by setting up a personal data protection policy.</p>

Item	Implementation Status			Gaps with the Corporate Social Responsibility Best Practices for TWSE/TPEX Listed Companies and root causes
	Yes	No	Description	
			<div>6. Establish a Cybersecurity Committee to hold regular meetings focused on cybersecurity management.</div> <div>7. Assign a dedicated Chief Information Security Officer and two information security personnel. The information security personnel will annually adjust the information security management policies in response to changes in environmental trends.</div> <div>8. Obtain ISO 27001 Information Security Management System certification to establish the confidentiality, integrity, and availability of the information security management system. This certification ensures the security of information assets, reduces potential losses from future data breaches, and enhances customer trust in the enterprise.</div> <div>9. In order to minimize the impact of infectious diseases on production, we strengthen employees' awareness of self-health management, establish a home office system, and ensure that the supply of related raw materials is maintained at normal prices.</div> <div>10. Promoting awareness of occupational diseases and health, regularly conducting health check-ups, and occasionally organizing health and hygiene seminars to enhance employees' knowledge of diseases and self-care.</div>	

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	Yes	No	Description	
			<div> <div>Social Aspect - Employee Safety</div> <div>Occupational safety</div> <div> <ol style="list-style-type: none"> We regularly declare the safety of our factory buildings in accordance with the law. We inspect work safety daily and hold an occupational safety meeting quarterly to discuss safety and health plans and review the implementation. We regularly hold fire safety exercises and occupational safety education and training every year to enhance employees' awareness of occupational safety and response. During the obtaining of the ISO45001 occupational health and safety management system, we identify hazards and risks in the work environment and formulate prevention and control policies to avoid occupational safety problems. Implement occupational safety and health management to establish a secure and worry-free working environment, reduce the risk of occupational accidents or diseases among employees, and move towards sustainable goals. </div> </div>	
			<div> <div>Social Aspect - Product Safety</div> <div>Product safety</div> <div> <ol style="list-style-type: none"> Our products are in compliance with regulations on products and services of the government and brand owners. The textiles and fabrics we produce are in compliance with the applicable regulations, including ZDHC and BLUESIGN. We exclude raw materials or chemical ingredients containing </div> </div>	

Item	Implementation Status			Gaps with the Corporate Social Responsibility Best Practices for TWSE/TPEX Listed Companies and root causes
	Yes	No	Description	
				<p>generally banned substances from the process at the beginning to ensure product quality and safety.</p> <p>3. To ensure customer' rights and interests and the quality of services, the Corporation has established customer complaints response regulations and has set up a customer service hotline and a website for communication.</p> <p>4. The Company's R&D team actively researches and develops safer, more comfortable, and high-performance products.</p>
			<p>Social Aspect - Promotion of Human Rights</p> <p>Human rights policy</p>	<p>1. In accordance with Taiwan's labor laws and regulations, and with reference to the regulations of the International Labor Organization (ILO), we will establish employment commitments that are in line with ethical and fair regulations and eliminate any human rights violations.</p> <p>2. We promote the direct employment program for Indian migrant workers and implement the Zero Fee for Migrant Workers policy.</p> <p>3. We hold regular educational training courses on forced labor prevention and related issues every year. The courses are categorized into those for supervisors and general staff, with distinct programs tailored to the specific roles of the employees.</p>

Item	Implementation Status			Gaps with the Corporate Social Responsibility Best Practices for TWSE/TPEX Listed Companies and root causes
	Yes	No	Description	
				<p>4. Establish an anonymous complaint channel to facilitate effective communication among employees.</p> <p>5. In accordance with international standards, local government regulations, and brand labor and human rights norms, we promote and implement inclusivity and equality for individuals of diverse nationalities, genders, skin colors, races, and religions.</p>
			Governance Stakeholder communication	<p>1. We establish various communication channels to actively communicate and reduce confrontation and misunderstanding. Through the contact window, a dedicated person is assigned to respond to relevant communication issues.</p>
			Governance Strengthening of directors' competencies fulfilling of their responsibilities	<p>1. To make directors aware of their legal responsibilities and rights and interests, we plan relevant training issues for directors.</p> <p>2. We purchase liability insurance for directors and managers to prevent them from being sued or claimed against when executing business tasks during the performance of duty of care as a good manager.</p> <p>3. The Company has established a Sustainable Development Committee, comprised of three directors (including two independent directors), overseeing the direction and implementation plans of the Company's sustainable development policies, regularly monitoring progress, and</p>

Item	Implementation Status					Gaps with the Corporate Social Responsibility Best Practices for TWSE/TPEX Listed Companies and root causes
	Yes	No	Description			
					reporting annual accomplishments to the Board of Directors.	
III. Environmental issues						
(I) Does the Company establish environmental management system designed to fit industry characteristics?	V	-	(I) The Company has obtained ISO 14001 certification for its Environmental Management System (Certification Body: DNV; Validity Period: 2024/01/18 to 2027/11/17; Certificate Number: 128788-2013-AE-RGC-RvA); Bluesign® certification for Swiss environmental standards (Validity Period: until 212848/02/10; Certificate Number: 021.974.010); Organic Content Standard (OCS) certification (Certification Body: IDFL; Validity Period: until 212847/09/20; Certificate Number: IDF-24-63548123-490253); Responsible Wool Standard (RWS) certification (Certification Body: IDFL; Validity Period: until 212847/09/20; Certificate Number: IDF-24-635472); and Global Recycle Standard (GRS) certification (Certification Body: IDFL; Validity Period: until 212847/09/20; Certificate Number: IDF-24-635466). A designated member of the Production Department is responsible for maintaining the Environmental Management System.			(I) Without deviation.
(II) Does the company endeavor to utilize all	V	-	(II) To comply with the relevant laws and regulations on environment and energy, and further reduce the environmental			(II) Without deviation.

Item	Implementation Status			Gaps with the Corporate Social Responsibility Best Practices for TWSE/TPEX Listed Companies and root causes
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resources more efficiently and use renewable materials that have low impact on the environment?			<p>load, the Company proactively adopts relevant energy-saving, water-saving and waste reduction measures, replaces the general air compressor with variable frequency air compressor, establishes a dyeing overflow water reuse system and promotes the "No Waste, Total Recycle" plan for the complete recycling of polyester cloth, so as to effectively increase the sustainability of petrochemical raw materials and reduce the pollution of the earth and ocean caused by petrochemical wastes.</p> <p>In 2024, the Daxi Plant's weaving center consumed 1.51 kilowatt-hours per yard, a decrease from 1.56 kilowatt-hours per yard in 2023. This change resulted in energy savings of approximately 0.05 kilowatt-hours per yard and an energy conservation rate of 3.2%. The company has completely replaced various outdated lighting fixtures with energy-efficient alternatives.</p> <p>Starting in October 2024, we will implement new production equipment that eliminates the need for air compressors, as part of our initiative to replace outdated machinery. The 125 hp and 100 hp air compressors will be decommissioned, leading to an estimated savings of approximately 411,571 kilowatt-hours (kWh) from October to December. It is anticipated that by</p>	

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			<p>2025, the total savings from the decommissioning of air compressors will reach 1,429,315 kWh for the entire year. In 2024, 40 weaving machines will be replaced. The original weaving machines, equipped with 3.5KW constant frequency motors, will be modified to variable frequency 3.5KW motors, resulting in a 35% reduction in electricity consumption. It is estimated that this will save approximately 422,184 kilowatt-hours of electricity over the course of the year.</p> <p>The materials used by the Company comply with bluesign, GRS, OCS, RWS, ZDHC MRSL and relevant specifications of prohibited/restricted substances in national environmental protection regulations.</p> <p>In its independently developed products, the Company gives priority to the use of environmentally friendly, energy-saving and carbon reducing materials, and develops new products which is made of more than 90% recycled materials, included:</p> <p>(1) Zero waste products: We use recycled polyester yarn as the basic fabric raw material, in combination of the ISP recycling plan, and achieve "no waste, total recycle" with the concept of complete recycling of polyester fabric, so as to effectively increase the sustainability of petrochemical</p>	

Item	Implementation Status			Gaps with the Corporate Social Responsibility Best Practices for TWSE/TPEX Listed Companies and root causes
	Yes	No	Description	
			<p>raw materials, reduce the pollution of the Earth and the ocean caused by petrochemical waste, and increase the added value of recycled products.</p> <p>(2) Reuse of waste: In addition to recycling yarn from pet bottles and fishing nets that have been implemented for many years, the yarn is recycled from other environmental materials, such as the yarn recycled from waste of yarn factories, embryo cloth factories and garment factories, pineapple fiber of agricultural waste, polyester yarn with carbon capture and zero carbon Tencel, to achieve net zero carbon emission by 2050.</p> <p>(3) Application of sustainable renewable biomass.</p> <p>(4) Durable product development: Reduce the impact of excess consumption caused by fast fashion on the environment.</p> <p>(5) Water-saving: Invest in green process development plan. Waste water is recycled in the process of dyeing yarn to save water by 30%.</p>	
(III) Does the company assess the potential risks and opportunities	V	-	(III) As the threat of global climate change becomes more intense, "environment and climate change risk" has risen to the top of the list of five enterprises facing risks. In order to understand	(III) Without deviation.

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of climate change for its current and future operations and undertake related response measures?			<p>and cope with potential strategies, the ESG Implementation Team reviews the Company's risks and opportunities arising from climate change every year for self-assessment, and develops plans, reviews implementation and reports regularly to the Sustainable Development Committee or the chairperson. According to the TCFD framework, we assess the potential climate risk of the Company in four aspects: For more information, please see page 117 of the annual report.</p> <ol style="list-style-type: none"> (1) Policy and regulatory risks: such as implementing a carbon pricing mechanism to reduce greenhouse gas emissions, encouraging water efficiency and levying water consumption charges, etc. (2) Technology risk: The impact of technological improvements and innovations that support low carbon and high efficiency on the Company's competitiveness. (3) Market risk: Supply and demand structure changes the mechanism of products and services. (4) The financial impact of physical risks caused by climate change, such as damage to assets or supply chain disruptions. <p>Immediate risk: mainly single events, including extreme</p>	

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	Yes	No	Description	
			<p>weather events such as typhoons, tornadoes, and floods. Long-term risks: Long-term changes in climate patterns, such as persistent high temperatures that may cause sea level rise or prolonged heat waves.</p> <p>In order to reduce risk factors, the Company identifies and grasps the risks that may affect the sustainable development of the Company from the financial, strategic, operational and disaster aspects, and, through risk transfer, reduction and avoidance related management strategies and response measures, minimizes possible risks and enhances positive operating opportunities.</p>	
(IV) Does the Company calculate its greenhouse gas (GHG) emissions, water consumption and total waste weight in the past two years, and formulate policies for energy conservation, GHG	V	-	<p>(IV) The Company has incorporated the performance of environmental management into the daily operations. For instance, statistics of water, electricity, and waste have been recorded since 2016, and GHG inventories have been conducted since 2019. We have also set annual targets for reductions of GHG emissions, water consumption, and waste volume and the targets are monitored quarterly by the environmental protection enforcement unit under the ESG Implementation Team.</p> <p>(1) The quantitative target of energy saving and carbon</p>	(IV) Without deviation.

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	Yes	No	Description																
and water consumption, or other waste management?			<p>reduction management is: with FY2018 as the base year, to reduce the carbon intensity by 15% in 2025, and the target by 2024 has be achieved.</p> <ul style="list-style-type: none"> Greenhouse gas emissions for the most recent two years: (Data coverage: all plants) <p>Unit: tons (CO₂e)</p> <table border="1"> <thead> <tr> <th></th><th>Scope 1</th><th>Scope 2</th><th>Emissions per unit product (Tone CO₂e/yard)</th><th>Percentage Change Compared to the Base Year</th></tr> </thead> <tbody> <tr> <td>2023</td><td>2,490</td><td>15,968</td><td>2.05</td><td>-15.8%</td></tr> <tr> <td>2024</td><td>2,558</td><td>17,340</td><td>2.04</td><td>-20.8%</td></tr> </tbody> </table> <p>The total emissions amount to 19,899 metric tons of CO₂e, comprising Scope 1 emissions of 2,558.6 metric tons of CO₂e and Scope 2 emissions of 17,340.8 metric tons of CO₂e.</p> <p>The primary source of emissions is purchased electricity, which accounts for 9,138 metric tons of CO₂e, representing 45.9% of the total emissions. The second source is purchased steam, contributing 8,203 metric tons of CO₂e, or 41.2% of the total emissions.</p> <p>(2) In recent years, climate change has been a common</p>		Scope 1	Scope 2	Emissions per unit product (Tone CO ₂ e/yard)	Percentage Change Compared to the Base Year	2023	2,490	15,968	2.05	-15.8%	2024	2,558	17,340	2.04	-20.8%	
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2024	2,558	17,340	2.04	-20.8%															

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	Yes	No	Description	
			<p>concern worldwide. Extreme climate affects global ecosystem, and increases the risks of illnesses and death. Therefore, the Company established the ESG Implementation Team, which identifies environmental risks every year. The possible impact of climate change is considered in business operation. The Company estimates the probability and impact extent of risks, and formulates risk response and plans to mitigate the impact of risks on the Company's operation.</p> <p>According to the assessment of the current environmental risks by the ESG Implementation Team, shortage of water resources and how to save energy and reduce waste are the main impacts facing the textile industry. Green production process is thus developed. It is process engineered based on physics and requires substantially less chemicals and water. Not only does the process cuts down water consumption but the environmental hazard from chemical auxiliaries and polluted water is also prevented.</p> <p>In 2024, 40 weaving machines will be replaced. The original weaving machines, equipped with 3.5KW constant frequency motors, will be modified to variable frequency</p>	

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	Yes	No	Description										
			<p>3.5KW motors, resulting in a 35% reduction in electricity consumption. It is estimated that this will save approximately 422,184 kilowatt-hours of electricity over the course of the year.</p> <p>The quantitative target for energy and water conservation management is: using FY2020 as the base year, the total water consumption will be reduced by 15% in 2025, and the target by 2024 has be achieved.</p> <ul style="list-style-type: none">Water consumption for the most recent two years: (Data coverage: all plants) <table><tr><th>Year</th><th>Total volume (cubic meter)</th><th>Percentage Change Compared to the Base Year</th></tr><tr><td>2023</td><td>48,161</td><td>-39.85%</td></tr><tr><td>2024</td><td>34,313</td><td>-57%</td></tr></table>	Year	Total volume (cubic meter)	Percentage Change Compared to the Base Year	2023	48,161	-39.85%	2024	34,313	-57%	
Year	Total volume (cubic meter)	Percentage Change Compared to the Base Year											
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			<p>The Company attaches great importance to environmental protection. All of our plants have passed ISO14001 environmental management system certification.</p> <ul style="list-style-type: none">Waste output for the most recent three years: (data coverage: all plants) <table><tr><th>Year</th><th>Total amount (ton)</th><th>Note</th></tr><tr><td>2022</td><td>106.94</td><td><ol style="list-style-type: none">The total amount of waste includes 58.28 tons of recycled acoustic foam and 6.1 tons of sludge.Increase in waste due to increase in production volume</td></tr><tr><td>2023</td><td>15.81</td><td>None</td></tr><tr><td>2024</td><td>187.69</td><td><ol style="list-style-type: none">Increase in waste due to increase in production volumeWaste includes recyclable items such as plastic, sludge, wood, elastic yarn, and textile scraps, totaling 42.5 tons.</td></tr></table> <p>Remarks: The Company's waste is not hazardous waste "Zero Waste" is the goal of our company's waste management. However, waste yarn and waste fabric in the textile industry are inevitable outputs in the production process, so our company reduces the amount of waste output through process improvement and cooperates with recycling companies to separate and recycle waste into acoustic cotton, fuel rods, or remanufactured yarn to achieve a circular economy and</p>	Year	Total amount (ton)	Note	2022	106.94	<ol style="list-style-type: none">The total amount of waste includes 58.28 tons of recycled acoustic foam and 6.1 tons of sludge.Increase in waste due to increase in production volume	2023	15.81	None	2024	187.69	<ol style="list-style-type: none">Increase in waste due to increase in production volumeWaste includes recyclable items such as plastic, sludge, wood, elastic yarn, and textile scraps, totaling 42.5 tons.	
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	Yes	No	Description	
			<p>new green energy creation.</p> <p>In order to reduce the production of waste materials, we start from "design thinking", so that a product can still be reused at the end of its life cycle, and promote the concept of "single material", so that "waste materials" can become "materials" and be reused in the "closed loop system" (Shinkong Infinity Shirt Project (ISP)). In addition, we also develop durable products to enhance the durability and extend the service life of our products, so as to reduce the environmental impact of over-consumption caused by the so-called "fast fashion footsteps" and achieve waste reduction at source.</p>	
IV. Social issues				
(I) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of	V	-	(I) The Company respects and supports internationally recognized human rights norms and principles, including the Universal Declaration of Human Rights, the United Nations Global Compact, and the ILO Declaration on Fundamental Principles and Rights at Work, and establishes human rights policies in accordance with the United Nations Guiding Principles on Business and Human Rights and relevant laws and regulations	(I) Without deviation.

Item	Implementation Status			Gaps with the Corporate Social Responsibility Best Practices for TWSE/TPEX Listed Companies and root causes
	Yes	No	Description	
Human Rights?			<p>in Taiwan.</p> <p>The scope of the human rights policy includes the Company, its subsidiaries, joint ventures and other affiliated companies of the group with substantial control.</p> <p>The implementation guidelines are as follows:</p> <p>(1) Diversity, inclusion and equal work opportunities:</p> <ul style="list-style-type: none"> • Prohibit child labor: We comply with local minimum age laws and regulations and do not employ child labor. • We eliminate unlawful discrimination and ensure equal work opportunities: Discrimination on the basis of race, color, age, gender, sexual orientation, religion, disability, trade union membership or political affiliation is prohibited. Everyone is entitled to equal protection from discrimination of any kind. • No inhumane treatment: Harassment, physical abuse, or threats thereof are prohibited. • Prohibition of forced labor: We ensure that there is no forced, involuntary labor and that all terms and conditions of employment are voluntary. • We provide effective protection of labor rights and benefits and friendly and harmonious labor relations, 	

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			<p>implement fairness in employment, compensation and benefits, training, evaluation and promotion opportunities, and provide an effective and appropriate grievance mechanism to avoid and respond to situations that endanger employees' rights and benefits.</p> <p>(2) Provide a safe and healthy working environment</p> <ul style="list-style-type: none"> • We provide a safe and healthy working environment with zero discrimination and harassment. • We support and assist employees to maintain physical and mental health and work-life balance. • We provide a work environment that complies with environmental regulations and avoids environmental pollution through proper management and technical application. <p>(3) Respect the freedom of association of employees</p> <ul style="list-style-type: none"> • We respect freedom of association and effectively recognize the right to collective bargaining, and establish various channels of labor-management communication and provide a grievance mechanism. <p>(4) Assist employees to maintain physical and mental health and work-life balance</p>	

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			<ul style="list-style-type: none"> We care for the physical and mental health of our employees and provide regular and irregular medical checkups for our employees. We also provide a variety of activities, such as arts and culture, sports, and unit recreational activities, to expand interpersonal interaction among employees and enrich the concept of "work-life balance" to take care of the physical and mental health of our employees. 	
(II) Does the company appropriately reflect the business performances or achievements in the employee remuneration policy (including salary, annual leave and other benefits)?	V	-	(II) To protect the rights and interests of employees and motivate employees, relevant measures are adopted below: (1) The Company formulates the policy of employee leaves (including leave, parental leave without pay) in accordance with the Labor Standards Act and the Act of Gender Equality in Employment. (2) The Company organizes special sales of its products from time to time, set up the measures for employees to purchase discounted products, measures for employees' wedding and funeral subsidies, etc. (3) The Company organizes employee travel and folk festival activities and provide children's education subsidies from time to time through the employee benefit committee. (4) The remuneration of employees shall be allocated	(II) Without deviation.

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			<p>according to the Articles of Incorporation, and each profit center shall issue year-end bonus based on the operation performance.</p> <p>(5) The Company regularly evaluates the performance of employees, and gives appropriate rewards to those with excellent performance or adjusts their salary and position.</p> <p>(6) In 2024, we adjusted positions or salaries with reference to work intensity, individual performance, future development and job functions.</p> <p>(7) In 2024, arrangements were made for National Taiwan University Hospital to conduct health examinations for the employees of the retail department.</p> <p>(8) In 2024, Ten-Chen Hospital was arranged to conduct employee health examinations at both the Taoyuan and Dayuan plants.</p> <p>(9) To separate the employee dormitory from the factory, the Company spends more than NT\$30 million to build the employee dormitory with four people shared one unit.</p>	
(III) Does the company provide a healthy and safe work environment and	V	-	<p>(III) The Company provides a good work environment and provides education and training according to business needs to increase employee functions.</p> <p>To prevent the occurrence of occupational disasters and reduce</p>	(III) Without deviation.

