

Stock Code : 1474



Honmyue Enterprise Co. Ltd

**2024 Annual General Meeting of
Shareholders
Meeting Handbook**

Time : June 26, 2024

Venue : No. 60, Gongxi 1st Rd, Shengang Township, Changhua County

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Honmyue Enterprise Co. Ltd

2024 Annual General Meeting of Shareholders

Time: 1:30 p.m. on Wednesday, June 26, 2024

Venue: No. 60, Gongxi 1st Rd, Shengang Township, Changhua County. (The Administration building)

Method of Convening: In-Person Shareholders' meeting.

Chairman: Ming-Chou, Yeh Chairman

I. Declare the opening of the Meeting

II. Chairman's Address

III. Report Items:

1. Business Report for the Year 2023.
2. Audit Committee's Review Report for the Company's Financial Statement and Annual Report for the Year 2023.
3. Report on the Distribution of Annual Employee and Director Compensation for the Year 2023.
4. Report on the 2nd execution for domestic unsecured convertible bonds by the Company.
5. Implementation of Investments in the PRC.
6. Other Reported Items.

IV. Proposed Resolutions

1. 2023 Business Report and the Financial Statements.
2. 2023 Loss Appropriation.

V. Election Matter

Re-election of the directors (including independent directors) of the Company

VI. Other Matter for Discussion

The lift of non-competition restrictions for new directors.

VII. Extraordinary Motion

VIII. Adjournment

Report Items

Report No.1

Business Report for the Year 2023.

Explanatory Notes:

Business Report for the Year 2023, please refer to Attachment 1, (page 5-6).

Report No. 2

Audit Committee's Review Report for the Company's Financial Statement and Annual Report for the Year 2023.

Explanatory Notes:

2023 Audit Committee's Review Report for the Company has been reviewed and completed by Audit Committee, and the report has been issued, please refer to Attachment 2, (page 7).

Report No. 3

Report on the Distribution of Annual Employee and Director Compensation for the Year 2023.

Explanatory Notes:

1. According to the Company's Article of Incorporation, if the company makes a profit during the year, it should allocate no less than 2% for employee remuneration and no more than 5% for director remuneration.
2. The Company did not make a profit in 2023, therefore, according to the Company's Article of Incorporation, will not allocate employee and director remuneration.

Report No. 4

Report on the 2nd execution for domestic unsecured convertible bonds by the Company.

Explanatory Notes:

1. To purchase machinery and equipment and repay bank loans, the Company passed a resolution at a Board of Directors meeting on November 12, 2021, to issue the 2nd domestic unsecured convertible bonds. The case has been approved by Financial Supervisory Commission on January 3, 2022, with issue No. 1100378082, and the bonds have been traded at TPEx since January 26, 2022.
2. The 2nd execution for domestic unsecured convertible bonds by the Company, please refer to Attachment 3, (page 8).
3. From September 13th, 2023, the price will be adjusted from NTD 15.3 to NTD 14.8.

Report No. 5

Implementation of investments in the PRC.

Explanatory Notes:

Implementation of investments in the PRC as December 31, 2023, please refer to Attachment 4, (page 9).

Report No. 6

Other report items.

Explanatory Notes:

The 2024 shareholders' meeting accepts shareholders' proposals and nominations of directors and independent directors. From April 19 to April 29, 2024, the Company did not receive any proposals or nominations of candidates of directors and independent directors from shareholders.

Proposed Resolutions

Report No. 1

Proposed by the Board

Business Report and the Financial Statements for the Year 2023.

Explanatory Notes:

1. Business Report for the Year 2023, please refer to Attachment 1, (page 5-6).
2. The Company's consolidated financial statements and personal financial statements for the Year 2023 have been approved by the Board of Directors and have been audited by the accountants Shu-Hua Hung, and Yu-Chuan Wang from PwC Taiwan, please refer to Attachment 5, (page 10-22), Attachment 6, (page 23-33).

Resolution:

Report No. 2

Proposed by the Board

Loss Appropriation for the Year 2023.