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organize health and safety training for its employees on a regular basis?			<p>the hazards in the factory and the risks of employees at work, the Company passes the ISO45001 audit and obtains the certificate (authorized by DNV, valid for 2024/11/18-2027/11/17, Certificate No.: 456633-2021-ASA-RvA) in 2021, and selected the intolerable risks for correlation improvement after the on-site hazard and risk assessment in the factory, and selected the projects with high risk for improvement.</p> <p>To safeguard workers engaged in some jobs that may have high risk or high incidence of diseases, the warning signs are posted on the machine in the front area to prevent personnel from touching. Employees working in the boiler area are provided with earplugs, dyeing, front finishing and shaping operators, and workers who are exposed to chemical solvents are provided with goggles, respiratory protective equipment, acid and alkali resistant gloves, acid and alkali resistant aprons and other protective equipment, and personnel education and training are provided, to instruct employees how to use, maintain and check whether the machine functions normally. In addition to labor and health insurance as required by law, the Company purchases the group accident insurance.</p>	

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			<p>To promote employee health and safety, the Company employed the physicians and therapists for occupational health to provide labor health protection, such as employee health management, occupational disease prevention and health promotion and assessed and improved four major plans (i.e. ergonomic hazard prevention, diseases caused by abnormal workload, illegal infringement in the performance of duties, maternal health protection) in 2021.</p> <p>Considering the impact of natural disasters and man-made accidents on operations, we have been building a disaster risk management mechanism with a preventive management attitude, and has established an "emergency response management procedure" to avoid or reduce the possible loss caused by personnel injury, equipment damage and property loss, and the shutdown of operations. In addition to actively cooperating with and participating in various exercises sponsored by organizations at all levels, we regularly carry out two disaster rescue exercises every year.</p> <p>There were no fire disasters in 2024. In order to prevent fires, we conduct two fire evacuation drills and fire extinguisher operation drills in the production area and dormitories every</p>	

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	Yes	No	Description																	
			year. The Company carefully organize fire-fighting teams, display evacuation routes, and install evacuation direction signs and emergency lighting at all entrances and exits. We also ensure that our colleagues with fire management certification receive regular training to maintain their qualifications.																	
(IV) Does the company establish effective career development and training plans for its employees?	V	-	<div>(IV) The Company is dedicated to improving the professional competence of employees. In addition to designing and planning internal training courses in combination with the development needs of the Company, the Company also encourages and arranges employees to participate in training courses organized by external professional training institutions. Industry experts are invited to give special speeches from time to time to develop colleagues' professional ability.</div> <table><tr><th colspan="2">Statistics/Year</th><th>2024</th></tr><tr><td colspan="2">Average number of training hours per employee</td><td>11.60</td></tr><tr><td rowspan="2">Average number of training hours for employees by gender</td><td>Female</td><td>9.63</td></tr><tr><td>Male</td><td>12.86</td></tr><tr><td rowspan="2">Average number of training hours for employees by nationality</td><td>R.O.C.</td><td>14.86</td></tr><tr><td>Foreign employees</td><td>11.17</td></tr></table>	Statistics/Year		2024	Average number of training hours per employee		11.60	Average number of training hours for employees by gender	Female	9.63	Male	12.86	Average number of training hours for employees by nationality	R.O.C.	14.86	Foreign employees	11.17	(IV) Without deviation.
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Average number of training hours for employees by nationality	R.O.C.	14.86																		
	Foreign employees	11.17																		
(V) Does the company	V	-	(V) The Company's products and services have been marked in	(V) Without																

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comply with relevant regulations and international standards regarding customer health and safety, right to privacy, marketing and labeling of its products and services and set up relevant consumer protection policies and complaint procedures?			accordance with relevant laws and regulations and international standards, and the customer complaint measures are drafted to serve customers, with the consumer service hotline 0800-698-688 provided.	deviation.
(VI) Does the company formulate and implement supplier management policies that require suppliers to follow relevant regulations on environmental	V	-	(VI) Before trading with suppliers, the suppliers are required to state that no products supplied contain hazardous substances. The products supplied by suppliers go through quality control inspection to ensure that they are not harmful to human body. The Company works with suppliers to improve corporate social responsibility. In accordance with Article 18 of Procedures for Ethical Management and Guidelines for Conduct, all personnel of the	(VI) Without deviation.

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protection, occupational safety and health or labor human rights?			<p>Company shall avoid business transactions with an agent, supplier, customer, or other counterparty in commercial interactions that is involved in unethical conduct. When the counterparty or partner in cooperation is found to have engaged in unethical conduct, the personnel shall immediately cease dealing with the counterparty and blacklist it for any further business interaction in order to effectively implement the Company's ethical management policy.</p> <p>The Company conducts annual audits on the social responsibility (including labor rights, child labor, forced labor), occupational health and safety, and environmental protection of major suppliers. If any supplier fails to pass the assessment and does not improve within the time limit, the qualification will be cancelled.</p> <p>According to the provisions of supplier management procedures, the Company regularly evaluates whether suppliers comply with relevant commitments and quality assurance, instructs suppliers with poor evaluation results, and reward suppliers with excellent evaluation results by increasing purchase or developing new business.</p> <p>The Company discussed and evaluated supplier quality,</p>	

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			delivery time, production capacity and supply chain disruption risk in weekly operations meetings, and provided project coaching to suppliers with poor quality rating; and held multiple supplier conferences in 2024, including quality inspection, color matching standard and digitalization training for color, to facilitate quality exchange and guidance with suppliers.	
V. following internationally recognized guidelines, prepared and published reports such as CSR reports to disclose non-financial information of the Company? Are the reports certified or assured by a third-party accreditation body?	-	V	<p>The Company released 2nd ESG report in August 2024, adhering to international standards and guidelines for report preparation. The report was compiled with reference to the GRI, TCFD, and SASB guidelines, as well as the indicators specific to the apparel and footwear industry.</p> <p>The Company's environmental policies, human rights norms, corporate governance, health and safety, ethics and other policies are implemented in accordance with GRI Standards, and the HIGG INDEX, a sustainable development measurement tool promoted by SAC, is incorporated. In addition to evaluating the implementation of FEM and FSLM by ourselves, SGS is also engaged to verify the content of the self-evaluation.</p>	Whether the report is confirmed by a third party verification agency for incorporating the future planning depending on the situation.
VI. If the company has established sustainable development best-practice principles based on the "Corporate Social Responsibility Best Practices for TWSE/TPEX Listed Companies," describe the implementation and any deviations from such principles: Without				

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deviation.				
VII. Other important information to facilitate a better understanding of sustainable development practices:				
(I) Industry-Academy Cooperation: The Company provides internship opportunities for students from Asia Eastern University of Science and Technology. Through this collaboration between industry and academia, the Company offers workplace internship opportunities, allowing interns to learn practical industry skills and understand corporate culture. This enables interns to discover their interests during the internship, achieving both practical experience and career exploration. Simultaneously, the Company can observe the interns' performance during this period, fostering sustainable talent for the organization.				
(II) Implement the "zero fee" policy for foreign migrant workers: In accordance with the labor standards set forth by the International Labour Organization (ILO) and the Fair Labor Association (FLA), our company has developed a Code of Ethical Conduct and a commitment to the employment of migrant workers that adheres to ethical and fair practices. We are dedicated to providing a safe working environment and to preventing all forms of forced labor, discrimination, harassment, abuse, and punishment. In order to avoid exploitation of migrant workers or forced labor and bonded labor, the Company has officially implemented the "Zero Fee for Migrant Worker" policy since 2020. Migrant workers recruited through the national recruitment program can join the Company with zero brokerage fee, meeting the expectations of international human rights organizations on migrant policy. The total costs amounted to NT\$2 million in 2020. In each year, more than 100 migrant workers do not have to pay domestic agency service fees, medical examination fees and residence permit fees, thus achieving the goal of income freedom.				

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<p>(III) Our company has been honored with the 2024 Lululemon Human Rights Award.</p> <p>(IV) To separate the employee dormitory from the factory: The Company spends more than NT\$3,000 million to build the employee dormitory with four people shared one unit.</p> <p>(V) In response to the VF and ONE FORTY initiatives, arrangements have been established to enable migrant workers to develop professional skills and participate in a variety of learning courses.</p> <p>Language barriers, economic instability, and a lack of social care and connections are the primary challenges faced by migrant workers in Taiwan. Through VF and ONE FORTY, professional and diverse courses are arranged to provide migrant workers with opportunities to enhance their skills during non-working hours, thereby increasing their sense of self-identity.</p> <p>(VI) Gender equality</p> <p>The Company has long attached great importance to employee care and a friendly workplace. As of the date of 2024 annual report, female employees accounted for approximately 63% of the total number of employees. Female employees with titles of assistant vice president or above accounted for 53%. The Company's internal management measures also specifically protect the rights and interests of pregnant employees, with a view to establishing a friendly, diversified and highly inclusive workplace.</p> <p>To guarantee gender equality, eliminate gender discrimination specified in the Constitution and promote substantive equality of gender status, the Company equally treats all employees in the recruitment, employment, daily attendance or promotion of job seekers or employees regardless of their gender or sexual orientation. For example, the recruitment information on the job search website does not contain words that violate gender equality.</p> <p>(VII) Prohibition of Child Labor</p>				

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<p>Based on the humanitarian spirit and in compliance with labor regulations such as the Labor Standards Act, the Company does not employ child labor to ensure that minors can grow up in a physically and mentally healthy environment. During interviews, the interviewer will stress the Company's policy concerning the banning of child labor and strictly examine the identities of interviewees to eliminate the possibility of hiring child labor with forged documents.</p> <p>(VIII) Environmental protection:</p> <p>1. Implementation of Resource Recycling and Reuse:</p> <p>We use recycled polyester yarn as the basic fabric raw material, in combination of the ISP recycling plan, and achieve "no waste, total recycle" with the concept of complete recycling of polyester fabric, so as to effectively increase the sustainability of petrochemical raw materials, reduce the pollution of the Earth and the ocean caused by petrochemical waste, and increase the added value of recycled products. The objective is to promote the INFINITY SHIRT PROJECT, which aims to establish a circular economy ecosystem for clothing by designing a single shirt. We adhere to the principle of using a single material from the design stage and conduct fabric and style design for a wide range of clothing types, including daily wear, sports apparel, and leisurewear. These garments can be easily returned to the raw material production stage through a recycling system, serving as materials for the next piece of clothing. This ensures that clothes are made from recycled clothing materials, rather than other non-clothing recycled materials. By constructing a closed loop recycling system that does not waste energy, effectively recycles usable resources, the earth is no longer over-exploited, and clothing can be comfortable, environmentally friendly, and fashionable. By utilizing the ISP program, the closed loop recycling of a single material can effectively prolong the use of PET material clothing to maximize the use and manufacturing benefits, and reduce the loss of</p>				

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			<p>resources from the raw material side.</p> <p>2. Improve air emission quality: Daxi plant eliminates using heavy oil boilers and switches to natural gas boilers to completely improve the air emission quality and reduce the sulfide emission to 0.</p> <p>3. Reduce the temperature in the plant: Solar power panels are fully erected on the roof of Daxi plant to reduce the utilization of water chiller unit and reduce the indoor temperature in summer by about 3 degrees compared with previous years, and effectively reduced carbon emission.</p> <p>4. Recycling of resources: The Company has placed recycling bins in offices and factory premises, which collect waste paper, waste iron and aluminum cans, PET bottles, lunch boxes, etc. The Company engages qualified vendors to recycle and remove the waste regularly. Qualified vendors for recycling and waste transportation services</p> <p>4. Recycling of waste yarn from Daxi plant and waste cloth from Dayuan plant: the cloth is shredded and reused to make sound insulation materials.</p> <p>5. Single sided blank paper reuse The Company has set up a second-hand paper recycling area next to the photocopier in each office to provide colleagues with single-sided blank paper used as daily manuscript paper or photocopying paper. Manuscript paper or photocopy paper options.</p> <p>6. Information Equipment Recycling: In January 2024, the data center was organized, resulting in the disposal of two old PCs, eight laptops, two servers, and two</p>	

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			<p>computer monitors. The disposal was entrusted to the Asus Foundation for Education and Culture for recycling and processing, ensuring that subsequent handling complies with environmental regulations. The refurbished computers will be donated to nonprofit organizations in need of assistance.</p> <p>7. Use environmentally friendly tableware The Company encourages colleagues to bring their own environmentally friendly tableware and reduce the use of disposable tableware.</p> <p>8. Water and electricity saving equipment:</p> <p>We have installed energy-saving nozzle type water dispensers on equipment with high steam volume in the plants to ensure stable and efficient discharge of cold water and to avoid steam leakage; we have carried out thermal insulation coating works on high temperature equipment to reduce the temperature loss of the equipment due to external temperature and to reduce the consumption of electricity to increase the temperature; we have installed digital electricity meters to analyze the data through digital electricity meters to learn about the electricity consumption of the equipment and to identify abnormal electricity consumption so that we can carry out equipment repair and maintenance as early as possible to save power consumption. Replace all kinds of old lamps and lanterns with energy-saving lamps, and add solar panel street lights on factory roads; use power-saving light tubes for new cotton wrapping plant and the storage area of Daxi Plant.</p> <p>A total of 242 T8 lamps were replaced with LED type energy-saving lamps in the factory, saving 35,090KW/year with energy saving of 58.8%.</p> <p>Utilized the design of O-type tanks to reduce the amount of water used for washing and at the same time increase the dyeing efficiency of the dyeing machines. Through statistical analysis, we learned about the energy-saving benefits of the O-type</p>	

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			<p>tanks, and the water-saving rate reached 51.52%, and the steam-saving rate reached 11.46%.</p> <p>In 2024, the Daxi Plant's weaving center consumed 1.51 kilowatt-hours per yard, a decrease from 1.56 kilowatt-hours per yard in 2023. This change resulted in energy savings of approximately 0.05 kilowatt-hours per yard and an energy conservation rate of 3.2%. The company has completely replaced various outdated lighting fixtures with energy-efficient alternatives.</p> <p>The Daxi Plant has significantly reduced the height of the lighting fixtures to improve illumination, thereby achieving the objectives of energy conservation and safeguarding employee vision.</p> <p>The temperature control of the chilled water return for Chiller #1~3 in the cotton wrapping plant has been adjusted from the original range of 10~12 degrees to 14~16 degrees. This adjustment reduces the operating time of the chiller during full load operation in the summer and autumn nights. After the parameter adjustment, the chiller operated for a total of 3,648 hours, consuming 452,352 kWh of electricity, resulting in a 28% reduction in energy consumption.</p> <p>The main operation and production time of the cotton wrapping machine was shifted from peak hours to semi-peak or off-peak hours, and the production of the cotton wrapping machine will be reduced if it does not reach full capacity. After implementing this measure, the cotton wrapping machine operated for a total of 8,520 hours, consuming a total of 1,252,683 kilowatt-hours of electricity. This resulted in a nearly 28% reduction in electricity consumption.</p> <p>9. Process Improvement:</p> <p>In 2023, we purchased O-type dyeing tanks, and utilized the design of O-type tanks to reduce the amount of water used for washing and at the same time increase the dyeing efficiency of the dyeing machines. Through statistical analysis, we learned</p>	

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			<p>about the energy-saving benefits of the O-type tanks, and the water-saving rate reached 51.52%, and the steam-saving rate reached 11.46%. Total invested amount is about NT\$3.8 million.</p> <p>Starting in October 2024, we implemented new production equipment that eliminates the need for air compressors, as part of our initiative to replace outdated machinery. The 125 hp and 100 hp air compressors were decommissioned, leading to an estimated savings of approximately 411,571 kilowatt-hours (kWh) from October to December. It is anticipated that by 2025, the total savings from the decommissioning of air compressors will reach 1,429,315 kWh for the entire year. In 2024, 40 weaving machines had replaced. The original weaving machines, equipped with 3.5KW constant frequency motors, modified to variable frequency 3.5KW motors, resulting in a 35% reduction in electricity consumption. It is estimated that this had saved approximately 422,184 kilowatt-hours of electricity over the course of the year.</p> <p>10. International environmental protection certification. The textile products produced by the Company have obtained the Swiss environmental standard Bluesign® certification, organic content standard (OCS) certification, Responsible Wool Standard (RWS) certification and global recycling standard (GRS) certification.</p> <p>11. Water Conservation: In 2024, water consumption totaled 25,120 cubic meters, reflecting a decrease of 14,858 cubic meters from the previous year's consumption of 39,978 cubic meters. This achievement corresponds to a water savings rate of 37.1%.</p> <p>(IX) Social Contribution: The company prioritizes employee rights and actively fosters job opportunities. It has structured its operations into facilities in Taiwan and overseas, thereby creating additional employment opportunities both domestically and internationally. Shin Kong Group has also set up a number of foundations to organize various charitable activities, with the purpose of fulfilling corporate social responsibility.</p>	

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<p>(X) Social Welfare:</p> <p>1. Major events of the Shin Kong Real Love Association in 2024:</p> <p>(1) We have sponsored the [Happy Corner]. The center specializes in providing care for elderly individuals with dementia and offers a comprehensive range of services, including the development of recreational courses specifically designed for the elderly.</p> <p>(2) Sponsored the Wei-Chuan Cultural and Educational Foundation.</p> <p>Youth and Children Support Center Tutoring: Providing individualized assistance to help students complete their coursework and offering one-on-one instruction for those who are struggling in specific subjects. Due to the fact that most children’s families are unable to support academic review, and some children have no one at home to consult or accompany them, we request that part-time students provide individual tutoring in the evenings for subjects in which the children are weak. After one-on-one tutoring, there has been a noticeable improvement in academic performance, and the rate of emotional outbursts has significantly decreased due to the companionship during problem-solving.</p> <p>Healthy Aging - Taipei Guided Walking Group: Walking is a form of low-intensity exercise that contributes to improved cardiovascular health, increased muscle strength, and enhanced bone density. Additionally, focusing on guided tours of Taipei and nature themes allows older adults to gain a deeper understanding and appreciation of their community, thereby enhancing their enjoyment of life.</p> <p>(3) Sponsored the Wesley Alumni Education Foundation.</p> <p>My Fengge Era: Leveraging the 'My Fengge Era' character education curriculum to support students in their journey</p>				

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			<p>toward becoming improved versions of themselves. Fengge embodies a blend of abundance and character. This series of courses helps students recognize their desire for self-improvement, thereby enabling them to effectively plan and manage their reading time.</p> <p>Training for College Tutors: To enhance the characteristics of the residential school among all female dormitory supervisors, the spirit of 13th-century collegiate education from Cambridge University in England has been introduced, beginning with the 2022 academic year. To enhance students' learning and residential experiences, it is crucial to appoint college tutors who have undergone professional training. In an effort to enhance our existing teaching and counseling experiences, we seek to acquire group leadership and interview skills to effectively engage with and guide students in addressing the challenges they face. To empower nursing students to establish a more robust foundation for their lives during their formative years through enhanced companionship and guidance.</p> <p>(4) In response to climate change and global warming, the True Love Foundation has launched a Vegetarian Promotion Day as part of its initiative to promote vegetarianism. This event invites employees from Hsin Fang, Hsin Chan, and Hewlett-Packard to participate in reducing carbon emissions through vegetarianism to help save the Earth.</p> <p>(5) Cultural and Artistic Promotion: The True Feelings Foundation distributed several outstanding books at no cost to the employees of Shin Kong Textile, Shin Kong Insurance, and HP.</p> <p>2. Corporate Response to the Military Friends Association's Respect for the Military Activities: In response to the "Corporate Respect for the Military" initiative, our company organized a respectful military event in collaboration with the Respect for</p>	

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			<p>the Military Team on August 1, 2024, at the Navy's 168th Fleet. Furthermore, we sponsored a donation of NT\$200,000 to the Military Friends Association to express our gratitude for the armed forces' efforts in defending the nation. The Commander of the Navy's 168th Fleet represented the National Armed Forces in presenting commemorative gifts and letters of appreciation, expressing gratitude to our company for its support of military respect activities.</p> <p>3. We are participating in the sponsorship of the Heqi Dae Ai Cultural and Educational Foundation with a contribution of NT\$500,000.</p> <p>4. Contributed to the sponsorship of the Tzu Chi Foundation of the Republic of China (Taiwan) through a donation of NT\$72,550.</p> <p>5. We regularly donate NT\$200,000 to the Friends of Taipei Zoo Association every year, and the main activities of the Friends of Taipei Zoo Association in 2024 were:</p> <p>(1) From February 10 to 14, 2024, the zoo will distribute lucky red envelopes at the main entrance and collaborate with the Spring Festival activities by launching the popular Wildlife Conservation Market at the Sustainable Dining Hall. This initiative will allow visitors to celebrate the New Year.</p> <p>(2) On February 24, 2024, a community welfare event was organized, providing lanterns for residents to enjoy with their families. Additionally, the lanterns were used in a DIY activity for students attending the winter camp, enabling participating children to engage in a broader range of activities.</p> <p>(3) In July 2024, the "Giant Panda" family celebration event will encompass not only birthday festivities but also specially crafted cakes for each panda. This event aims to promote the significance of animal conservation.</p>	

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<p>(4) On August 25, 2024, we will celebrate Grandparents' Day, which coincides with the 110th anniversary of the establishment of the Taipei City Zoo. We are collaborating with the zoo to promote activities for Grandparents' Day, with the aim of enhancing intergenerational transmission and helping grandchildren understand the significance of grandparents within the family.</p> <p>A total of 110 commemorative eco-friendly bags and 40-year-old sun-dried noodles and vermicelli were specially prepared for the garden celebration. Sun-dried noodles and vermicelli are among the most common foods, and while the gifts may appear simple, they symbolize "contentment," "appreciation of blessings," and "simplicity," which indeed convey the "deepest affection." The elderly recipients of these gifts can feel the warm blessings from the association and the zoo.</p> <p>(5) On September 28, 2024, the "Endangered Animal Story Museum" was inaugurated. The giant pandas "Tuan Tuan" and "Yuan Yuan" were brought to Taiwan as part of the efforts of Mr. Hong Wen-tung, the founder of the association, and the construction of the "Shin Kong Special Exhibition Hall." The giant panda "Tuan Tuan" not only holds significant historical value but also serves various important functions in animal research. Following the passing of "Tuan Tuan," a budget of 3.5 million was allocated to create a complete replica of "Tuan Tuan" as it appeared during its lifetime, which will be officially displayed at the Education Center for the long term starting September 28.</p> <p>(6) On October 16, 2024, we have been continuously providing diverse services to care for the elderly in our community. We hope to enrich the knowledge of our seniors regarding animals through a park visit, and to allow them to experience the healing power that animals bring to humanity. This time, we invited the Da'an Church to co-organize an event,</p>				

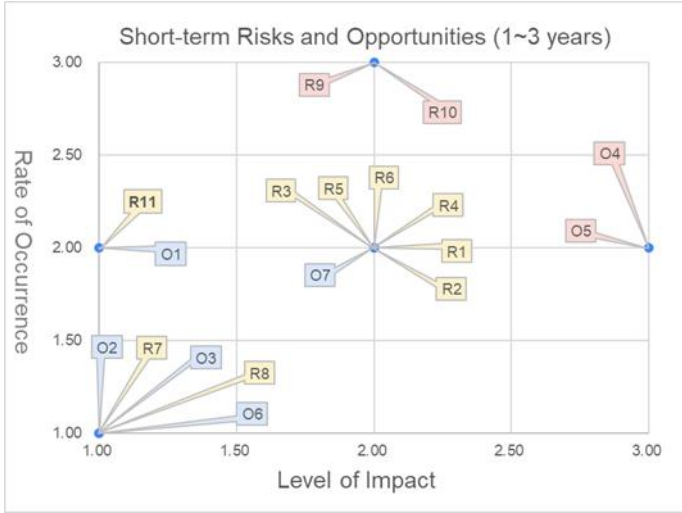
Item	Implementation Status			Gaps with the Corporate Social Responsibility Best Practices for TWSE/TPEX Listed Companies and root causes
	Yes	No	Description	
			<p>during which the church elders were invited to visit the zoo and observe the animals.</p> <p>(7) On October 26, 2024, the Taipei Zoo celebrated its 110th anniversary with a grand event focused on international outreach. The zoo highlighted 13 species of focal conservation animals, which were showcased on eco-friendly bags distributed to and interacted with visitors during the event.</p> <p>(8) Ecological Education at Rural School Zoos: 2024/12/12</p> <p>The zoo serves as an important venue for learning about wildlife. However, rural schools often face resource limitations, resulting in students having few opportunities to visit zoos. To enrich the knowledge of animal conservation among children in rural areas, a visit to the zoo has been arranged for all teachers and students from a rural school. Through guided educational activities, the children will be introduced to various animals, fostering a sense of care for them and instilling the concept of animal conservation at a foundational level.</p> <p>(9) 2024/12/21 Gratitude Time Senior Music Concert Event:</p> <p>Through various activities, we aim to engage the public in caring for the elderly in our society and to emphasize the importance of animal conservation. At the end of each year, we invite senior citizens to the most vibrant zoo to share a warm animal music feast and visit our animal friends, promoting the concept of animal conservation.</p> <p>(10) Public Welfare Promotion:</p> <p>This organization sponsors the children's esteemed science magazines "New Little Newton" and "Young Newton" to publish public service advertisements at no cost. These advertisements also acknowledge the organizations that support our educational initiatives, with the aim of inspiring others to contribute to animal conservation efforts.</p>	

Item	Implementation Status			Gaps with the Corporate Social Responsibility Best Practices for TWSE/TPEX Listed Companies and root causes
	Yes	No	Description	
(XI)			Community Engagement: Our company's Taoyuan plant is located at No. 29, Lane 76, Xinguang East Road, Ren Shan Li, Daxi District, Taoyuan City. We actively participate in community activities and periodically provide funding, such as sponsoring the Mid-Autumn Festival event in Ren Shan Li, Daxi District, Taoyuan City. Iron aluminum cans and waste paper are handed over to the district office for recycling. Emergency water intake is set for people to take water freely during the dry season. Conduct a blood donation event at the Men Market located in the Zuoying District of Kaohsiung City.	
(XII)			Consumer rights and interests: to ensure the safety of textiles and from the standpoint of protecting consumers' rights and interests, the products supplied by the Company have been inspected by the quality control and verification organization without harm to consumers. A consumer service hotline 0800698688 is set up.	
(XIII)			Human rights: to guarantee gender equality, eliminate gender discrimination specified in the Constitution and promote substantive equality of gender status, the Company equally treats all employees in the recruitment, employment, daily attendance or promotion of job seekers or employees regardless of their gender or sexual orientation. For example, the recruitment information on the job search website does not contain words that violate gender equality.	

Climate-Related Information of TWSE/TPEX Listed Company

1. Implementation of Climate-related Information

Item	Implementation Status
<p>1. Provides an overview of how the Board of Directors and management supervise and manage climate-related risks and opportunities.</p> <p>2. Describe how the identified climate risks and opportunities affect the business, strategy and finances of the organization (short, medium and long term).</p> <p>3. Describe the financial impact of extreme climate events and transformational actions.</p> <p>4. Describe how climate risk identification, assessment and management processes are integrated into the overall risk management system.</p> <p>5. If scenario analysis is used to assess the resilience to climate change risk, the scenarios, parameters, assumptions, analytical factors, and key financial impacts should be described.</p> <p>6. If there is a transition plan for managing climate-related risks, describe the plan and the metrics and objectives used to identify</p>	<p>Climate Change Management</p> <p>Due to the extreme climate caused by global warming and the increasing importance of energy and climate change issues in recent years, Shinkong Textiles has been working to mitigate the impact of climate change on the company's operations by following the Task Force on Climate-related Financial Disclosures (TCFD) since 2022. In accordance with the framework of the Task Force on Climate-related Financial Disclosures (TCFD), which is divided into governance, strategy, risk management, indicators and targets, the ESG implementation team identifies climate-related risks and opportunities, develops strategies to address them in the future, and reports to the Board of Directors at least once a year to monitor the effectiveness of the implementation.</p> <p>— Governance</p> <p>Shinkong Textile has established the Sustainable Development Promotional Team, with the Executive Vice President serving as the convener. The promotional team holds regular annual meetings to discuss various issues, such as climate change risks that could impact the company's operations, resource efficiency, and environmental impacts associated with product life cycles. Additionally, the team submits annual reports on climate change issues and progress in implementation to the Board of Directors. At the same time, the Corporate Governance Supervisor and the Risk Management Team have been set up to minimize operational risks by taking measures to address climate change factors as part of operational risk management.</p> <p>— Strategy</p> <p>In view of the climate-related risks and opportunities affecting the Company's strategic and financial planning, Shinkong Textile refers to the TCFD's climate-related scenario analysis, which utilizes both quantitative and qualitative climate-related scenarios in order to adopt corresponding strategies. The Company discussed the 1.5°C scenario (1.5 DS) in the ESG implementation team meeting and used the</p>

Item	Implementation Status
<p>and manage physical and transition risks.</p> <p>7. If internal carbon pricing is used as a planning tool, the basis for price setting should be specified.</p> <p>8. If climate-related targets are set, information on the activities covered, the scope of greenhouse gas emissions, the planning period, and the annual progress of achievement should be specified; if carbon offsets or renewable energy certificates (RECs) are used to achieve the relevant targets, the source and amount of carbon reduction credits offset or the amount of renewable energy certificates (RECs) should be described.</p> <p>9. Greenhouse gas inventory and assurance status (separately fill out in point 1-1 and 1-2 below).</p>	<p>tools provided by TCCIP (Taiwan Climate Change Projection Information and Adaptation Knowledge Platform) as a reference for the assessment of the physical risk scenario of climate change. The 1.5 DS/RCP2.6 scenario was finally selected as the Company's climate change physical risk scenario, in which climate change risks and opportunities were described in terms of transition risks and physical risks. Climate risks and opportunities related to the Company's scope of operations were ultimately identified, and reference was made to the TCFD report on the textile industry: a decade was used to consider the Company's long-term operational development, which was defined as 1-3 years for the short term, 3-5 years for the medium term, and 6-10 years for the long term.</p> <p><u>2024 TCFD Climate Risk and Opportunity Matrix for Shinkong Textile</u></p>  <p>Note 1: The red background color on the matrix indicates the issues to be addressed, the R indicates the risk issues, and the O represents the opportunity issues.</p>

Item	Implementation Status
	<div data-bbox="1055 256 1731 715"> <p>Medium-term Risks and Opportunities (3~5 years)</p> </div> <p>Note 1: The red background color on the matrix indicates the issues to be addressed, the R indicates the risk issues, and the O represents the opportunity issues.</p> <div data-bbox="1048 799 1715 1217"> <p>Long-term Risks and Opportunities (6~10 years)</p> </div> <p>Note 1: The red background color on the matrix indicates the issues to be addressed, the R indicates the risk issues, and the O represents the opportunity issues.</p>

Item	Implementation Status					
		Risk	Factor	Climate Change Risks	Degree	Time Frame
	Transformation Risk	Policies and Regulations	R1 Increase in greenhouse gas emission pricing	High	Medium-term, long-term	
			R2 Green energy utilization	High	Medium-term, long-term	
		Technology	R3 Adoption of low-carbon and energy-saving process equipment	High	Medium-term, long-term	
			R4 Costs of developing new material applications	Medium	Short-, medium-, long-term	
		Market	R5 Raw material inflation	Medium	Short-, medium-, long-term	
			R6 Rise in electricity costs	High	Long-term	
		Reputation	R7 Preferences for Green Buildings by Tenants	Medium	Long-term	
			R8 Stakeholder Concerns and Negative Feedback	High	Long-term	
	Entity Risk	Immediacy	R9 Increased severity of extreme weather events	High	Short-, medium-, long-term	
		Long-term	R10 Changes in rainfall (Water) patterns and extreme changes in climate patterns	High	Short-, medium-, long-term	
			R11 Average Temperature Increase	Low	Short-, medium-, long-term	

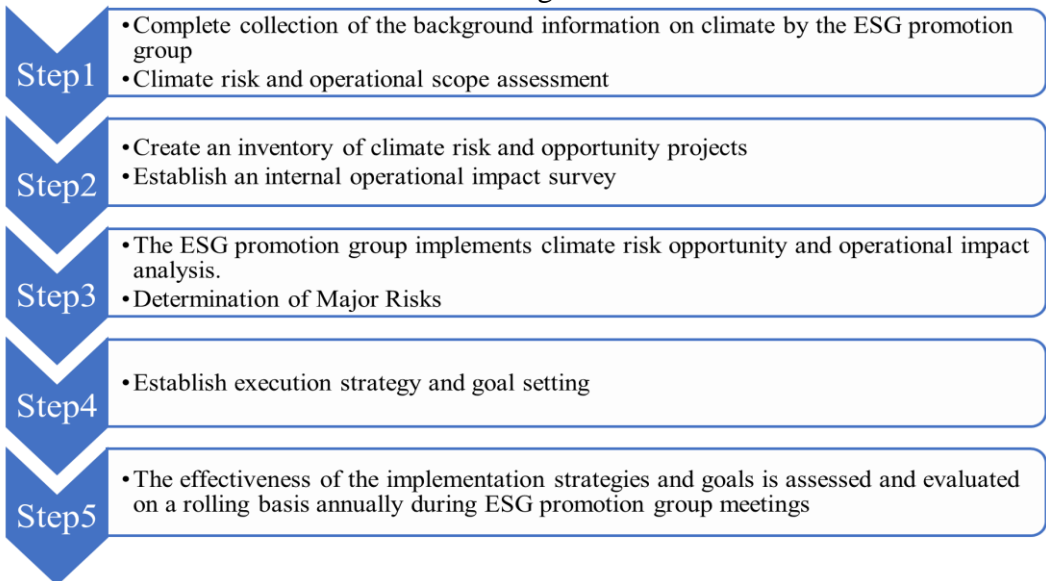
Item	Implementation Status				
	Opportunity	Factor	Climate Change Opportunities	Degree	Time Frame
	Opportunity	Resource Efficiency	O1 Utilizing production equipment with higher power usage efficiency	High	Long-term
			O2 Adoption of green building and smart building design	Medium	Long-term
	Opportunity	Energy Sources	O3 Use of low carbon energy for plant construction	Low	Short-, medium-, long-term
	Opportunity	Product/Service	O4 Developing or adding low-carbon goods and services	High	Short-, medium-, long-term
			O5 Development of new products and services for R&D and innovation.	High	Short-, medium-, long-term
	Opportunity	Market	O6 Entering into new markets	Medium	Medium-term, long-term
	Opportunity	Resilience	O7 Participation in renewable energy projects and adoption of energy saving measures	High	Medium-term, long-term
<p>Note 1: The term 'short-term' refers to a period of 1-3 years, 'medium-term' refers to a period of 3-5 years, and 'long-term' refers to a period of 6-10 years.</p> <p>— Risk Management</p> <p>Through the ESG implementation team, Shinkong Textile held the "TCFD Climate Change Related Financial Disclosure Discussion Meeting" to convene the relevant members to discuss and identify climate change risks and opportunities. The discussion was guided by the framework proposed by the TCFD where transition risks (policy and regulations, technology, market, reputation), physical risks (immediate risks, long-term risks) and opportunities (resource efficiency, energy sources, products/services, market, resilience) were identified and discussed.</p>					

Item	Implementation Status
	<p>I. Transition risk - 5 significant risks were identified, 2 policy and regulatory risks, 1 technology risk, 1 market risk and 1 reputation risk.</p> <p>1. Risk of Policies and Regulations: The Greenhouse Gas Reduction and Management Act has been amended to the Climate Change Response Act. The Ministry of Environment issued the "Regulations on Carbon Fee Collection" and the "Regulations on the Management of Voluntary Emissions Reduction Plans" on August 29, 2024, and also announced the "Designated Greenhouse Gas Emissions Reduction Targets for Carbon Fee Payers," completing the three supporting regulations for the carbon fee system. Simultaneously, Taiwan officially announced its entry into the carbon pricing era. To allow carbon fee payers sufficient time to assess and plan to achieve reduction targets by 2030 and to propose voluntary emissions reduction plans, Taiwan's carbon fee will begin to be levied starting next year (2025). 2025 emissions will be formally included in the carbon fee calculation. Subsequently, starting in 2026, payers will make payments based on their 2025 emissions and the applicable fee rates. The Company has conducted GHG inventories since 2019. We have also set annual targets for reductions of GHG emissions, water consumption, and waste volume and the targets are monitored quarterly by the environmental protection enforcement unit under the ESG Implementation Team. Moreover, we will closely monitor the latest regulations concerning the utilization of green electricity and biomass energy, review the company's current status and compliance with the laws and regulations, and then develop various measures to meet the requirements of</p>

Item	Implementation Status
	<p>the laws and regulations.</p> <ol style="list-style-type: none"> <li data-bbox="913 316 1980 877">2. Technological Risks (Risk of Adopting Low-Carbon and Energy-Saving Manufacturing Process Equipment): In October 2024, in response to equipment replacement, the Company switched to production equipment that does not require compressed air, discontinuing the use of 125hp and 100hp air compressors (1hp = 0.7456 kWh). This resulted in an electricity saving of 411,571 kWh from October to December 2024, and it is projected that approximately 1,429,315 kWh will be saved in 2025 due to the discontinuation of air compressors. In 2024, the Company also replaced 40 looms, changing the original 3.5KW fixed-frequency motors to 3.5KW variable-frequency motors, reducing power consumption by 35%, with an estimated annual saving of approximately 422,184 kWh. In the future, energy-saving equipment will be prioritized during equipment upgrades. <li data-bbox="913 893 1980 1069">3. Market Risk (Increase in electricity costs): The introduction of smart meters for equipment energy consumption management allows us to grasp information about the equipment's power usage and formulate a more accurate power consumption strategy. <li data-bbox="913 1085 1980 1356">4. Reputation risk (stakeholder concerns and negative feedback): The Company is working towards green textiles by promoting water- and energy-saving equipment in the manufacturing process, reducing energy consumption in the production process, and striving to develop production technologies toward water-reducing processing methods in order to establish environmentally friendly production lines.

Item	Implementation Status
	<p>II. Physical Risks: Two significant risks have been identified, one is an immediate climate risk and the other is a long-term climate risk. As a result of the rise in extreme weather events, the occurrence of typhoons and heavy rain has increased, leading to asset damage and supply chain disruptions. In light of this, the Company has implemented measures to diversify our supplier base and establish emergency response protocols for typhoons and heavy rain, aiming to mitigate both immediate and long-term climate risks.</p> <p>III. Resource Efficiency Opportunities, identifying one significant opportunity for the adoption of more power efficient manufacturing equipment: In addition to the introduction of smart meters for equipment energy consumption management, we can grasp information on the power consumption of the equipment and formulate more accurate power consumption strategies, and in the future, we will prioritize production equipment with higher power usage efficiency when replacing equipment.</p> <p>IV. Products/Services, identified 2 major opportunities to develop or increase low-carbon goods and services and to develop R&D and innovation of new products and services: Implementation of the ISP Zero Waste Recycling Program and the launch of the ISP's "Sustainable Uniforms" project, which utilizes recycled PET bottles for the production of functional fabrics, along with eco-friendly accessories such as sewing threads, buttons, zippers, tags, webbing, collars, etc., and 100% polyester packaging materials. The entire uniform is eco-friendly, comfortable, durable, moisture-absorbent, quick-drying and UV-resistant, and is also 100% recyclable. In addition to complete recycling to reduce global pollution, polyester yarn is twice as strong as cotton and has 10 times the elongation of cotton. By recycling polyester clothes, they can be reproduced and remanufactured into high-functioning garments, so that old clothes are no longer just buried or</p>

Item	Implementation Status
	<p>incinerated. We will also continue to explore the possibilities of new green materials and technology development, and seek R&D cooperation with branded R&D units to create new green business opportunities.</p> <p>V. Resilience, To identify a major opportunity to participate in renewable energy projects and adopt energy-saving measures: For renewable energy projects, the Company pays immediate attention to the new laws and regulations and the development of renewable energy. We review the current situation of the company in terms of compliance with the law and the direction of development, and then propose various measures to meet the law and the use of renewable energy. To comply with the relevant laws and regulations on environment and energy and further reduce the environmental load, the Company proactively adopts relevant energy-saving, water-saving and waste reduction measures, replaces the general air compressor with variable frequency air compressor, establishes a dyeing overflow water reuse system and promotes the "No Waste, Total Recycle" plan for the complete recycling of polyester cloth, so as to effectively increase the sustainability of petrochemical raw materials and reduce the pollution of the earth and ocean caused by petrochemical wastes.</p> <p>In 2024, water consumption totaled 25,120 cubic meters, reflecting a decrease of 14,858 cubic meters from the previous year's consumption of 39,978 cubic meters. This achievement corresponds to a water savings rate of 37.1%.</p> <p>In 2024, the Daxi Plant's weaving center consumed 1.51 kilowatt-hours per yard, a decrease from 1.56 kilowatt-hours per yard in 2023. This change resulted in energy savings of approximately 0.05 kilowatt-hours per yard and an energy conservation rate of 3.2%. Starting in October 2024, we implemented new production equipment that eliminates the need for air compressors, as part of our initiative to replace outdated machinery. The 125 hp and 100 hp air compressors had decommissioned (1hp = 0.7456 kWh) , leading to an estimated savings of approximately 411,571 kilowatt-hours (kWh) from October to</p>

Item	Implementation Status
	<p>December, 2024. It is anticipated that by 2025, the total savings from the decommissioning of air compressors will reach 1,429,315 kWh for the entire year.</p> <p>In 2024, 40 weaving machines had replaced. The original weaving machines, equipped with 3.5KW constant frequency motors, modified to variable frequency 3.5KW motors, resulting in a 35% reduction in electricity consumption. It is estimated that this had saved approximately 422,184 kilowatt-hours of electricity over the course of the year.</p> <p style="text-align: center;">TCFD Risk Management Process</p>  <pre> graph TD S1[Step1] --> S2[Step2] S2 --> S3[Step3] S3 --> S4[Step4] S4 --> S5[Step5] </pre> <p>Note: This flowchart illustrates the Company's process for tracking and monitoring climate change risks. It involves collecting data and determining risk levels based on a risk matrix. The ESG implementation team conducts comprehensive analysis and evaluation, establishes strategies and objectives, and reviews performance on a rolling basis each year.</p> <p>— Metrics and Targets</p> <p>Shinkong Textile further sets goals based on the indicator projects developed by TCFD climate risks and opportunities:</p> <ol style="list-style-type: none"> 1. The quantitative target of energy saving and carbon reduction management is: with

Item	Implementation Status
	<p>FY2018 as the base year, to reduce the carbon intensity by 15% in 2025.</p> <p>2. The quantitative target of water conservation management is: with FY2020 as the base year, to reduce water consumption by 20% in 2025.</p> <p>3. Developing new products with more than 90% recycled materials</p> <p>4. Our goal is to achieve Net Zero carbon emissions by the year 2050.</p>

1-1 Greenhouse Gas Inventory and Assurance Status

1-1-1 Greenhouse Gas Inventory Information

Description of greenhouse gas emissions over the past two years (measured in metric tons of CO2 equivalent), intensity (measured in metric tons of CO2 equivalent per million), and data coverage.

The company has not yet conducted an inspection within the specified timeline.

1-1-2 Greenhouse Gas Inventory Assurance Information

A description of the assurance situation for the two most recent years as of the date of the annual report's publication, including the scope of assurance, the assurance organization, the assurance standards, and the assurance opinion.

The company will disclose the individual audit information and assurance status of the parent company for FY 2027 in FY2028, and will also disclose the consolidated audit information and assurance status for FY2028 in FY2029. The company has not yet conducted assurance within the specified timeline.

1-2 Greenhouse gas emission reduction targets, strategies and specific action plans

Description of the baseline year for greenhouse gas reduction, including relevant data, reduction targets, strategies, specific action plans, and the current status of achieving these targets.

The company is obligated to disclose the consolidated inspection information for FY2026 in FY2027. The company has no base year data within the specified timeline.