Explanatory Notes:

1. The net loss after tax of the Company's financial statement for the fiscal year 2023 is NTD 44,430,254.
2. The proposed loss appropriation table is as follows:

Honmyue Enterprise Co. Ltd
Loss Appropriation Table
Year of 2023

Items	Unit: NTD \$ Total
Beginning retained earnings	359,667,221
Less : Net loss after tax	(44,430,254)
Add : Other adjustment items	1,211,327
Less : Changes in the net equity value of related companies using the equity method	(1,087,459)
Less : Legal reserve	0
Distributable net profit	315,360,835
Distributable Items	0
Undistributed retained earnings	315,360,835

Chairman: Ming-Chou Yeh Manager: Cheng-Pei Kuo Accounting manager: Li-Che Pan

3. No dividend is distributed in this year.

Resolution:

Election Matter

Proposed by the Board

Proposal: Re-election of the directors (including independent directors) of the Company.

Explanatory Notes:

1. The term of the company's 19th board of directors (including independent directors) will end on August 26, 2024. The Company is planning to re-elect 11 directors (including 3 independent directors) in this shareholders meeting.
2. According to Article 192-1 of the Company Act and the provisions of the

Company's Article of Incorporation, the election of directors in this company adopts a candidate nomination system. Shareholders should elect from the list of director candidates (including independent directors), and for relevant information about the candidates, please refer to Attachment 7 (page 34-37).

3. The 20th newly appointed directors (including independent directors) will take office after the adjournment of this shareholder meeting. The current directors (including independent directors) will be relieved of their duties simultaneously. The term of office for the newly appointed directors (including independent directors) is three years, from June 26, 2024 to June 25, 2027.

Resolution

Other Matter for Discussion

Proposed by the Board

Proposal: The lift of non-competition restrictions for new directors.

Explanatory Notes:

1. According to Article 209 of the Company Act, a director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.
2. To leverage the expertise and relevant experience of the directors of the Company, they may invest in other companies with similar or identical business scopes as the Company and serve as directors or executives in those companies. Therefore, in accordance with the law, proposed the shareholders meeting to approve the lifting of restrictions on director's non-compete restrictions.
3. For new directors who concurrently hold other company positions, please refer to Attachment 7 (page 34-37).

Resolution

Extraordinary Motion

Adjournment

【Attachment 1】**Business Report for the Year 2023**

Affected by factors such as high inflation, high interest rates, and weaker-than-expected post-pandemic economic performance in China, global consumer market demand turned down from the second half of 2022 to 2023, declining gradually each quarter. European and American brands struggled with inventory digestion, adopting notably conservative procurement strategies. Additionally, as the Chinese textile industry has yet to shake off its recessionary plight, export disruptions led to an oversupply in the domestic market, impacting textile industries across all levels of the supply chain in our country.

However, as a domestic supplier with a relatively large scale in woven fabric production, the Company possesses the capability to manage upstream and downstream supply relationships. This enables us to maintain higher flexibility and stability amidst market fluctuations. We will continue to integrate internal and external resources, innovate continuously, and adjust our strategies to meet market challenges, thus preserving our competitive advantage.

In 2023, Honmyue had a combined operating revenue of NTD 2,685,726 thousand, a decrease of 15.78% compared to the previous year. The combined net loss for this period was NTD43,378 thousand, a decrease of 153.84% compared to the previous year.

The implementation results of the operating plan, financial ratios, profitability analysis, and research and development status for the 2023 fiscal year is as follows:

1. The implementation results of the operational plan

Unit: NTD Thousand

Subject \ Year	2023	2022	Add or subtract change	
			Amount	Change ratio
Net operating revenue	2,685,726	3,189,020	(503,294)	(15.78%)
Cost of revenue	2,474,942	2,782,976	(308,034)	(11.07%)
Gross profit	210,784	406,044	(195,260)	(48.09%)
Operating expense	302,551	347,155	(44,604)	(12.85%)
Operating loss	(91,767)	58,889	(150,656)	(255.83%)
Non-operating revenue and expenses	50,415	45,777	4,638	10.13%
Net loss before tax	(41,352)	104,666	(146,018)	(139.51%)
Net loss for current period	(43,378)	80,569	(123,947)	(153.84%)

2. Budget execution status: Not applicable

The Company only set internal budget targets for fiscal year 2023 and did not publicly disclose any financial forecasts.