(VI) Ethical management implementation status and deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and reasons

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reason
	Yes	No	Description	
I. Establishment of ethical management policies and schemes				
(I) Does the company establish the ethical corporate management policies approved by the Board of Directors and declare its ethical corporate management policies and procedures in its guidelines and external documents, as well as the commitment from its Board and senior supervisors to implement the policies?	V	-	(I) Based on the corporate spirit of "challenging the status quo will make you progress, while R&D is the only way to do so", the Company upholds the values of sincerity, pragmatism, innovation and change, and establishes a corporate culture of integrity management for sustainable development. The "Ethical Corporate Management Best Practice Principles" is adopted by the board, and "Procedures for Ethical Management and Guidelines for Conduct" specifies the employee's conduct in business. The Company's employees and directors have signed the "Statement on Compliance with the Ethical Corporate Management Policy".	(I) Without deviation.
(II) Does the company establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within its business scope	V	-	(II) The Ethical Corporate Management Best Practice Principles specifies the following codes of conduct: 1. Offering and acceptance of bribes. 2. Offering Illegal political donations. 3. Improper charitable donations or sponsorship.	(II) Without deviation.

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reason
	Yes	No	Description	
<p>which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly, which shall at least include those specified in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies"?</p> <p>(II) Does the company specify in its prevention programs the operating procedures, guidelines, punishments for violations, and a grievance system and implement them and review the prevention programs on a regular basis?</p>	V	-	<p>4. Offering or acceptance of unreasonable presents or hospitality, or other improper benefits.</p> <p>5. Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights.</p> <p>6. Engaging in unfair competitive practices.</p> <p>7. Damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, provision, or sale of products and services.</p> <p>(III) The Company's "Procedures for Ethical Management and Guidelines for Conduct" specifies that the integrity business is included into employee performance assessment, with clarified punishment/reward and compliant system.</p>	(III) Without deviation.
<p>II. Implementation of ethical management</p> <p>(I) Does the company evaluate business partners' ethical records and include ethics-related clauses in the business contracts signed</p>	V	-	<p>(I) Prior to any commercial transactions, the Corporation shall take into consideration the legality of their agents, suppliers, clients, or other trading counterpart and whether any of them are involved in unethical conduct,</p>	(I) Without deviation.

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reason
	Yes	No	Description	
<p>with the counterpart?</p> <p>(II) Does the company establish an exclusively dedicated unit supervised by the Board of Directors to be in charge of ethical corporate management and report to the Board of Directors the implementation of ethical corporate management policies and prevention programs on a regular basis (at least once a year)?</p>	V	-	<p>and shall avoid any dealings with persons so involved. When entering into contracts with others, the Company shall include in such contracts terms requiring compliance with ethical corporate management policy and that in the event the trading counterparts are involved in unethical conducts, the Company may terminate or rescind the contracts at any time.</p> <p>(II)</p> <p>(1) Appointed by the Board of Directors, the Company has established a dedicated division to promote corporate social responsibility (ESG implementation team) since November 2020, which is responsible for promoting the Company's ethical management, sustainable development, law compliance and corporate governance 3.0 business. To improve the management of integrity operation, the management department is responsible for the formulation of ethical management policies and prevention plans, assisting the Board of Directors and management in formulating and supervising the management plan of ethical management according to the work responsibilities and work scope of each department, and ensuring the implementation of Ethical Corporate Management Best Practice Principles. The</p>	(II) Without deviation.

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reason
	Yes	No	Description	
			<p>implementation status is reported to the Board annually. The report on the implementation and execution of the ethical management for 2024 was presented at the 12th meeting of the 24th Board of Directors on December 19, 2024.</p> <p>(2) The integrity management policy was implemented in 2024, and summarized as below:</p> <p>(A) Formulate related integrity operation regulations and rules, including the Ethical Corporate Management Best Practice Principles, Procedures for Ethical Management and Guidelines for Conduct, Code of Ethical Conduct and Regulations for Preventing Insider Trading. Specify relevant procedures to prevent insider trading and corruption.</p> <p>(B) Implement the integrity operation:</p> <ul style="list-style-type: none"> Strengthen supplier management: The supplier shall sign the letter of commitment of integrity; the suppliers of dyeing auxiliaries have signed a cooperation consent and promised not to violate the relevant provisions of prohibited/restricted substances in any environmental protection 	

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reason
	Yes	No	Description	
			<p>laws and regulations in the production, manufacturing, packaging, storage and transportation of products.</p> <ul style="list-style-type: none"> Education & training: Orientation for new recruits: During the orientation for new recruits, expected conducts and conducts in compliance with ethics are explained. Employees are to sign the "Statement on Compliance with the Ethical Corporate Management Policy". From the fourth quarter of 2023 to the third quarter of 2024, 166 new people signed up, and the signing ratio was 100%. Staff-on-active-duty training: We regularly conduct integrity management seminars and ensure that the content is disseminated to the entire company through letters and postings on the internal bulletin board. Additionally, all employees are required to sign the "Statement on Compliance with the Ethical Corporate Management Policy" with a 100% signing rate among the employee. On August 22, 	

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reason
	Yes	No	Description	
			<p>2024, we invited Lawyer Hui-Ling Wang from Lotus International Law Office to give a 2-hour seminar on "Lawyer's Seminar - Personal Data Protection Act," which was attended by 30 senior supervisors of the Company and employees from various brand-related businesses. (Including the Corporate Governance Supervisor)</p> <ul style="list-style-type: none"> • Irregular meeting publicity: Continuously promote the Company's relevant ethical management policies and explain the importance of ethical management in business management, departmental meetings, production and marketing meetings, etc. • A whistleblowing system: Both internal employees and external personnel are encouraged to report dishonesty or misconduct behavior through the report mailbox and report channel for stakeholders on the intranet, with the whistleblowing and appeal measures drafted. No whistleblowing reports in 2024, either 	



Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reason
	Yes	No	Description	
			<p>internally or externally.</p> <ul style="list-style-type: none"> Strengthen information disclosure: disclose information related to integrity operation in the annual report and the company's website. Regular audit: to assist the Board of Directors and the management in the audit and evaluation, so as to implement the effective operation of the preventive measures established for ethical management, the auditing office makes a report on the evaluation and compliance of relevant processes from time to time, reviews and improves the processes such as high-risk business activities from time to time, and reports to the management to ensure the continuous effectiveness of regulation design and implementation. <p>(3) Continuously strengthen staff education and training and supplier evaluation management in 2024.</p>	

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reason
	Yes	No	Description	
(III) Does the company establish policies to prevent conflicts of interest, provide appropriate communication channels, and implement them accordingly?	V	-	<p>(III) The Company has established the Regulations for Preventing Insider Trading, formerly the Procedures for Handling Internal Major Information and applied them to identify, supervise and manage risks of unethical conducts due to conflicts of interest. Appropriate channels are provided to Directors, Supervisors, managerial officers or other stakeholders who attend or be present at the Board meetings to voluntarily explain whether their interests would potentially be conflicted with those of the Company.</p> <p>When a director, supervisor, managerial officer or other stakeholder of the Company attending or present at a board meeting, or the juristic person represented thereby, has a stake in a matter under discussion in the meeting, that director, supervisor, officer or stakeholder shall state the important aspects of the stake in the meeting and, where there is a likelihood that the interests of the Company would be prejudiced, may not participate in the discussion or vote on that proposal, shall recuse himself or herself from any discussion and voting, and may not exercise voting rights as proxy on behalf of another director. The directors shall exercise discipline among themselves, and may not support each</p>	(III) Without deviation.

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reason
	Yes	No	Description	
			<p>other in an inappropriate manner.</p> <p>The Corporation's personnel shall not take advantage of their positions and influence in the Corporation to obtain improper benefits for themselves, their spouses, parents, children, or any other person.</p> <p>The Company educates the directors, managers and employees on this procedures and related laws and regulations at least once a year.</p>	
(IV) Does the company establish effective accounting systems and internal control systems to implement ethical corporate management, with the internal audit unit being responsible for devising relevant audit plans based on the results of assessment of any unethical conduct risk, examining accordingly the compliance with the prevention programs, or engaging a certified public accountant to carry out the audit?	V	-	(IV) The Company establishes an effective accounting system and internal control system. The Company's Auditing Office shall examine accordingly the compliance with the prevention programs and prepare the audit report to the board. It may engage a certified public accountant to carry out the audit, and may engage professionals to assist if necessary.	(IV) Without deviation.

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reason
	Yes	No	Description	
(V) Does the company regularly hold internal and external training on ethical corporate management?	V	-	<p>(V) The Corporation shall periodically organize training and awareness programs for its personnel and invite the Corporation's commercial transaction counterparties so they understand the Corporation's resolve to implement ethical corporate management, the related policies, prevention programs and the consequences of committing unethical conduct.</p> <p>The relevant norms of ethical management have been included as one of the orientation training items for new employees.</p> <p>Hold lectures on ethical management, send the ethical management information to the whole company by mails and release it on the company's internal bulletin board. Employees are to sign the "Statement on Compliance with the Ethical Corporate Management Policy". The signing ratio in employees were 100%.</p> <p>On August 22, 2024, we invited Lawyer Hui-Ling Wang from Lotus International Law Office to give a 2-hour seminar on "Lawyer's Seminar - Personal Data Protection Act," which was attended by 30 senior supervisors of the Company and employees from various brand-related businesses. (Including the Corporate Governance Supervisor)</p>	(V) Without deviation.

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reason
	Yes	No	Description	
			In 2024, internal and external education and training related to ethical management were held (including courses related to ethical management policy, business secret publicity, human rights policy, forced labor, anti-bribery and internal control, etc.), with about 972 participants, totaling about 1,076 hours.	
III. Implementation of whistleblowing system				
(I) Does the company establish both a reward/whistle-blowing system and convenient whistle-blowing channels? Are appropriate personnel assigned to the accused party?	V	-	(I) The Company has a specific reporting system to encourage colleagues to report any violations of ethical management regulations.	(I) Without deviation.
(II) Does the company establish the standard operating procedures for investigating reported misconduct, follow-up measures to be taken after the investigation, and related confidentiality mechanisms?	V	-	(II) An independent whistle-blowing mailbox is set up, which will be processed by HR department. If the reported case involves directors or senior supervisors, it shall be reported to the independent directors or supervisors, and the categories of whistleblowing matters and their investigation standard operating procedures have been formulated. Documentation of case acceptance, investigation processes, investigation results, and relevant documents.	(II) Without deviation.

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reason
	Yes	No	Description	
(III) Does the company provide protection for whistle-blowers against receiving improper treatment?	V	-	(III) The Company will keep the identity of the informant and reported case confidential, take measures to protect the informant from improper treatment due to whistleblowing, and formulate incentive measures for the informant.	(III) Without deviation.
IV. Enhanced disclosure of ethical corporate management information Does the company disclose the ethical corporate management policies and the results of its implementation on the company website and MOPS?	V	-	The Ethical Corporate Management Best Practice Principles and Procedures for Ethical Management and Guidelines for Conduct are disclosed by the Company along with the ethical management status and implemented measures.	Without deviation.
V. Where the Corporation has stipulated its own best practices on ethical corporate management according to the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, please describe any gaps between the prescribed best practices and the actual measures taken by the Corporation: Operated by the Principles, no material gap is found: No difference was found.				
VI. Is there any other important information to facilitate a better understanding of the company's ethical corporate management practices? None.				



(VII) Other Important Information to Facilitate Better Understanding of the Company's Corporate Governance

Continuing education of managerial officers and their deputies

Title	Name	Date	Host	Class	Duration
Corporate Governance Supervisor (President)	Shu-Ti Chang	2024/07/16	Chinese Republic Internal Audit Association	Essential Labor Law Knowledge for Supervisors at All Levels: Recruitment and Interviewing, General and Specialized Employee Management, and Performance Evaluation.	6 hours
		2024/08/22	Shinkong Textile Co., Ltd.	Analysis of the Personal Data Protection Act	2 hours
		2024/09/03 - 2024/09/04	TWSE	Climate Risk Identification Workshop and Net Zero Carbon Emission Promotion Conference	9 hours
Accounting Supervisor (Vice President)	Su-Chuan Ko	2024/09/12 - 2024/09/13	Accounting Research and Development Foundation in Taiwan	Continuing Education and Training for Chief Accounting Supervisors of Issuers, Securities Firms and Securities Exchange	12 hours
Accounting Supervisor Deputy (Manager)	Hsiang-Ju Chen	2024/08/19 - 2024/08/20	Accounting Research and Development Foundation in Taiwan	Continuing Education and Training for Chief Accounting Supervisors of Issuers, Securities Firms and Securities Exchange	12 hours
Audit Supervisor (Manager)	Ming Hsien Fang	2024/05/04	The Institute of Internal Auditors-Chinese Taiwan	Core Knowledge and Skills for Internal Auditors: Internal Audit Practices	6 hours
		2024/05/11	The Institute of Internal Auditors-Chinese Taiwan	Core Knowledge and Skills for Internal Auditors: Internal Audit Practices	6 hours
		2024/05/18	The Institute of Internal Auditors-Chinese Taiwan	Core Knowledge and Skills for Internal Auditors: Internal Audit Practices	6 hours
		2024/07/04	The Institute of Internal Auditors-Chinese Taiwan	Digital Transformation of Internal Audit	6 hours
Deputy of audit supervisor	Ya-Li Huang	2024/07/04	The Institute of Internal Auditors-Chinese Taiwan	Digital Transformation of Internal Audit	6 hours
		2024/11/28	The Institute of Internal Auditors-Chinese Taiwan	How to Leverage Big Data to Enhance Audit Operations	6 hours

(VIII) Status of Internal Control System

1. Statement of Internal Control

Data Inquiry Path:

<https://mopsov.twse.com.tw/nas/cont06/c1419113011140313.pdf>

2. If a CPA has been hired to carry out a special audit of the internal control system, the CPA audit report shall be disclosed: None.

(IX) Major resolutions of the Shareholders' Meetings and Board of Directors' meetings in the most recent fiscal year and as of the date of this annual report

1. Shareholders' meeting

Date of Meeting	Major Resolutions	Implementation Status
2024/05/28	1. Adopt the 2023 Business Report and Financial Statements	
	2. Adopt the proposal on the distribution of surplus for 2023	The record date was set to be July 18, 2024. Distribution was completed by August 8, 2024 pursuant to the resolution of the shareholders' meeting. (Each share was entitled to cash dividend of NT\$1.2 and the total cash dividends to shareholders amounted to NT\$360,049,536.)

2. Board of Directors

Date of Meeting	Term	Major Resolutions
2024/03/08	7th meeting of the 24th board	<ol style="list-style-type: none">1. Review the proposal on the Company's 2023 remuneration distribution plan for directors and employees2. Review the 2023 business report and financial statements.3. Review the 2023 earnings distribution plan4. Review the 2023 plan of earnings distribution in cash dividends.5. Review of the appointment of the Company's CPA, along with an assessment of the independence and suitability of said CPA.6. Review of the Case for the Indirect 100% Investment in the Subsidiary Company, One Full



Date of Meeting	Term	Major Resolutions
		<p>Co., Ltd.</p> <ol style="list-style-type: none"> 7. Proposed Non-Assurance Services to be Provided by Deloitte Taiwan for fiscal year 2024. 8. Review the proposal to apply a shared financing loan limit of NT\$810 million from Cathay United Bank Co., Ltd. 9. Review the proposal for the Company's 2023 Statement on Internal Control System. 10. Review of the Company's Proposal to Establish a Subsidiary and Invest in Land in Indonesia 11. Review of the compensation package for members of the Sustainable Development Committee 12. To review the performance assessment and remuneration system, standard, structure and plan of the Company's Directors and managerial officers and the principles for the distribution of 2023 year-end bonuses. 13. Review the proposal on amendments to the Company's Rules of Procedure for the Board Meetings. 14. Review the proposal on amendments to the amendment to the "Regulations for the Implementation of Internal Audit" regarding the management of Board of Directors meeting operations. 15. Review the amendments of the Company's "Audit Committee Charter". 16. Review the proposal on amendments to the amendment to the "Regulations for the Implementation of Internal Audit" regarding the management of Audit Committee meeting operations. 17. Review matters pertaining to the 2024 annual shareholders' meeting.
2024/04/12	8th meeting of the 24th board	Reviewed additional matters pertaining to the 2024 annual shareholder's meeting
2024/05/14	9th meeting of the 24th board	<ol style="list-style-type: none"> 1. Review the consolidated financial report of the Company for Q1 2024 2. Reassigned Directors and Supervisors of the subsidiary, Shinkong Asset Management Co., Ltd 3. Rescind the resolution regarding the sale of public reserved land (road use land) from subsidiary Shin Kong Asset Management Co., Ltd. to the sub-subsidiary Shin Fu Development Co., Ltd.

Date of Meeting	Term	Major Resolutions
		4. Rescind the resolution regarding the establishment of the Procedures for Acquisition or Disposal of Assets for the Indonesian subsidiary PT. Shinkong Textile Indonesia.
2024/08/12	10th meeting of the 24th board	<ol style="list-style-type: none"> 1. Review the consolidated financial report of the Company for Q2 2024 2. Review of the Proposal to Increase the Credit Limit of Yuanta Bank by NT\$50 Million 3. Review of the minutes from the Compensation Committee meeting; principles for the distribution of employee and director compensation for fiscal year 2023, along with the salary adjustment proposal for fiscal year 2024. 4. Review of the 2023 Annual Sustainability Report Proposal 5. Review and amend the Company's Management Regulations for Preventing Insider Trading
2024/11/12	11th meeting of the 24th board	<ol style="list-style-type: none"> 1. Review the consolidated financial report of the Company for Q3 2024 2. Review of the proposal for an additional credit limit of 100 million yuan for the Bank of China and an additional credit limit of 200 million yuan for First Bank. 3. Rescind the endorsement and guarantee of NT\$1.8 billion provided by a subsidiary, Shinkong Asset Management Co., LTD. 4. Promotion Case for the Heads of the Business Department and the Research and Development Center
2024/12/19	12th meeting of the 24th board	<ol style="list-style-type: none"> 1. Review the 2025 budget 2. Review the appointment of the President of the Company 3. Review of the application for a financing limit of NT\$500 million with China Trust Commercial Bank through stock pledges. 4. Review the guarantee for the Company's investee, Sun-der Motors Co., Ltd., within the amount of NT\$50 million. 5. Review and revise the Company's internal control system regarding the Management Operating Procedures for Sustainability Information. 6. Review and revise the amendment to the Company's Management Operating Procedures for the Financial Statement Preparation Process. 7. Review and revise the Company's internal audit system regarding the Management Operating



Date of Meeting	Term	Major Resolutions
		Procedures for Sustainability Information. 8. Review and revise the Company's internal audit system regarding the Management Operating Procedures for the Financial Statement Preparation Process. 9. Review the Company's 2025 annual audit plan 10. The review committee has entrusted the China Construction Engineering Corporation [Agent] with the implementation of the urban renewal project. This project involves a joint application for the development of land parcel No. 667 and adjacent properties situated in Section 1, Dunhua South Road, Songshan District, Taipei City.

(X) Any Dissenting Opinion Expressed by a Director or Supervisor with Respect to a Major Resolution Passed by the Board of Directors during the most recent Fiscal Year and up to the Publication Date of the Annual Report, where Said Dissenting Opinion Had Been Recorded or Prepared as a Written Declaration: None

IV. Audit Fees for CPA

Unit: NT\$1,000

Accounting Firm	Name of CPA	Audit Period	Audit Fee	Non-audit Fee (Note)	Total	Note
Deloitte & Touche	Li-Huang Li	2024/01/01-2024/12/31	2,600	1,329	3,929	(Note)
	Po-Jen Weng					

(Note) The other non-audit fees are tax service fees, consulting services for merger cases, and annual service fees for foreign companies and 2022 transfer pricing report service fees.

(I) When the Company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed: None.

(II) When audit fees are 10% less than the previous year, the reduction in audit fee, ratio, and reason thereof shall be disclosed: None.

V. Information on Replacement of CPA: None.

VI. Any of the Company's Chairman, President, or Managerial Officers in Charge of Finance or Accounting Held a Position in the Independent Auditors' Firm or Its Affiliated Companies in the Most Recent Year: Accounting Supervisor Pin-Tsung Yang , who was employed at Deloitte Taiwan from November 2016 to October 2024.



VII. Any Transfer of Equity Interests and/or Pledge of or Change in Equity Interests by a Director, Supervisor, Managerial Officer, or Shareholder with a Stake of More than 10% During the Most Recent Fiscal Year up to the Publication Date of the Annual Report

(I) Changes in equity interest by directors, managerial offices, and major shareholders

Title	Name	2024		For the Current Fiscal Year as of March 28, 2023	
		Number of Shares Held Increase (Decrease)	Number of Shares pledged Increase (Decrease)	Number of Shares Held Increase (Decrease)	Number of Shares pledged Increase (Decrease)
Chairman Director	Chichen Co., Ltd.	0	0	0	0
	Representative: Hsing-En Wu	0	0	0	0
	Representative: Chin-Fa Chiu	0	0	0	0
Director	Haung En Co., Ltd.	0	(2,875,000)	0	0
	Representative: Hsin-Hung Wu	0	0	0	0
Director	Shin Kong Wu Tung Ching Foundation	0	0	0	0
	Representative: Po-Han Lin	0	0	0	0
Independent Director	David Ching	0	0	0	0
Independent Director	Mao-Jung Wang	0	0	0	0
Independent Director	Wei-Kan Chen	0	0	0	0
President	Shu-Ti Chang	0	0	0	0
President	Jui-Nan Chang	0	0	0	0
Vice President	Su-Chuan Ko	0	0	0	0
Assistant Vice President	Yung-Hsin Huang	0	0	0	0
Assistant Vice President	Chu-Ying Chen	0	0	0	0

Title	Name	2024		For the Current Fiscal Year as of March 28, 2023	
		Number of Shares Held Increase (Decrease)	Number of Shares pledged Increase (Decrease)	Number of Shares Held Increase (Decrease)	Number of Shares pledged Increase (Decrease)
Assistant Vice President	Jen-Chung Wang	0	0	0	0
Assistant Vice President	Hui-Chen Chang	0	0	0	0
Assistant Vice President	Chun-Ming Su	0	0	0	0
Assistant Vice President	Hsiao-Chen Cheng	0	0	0	0
Assistant Vice President	Chia-Chi Yang	0	0	0	0
Assistant Vice President	Hui-Wen Teng	0	0	0	0
Assistant Vice President	Kuan-Wen Yeh	0	0	0	0

(II) Equity transfer information: None.

(III) Equity Pledge Information: It is not applicable as the counterparty of the share pledge is not a related party.



VIII. Top 10 Shareholders Who are Related Parties, Spouses, or within Second-Degree of Kinship to Each Other

Relationship between Top 10 Shareholders

Name	Shares Held in Person		Shares Held by Spouse and Underage Children		Nominee Arrangement		Title or name and relationship of top 10 shareholders who are related parties or each other's spouses and relatives within the second degree of kinship		Note
	Number of shares	Shareholding Ratio (%)	Number of shares	Shareholding Ratio (%)	Number of shares	Shareholding Ratio (%)	Item	Relationship	
Shinkong Synthetic Fibers Corporation	28,378,958	9.45	-	-	-	-	1. Shin Kong Medical Foundation	1. Representative of Corporate Chairman and the Chairman and Director are within second-degree of kinship to each other:	None
Representative: Tong-Sheng Wu	0	0	218,090	0.07	0	0	2. Chichen Co., Ltd.	2. Representative of the Corporate Chairman is the same as the director; representative of Corporate Director and the Chairman, Director and Supervisor are within second-degree of kinship to each other.	
Shin Kong Medical Foundation	20,979,735	6.99	-	-	-	-	1. Shinkong Synthetic Fibers Corporation	1. The Chairman and representative of Corporate Chairman are within second-degree of kinship to each other: The director is the same as the representative of the Corporate Chairman.	None
Representative: Tung-Ching Wu	1,493,882	0.50	0	0	0	0			

Name	Shares Held in Person		Shares Held by Spouse and Underage Children		Nominee Arrangement		Title or name and relationship of top 10 shareholders who are related parties or each other's spouses and relatives within the second degree of kinship		Note
	Number of shares	Shareholding Ratio (%)	Number of shares	Shareholding Ratio (%)	Number of shares	Shareholding Ratio (%)	Item	Relationship	
Chichen Co., Ltd.	19,650,000	6.54	-	-	-	-	1. Shinkong Synthetic Fibers Corporation	1. Representative of the Corporate Chairman is the same as the director. Representative of Corporate Director and the Chairman, Director and Supervisor are within second-degree of kinship to each other	None
Representative: Jo-Nan Sun	0	0	0	0	0	0			
Hong Pu Co., Ltd.	14,083,000	4.69	-	-	-	-	None	None	None
Representative: Pi-Fang Lee	0	0	0	0	0	0			
Lian Quan Investment Co., Ltd.	13,633,872	4.54	-	-	-	-	None	None	None
Representative: Ting Chuang	0	0	0	0	0	0			
Qian Cheng Yi Co., Ltd.	12,900,300	4.29	-	-	-	-	None	None	
Representative: Wei-Ping Chiu	0	0	0	0	0	0			
He Rui Industrial Co., Ltd.	12,000,000	3.99	-	-	-	-	1. Mian Hao Industrial Co., Ltd.	1. The corporate director, the representative of corporate director, the supervisor, and the representative of corporate supervisor are the same as the representative of corporate director and the corporate Chairman.	None
Representative: Chih-Tien Lo	0	0	0	0	0	0			
Cheng Guang Industrial Co., Ltd.	11,248,545	3.74	-	-	-	-	None	None	None
Representative: Chen-Wei Chao	0	0	0	0	0	0			
Hua Chen Co., Ltd.	10,698,049	3.56	-	-	-	-	None	None	None



Capital Overview

Name	Shares Held in Person		Shares Held by Spouse and Underage Children		Nominee Arrangement		Title or name and relationship of top 10 shareholders who are related parties or each other's spouses and relatives within the second degree of kinship		Note
	Number of shares	Shareholding Ratio (%)	Number of shares	Shareholding Ratio (%)	Number of shares	Shareholding Ratio (%)	Item	Relationship	
Representative: Ching-Chin Chang	12,120	0	0	0	0	0			
Mian Hao Industrial Co., Ltd.	8,123,544	2.70	-	-	-	-	1. He Rui Industrial Co., Ltd.	1. The corporate supervisor, the representative of corporate director, and the corporate representative of the Chairman are the same person as the corporate director, the representative of the corporate director, and supervisor.	None
Representative: Teng-Hui Wang	0	0	0	0	0	0			



IX. Total Number of Shares and Total Equity Stake Held in Any Single Enterprise by the Company, Its Directors, Managerial Officers, and Any Companies Controlled Directly or Indirectly by the Company

Ratio of Combined Shareholding

Unit: shares; %; March 28, 2025

Investee business (Note)	Ownership by the Company		Investment by Directors, Supervisors, and Managerial Officers Directly or Indirectly Controlled by the Company		Total Ownership	
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio
Shinkong Asset Management Co., Ltd.	98,000,000	100.00%	0	0	98,000,000	100.00%
SK Innovation Co., Ltd.	700,000	100.00%	0	0	700,000	100.00%
Lian Quan Investment Co., Ltd.	11,192,880	48.89%	0	0	11,192,880	48.89%
Sun-der Motors Co., Ltd.	9,715,000	33.50%	0	0	9,715,000	33.50%
Chyang Sheng Texing Co., Ltd.	42,719,576	24.65%	413,236	0.24%	43,132,812	24.89%
WPI-High Street LLC	—	35.71%	0	0	—	35.71%

Note: The Company's long-term investments accounted for under the equity method.



Chapter III Capital Overview

I. Capital and Shares

(I) Source of Capital Stock During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report

Month/ Year	Issue Price (NT\$)	Authorized Capital		Paid-in Capital		Note		
		Number of Shares (In Thousand Shares)	Amount (In NT\$ Thousand)	Number of Shares (In Thousand Shares)	Amount (In NT\$ Thousand)	Source of Capital	Capital Increase by Assets Other than Cash	Other
1955/06	10	1,000	10,000	1,000	10,000	Cash	None	Note 1
1957/03	10	2,000	20,000	2,000	20,000	Cash capital increase of NT\$10,000 thousand	None	None
1962/02	10	6,600	66,000	6,600	66,000	Cash capital increase of NT\$46,000 thousand	None	None
1965/03	10	12,000	120,000	12,000	120,000	Cash capital increase of NT\$24,300 thousand Capitalization of retained earnings of NT\$13,060 thousand Capitalization of capital surplus of NT\$16,640 thousand	None	None
1966/06	10	13,200	132,000	13,200	132,000	Cash capital increase of NT\$4,800 thousand Capitalization of retained earnings of NT\$7,200 thousand	None	None
1973/04	10	16,000	160,000	16,000	160,000	Capitalization of retained earnings of NT\$28,000 thousand	None	None
1974/10	10	32,000	320,000	32,000	320,000	Capitalization of retained earnings of NT\$112,000 thousand Capitalization of capital surplus of NT\$48,000 thousand	None	None
1975/05	10	42,000	420,000	42,000	420,000	Capitalization of retained earnings of NT\$36,000 thousand Capitalization of capital surplus of NT\$64,000 thousand	None	None
1977/11	10	60,000	600,000	60,000	600,000	Cash capital increase of NT\$180,000 thousand	None	None
1985/12	10	120,000	1,200,000	100,000	1,000,000	Cash capital increase of NT\$400,000 thousand	None	Note 2
1989/08	30	200,000	2,000,000	140,000	1,400,000	Cash capital increase of NT\$200,000 thousand Capitalization of capital surplus of NT\$200,000 thousand	None	Note 3

1990/05	120	200,000	2,000,000	165,500	1,655,000	Cash capital increase of NT\$115,000 thousand Capitalization of capital surplus of NT\$140,000 thousand	None	Note 4
1990/11	10	200,000	2,000,000	200,000	2,000,000	Capitalization of capital surplus of NT\$345,000 thousand	None	Note 5
1991/11	10	360,000	3,600,000	240,000	2,400,000	Capitalization of capital surplus of NT\$400,000 thousand	None	Note 6
1994/07	10	360,000	3,600,000	264,000	2,640,000	Capitalization of capital surplus of NT\$240,000 thousand	None	Note 7
1995/07	10	360,000	3,600,000	290,400	2,904,000	Capitalization of capital surplus of NT\$264,000 thousand	None	Note 8
2007/09	10	360,000	3,600,000	297,660	2,976,600	Capitalization of retained earnings of NT\$72,600 thousand	None	Note 9
2007/09	10	360,000	3,600,000	300,041.28	3,000,412.80	Capitalization of retained earnings of NT\$23,812.8 thousand	None	Note 10

Note 1: Registration of incorporation.

Note 2: By Official Letter Tai-Cai-Zheng-(I) No. 14858 on December 3, 1985 (1985).

Note 3: By Official Letter Tai-Cai-Zheng-(I) No. 00622 on March 31, 1989 (1989).

Note 4: By Official Letter Tai-Cai-Zheng-(I) No. 02585 on December 26, 1989 (1989).

Note 5: By Official Letter Tai-Cai-Zheng-(I) No. 02449 on October 1, 1990 (1990).

Note 6: By Official Letter Tai-Cai-Zheng-(I) No. 57868 on October 4, 1991 (1991).

Note 7: By Official Letter Tai-Cai-Zheng-(I) No. 27066 on June 10, 1994 (1994).

Note 8: By Official Letter Tai-Cai-Zheng-(I) No. 33108 on June 6, 1995 (1995).

Note 9: Official Letter Jin-Guan-Zheng-(I)-Zi No.0950135735 on August 11, 1996.

Note 10: Official Letter Jin-Guan-Zheng-(II)-Zi No.0960040175 on August 31, 1997.

Shares Type	Authorized Capital			Note
	Outstanding Shares	Unissued Shares	Total	
Common shares	300,041,280	59,958,720 shares	360,000,000 shares	Listed stocks

General registration system related information: None.



(II) List of Major Shareholders

Shareholding Name of Major Shareholders	No. of Shareholding	Shareholding Ratio (%)
Shinkong Synthetic Fibers Company	28,378,958	9.45
Shin Kong Medical Foundation	20,979,735	6.99
Chichen Co., Ltd.	19,650,000	6.54
Hong Pu Co., Ltd.	14,083,000	4.69
Lian Quan Investment Co., Ltd.	13,633,872	4.54
Qian Cheng Yi Co., Ltd.	12,900,300	4.29
He Rui Industrial Co., Ltd.	12,000,000	3.99
Cheng Guang Industrial Co., Ltd.	11,248,545	3.74
Hua Chen Co., Ltd.	10,698,049	3.56
Mian Hao Industrial Co., Ltd.	8,123,544	2.70

(III) Dividend Policy and Implementation Status

1. Dividend policy:

If there are current net profits after tax in the Company's annual final accounts, 10 % of the balance, after deducting cumulative losses (including adjustment to unappropriated earnings), shall be allocated as statutory surplus reserves, except when the cumulative statutory surplus has reached the paid-in capital of the Company. Special surplus reserves shall also be allocated or written off in accordance with laws and regulations; if there's any balance, the Board of Directors shall issue earnings distribution plan for such balance and the opening unappropriated earnings (including adjustment to unappropriated earnings).

If the "net increase in accumulated fair value of property held for investment in previous period" and the "net decrease in accumulated other equities in previous period" are not accrued in full, the Company shall, distributing the earnings, accrue the special surplus' reserve in the same amount out of the undistributed earnings in the current period, and if there is still any discrepancy, the Company shall accrue it out of the undistributed earnings, which are the after-tax net profit in the current period plus the other items in the current period.

Where the earnings are distributed in the form of cash dividends, it shall be resolved by half of the Directors present at a meeting attended by more than two-thirds of the Board of Directors, and shall be

reported to the Shareholders' Meeting. Where they are distributed by issuing shares or paying dividends, it shall be resolved at the Shareholders' Meeting.

The Company adopts a remaining dividend policy, in order to make cooperation in long-term financial planning to seek sustainable and stable business development and to consider the demands for capital budget and working capital. The dividend of shareholders shall not be less than 10% of the amount after the net profit after tax of the current year covers the cumulative losses (including adjustment to unappropriated earnings) and draws the legal surplus reserve and earnings shall be distributed in cash and/or by issuing shares, with the cash dividends no less than ten percent of the total dividends.

2. Implementation status:

The Company's earnings distribution for the year 2024 has been approved by the board of directors, with a resolution to distribute a cash dividend of NT\$1.5 per share.

(IV) Effect on Business Performance and Earnings per Share of Distribution of Stock Dividends Proposed or Adopted at the Most Recent Shareholders' Meeting:

Not applicable.

(V) Remuneration of Employees and Directors

The Company has established an Audit Committee; therefore, no remuneration or compensation is allocated to supervisors.

1. If the Company makes profits for the year, at least one percent of the balance shall be appropriated as compensation to employees and the Board of Directors would resolve whether to make the distribution in the form of stock or cash. The Company may have the Board of Directors resolved to appropriate no more than five percentage of the said profits as remuneration to Directors. The proposal for distribution of remuneration to employees and Directors shall be reported at the Shareholders' Meeting. However, in case of any cumulative losses, the Company shall reverse a certain amount to cover the losses before appropriating the compensation to employees and remuneration to Directors based on aforementioned ratios.
2. The estimation basis of compensation to employees and remuneration to Directors, calculation basis for number of shares distributed as employee compensation and accounting treatments for difference between estimated and actual payment amount:



The compensation to employees and remuneration to Directors were calculated at 1.79% of the profit (pre-tax profits after deducting compensation to employees and remuneration to Directors). If the amount changed after the annual consolidated financial statements are authorized for issue, the differences shall be treated as a change in accounting estimates in the following year.

3. Information concerning 2024 compensation to employees and remuneration to Directors resolved in the Board of Directors' meeting in 2025:
 - (1) To distribute compensation to employees of NT\$18,000,000 and remuneration to Directors of NT\$18,000,000.
 - (2) Amount of stock distributed as employee compensation and as a percentage to net income of parent company only or individual financial statements and aggregate compensation to employees: Not applicable.
4. The actual distribution of compensation to employees and remuneration to Directors in the previous year (including the number, amount and stock price of stocks distributed), the deviation between the actual distribution and the estimated figures, if any, and the cause and treatment thereof:

The 2024 Board of Directors' meeting resolved to distribute compensation to employees and remuneration to Directors of NT\$15,600,000 each and there were no discrepancies between the actual sum distributed and the recognized amount.

(VI) Buyback of the Company's stocks: None.

II. Issuance of Corporate Bonds, Preferred Shares, Global Depository Shares, and Employee Stock Option, and Issuance of New Shares for Mergers and Acquisition of Other Companies: None.

III. Implementation of Capital Allocation Plans

(I) Plan details

Previous issuance or private placement of securities not yet completed or completed in the past three years with benefits yet to be shown as of the quarter preceding the date of this annual report: None.

(II) Implementation status: Not applicable.

Chapter IV Operations Status

I. Business Activities

(I) Business scope:

1. Major products/services:

- | | | |
|------|---------|---|
| (1) | C302010 | Weaving of Textiles |
| (2) | C305010 | Printing, Dyeing, and Finishing |
| (3) | C306010 | Wearing Apparel |
| (4) | C399990 | Other Textile and Products Manufacturing |
| (5) | F102030 | Wholesale of Tobacco and Alcohol |
| (6) | F104110 | Wholesale of Cloths, Garments, Shoes, Hats, Umbrellas and Clothing Accessories |
| (7) | F106020 | Wholesale of Daily Commodities |
| (8) | F108040 | Wholesale of Cosmetics |
| (9) | F109070 | Wholesale of Culture, Education, Musical Instruments and Educational Entertainment Supplies |
| (10) | F203020 | Retail Sale of Tobacco and Alcohol |
| (11) | F204110 | Retail Sale of Cloths, Garments, Shoes, Hats, Umbrellas and Clothing Accessories |
| (12) | F206020 | Retail Sale of daily commodities |
| (13) | F208040 | Retail Sale of Cosmetics |
| (14) | F209060 | Retail Sale of Culture, Education, Musical Instruments and Educational Entertainment Supplies |
| (15) | F301010 | Department Stores |
| (16) | F399040 | Retail Sale No Storefront |
| (17) | F401010 | International Trade |
| (18) | F401021 | Restrained Telecom Radio Frequency Equipments and Materials Import |
| (19) | G202010 | Parking area Operators |
| (20) | H701010 | Housing and Building Development and Rental |
| (21) | H701020 | Industrial Factory Development and Rental |
| (22) | H703090 | Real Estate Business |



- (23) H703100 Real Estate Leasing
- (24) I301010 Information Software Services
- (25) I501010 Product Designing
- (26) J20201 Industry Innovation and Incubation Services
- (27) JB01010 Conference and Exhibition Services
- (28) ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

2. Proportion of Business:

Main Products	Net Revenue (In Thousands of New Taiwan Dollars)	Weighting (%)
Textile	2,560,135	61%
Retail sale/Garment	1,266,898	30%
Rental revenue	387,091	9%
Other	365	-
Total	4,214,489	100%

3. Major products/services

- (1) Functional outdoor textiles: Eco-friendly and recycled materials, UV protection and wind resistance, waterproof and breathable, lightweight and insulating, antibacterial and odor-resistant.
- (2) Performance sports textiles: Eco-friendly and recycled materials, stretchable and comfortable, moisture-wicking and quick-drying, breathable and cooling, safety reflective features.
- (3) Trendy fashion textiles: Eco-friendly and recycled materials, soft and delicate textures, refined and stylish appearance.
- (4) Industrial & medical care textiles: Antibacterial, antiviral, anti-static, highly durable, and high strength.
- (5) Multi-functional composite materials: Development of functional yarns with composite materials that combine sustainability and performance for use in various end-use environments.
- (6) Secondary finishing processes: Diversified finishing techniques that enhance the added value of textiles, such as printing, calendaring, perforation, and lamination.
- (7) Eco-friendly recycled uniforms: Standardized sustainable design

featuring mono-materials for reduced waste, easy disassembly, and improved recyclability.

4. New product development plan:

Humanity is about to enter the first quarter-century of the 21st century. The outlook for 2025 is marked by global instability. The war between Russia and Ukraine has dragged on for three years; competition over Greenland's energy resources is intensifying; sovereignty disputes surrounding the Panama Canal are escalating; California faces increasingly frequent wildfires; artificial intelligence is advancing rapidly; free trade is under pressure; and inflation fears are looming.

After former U.S. President Donald Trump declared "No Free Trade!", the North American Free Trade Agreement (NAFTA), in place since 1992, faced significant challenges. The U.S. has since shifted toward a "tariff wall" policy based on reciprocal tariffs. In response, many countries have implemented countermeasures, intensifying global tariff barriers that now impact a broad range of industries including steel, automotive, pharmaceuticals, and agriculture. Will free trade give way to protectionism? Under the pressure of inflation, will tighter consumer budgets and more frugal spending behaviors disrupt economic markets? These are critical issues to monitor.

Amidst this global upheaval, Taiwan's functional textile industry continues to play a pivotal role in the international market, thanks to its cutting-edge innovation and outstanding manufacturing capabilities. Taiwanese products not only meet the complex performance and sustainability needs of global brands, but are also well-suited for everyday wear. Moreover, they are highly favored in outdoor sports and professional apparel sectors.

Looking ahead to 2025, the key challenges include the following:

- (1) Market drivers: Growth in the functional textiles market is driven by increasing consumer awareness of product benefits, advancements in textile manufacturing technologies, and rising global demand. The growing popularity of fitness and outdoor activities has fueled the need for moisture-wicking and UV-protective apparel. Simultaneously, the healthcare sector continues to demand antibacterial and hypoallergenic materials. To stay competitive, it is essential to focus on the development of composite materials, sustained R&D investment, and high-performance fiber production. As global markets place increasing



emphasis on sustainable textiles, a major challenge lies in developing high value-added products that combine functionality with sustainability—while ensuring compliance with international regulations.

- (2) Demand for natural fibers: The rising demand for natural fibers can be attributed to growing environmental awareness, preference for sustainable products, and cyclical fabric trends. Natural fibers sourced from plants and animals—including cotton, silk, linen, and cashmere—are widely used in apparel, construction materials, and automotive interiors. Countries like China, India, and the United States have abundant natural fiber resources, particularly cotton, significantly contributing to the global textile market. Taiwan, lacking local raw material sources and suitable dyeing and finishing facilities, does not hold a first-mover advantage. Therefore, overcoming these barriers through composite functional textile solutions and optimized processing methods will be crucial in securing international orders.
- (3) Supply chain adjustments: The textile industry continues to grow, with major players including China, the European Union, the United States, and India. China leads the world in textile and apparel production and exports. The U.S. is a major cotton producer and exporter, as well as a leading importer of textiles and garments. The EU accounts for over one-fifth of the global textile industry, led by countries such as Germany, Spain, France, Italy, and Portugal. India is the third-largest textile producer, contributing over 6% of global output. Rapid industrialization and technological advancement in both developed and developing nations have equipped the industry with modern, high-efficiency production equipment. Amid the impact of new U.S. tariff barriers and rising inflation, is the global textile supply chain entering a period of realignment—and how should Taiwan respond to this new landscape?

Sustainable functional textiles are materials that combine environmental friendliness with advanced performance features, designed to minimize environmental impact. As temperatures fluctuate and extreme weather events become more frequent, consumer expectations for apparel have shifted. Clothing is no longer expected to serve a single function; instead, there is growing demand for multi-functional, adaptive garments that can respond to a variety of climate

conditions. Composite functional textiles—those that integrate features such as cooling, quick-drying, breathability, and UV protection—have emerged as ideal solutions for addressing the unpredictable demands of climate change. For example, in hot and humid environments, these fabrics can wick away sweat rapidly to keep the wearer dry and comfortable, while also providing essential sun protection under strong UV exposure. Additional features like antibacterial, odor-resistant, waterproof, and breathable properties can also be integrated into a single fabric, further enhancing the overall wearing experience. These innovative, multi-functional textile solutions highlight Taiwan's strong capabilities in textile innovation and market responsiveness, offering efficient and practical answers to the growing challenges posed by climate change.