3. Financial ratio and Profitability analysis

Items		2023	2022
Financial structure	Debts ratio	46.00%	44.96%
	The ratio of long-term funds of real estate, factory buildings, and equipment	187.89%	194.86%
Solvency ratios	Current ratio	189.17%	219.80%
	Quick ratio	97.27%	120.89%
Profitability	Return on Asset	(0.61%)	2.41%
	Return on Equity	(2.08%)	3.81%
	Operating profit	(1.62%)	2.53%
	Earning per shares (yuan)	(0.34)	0.60

4. Research and development status

The Company is committed in developing high value products to meet market demand, with environmental sustainability, safety protection, functional comfort, and technological fashion as the four main directions for the products. Because the global trend of low-carbon transformation and net-zero carbon emissions, the Company focused our research and development in sustainability, actively developing environmentally friendly products that comply with concept of a circular economy, and increase the proportion of low-carbon, energy-saving, environmentally friendly, and recycled new materials products in development and sales. Meanwhile, we also focus on developing new forward-looking and explore new applications for textile products as to enhance the effectiveness of research and development as a whole. In the textile industry, the Company play the important role of international professional supplier for environmentally friendly and functional textile products. Through the development of new materials and the enhancement of production processes, it continues to develop sustainable and innovative textile products with low carbon, circular, and renewable core value.

The 5 significant R&D achievements of Honmyue Company in 2023 are as follows:

1. High-strength fishing net recycled fabrics
2. rPVB recycled vinyl mesh outdoor fabrics
3. E-2000 EcoMade cotton-like mechanical elastic fabrics
4. Polyester high-strength environmentally friendly colored spandex
5. New type high-strength Hurricane Protection fabrics

Through the construction project facilitated by the Ministry of Economic Affairs' Sustainable Innovation R&D Center, the Company continuously upgrades its research and development system. We actively recruit high-level R&D talents and collaborate with domestic and international research institutions and expert consultants to integrate cross-disciplinary R&D resources. Our focus is on researching eco-friendly materials and optimizing low-carbon manufacturing processes. This includes three major project executions: the development of composite coated fibers and mesh fabric new materials, functional protective textiles, and sustainable innovation in recycling technologies. The goal of these projects is to develop more environmentally friendly and sustainable low-carbon materials to meet the future demands for protective and functional textiles. Furthermore, we emphasize transforming research and development into forward-looking, cutting-edge development, cultivating independent R&D capabilities, and combining brand design development to create high-value-added products, thereby enhancing the Company's competitiveness. Additionally, we continuously introduce international environmental verification and assessment tools and establish digital product platforms to assist our R&D team and clients in assessing the environmental impact of new materials in the early stages of product design and development. This enables us to expand our product line with more environmentally certified products, strengthen our corporate image of environmentally friendly products, and explore new applications in the market for new products.

Honmyue Enterprise Co. Ltd

Chairman : Ming-Chou Yeh

Manager : Cheng-Pei Kuo

Accounting Manager : Li-Che Pan

【Attachment 2】

Honmyue Enterprise Co. Ltd
Audit Committee's Review Report

The Board of Directors has presented the Company's annual business report, financial statements, and dividend distribution proposal for the 2023 fiscal year. The financial statements have been audited by the accountants Shu-Hua Hung, and Yu-Chuan Wang from PwC Taiwan, and an audit report has been issued. The business report, financial statements, and loss appropriation proposal have been reviewed by the audit committee and found to follow all relevant regulations. Therefore, we report the above in accordance with the relevant provisions of the Securities Exchange Act and the Company Act, please kindly request to put attention to this matter.