In recent years, both U.S. state and federal governments have introduced numerous regulations aimed at driving the textile industry toward net-zero and circular practices. For example, the Clean Competition Act (CCA) at the federal level and California Senate Bill 707 (SB707) at the state level are notable initiatives. SB707 prohibits the manufacture, sale, or distribution of textiles, apparel, and outdoor clothing containing PFAS chemicals in California, with the goal of reducing the fashion industry's negative environmental impact. Across the Atlantic, the European Green Deal sets an ambitious path to achieve climate neutrality by 2050, including legislation focused on manufacturing and end-of-life garment management. A major component of this framework is the upcoming EU Digital Product Passport (DPP) regulation. By 2030, all products sold in the EU will be required to disclose details such as origin, materials, environmental footprint, and disposal guidelines. The DPP—part of the Ecodesign for Sustainable Products Regulation (ESPR)—is a digital system designed to track products from production through use, and ultimately to recycling or disposal. It aims to enhance product transparency and traceability, promoting a circular economy and ensuring that sustainability is embedded throughout a product's entire lifecycle.

According to the Textile NET in Taiwan, the development trends in functional textiles are centered on seven key areas: sustainability, innovative materials, non-toxic design, functional comfort, digital technologies, and product longevity. With international regulations becoming more defined and global attention on environmental protection and sustainable development steadily increasing, leading global brands are demanding that functional textile supply chains—



from upstream to downstream—shift toward integrated functionality and sustainable performance. This includes a focus on eco-friendliness, energy efficiency, carbon reduction, and enhanced user comfort. It can be classified into nine main items:

- (1) Recycled PET bottles: Currently, recycled polyester primarily comes from post-consumer PET bottles. This type of fabric is widely used in the global market due to its cost competitiveness and reliable material supply, offering a high value-for-money ratio for many brands. However, growing concerns over whether clothing made from recycled PET bottles is truly environmentally friendly may pose challenges for the future of the textile industry. Starting in 2025, this issue is expected to have a profound impact on the global textile industry, and the industry has already begun formulating response strategies.
- (2) Closed-loop recycling: The concept of a "circular economy" involves transitioning from a linear, single-use "Take-Make-Dispose" model to a closed-loop economic model. From "waste" to "material", promoting the concept of "single material" and able to be reused within a "closed loop system." Materials can be recycled at the end of a product's lifespan and reused in the same value chain. For example: ISP Shinkong Infinity Shirt Project (ISP) encompasses the recycling of buttons, yarns, fabrics, and labels, enabling a comprehensive recycling process. The key lies in advancing sorting technology, quality, and de-coloration techniques: When the precision of material sorting improves, obtaining purer raw materials increases their value for high utilization.
- (3) Bio-base: Use Bio-based materials made from renewable resources such as castor oil, cassava, corn, etc., through biological, chemical, and physical methods. The use of sustainable renewable biomass in yarn production and processing agents reduces dependence on crude oil, which is especially beneficial during periods of high oil prices.
- (4) Carbon capture: Use Lanzatch's technology to transform fermentative carbon dioxide into polyester fiber usable EG, which is then remade into yarn. The quality of textiles made from these bio-based materials is comparable to conventional polyester fibers.
- (5) Recycled nylon: Industrial waste from cotton or fabric mills, recycled fishing nets, used tires... can be recycled and made into

environmentally friendly nylon.

- (6) New natural: Use certified BCI cotton, or Lenzing's environmentally certified yarn, such as recycled leftover materials from Refibrac, and Ecovero's environmentally friendly rayon.
- (7) Waste reuse: How to properly utilize post-harvest agricultural waste biomass is a critical aspect of Material Flow Management (MFM). MFM focuses on efficiently utilizing resources to transform waste into raw materials. Collaborating with local farmers in Taiwan, repurposing pineapple leaf fibers from agricultural waste into clothing is an exemplary initiative. This not only helps farmers find solutions for clearing agricultural waste but also increases their income. Additionally, both carbon sequestration by plants and the reuse of agricultural waste offer significant environmental benefits in terms of carbon footprint reduction. Moreover, pineapple fiber fabric provides cooling, breathability, UV resistance, and a unique natural appearance. Therefore, the "Company" has developed pineapple fiber into a complete series, offering benefits in terms of land use, functionality, and performance.
- (8) Responsible wool: Acquire animal fiber by emphasizing the survival rights of animal, and obtain wool fiber by humane means. Furthermore, the durability of woolen fabrics is enhanced through the use of composite fibers and specialized process equipment.
- (9) New thermoplastic elastomers: Utilizing non-spandex-based (PU) innovative elastomers, such as TPEE (Thermoplastic Polyester Elastomer) and TPU (Thermoplastic Polyurethane). The development of elastic fabrics without Spandex aims to tackle the environmental challenge of recycling and reusing highly elastic fabrics in the market.

(II) Industry Overview:

1. Industry status and development:

The value chain of Taiwan's textile industry has developed for over 70 years since the end of the 1950s. Under trials from enormous international demand, the industry has undergone several industrial upgrades. It has transformed from using imported raw materials at the early stage to raw materials derived from petrochemicals for synthetic fibers. It heads towards elaboration and differentiation and has forged



a sophisticated production system with upstream, midstream and downstream entities.

According to the "Overview of Taiwan's Textile Import and Export Trade" released by the Taiwan Textile Federation, Taiwan's total textile exports reached US\$6.735 billion from January to December 2024, representing a 2% increase compared to the previous year. Imports totaled US\$3.654 billion, showing a slight decline of 0.2%. The trade surplus amounted to US\$3.081 billion, an increase of US\$106 million or 4% over the same period in 2023.

In terms of export value, the major export category was fabrics (71%), followed by yarns (14%), miscellaneous textiles (5%), fibers (5%), and apparel and accessories (5%). Among the top five export categories, fabrics grew by 2%, yarns by 5%, miscellaneous textiles by 3%, and apparel and accessories by 3%, while fibers declined by 12%. Regarding imports, the largest category was apparel and accessories (61%), which declined by 0.2%. This was followed by miscellaneous textiles (14%), up 9%, fabrics (11%), up 2%, yarns (9%), up 9%, and fibers (5%), which saw a sharp drop of 31%.

Despite ongoing global geopolitical uncertainties and the evolving trade policies of the U.S. government, the easing of inflationary pressures worldwide and continued interest rate cuts by major economies are expected to support the steady expansion of global trade.

In the textile sector, the U.S. market benefited from year-end consumer demand, inventory replenishment, and strong demand from ASEAN countries. These factors, along with increased shipments in December and rising procurement interest from international brands amid renewed concerns over U.S.-China trade tensions, contributed to an uptick in both demand and raw material input. As a result, Taiwan's textile exports and production momentum strengthened, with positive annual growth in export orders for 2024. This trend is expected to carry into the first quarter of 2025, sustaining the steady growth of Taiwan's textile exports.

Item	Export Value (US\$ Hundreds of Millions)	Proportion (%)	Year- over-Year (%)	Export Volume (10,000 Metric Tons)	Year- over-Year (%)	Unit Price (US\$/Kg)	Year-over- Year (%)
1. Fiber	3.39	5	-12	25.63	-15	1.32	3
2. Yarn	9.12	14	5	29.91	4	3.05	1
3. Fabric	47.77	71	2	49.63	-2	9.62	4
4. Apparel	3.48	5	3	1.36	-4	25.62	8
5. Miscellaneous	3.59	5	3	6.09	-2	5.90	6
Total	67.35	100	2	112.62	-4	5.98	6

Source: TTF Overview of Taiwan's Export and Import of Textile (2024 FY)

2. Correlation between upstream, midstream, and downstream of the industry:

The textile industry chain starts with raw materials such as petrochemicals or natural cotton and wool, which are manufactured into man-made fiber or natural fiber products including nylon fibers, polyester fiber, rayon fiber, wool, and silk. These products are then spun into yarns and wove into cloths. After the dyeing & finishing processes of breaching, dyeing, printing, coating and finishing, they are sewed to produce finished garments or other textile products.

The upstream of industry chain includes natural cotton, wool, silk and linen as well as petrochemicals such as raw materials for polyester products, i.e., Ethylene Glycol (EG) and Pure Terephthalic Acid (PTA); raw materials for nylon products, i.e., Caprolactam (CPL); and raw materials for acrylic fiber, i.e., Acrylonitrile (AN).

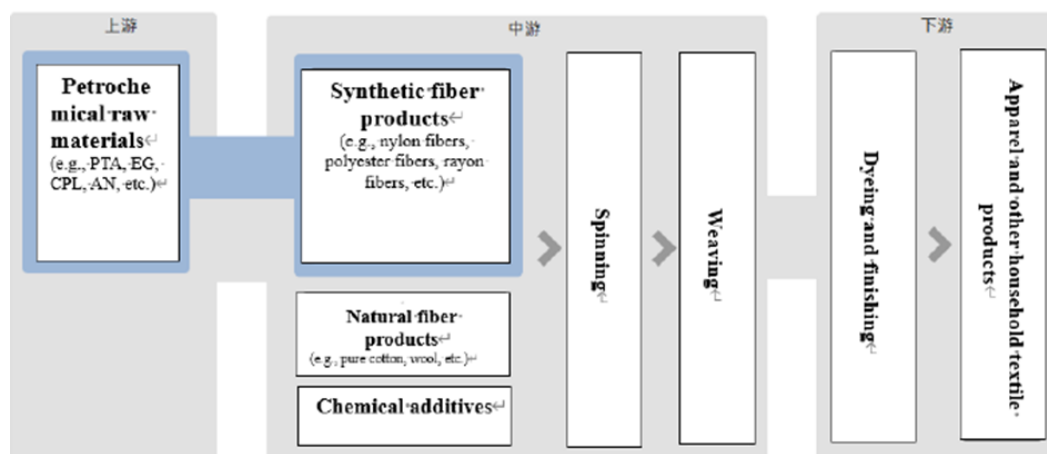
The midstream contains synthetic fiber products, natural fiber products, chemical additives and yarns and fabrics spun and wove by aforementioned materials. Synthetic fiber accounts for 85% of textile produced in Taiwan and of which, polyamide (nylon) and polyester products are the mainstream products. Nylon chips can be made into nylon filament and nylon draw textured yarn while polyester chips can be used to produce polyester filament, polyester staple and draw textured yarn. Nylon filament can produce fabrics for clothing, bags, umbrella, webbing, inner lining, swimming suit, underwear, ski suits, military back bags, etc. Currently, the sources of raw materials for domestic textile manufacturers include Taiwanese and foreign vendors. The latter mostly provide natural fibers.

The downstream of textile industry chain are dyeing & finishing,



apparel and other household textile industry. Dyeing and finishing are crucial stages in the textile industry chain in terms of product differentiation and value-added. Lately, the dyeing and finishing industry focuses on enhancing relevant technologies and developing low-carbon or eco-friendly green products in response to the worldwide demand for environmental protection. Apparel and household textile industry require high level of processing and value-added. However, lack of labor, increasing wages and the rise of emerging countries such as Indonesia, Turkey, Brazil, Mainland China, Vietnam, etc. drive Taiwanese manufacturers to gradually adjust the industrial structure by shifting from production to marketing as well as directly investing in overseas markets and strengthen their product design capability.

The Company mostly engages in textile weaving as well as dyeing and finishing. We are positioned at the midstream and downstream of the textile industry value chain.



Source: Industry Value Chain Information Platform

3. Product development trend:

(1) Woven Fabrics

Taiwan is lacking in natural fibers. However, our production of synthetic fiber such as polyester fiber and nylon fibers is among the top three in the world. The cost for synthetic fiber production is relatively cheap and polyester fiber is expected to be the focus of Taiwan's future development. Moreover, filament is superior than staple fiber and versatile, and has gradually become the mainstream in the global market. Due to the high versatility of synthetic fiber, advancement in technology and continuous research and development by synthetic fiber manufacturers will

bring more fibers with specific functions to the market for clothing and industry-use. Consequently, the weaving industry will produce fabrics with specific functions for garments and industry-use.

As the importance of functional textile rises, textile has also advanced to fabrics with functions of breathable-wind-proof, breathable-water-proof, fast drying, anti-pilling, stretch and fitting as well as synergies of lightweight thermal and breathable-water-proof. The high-tech industry is currently seeking collaboration opportunities with the textile industry to develop wearable tech products.

(2) Digital print fabrics

Textile industry was one of Taiwan's major exporter in the past. With industry migration, low price and massive garment dumping, Taiwan's textile industry is aggressively seeking the direction for industrial revolution. The traditional textile printing is no longer sufficient to support the innovative materials which are favored by major international brands, the rich color and blueprint details for the fashion industry to present innovations and the fast fashion trends. In contrast, digital printing reduces the complex and repetitive steps of design and plate making. It significantly enhances effectiveness, and cuts down labor, bringing more convenience and benefits to the fast-changing fashion industry.

Digital printing is superior to screen printing in many ways. Compared with the traditional printing and dyeing, it shortens the process and eliminates the trouble of plate-making which saves energy consumption (about 40~75% in electricity and water). It also substantially reduces the use of dye and chemicals. The popularity of digital printing changes the long-established textile printing industry by significantly enhancing process efficiency and mitigating the impact on the environment.

4. Product competition:

The Company's principal business is the export of fabrics. Our competitors with much homogeneity are as follows:



Dyeing and finishing				
TWSE-listed Companies (18)	*Nan Ya Plastics Corporation	*Formosa Chemicals & Fibre Corp.	*Far Eastern New Century Corporation	*Nan Yang Dyeing & Finishing Co., Ltd.
	*Shinkong Textile Co., Ltd.	*TRK Corporation	*Formosa Taffeta Co., Ltd.	*Li Peng Enterprise Co., Ltd.
	*Chia Her Industrial Co., Ltd.	*Nien Hsing Textile Co., Ltd.	*Yi Jinn Industrial Co., Ltd.	*Everest Textile Co., Ltd.
	*Chyang Sheng Texting Co., Ltd.	*De Licacy Industrial Co., Ltd.	*Tex-Ray Industrial Co., Ltd.	*Chang Ho Fibre Corporation
	*Evertex Fabrinology Ltd.	*Big Sunshine Co., Ltd.		
TPEX-listed Companies (2)	*Toung Loong Textile Mfg. Co., Ltd.	*Singtex Industrial Co., Ltd.		
Well-known foreign companies (3)	*Qingdao Phoenix Printing and Dyeing Co., Ltd.	*Federation Sanhe (Fujian) Co., Ltd.	*Sheng Hong Group Holdings Limited	

A total of 23 companies

Weaving				
TWSE-listed Companies (17)	*Formosa Chemicals & Fibre Corp.	*Shinkong Textile Co., Ltd.	*Formosa Taffeta Co., Ltd.	*Universal Textile Co., Ltd.
	*Hong Ho Precision Textile Co., Ltd.	*Li Peng Enterprise Co., Ltd.	*Chia Her Industrial Co., Ltd.	*Nien Hsing Textile Co., Ltd.
	*Taiwan Taffeta Fabric Co., Ltd.	*I-Hwa Industrial Co., Ltd.	*De Licacy Industrial Co., Ltd.	*Everest Textile Co., Ltd.
	*Wisher Industrial Co., Ltd.	*Chang Ho Fibre Corporation	*Honmyue Enterprise Co., Ltd.	*Eclat Textile Co., Ltd.
	*Li Cheng Enterprise Co., Ltd.			
TPEX-listed Companies (1)	*King House Co., Ltd.			
Emerging Stock Company (1)	*Mytrex Health Technologies, Inc.			
Well-known foreign companies (3)	*Esquel China Holdings Limited	*Jiangsu Lianfa Textile Co., Ltd.	*LUTHAI Group	

A total of 22 companies

Source: Industry Value Chain Information Platform

(III) Overview of technology and R&D:

1. R&D expenses

Unit: In Thousands of New Taiwan Dollars

Year	2023	2024	Current Fiscal Year up to March 28, 2025
Research and Development Expenses	34,949	37,281	7,919

2. Technologies or products developed successfully:

Innovation can enhance consumer appeal and practicality by creating multifunctional textiles that adapt to various environmental conditions. Shinkong Textile is committed to product innovation and development in order to seize market opportunities amid a rapidly changing global landscape. The Company's concrete achievements include:

- (1) Elastic Reflective Yarn Woven Fabric Upgrade: This core product, which carries a strong competitive moat, represents a breakthrough in both raw materials and weaving technology—successfully integrating reflective yarn into elastic woven fabrics. In addition to enhancing visibility and safety for activewear users, this innovative material offers multiple advantages, including: stretch comfort, moisture-wicking and quick-drying properties, UV protection, lightweight sun protection, and environmental sustainability. This technological advancement not only contributes to increased revenue but also enables brands to launch innovative products that appeal to safety-conscious and performance-oriented consumers, thereby strengthening market competitiveness.
- (2) Thermoplastic Polyester Elastomer (TPEE): In the current market, the elasticity of stretch fabrics is mostly achieved using PU-based spandex elastomers. However, the recyclability of PU spandex yarns poses a significant challenge. Standing out among various materials is the Thermoplastic Polyester Elastomer (TPEE), a member of the polyester fiber family. TPEE is a block copolymer composed of soft and hard segments—its soft segments provide rubber-like elasticity, while the hard segments deliver plastic-like processability and durability. Most notably, TPEE is recyclable, making it a sustainable alternative to conventional spandex. Elastic fabrics made from TPEE can be recycled and regenerated



into new yarns and textiles, presenting a significant advancement in textile waste management and elastic fabric recycling. Overcoming several technical barriers such as yarn covering, weaving, and dyeing, this innovative development is expected to achieve stable production capacity and volume manufacturing within the current year.

- (3) Industrial High-strength Polyester Fiber: In terms of material development, industrial high-strength polyester fiber, which was traditionally used in industrial and agricultural applications, has now been successfully introduced into the development of workwear and casual apparel. This breakthrough has overcome traditional boundaries by infusing high performance and superior abrasion resistance into everyday clothing. The result is a fusion of industrial-grade durability with daily wear comfort, opening up new possibilities for functional textile applications in both lifestyle and professional settings.
- (4) Shinkong Textile's continued investment in product innovation and R&D has yielded concrete results in 2024 through notable recognition at several international exhibitions. Products were selected for showcase areas and even received prestigious awards:
 - "Premiere Vision Paris" Exhibition in Paris – SS 25 features 14 selected groups, FW 2526 features 12 selected groups, with a total of 26 groups selected for the entire year.
 - "Performance Days Munich" Exhibition in Munich – 3 groups selected, another 3 groups selected, making a total of 6 groups selected for the entire year.
 - "ISPO Munich" Exhibition – FW 2627 features 4 selected groups, among which XX-P0175-2 was awarded as one of the Top 10 products in the "Street Sport" category.

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

1. Short-term development strategies:
 - (1) Strengthen cooperation with well-known brands.
 - (2) Continue the development of diverse product portfolio to differentiate from competitors.
 - (3) Enhance supply chain quality and reduce costs to improve productivity.
2. Long-term development strategies:

- (1) Strengthen the research and development of high-end technologies to stand out in the market.
- (2) Gradually establishing specialized markets such as medical, military, and specialty industrial products helps diversify market risks.

II. Overview of Market, Production and Sale

(I) Market Analysis:

1. Sales Area of Major Products:

Sales Department: Primarily focusing on exporting to renowned apparel brands in the United States and Europe while also expanding into the Asian market.

Retail Department: Acting as agent for PGA TOUR of the United States, being the dealer of apparel brands such as ADIDAS GOLF and creating fashion brands such as ARTIFACTS, ART HAUS and ASPORT. In addition, the Company handles the design and production of group uniforms, specializing in uniforms for companies and firms or the gift markets.

Construction Department: Continue to promote housing and land leasing and increase the rental rate year by year.

2. Future supply and demand conditions and growth of the market:

- (1) The trend of fashionable and functional apparel continues: The demand for products combining fashion and functionality continues to rise. As the fabric features of such products are the Company's area of investments and focus over the years, the growth potential of the market is very optimistic.
- (2) Major brand customers' demand for online shopping is not falling, and stores are increasing in Asia, bringing increased demand for functional clothing.
- (3) Major brands around the world are advocating environmental protection, recycling materials for sustainable cycle, carbon emissions, carbon footprint, degradable materials, waste clothing recycling and other business opportunities, which are all the development strengths of the Company.

3. Competitive Niche, Positive and Negative Factors for Future Development and Responses:



(1) Positive Factors:

- 1) Taiwan's production of polyester fiber and nylon fibers is among the top three in the world, which facilitates the development of textile products.
- 2) Institutions including the government, the academia and corporations actively support the upgrading and transformation of the textile industry.
- 3) Textile for garments and home decoration have strong differentiation advantages as well as comprehensive design, manufacturing and marketing systems.
- 4) The Company has excellent research and development capabilities for composite and diverse fabrics and textile products as well as accesses to the latest fashion news.
- 5) In response to geopolitical dynamics, establish a global supply chain.
- 6) The directions and designs of products have been well received by consumers. Continuous exploration on existing foundation will result in greater development.
- 7) Our well-established relationship with overseas suppliers gives us access to the latest and unique fabrics.
- 8) We closely monitor market trends and adjust sales strategies accordingly.
- 9) Brand reform and substantial reduction in inventory allow the brands to adjust and align their targets and strategies with market demand.
- 10) The Company has excellent retail channels. Products can enter and expand in the market quickly.
- 11) Increase the exposure of the brand image on social media and strengthen the online marketing of our brand, which can bring us greater business opportunities.

(2) Negative Factors:

- 1) Companies need to strengthen their research and development capabilities and make up for the lacking in innovative textiles and latest information abroad.
- 2) The number of domestic textile workers has been decreasing. Younger generation is reluctant to enter the textile market.

- 3) Small market scale and numerous competitions restrain the expansion of new brands in Taiwan.
- 4) Consumer preferences change rapidly. Companies need to develop unique and innovative products to attract consumers.
- 5) Russia-Ukraine war, inflation, rising oil prices and rising costs.
- 6) Inflation impact, slowed destocking, high market uncertainty, and low consumer buying.

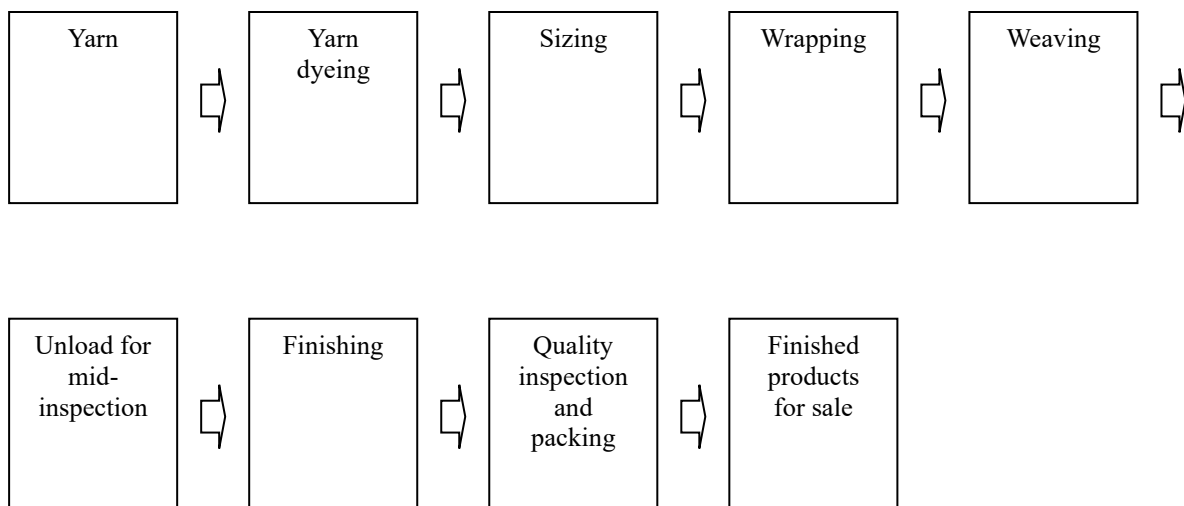
(II) Usage and manufacturing processes for the Company's main products:

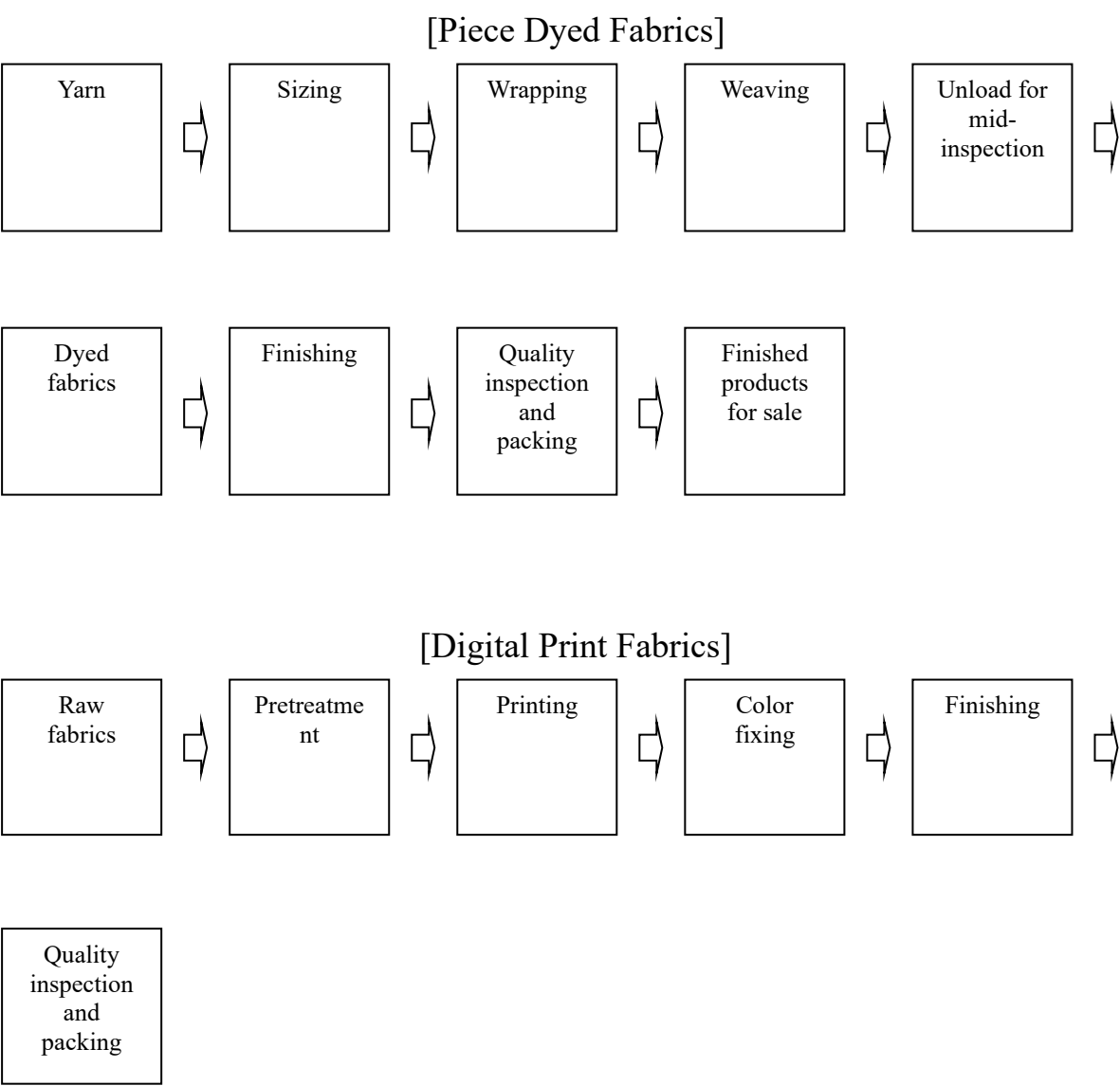
1. Main applications of key products

Fabric for clothing: The primary applications are outdoor functional sportswear, ski wear, swimwear and casual wear. The manufacturing processes include yarn dyed woven and knitted fabrics, piece dyed woven and knitted fabrics, and digital print woven and knitted fabrics. Different resin finishing such as wicking, durable water repellency (DWR) or anti-bacteria is applied based on product functionality. Laminating, coating and pressing can then be applied if necessary.

2. Manufacturing process of key products

[Yarn Dyed Fabrics]





(III) Supply status of main raw materials:

Based on delivery schedule, quality and costs, the Company may choose domestic purchases or direct import with flexibility.

(IV) Names of Customers Who have Accounted for More Than 10% of the Total Amount of Goods Purchased (Sold) in Any of the Most Recent Two Years and the Amount and Proportion of the Goods Purchased (Sold):

1. Information on Major Suppliers for the Most Recent Two Years

Unit: In Thousands of New Taiwan Dollars

Item	2024				2023				Up to March 28, 2025 (Note)			
	Item	Amount	Percentage of net purchases of the year (%)	Relationship with the issuer	Item	Amount	Percentage of net purchases of the year (%)	Relationship with the issuer	Item	Amount	Percentage of net purchase of the year up to the first quarter (%)	Relationship with the issuer
1	Manufacturer A	222,041	8.56	—	Manufacturer A	249,275	13.50	—	—	—	—	—
-	Other	2,371,356	91.44	—	Other	1,597,707	86.50	—	—	—	—	—
	Net purchases	2,593,397	100.00	—	Net purchases	1,846,982	100.00	—	Net purchases	—	—	—

Note: As of the date of publication of the annual report, March 28, 2025, there are no financial statements reviewed by CPAs.

2. Information on Major Customers for the Most Recent Two Fiscal Years

Item	2024				2023				Up to March 28, 2025 (Note)			
	Item	Amount	Percentage of net sales of the year (%)	Relationship with the issuer	Item	Amount	Percentage of net sales of the year (%)	Relationship with the issuer	Item	Amount	Percentage of net sales of the year as of the end of last quarter (%)	Relationship with the issuer
1	Company A	468,143	12.23	—	Company A	—	—	—	—	—	—	—
2	Company B	359,618	9.40	—	Company B	303,951	10.11	De facto related party	—	—	—	—
-	Other	2,999,272	78.37	De facto related party	Other	2,703,882	89.89	—				
	Net sales	3,827,033	100.00	—	Net sales	3,007,833	100.00	—	Net sales	—	—	—

Note: As of the date of publication of the annual report, March 28, 2025, there are no financial statements reviewed by CPAs.



III. Employee Data for the Past Two Years and Up to the Date of Annual Report Publication

Year		2023	2024	Current year up to March 28, 2025
Number of employees	R.O.C.	459	526	527
	Foreign employees	120	127	123
	Total	579	653	650
Average Age		40 years and 9 months	40 years and 12 months	40 years and 5 months
Average Length of Service		5 years and 11 months	5 years and 10 months	6 years and 0 months
Educational Distribution	PhD	0.34%	0.31%	0.31%
	Master	5.76%	5.67%	5.85%
	College	46.27%	48.2%	48.77%
	High School	33.05%	32.5%	32.31%
	Below High School	14.58%	13.32%	12.77%

IV. Environmental Protection Expenditures

Losses and punishments suffered due to environmental pollution in 2024 and as of the date of publication:

V. Labor Management Relations

(I) Current important labor-management agreements and their implementation:

1. Employee welfare

(1) Employees are entitled to labor insurance, health insurance and

contributions to labor pension as required by law. The Company also provides group accident insurance and life insurance plans and engages affiliated companies to offer employee benefit insurance plans for employees and their family members. Expatriates are entitled to extensive and comprehensive group insurance coverages.

- (2) The Company implements gender equality and stresses the importance of employee care and a friendly workplace. As of the date of 2024 annual report, female employees accounted for approximately 63% of the total number of employees. Female employees with titles of assistant vice president or above accounted for 53%.

Personnel are selected and employed based on the qualifications required for each job grade. Salaries at all levels do not differ based on gender, fostering an environment of equal pay for equal work, workplace equality across diverse genders, and a gender-friendly workplace culture.

- (3) The Company's internal management rules emphasizes and protects the interests of pregnant employees. The Company has signed long-term contracts with day care centers in the neighborhood areas of each factory to ease the babysitting concern. Employees are entitled to parental leave before any of their children reach the age of three years old pursuant to the "Act of Gender Equality in Employment" and the "Regulations for Implementing Unpaid Parental Leave for Raising Children" for a period not exceeding two years. The Company would make arrangements for reinstatement after the parental leave. In 2024, the Company agreed to have employees apply for flexible working hours for childcare reasons.
- (4) The Company has established the Employee Welfare Committee and makes contributions to the welfare funds at a certain percentage of total operating revenue. Company trips or small-scale activities are regularly organized for employees to enjoy a good time together. There are also employee discounts for shopping, funeral payments and education subsidies for children. In 2024, multiple employee trips were organized, including destinations such as Taichung, Sun Moon Lake, Yilan, and South Korea. Employees were also allowed to form their own groups for overseas travel, offering diverse options for employees to freely choose and participate.



- (5) Each factory has budget allocated for annual gatherings and gifts for the Dragon Boat Festival and Mid-Autumn Festival. Employees are entitled to floor models and shopping discounts. Health check-ups are arranged for employees regularly. Also, employees may apply for maternity leave, paternity leave and parental leave in accordance with the laws. Quarterly employee welfare product purchase events were held in 2024, providing employees with the opportunity to prioritize the procurement of high-quality goods at low prices.
 - (6) Various activities are arranged periodically for employee participation. In 2024, tickets for the "T1 Battle at Taipei Dome - Anti-Drug Basketball Game in Taipei and New Taipei City" were provided, allowing employees to enjoy the sports event together.
 - (7) In collaboration with the True Love Foundation, free vegetarian lunchboxes are provided to employees monthly, encouraging them to focus more on their health through vegetarian eating habits.
 - (8) Also in partnership with the True Love Foundation, art and cultural event tickets are occasionally offered to employees. These activities help employees relieve stress, create joyful moments with family, and foster a happy home environment.
2. Employee education and training:
- The Company enhances the overall competitiveness of its employees and the Company in light of the rapid development of the industry, and inspires potential and loyalty of its employees. Each year, the Company organizes internal or external courses based on competencies matching its business strategy and organizational developments as well as requirements from different levels. Through learning and growth, employees can enhance their work performance and achieve job targets. In addition to training for new recruits, the 2024 annual training courses included human rights policy, anti-corruption, prevention of insider trading, ethical business policy, trade secrets, digital learning, system operation, management functions and professional skills training, involving about 7,614 hours of training.
3. Retirement system:
- (1) The Company has drawn up employee pension plans as required by law for employee's retirement.
 - (2) The Labor Pension Act took effect on July 1, 2005. Employees recruited prior to June 30, 2005 and on job as of July 1, 2005 can

choose between the pension system under the Labor Standards Act or the one under the Labor Pension Act and retain prior seniority. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to a retirement fund that is deposited with Bank of Taiwan pursuant to the Labor Standards Act.

- (3) Employees recruited after July 1, 2005 were all subject to the pension system under the Labor Pension Act. Company makes monthly contributions to employees' individual pension accounts with the Bureau of Labor Insurance at 6% of their monthly salaries. Employees making voluntary contributions would have their contributions deducted from their salaries by the Company based on their rates of voluntary contribution and deposited to their individual pension accounts.
- (4) Applications for retirement and payment standards are handled in accordance with Articles 53, 54 and 55 of the Labor Standards Act.
- (5) The Company shall pay the due amount of pension within 30 days after an employee's retirement.
- (6) The implementation status is as follows:

Pension System	Old	New
Applicable Laws	Labor Standards Act	Labor Pension Act
Contribution method	2% of the employees' monthly salaries and wages to a retirement fund that is deposited with Bank of Taiwan	6% of the employees' monthly salaries and wages according to employees' insurance level to their individual pension accounts with the Bureau of Labor Insurance
Contributions	Cumulative amount of NT\$56,773 thousand	Contribution in 2024 amounted to NT\$18,429 thousand

4. Code of conduct or ethics:

- (1) The Company has drawn up the "Codes of Discipline" for employees to follow so as to prevent losses of individual or the Company from improper conducts. Details are as follows:
 - 1) Employees shall perform their duties diligently, comply with



the Company's regulations, and adhere to reasonable guidance and management of supervisors at all levels without negligence, prevarication or disobedience. Supervisors at all levels shall give proper guidance to employees.

- 2) Internally, employees shall work diligently, care for public goods, reduce wear and tear, improve quality, and increase production. Externally, they shall keep trade or job secrets confidential.
- 3) Employees shall report their duties to their supervisors from the first level up and shall not bypass mid-level supervisors and directly report to higher-level supervisors unless it is an emergency or a special circumstance.
- 4) Employees shall not meet families and friends or leave their positions without permission during working hours.
- 5) Employees shall not bring their families or friends into the factories without permission.
- 6) Employees shall not use their authority for their interests or for others.
- 7) Without the consent of the Company, employees are not permitted to engage in the same type of business outside the Company which will affect their fulfillment of labor contracts with the Company.
- 8) Employees shall not receive treats, gifts, rebates, or other illegal benefits in their duties or the violation of their duties.
- 9) Employees may not bring guns, ammunition, knives, dangerous or forbidden items, cameras or items not related to job into any work place in the Company.
- 10) Employees shall not take public goods out of the factory without permission. Release documents shall be obtained from the HR office to bring private items out of the factory and employees shall voluntarily accept inspections from the security or personnel of the Administration Division.
- 11) Employees shall perform their job duties and be held accountable based on authority hierarchy. They shall handle works in a timely manner. Supervisors of all units shall monitor employees' work process and give guidance when necessary.

- 12) Employees are not allowed to use public goods or company funds unless required by work or with consents from the Company.
 - 13) Employees are prohibited from using the name of the Company and the factory unless required for conducting the Company's business.
 - 14) Employees with personal or family interests in matters of the Company shall recuse themselves and shall not participate in the deliberation or handling of such matters.
 - 15) Employees are not allowed to work part-time or operate similar business without the permission of the Company during their employment.
 - 16) Employees are required to uphold strict confidentiality in respect of the Company's undisclosed technical and administrative information, whether resolved or unresolved, and the status of customers' dealings with the Company during or after their employment with the Company.
 - 17) Employees shall not, in any way or form, supply to any person in respect of matters that he/she is exposed to at work, whether during or after their employment with the Company. Ownership of work or studies done during employees' term of office belong to the Company.
 - 18) Employees shall be humble and polite to customers and visitors. Arrogant and improper behaviors are not allowed.
- (2) For employees' understanding and compliance with moral values, rights, obligations and behavior, the Company has also established rules concerning authority hierarchy, department functions, employee attendance, employee rewards and punishments, travel management and bonus distribution. Relevant issues can be handled in a timely manner.
5. Protection measures for work environment and employees' personal safety:

In order to ensure a safe and comfortable working environment for every employee, protective measures adopted by the Company include safety and health education necessary for employees to perform their work, trainings for disaster prevention and health check-ups. Details are as follows:

- (1) To develop and promote relevant policies. The Company's



Employee Work Rules specify that every employee shall comply with the safety and health work codes. There is a complaint system for employees to file complaints. Signs are posted in the office to promote work safety.

- (2) To increase employees' awareness on work safety, the Company organizes several education and training sessions, which include environmental, safety and health education for new recruits to understand and be familiarized with environmental management at workplace and rules to be complied with. Regular education sessions are arranged for factory workers to familiarize themselves with the potential hazards and precautions concerning hazardous substances in the workplace, safety operation of equipment and emergency response plan.
- (3) In order to prevent work injuries, employees are required to wear protective equipment such as helmets, gloves, protective masks, earplugs, etc.
- (4) The Company establishes and maintains various projects to carry out regular inspections on the work environment, e.g., noise testing, safety inspection of fire equipment, quarterly maintenance of drinking water facilities by contractors, regular disinfection of office premises and cleaning of floor areas by professional vendors.
- (5) Free and regular health check-ups.
- (6) Employees are covered by group accident insurance and life insurance. The Company also engages affiliated companies to offer special deals on group personal injury insurance where employees can participate at their own expense.
- (7) To prevent the occurrence of occupational disasters and reduce the hazards in the factory and the risks of employees at work, the Company passed the ISO45001 audit and obtained the certificate (authorized by DNV, valid for 11-18-2024~11-17-2027, Certificate No.: 456633-2021-ASA-RGC-RvA) in 2024, and selected the intolerable risks for correlation improvement after the on-site hazard and risk assessment in the factory, and selected the projects with high risk for improvement. Pursuant to laws and regulations, the occupational safety personnel would carry out on-site patrols daily, and inspections on work environment and filings are conducted every six months. The Occupational Safety Committee convenes meetings on a quarterly basis and the number of labor representatives in the committee exceeds one-third of the

total number of representatives (i.e., more than the quota required by law). Meetings are held to discuss safety and health plans, including education and training, improvement measures for working environment, prevention and management of hazards, audits and health promotion plans. Professionals would be invited to attend the Occupational Safety Committee meeting to discuss improvement schemes for dangers identified at workplace. Improvements are carried out based on conclusions drawn at the meeting.

To promote employee health and safety, the Company employed the physicians and therapists for occupational health to provide labor health protection, such as employee health management, occupational disease prevention and health promotion and assessed and improved four major plans (i.e. ergonomic hazard prevention, diseases caused by abnormal workload, illegal infringement in the performance of duties, maternal health protection).

Numbers of representatives from management and employees at the Occupational Safety Committee are as follows:

	Dayuan Factory		Daxi Factory	
Year	2023	2024	2023	2024
Representative from employees	6	5	6	5
Representative from management	2	5	2	5
Total	8	10	8	10

Occupational injuries in 2023 and 2024 are summarized in the table below. The disabling frequency rate and disabling severity rate are derived from the occupational hazard reporting system of the Ministry of Labor. The statistics include road accidents on the way to and from work.



Factory	Dayuan Factory				Taoyuan Factory			
Year	2023		2024		2023		2024	
Gender	Male	Female	Male	Female	Male	Female	Male	Female
Absence Rate (A.R)	0%	4.29%	0%	0%	0%	0%	0.12%	0.17%
Disabling Frequency Rate (FR)	0	2.99	0	0	0	0	0	0
Disabling Severity Rate (SR)	0	537.37	0	0	0	0	0	0
Frequency-Severity Indicator (FSI)	0	1.27	0	0	0	0	0	0

Note: Absence Rate = total days absent (occupational injury leave) during the reporting period/total working days during the reporting periodx100%

Disabling Frequency Rate = (Total number of people with disabling injuryx106)/Total number of working hours

Disabling Severity Rate = (Total number of days of loss due to disabling injuryx106)/Total number of working hours

Frequency-Severity Indicator (FSI) = $(FR \times SR / 1000)^{(1/2)}$

Although the Company does not fall under the regulations for hazardous work environments, to ensure the safety of workers performing tasks that may involve higher risks or higher incidence of illnesses, annual training programs are conducted. These include training on the use of protective gear and general safety education. Warning signs are posted on high-risk machinery to prevent contact, and protective equipment is distributed for dangerous areas, accompanied by training on proper usage, maintenance, and inspection to ensure functionality. Dedicated personnel are assigned to perform daily safety inspections. Additionally, two fire drills are conducted annually—one during the day and one at night—in the factory and dormitory areas to ensure employees can respond appropriately in emergency situations.