Sincerely yours,

The 2024 Annual Shareholders' Meeting of Honmyue Enterprise Co. Ltd

Chair of Audit Committee
Chen-Chi Hsiao

March 8, 2024

【Attachment 3】

The issue status of the 2nd domestic unsecured convertible bonds

Type of Corporate Bond	The 2nd domestic unsecured convertible bonds	
Date of Issue (processing)	January 26th 2022	
Face Value	NTD 100,000 in total	
Issue and Trading Floors	Taipei Exchange	
Issue Price	Issued at 109.01% of the face value	
Total Face Value	NTD 300,000,000 yuan	
Interest Rate	The coupon rate is 0%	
Term	Three-year term : January 26th, 2025	
Guarantor Institution	Not applicable	
Trustee	Taishin International Bank	
Underwriter	Mega Securities	
Signing Lawyer	Handsome attorneys-at-law, Ya-wen Chiu Lawyer	
Signing Accountant	PwC, Lan-Mei Liu Accountant, Yu-Chuan Wang Accountant	
Repayment Method	Except for the holders of convertible corporate bonds who convert into common stocks of the Company in accordance with Article 10 of these Regulations, or whose bonds are redeemed in advance by the Company in accordance with Article 18 of these Regulations, or repurchased and cancelled by the securities dealers, the Company shall, within ten business days after the maturity date of the convertible corporate bonds, pay the bondholders the principal and interest compensation (the interest compensation at the time of maturity is 1.5075% of the face value, and the actual yield is 0.5%) of the convertible corporate bonds held by the bondholders in cash as a one-time repayment.	
Unpaid Principal	NTD 300,000,000 yuan	
Redemption or early repayment provisions	Please refer to the Company's second Domestic Unsecured Convertible Corporate Bonds Offering and Conversion Procedures	
Restriction Provision	Please refer to the Company's second Domestic Unsecured Convertible Corporate Bonds Offering and Conversion Procedures	
Name of credit rating agency, rating date, and corporate bond rating result	Not applicable	
Attached other rights	The amount of common stock, Depository Receipt, or other securities converted (exchanged or subscribed) as of the date of annual report printing	Not yet converted
	Issuance and Conversion (Exchange or Subscription) Procedures	Please refer to the Company's second Domestic Unsecured Convertible Corporate Bonds Offering and Conversion Procedures
Issuance and conversion, exchange or subscription procedures, impact of issuance conditions on possible equity dilution and on existing shareholders' equity	Assuming that all outstanding convertible corporate bonds are converted into common shares based on the current conversion price, a total of 20,270,270 common shares of the Company can be converted. Considering the total number of outstanding shares of 129,896,969 shares that the Company has currently issued and the number of convertible shares, the impact on shareholder equity is expected to be limited.	
Name of substitution bid, the entrusted custodian institution	None	

【Attachment 4】

1. As of December 31, 2023, the investment status of the Company in China is as follows:

Unit : NTD Thousand

name of company invested in Mainland China	Main business items	Investment method	Paid-in capital. (Note 4)	cumulative investment amount remitted from Taiwan at the beginning of the current period	Investment amount remitted or recovered during the current period		The cumulative amount of invested funds remitted from Taiwan for the current period by the end of the period (Note 5)	The percentage of shareholding that the Company has directly or indirectly invested in	The recognized investment gains/losses for the current period. (Note 6)	Period-end book value of investments
					Remitted	Recover				
Hongyu Textile (Zhejiang) Limited Company	The Company's main business is manufacturing and selling cotton fiber products and performing post-processing	Note 1	525,056	536,721			536,721	100%	(17,887)	446,239
Zhejiang Yaoliang Textile Limited Company	The weaving, dyeing, and finishing of high-end fabric.	Note 1	52,199	65,692			65,692	38.17%	-	-
Jiujiang Deyu Textile Technology Co., Ltd	Manufacturing and selling cotton and silk fiber products, and post-processing	Note 2	497,076	497,590			497,590	100%	(24,422)	449,281
Jiujiang Hongzhi Textile Technology Co., Ltd	The weaving, dyeing, and finishing of high-end fabric.	Note 3	21,612		15,128			70%		15,131

Note 1 : The investment in Mainland China is made through a third-country company, HONGYU HOLDINGS L.L.C.

Note 2 : Direct investment in mainland China

Note 3 : Invest trough Hongyu Textile (Zhejiang) Limited Company

Note 4 : The figures in this table related to foreign currencies are converted into New Taiwan Dollars based on the exchange rates on the balance sheet date.

Note 5 : The accumulated investment amount remitted from Taiwan for the current period at the end of the period was converted based on the original investment exchange rate.

Note 6 : The recognized investment gains or losses for this period have been audited by the certified public accountant of the Taiwan parent company.

2. The investment limit for investment in Mainland China is regulated by the relevant authorities in Taiwan and may be subject to change.