Considering the impact of natural disasters and man-made accidents on operations, we have been building a disaster risk management mechanism with a preventive management attitude, and has established an "emergency response management procedure" to avoid or reduce the possible loss caused by personnel injury, equipment damage and property loss, and the shutdown of operations. In addition to actively cooperating with and participating in various exercises sponsored by organizations at all levels, we regularly carry out two disaster rescue exercises every year.

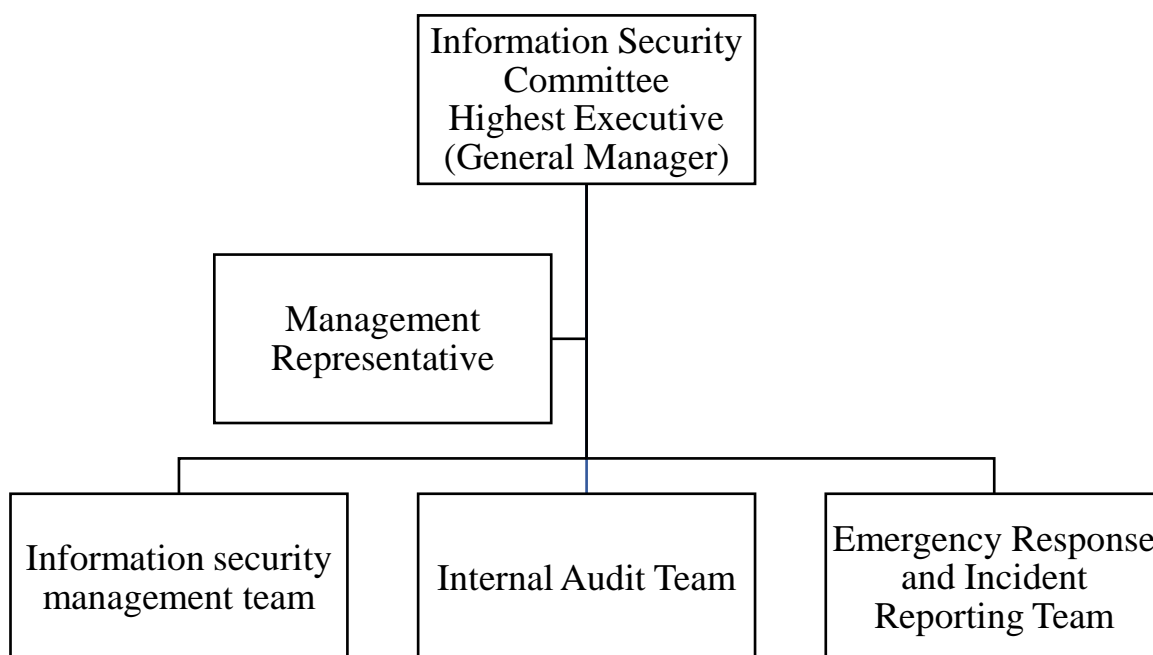
6. Other significant agreements: None.

(II) Losses incurred due to labor disputes in the most recent fiscal year and up to the date of publication of the annual report: None.

VI. Information Security Management

(I) Information security framework

To enhance information security management, the Company has established a Information Security Management Committee and appointed information security management representatives from each department. Regular Information Security Management meetings are held annually, and the Information Supervisor reports on information security achievements periodically.





(II) Information Security Policy:

1. Information Security Management Strategy

- (1) The Company has formulated relevant information security management regulations in strict compliance with laws and regulations, and provides appropriate protection measures for the Company's information assets to ensure their confidentiality, integrity, availability and legal compliance.
- (2) The Company evaluates the impact of various natural disasters and accidental disasters caused by human factors on the Company's information assets on a regularly basis, and formulates disaster prevention measures and disaster recovery plans for important information assets and key businesses to ensure the continued operation of the Company's business.
- (3) The Company supervises the implementation of information security protection by all staff, establishes the concept that protection of information security is everyone's business, and promotes the awareness of information security among all business departments and staff.
- (4) The Company requires all its staff and vendors who use or connect to its computer systems to strictly abide by the information security regulations of the Company. If there is a violation, it will be punished according to the Company's regulations or contract penalties. The circumstances are serious. Those who will be prosecuted by relevant laws. Any violators will be punished according to the provisions of the Company or the contractual penalty according to the circumstances, or separately prosecuted by relevant laws in case of serious circumstances.

2. Continue to improve the structure and cyber security risk management

- (1) Organization and operation mode - The Company adopts PDCA (Plan-Do-Check-Act) cycle management to ensure the attainment and continuous improvement of information security objectives, and regularly returns the implementation results through the Information Security Committee.
- (2) Planning stage: A comprehensive Information Security Management System (ISMS) has been established, and international certification for the information security

management system (ISO 27001) was obtained in July 2024. The current certificate is valid from July 18, 2024, to July 17, 2027. This aims to reduce corporate information security threats from the perspectives of systems, technology, and procedures.

(III) Specific Implementation Measures:

Management plan: The Company has entered into maintenance and guarantee contracts for its operational assets, such as maintenance information system and information equipment such as network equipment. It also deals with information security challenges, such as APT advanced persistent attacks, DDoS attacks, ransomware attacks, social engineering attacks and information theft. Every year, according to the Company's information security policy, we keep paying attention to the changing trend of the information environment, and draw up the information security protection mechanism and plan with reference to the technical articles, strengthen the Company's employees' information security crisis awareness and the emergency handling capacity of the security processing personnel, so as to prevent the proliferation in advance and effectively detect and stop it in time, and indeed implement the following information security management measures, as shown in the table below:

Information security management measures		
Type	Note	Related measures
Personnel security management	Personnel account, authority management and educational training	<ul style="list-style-type: none"> • Personnel account authority management and approval • Deletion of account after personnel dimission and transfer • Information security education and training
Computer system security management	System security management, data security management, protection against computer viruses and malware	<ul style="list-style-type: none"> • Setting and control of computer operating system • Daily backup and remote backup of ERP system • Use legal software and keep the virus pattern up to date
Network security management	Network security planning and management, Network user management, email security management	<ul style="list-style-type: none"> • Establish a firewall and anti-virus system • Regular promotion on information security



Information security management measures		
Type	Note	Related measures
		<ul style="list-style-type: none"> Do not open emails from unknown sources
System access control	Control measures for personnel accessing internal and external systems and data transmission channels	<ul style="list-style-type: none"> System access is limited to those required to perform business and duties After opening a system account, the user needs to change the password every six months Apply for changes in user access, and information can only be modified upon approval
Security management of information assets	Transfer and scrapping disposal of information assets	<ul style="list-style-type: none"> All hard disks should be removed before scrapping an information equipment, and the scrapping request form should be recorded before scrapping Transfer of information equipment shall be recorded in the transfer application form
Security management of system development and maintenance	Security management of general computer system operations and outsourced operations	<ul style="list-style-type: none"> Application program updates should be coordinated by each application system owner Outsourced information vendors should be responsible for security management, and keep confidential
Physical and environmental security management	Computer equipment security management, power supply system management, setting and management of fire protection system in the computer room	<ul style="list-style-type: none"> Dedicated personnel are responsible for the computer room for regular maintenance and testing Provide uninterrupted power system Access control is implemented for the computer room
Planning and management of business continuity plans	Backup and recovery operations	<ul style="list-style-type: none"> A test drill for backup and recovery operations should be carried out every year

Information security management measures		
Type	Note	Related measures
Information security audit	Confirm the implementation of information security management activities	<ul style="list-style-type: none"> Any information security incident is found should be promptly reported to the competent authority and relevant personnel for handling

(IV) Input Resources for Information Security

1. Annual information security meetings are regularly held, with representatives from various departments participating. These meetings aim to review and implement information security measures, conduct training and awareness campaigns, and introduce improvements to ensure that the Company's critical confidential information is not leaked.
2. The IT Department has two individuals responsible for information security management, assessing the security situation, and collaborating with external cybersecurity vendors to conduct regular security checks.
3. The Company continues to invest resources in the fields related to information security. In 2024, the investments increased by 21% compared with that in 2023. Resources invested included manpower and technical infrastructure, strengthening the host side, personal side anti-hacker and anti-virus equipment and software, and information monitoring and analysis, so as to comprehensively improve information security capabilities.
4. To enhance information security, factory firewalls and equipment, as well as SWITCH and wireless APs, were upgraded to Fortinet in 2024. The Security Fabric was introduced, enabling seamless control, integration, and management of organizational security from IoT to the cloud.

(V) Losses incurred due to major information security incidents in the most recent fiscal year and as of the publishing date of the annual report, and its possible impact and countermeasures:

In 2024, the Company had no losses suffered due to major information security incidents.

VII. Material Contracts: None.



Chapter V Analysis of Financial Status, Financial Performance and Risk Matters

I. Financial Status

Comparative Analysis of Financial Position for the Most Recent Two Years

Unit: In Thousands of New Taiwan Dollars

Item \ Year	2024	2023	Difference	
			Amount	%
Current assets	4,501,525	4,678,182	(176,657)	-3.78
Investments	9,509,722	7,539,159	1,970,563	26.14
Property, plant and equipment (PP&E)	354,644	353,929	715	0.2
Right-of-use assets	130,780	153,864	(23,084)	-15
Investment properties	6,661,727	5,585,247	1,076,480	19.27
Other Intangible Assets	7,510	4,958	2,552	51.47
Other Assets	363,318	228,838	134,480	58.77
Total Assets	21,529,226	18,544,177	2,985,049	16.10
Current liabilities	3,515,897	3,882,051	(366,154)	-9.43
Non-current liabilities	2,511,679	1,515,065	996,614	65.78
Total Liabilities	6,027,576	5,397,116	630,460	11.68
Share capital	3,000,413	3,000,413	-	-
Capital surplus	14,849	13,385	1,464	10.71
Retained earnings	5,130,721	4,619,174	511,547	11.07
Other Equity	7,368,841	5,527,263	1,841,578	33.32
Treasury share	(13,174)	(13,174)	-	-
Total equity attributable to owners of the Parent	15,501,650	13,147,061	2,354,589	17.91
Non-controlling interests	-	-	-	-
Total Equity	15,501,650	13,147,061	2,354,589	17.91

Explanations for difference amounted to 1% of total assets, i.e., approximately NT\$215,292 thousand and a percent variance of 20% are as follows:

1. The increase in investment was due to the increase in financial assets that are measured at fair value through other comprehensive income.
2. The increase in non-current liabilities was mainly due to the increase in construction financing for the under-construction office building.
3. The increase in other equity was mainly due to the increase in unrealized gains on financial assets measured at fair value through other comprehensive income.

II. Financial Performance

(I) Financial Performance Analysis for the Most Recent Two Years

Unit: In Thousands of New Taiwan Dollars

Item \ Year	2024	2023	Increase (Decrease) Amount	Change (%)
Net Operating Revenue	4,214,489	3,382,945	831,544	24.58
Operating costs	2,981,067	2,389,671	591,396	24.75
Gross profit	1,233,422	993,274	240,148	24.18
Operating expenses	775,150	633,530	141,620	22.35
Net operating income	458,306	359,744	98,562	27.40
Non-operating Income and Expenses	653,363	413,223	240,140	58.11
Net income before tax	1,111,669	772,967	338,702	43.82
Income tax benefit (expense)	(242,655)	(124,019)	(118,636)	95.66
Net income in the period	869,014	648,948	220,066	33.91

1. Reasons for significant changes:
 - (1) The significant change in operating profit is primarily due to the growth in operating revenue during 2024.
 - (2) The significant changes in non-operating income and expenses, pre-tax profit, and net profit for the current period are mainly attributed to dividend income and net foreign exchange gains in 2024.
2. The expected sales volume and its basis, possible impact on the Company's future financial business and response plan: given the operating conditions and experience, the sales volume in 2025 is expected about 21,954 thousand yards.



III. Cash Flows

Unit: In Thousands of New Taiwan Dollars

Year	Cash at Beginning of Year Balance	Net cash inflow from operating activities throughout the year	Net Cash Used by Investing Activities	Net cash inflow from financing activities throughout the year	Effects of exchange rate changes on cash and cash equivalent	Cash balance	Remedy measures for insufficient cash	
							Investment Plan	Financing Plan
2024	1,610,707	33,935	(898,100)	115,591	(2,842)	859,291	-	-
<p>1. Analysis of variance in cash flows for the current year</p> <p>(1) Business Activities: Net cash inflow amounted to NT\$33,935 thousand, primarily due to post-tax net profit and depreciation and amortization expenses.</p> <p>(2) Investing Activities: Net cash outflow amounted to NT\$898,100 thousand, primarily due to the acquisition of investment properties.</p> <p>(3) Financing Activities: Net cash inflow amounted to NT\$115,591 thousand, mainly due to an increase in long-term borrowings.</p> <p>2. Improvement plans for liquidity shortage: N/A.</p> <p>3. Cash flow analysis for the next year: The cash flows from operating activities, investing activities, and financing activities are expected to be within normal range, which will support the Company's regular operations.</p>								

IV. Effect on Financial Operations of Any Major Capital Expenditures during the Most Recent Fiscal Year: None.

V. Reinvestment Policy for the Most Recent Fiscal Year, Main Reasons for Profits/Losses Generated Thereby, Plan for Improving Re-investment Profitability, and Investment Plans for the Coming Year

The Company's reinvestment policy in the most recent year was to increase the Company's investment scope, implement diversified operations and select appropriate investment targets. Currently, the reinvestments as a whole is profitable. The Company invest In subsidiary company in Indonesia in 2024.

VI. Risk Analysis and Assessment

The risks in the most recent year up to the publication date of the annual report are listed below:

(I) **Impact of Interest Rates and Exchange Rate Fluctuations and Inflation on the Company's Profit and Loss, and Future Response Measures:**

1. **Changes in interest rates:**

(1) **Impact of interest rate changes on the Company's profit or loss**

Entities within the consolidated company borrow funds using both fixed and floating interest rates. If interest rates increase/decrease by 1%, the consolidated company's net profit after tax for the years 2024 and 2023 would respectively increase/decrease by NT\$26,878 thousand and NT\$20,658 thousand.

(2) **Future response measures for interest rate changes**

The status of the international labor market, inflationary pressures, inflation expectations, and developments in the international situation all affect the interest rate curve. Currently, the Company primarily relies on short-term financing to obtain lower funding costs, while closely monitoring changes in monetary policy and financial market interest rates.

2. **Changes in foreign exchange rates:**

(1) **Impact of exchange rate changes on the Company's profit or loss**

The consolidated company engages in sales and purchase transactions denominated in foreign currencies, which are primarily affected by fluctuations in the U.S. dollar exchange rate.

The following table details the Group's sensitivity to a 1% increase and decrease in NT\$ (the functional currency) against the USD. The sensitivity analysis included only outstanding monetary items denominated in foreign currencies, and the translation of these items at the end of the year was adjusted for a 1% change in exchange rates. The positive values in the table indicate the amount by which the net profit after tax for the current year would increase if the New Taiwan dollar appreciates by 1% relative to the U.S. dollar. Conversely, if the New Taiwan dollar depreciates by 1% relative to the U.S. dollar, the impact on the net profit after tax for the current year would be the same amount in negative terms.

Analysis of Financial Status, Financial Performance and Risk Matters



Unit: In Thousands of New Taiwan Dollars

	Impact of USD	
	2024	2023
Profit or loss	\$11,029	\$10,335

(2) Future response measures for exchange rate changes

The Company converts foreign currencies received based on currency trends and capital demands at the time. It also adjusts deposits denominated in foreign currencies to mitigate the impact of exchange rate changes on the Company's operation. Also, the Company constantly monitors the global political economy and gathers exchange rate data to determine their impact on the overall profitability and adopts appropriate actions.

3. Inflation:

(1) Impact of inflation on the Company's profit or loss

The Company closely monitors inflationary conditions at all times. According to the statistics released by the Directorate-General of Budget, Accounting and Statistics of the Executive Yuan, the average Consumer Price Index (CPI) increased by 2.18% in 2024. It is forecasted that the average Consumer Price Index (CPI) will increase by 1.94% in 2025. The rise in raw material prices and other costs resulting from inflation is projected to lead to a fluctuation of around NT\$25,916 thousand in the procurement amount of the Company and its subsidiaries for every 1% increase or decrease in the inflation rate.

(2) Future response measures for inflation

The Company will adjust inventory level and product prices based on market conditions in a timely manner and strive to lower costs in order to reduce the impact on profitability.

(II) Policy regarding High-risk Investments, Highly Leveraged Investments, Loans to Other Parties, Endorsements/Guarantees, and Derivatives Transactions, Main Reasons for the Profit (Loss) Generated Thereby, and Response Measures to Be Taken in the Future:

1. High-risk and highly leveraged investments

The Company and its subsidiaries did not engage in any high-risk and

highly-leveraged investments in 2024.

2. Loans to others, endorsement/guarantee and derivative product trading

When the Company and its subsidiaries engage in lending funds to other parties, endorsement and guarantee and derivative trading, the Company would, in addition to complying with relevant procedures, make a public announcement and filing in accordance with the regulations of the competent authorities:

- (1) Loans to others: as of the date of publication of the annual report, the Company has not provided any loans to others.
- (2) Endorsement and guarantee: as of the publication date of the annual report, the Company only provides endorsements and guarantees to its associated companies recognized by the equity method and the 100% wholly-owned subsidiaries only provide endorsements and guarantees to the Company.
- (3) Derivatives product trading: the Company and its subsidiaries did not engage in derivatives product trading in 2024.

(III) Future R&D Projects and R&D Expenditures to be Invested:

The Company plans to invest in the development of high-tech functional fabric in the coming year. The estimated expenses during the research and development period are projected to be NT\$41,988 thousand.

(IV) Impact of major policy and legal changes at home and abroad on the financial business of the Company and corresponding measures:

The Company's finance and business are in compliance with relevant laws and regulations. As of the date of this annual report, changes in major policies and laws and regulations both at home and abroad did not have material impacts on the Company's finance and business. In the future, the Company will also obtain relevant information on a timely basis and develop necessary countermeasures to meet the operational needs.

(V) Impact of changes in technology(including information and communication security risks)and industry on the Company's financial operations, and response measures:None.

(VI) Effect on the Crisis Management of Changes in the Corporate Image, and Measures to Be Taken in Response:

The Company's operation has always adhered to the principles of prudence and integrity in building up the strength of its management team. It has maintained a good corporate image without significant changes.

Analysis of Financial Status, Financial Performance and Risk Matters



- (VII) Expected Benefits and Possible Risks Associated with Any Mergers and Acquisitions, and Measures to Be Taken in Response: None.
- (VIII) Expected Benefits and Possible Risks Associated with Any Plant Expansion, and Measures to Be Taken in Response: None.
- (IX) Risks Associated with Any Consolidation of Sales or Purchasing Operations, and Measures to Be Taken in Response: None.
- (X) Effect on and Risk to the Company in the Event a Major Quantity of Shares Belonging to a Director, Supervisor or Shareholder Holding Greater than a 10% Stake in the Company Has Been Transferred or Has Otherwise Changed Hands, and Measures to Be Taken in Response: None.
- (XI) Effect on and Risk to the Company Associated with Any Change in Governance Personnel or Top Management, and Measures to Be Taken in Response: None.
- (XII) Legal and non-legal events, the Company shall list the final judgment, ongoing major litigation, non-litigation or administrative proceeding involving Company and Company's directors, supervisors, President, substantial representative, and shareholders that hold more than 10% of the Company's stock, which will have a material impact on shareholders' interest or stock price: None.
- (XIII) Other significant risks and response measures: None

VII. Other Important Matters: None.

Chapter VI Special Notes

I. Information on Affiliated Companies

(I) Consolidated business report of the affiliated companies

Please visit the Market Observation Post System (MOPS) at the following link: <https://mops.twse.com.tw/mops/#/web/home>

Information query path: MOPS > Single Company > Electronic Document Download > Affiliated Enterprises Disclosure Reports Section
Search using Stock Code: 1419 to access the relevant documents.

Website: https://doc.twse.com.tw/pdf/202404_1419_A25_20250506_182848.pdf

(II) Consolidated financial statements of affiliated companies

The companies required to be included in the consolidated financial statements of affiliated enterprises, as stipulated by regulations, are the same as those required to be included in the consolidated financial statements of parent and subsidiary companies under the International Financial Reporting Standards (IFRS). Therefore, no separate consolidated financial statements of affiliated enterprises are prepared.

Information query path: MOPS > Single Company > Electronic Document Download > Financial Statement

Website: <https://www.sktextile.com.tw/files/financial/1745985448244.pdf>

(III) Affiliation reports: Not applicable

II. Private Placement of Securities in the Most Recent Year and as of the Date of this Annual Report: None.

III. Other Necessary Supplement:

(I) Reviewing Resolution Items of the 2024 Annual Shareholders' Meeting and Implementation Status

1. Adopt the 2023 Business Report and Financial Statements
2. Adopt the proposal on the distribution of surplus for 2023

The record date was set to be July 18, 2024. Distribution was completed by August 8, 2024 pursuant to the resolution of the shareholders' meeting. (Each share was entitled to cash dividend of

NT\$1.2 and the total cash dividends to shareholders amounted to NT\$360,049,536.)

(II) Penalties imposed and the major defects and corrective action thereof in the most recent fiscal year and as of the publication date of this annual report: None.

IV. Any Events as of the Date of this Annual Report that had Significant Impacts on Shareholders' Right or Security Prices as Stated in Subparagraph 2 of Paragraph 3 of Article 36 of the Securities and Exchange Act: None.

Shinkong Textile Co., Ltd.

Chairman: Hsing-En Wu