Unit : NTD Thousand

The cumulative amount of investment funds transferred from Taiwan to Mainland China during the current period as of the end of the period (Note 1,3)	The approved investment amount by the Investment Commission of the Ministry of Economic Affairs. (Note 1,3)	Investment limit to China as regulated by the Investment Commission of the Ministry of Economic Affairs. (Note 2)
1,060,920	1,073,078	1,202,408

Note 1 : This table includes figures in foreign currencies, which are converted into New Taiwan Dollars using the relevant exchange rates on the balance sheet date.

Note 2 : The investment limit is calculated based on the "Principles for Examination of Investment or Technical Cooperation in Mainland China" issued by the Ministry of Economic Affairs, which stipulates that the investment limit is 60% of the net value.

Note 3 : The accumulated investment amount remitted from Taiwan to mainland China as of the end of this period is USD 16,242 million, JPY 299,876 million, and CNY 115,000 million. The approved investment amount by the Investment Commission, Ministry of Economic Affairs, is USD 34,948 million. The exchange rates used for conversion are 30.705 for USD, 0.2172 for JPY, and 4.3224 for CNY.

【Attachment 5】

Independent Auditors' Report

(2024) Ministry of Finance approved No. 23004970

The Board of Directors and Shareholders

Honmyue Enterprise Co., Ltd.

Opinion

We have conducted an audit on the consolidated financial statements of Honmyue Enterprise Co., Ltd. and subsidiaries (referred to as the "Group") for the year ended December 31, 2023 and 2022, which include the consolidated statements of comprehensive income, statements of changes in equity, and statements of cash flows for the period from January 1 to December 31, 2023 and 2022. We have also reviewed the notes to the consolidated financial statements, which contain a summary of significant accounting policies.

In our opinion, the consolidated financial statements presented herein, which were prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, fairly present the consolidated financial position of the Group as of December 31, 2023 and 2022, as well as its consolidated financial performance and consolidated cash flows for the period from January 1 to December 31, 2023 and 2022, in all material respects.

Basis for Opinion

We conducted our audit in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and the Generally Accepted Auditing Standards in the Republic of China (ROC GAAS). Our responsibility under these standards is explained further in the section titled "Auditors' Responsibilities for the Audit of the Consolidated Financial Statements." Our firm's staff members subject to independence requirements comply with the Codes of Professional Ethics for Certified Public Accountants in the Republic of China and have maintained their independence from the Group, fulfilling other ethical responsibilities as per the Codes. We are of the opinion that we have obtained sufficient and appropriate audit evidence to support our opinion.

Key Audit Matter

Key audit matters refer to those matters that, in our professional judgment, were most significant in the audit of the Group's consolidated financial statements for the year 2023. These matters were addressed as part of our overall audit of the consolidated financial statements, and we do not express a separate opinion on them.

The key audit matters for the Group's consolidated financial statements for the year 2023 are as follows:

Cutoff Point for Revenue Recognition

Description

For accounting policies on revenue recognition, please refer to Note 4(29) in the Consolidated Financial Statements. For statement of operating revenue, please refer to Note 6(19). The Group mainly engages in the manufacturing and sales of various cotton, wool, silk, and synthetic fiber textiles. Revenue from sales is recognized when control of the goods is transferred upon arrival at the destination port, based on the terms of the transaction, and is recognized at the end of each month through manual checking of the transaction date and the actual arrival date. This revenue recognition process involves many manual judgments and operations, which may result in revenue being recorded in the wrong period. Therefore, the cutoff date for revenue from sales is regarded as one of the key audit matters to be audited this year.

Audit Procedure (How our audit addressed the matter)

Our auditor's main audit procedures performed on the specific aspects described in the key audit matter are as follows:

1. Obtain an understanding of and evaluated the sales transaction operation procedures and internal controls, and tested these controls to assess the effectiveness of management's control over the timing of the recognition of sales revenue.

2. Verify sales transactions for a certain period before and after the balance sheet date by checking the transaction documents to confirm that sales transactions were recorded in the appropriate period.

Allowance for Inventory Valuation Losses

Description

Regarding the accounting policies for inventory valuation, please refer to Note 4(14) in the consolidated financial statements. For the significant accounting estimates and assumptions related to inventory valuation and their uncertainties, please refer to Note 5 in the consolidated financial statements. For the explanation of inventory provision for impairment, please refer to Note 6(4) in the consolidated financial statements. As of December 31, 2023, the inventory and allowance for inventory valuation losses of the Group amounted to NT\$986,731 thousand and NT\$112,201 thousand, respectively.

The Group mainly engages in the manufacturing and sales of various cotton, wool, silk, and synthetic fiber textiles. For inventory that has been held for a specific period of time or that has been identified

as impaired, the Group measures the inventory at cost or net realizable value, whichever is lower, and provides for inventory write-downs based on the usability of inventory that has been identified as obsolete or damaged. Given that the provision for inventory valuation losses has a significant impact on the financial statements of the Group and that the valuation of inventory at net realizable value at the balance sheet date requires judgement and estimation, the assessment of the provision for inventory valuation losses is regarded as one of the key audit matters to be audited this year

Audit Procedure (How our audit addressed the matter)

Our auditor's main audit procedures performed on the specific aspects described in the key audit matter are as follows:

1. Understand the operation and nature of the Group, evaluate the reasonableness of its inventory provision policy for assessing inventory impairment losses.

2. Review the annual inventory counting plan of the Group and participate in the annual inventory count to assess the effectiveness of management's segregation and control of obsolete inventory.

3. Review the supporting documents related to the inventory aging report to verify the dates of inventory movements, confirm the proper classification of inventory into aging categories, and recalculate the aging report in accordance with the Group's policies.

4. Obtain the net realizable value reports of all inventory items, verify that the calculation logic is consistently applied, test the basis for the estimation of the net realizable value of inventory, including checking supporting documents such as sales prices, purchase prices, etc. Re-calculate and evaluate the reasonableness of the inventory valuation.

Other matter - Parent company only financial statements

We have audited and expressed an unqualified opinion on the Parent Company Only Financial Statements of Honmyue Enterprise Co., Ltd. as at and for the years ended December 31, 2023 and 2022.

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

Management is responsible for preparing the consolidated financial statements in compliance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and

maintaining adequate internal controls related to the preparation of the consolidated financial statements to ensure that there are no significant misrepresentations due to fraud or error.

Management is responsible for evaluating the Group's ability to continue as a going concern, disclosing relevant matters, and using the going concern basis of accounting when preparing the consolidated financial statements, unless management intends to liquidate the company or cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

The purpose of our audit of the consolidated financial statements is to obtain reasonable assurance that they are free from material misstatement, whether caused by fraud or error, and to issue an audit report. Reasonable assurance is a high level of assurance, but it does not guarantee that the audit, performed in accordance with ROC GAAS, will always detect a material misstatement when one exists. Misstatements can result from fraud or error and are considered material if they could reasonably be expected, individually or in aggregate, to influence the economic decisions of users based on these financial statements.

As part of our audit in accordance with the ROC GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. In addition, we perform the following procedures:

1. Identify and assess the risks of material misstatement in the consolidated financial statements, whether caused by fraud or error. We design and perform audit procedures that are appropriate to address those risks, and obtain sufficient and appropriate audit evidence to support our opinion. The risk of failing to detect a material misstatement due to fraud is higher than that of one due to error, because fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Design appropriate audit procedures in the given circumstances, and obtain necessary understanding of internal control that is relevant to the audit. However, our objective is not to express an opinion on the effectiveness of the internal control of the Group.

3. Evaluate appropriateness of the accounting policies adopted by management, and the reasonableness of the accounting estimates and related disclosures.

4. Assess the appropriateness of management's use of the going concern basis of accounting

and determine whether any events or conditions exist that may cast significant doubt on the Group's ability to continue as a going concern, based on the audit evidence obtained. If we conclude that a material uncertainty exists, we will draw attention to the related disclosures in the financial statements in our audit report or modify our opinion if such disclosures are inadequate. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, it should be noted that future events or conditions may lead to the Group's inability to continue as a going concern.

5. Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the related disclosures, and determine whether the consolidated financial statements provide a fair representation of the underlying transactions and events in a manner that is appropriate.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for directing, supervising and performing the group audit, and for forming an opinion on the consolidated financial statements based on the results of our audit.

We communicate with the governance entity regarding various matters, such as the audit's planned scope and timeline, as well as significant audit findings, which may include significant deficiencies in internal control identified during the audit process.

We also provide those charged with governance with a declaration that the personnel of our accounting firm who are subject to independence requirements have complied with the Code of Ethics for CPAs in the Republic of China concerning independence, and communicate to them any relationships and other matters that may be perceived to affect our independence, as well as any relevant safeguards.

After communicating with those charged with governance, we determine the key audit matters that are of most significance in our audit of the Group's consolidated financial statements for the year 2023. We disclose these matters in our audit report, unless it is prohibited by law or regulation or, in exceptional cases. We decide not to communicate a specific matter in our report due to the potential negative impact on the public interest outweighing the benefits of such communication.

PricewaterhouseCoopers Taiwan
Hung, Shu-Hua

CPA
Wang, Yu-Chuan

Former Securities Commission of the Ministry of Finance
Approval -certified No.: (85) Tai-Cai-Certificate (6) 68701
Financial Supervisory Commission
Approval -certified No.: Jin-Guan-Certificate No. 1020028992

March 8, 2024

HONMYUE ENTERPRISE CO., LTD. AND SUBSIDIARIES
Consolidated Balance Sheets
December 31, 2023 and 2022

(In Thousands of New Taiwan Dollars)

	Assets	Notes	December 31, 2023		December 31, 2022	
			Amount	%	Amount	%
CURRENT ASSET						
1100	Cash and cash equivalents	6(1)	\$ 431,458	12	\$ 630,487	16
1110	Financial assets at fair value through profit or loss - current	6(2)	15,256	-	9,127	-
1150	Notes receivable	6(3), 8	89,561	2	76,085	2
1160	Notes receivables - related parties	7(2)	220	-	296	-
1170	Accounts receivable	6(3)	513,350	14	384,883	10
1180	Accounts receivable - related parties	7(2)	1,604	-	40,681	1
1200	Other receivables	7(2)	34,350	1	34,084	1
130X	Inventories	6(4)	874,530	23	814,860	21
1410	Prepayments	6(5)	153,005	4	149,755	4
1470	Other current assets		1,788	-	3,285	-
11XX	Total current asset		<u>2,115,122</u>	<u>56</u>	<u>2,143,543</u>	<u>55</u>
NONCURRENT ASSET						
1517	Financial assets at fair value through other comprehensive income - noncurrent	6(6)	64,638	2	59,718	2
1535	Financial assets carried at amortized cost - noncurrent	8	13,462	-	11,600	-
1550	Investment accounted for using equity method	6(7)	128	-	128	-
1600	Property, plant and equipment	6(8), 8	1,408,738	38	1,492,068	38
1755	Right-of-use assets	6(9)	64,604	2	70,076	2
1780	Intangible assets		11,829	-	21,421	1
1840	Deferred tax assets	6(25)	42,587	1	42,955	1
1900	Other noncurrent assets	8	43,895	1	41,069	1
15XX	Total noncurrent asset		<u>1,649,881</u>	<u>44</u>	<u>1,739,035</u>	<u>45</u>
1XXX	TOTAL ASSET		<u>\$ 3,765,003</u>	<u>100</u>	<u>\$ 3,882,578</u>	<u>100</u>

(Continued)

HONMYUE ENTERPRISE CO., LTD. AND SUBSIDIARIES
Consolidated Balance Sheets
December 31, 2023 and 2022

(In Thousands of New Taiwan Dollars)

	Liabilities and Equity	Note	December 31, 2023		December 31, 2022	
			Amount	%	Amount	%
	CURRENT LIABILITIES					
2100	Short-term borrowings	6(10)	\$ 341,029	9	\$ 238,361	6
2110	Short-term notes and bills payable	6(11)	29,923	1	-	-
2130	Current contract liabilities	6(19)	25,287	1	25,257	1
2150	Notes payable	7(2)	92,087	2	122,160	3
2170	Accounts payable	7(2)	210,023	6	143,740	4
2200	Other payables	6(12), 7(2)	185,692	5	208,318	5
2230	Current income tax liabilities		12,196	-	37,909	1
2320	Long-term liabilities within one year or one business cycle	6(14)	153,999	4	170,666	4
2399	Other current liabilities	6(9), 9	67,847	2	28,794	1
21XX	Total current liabilities		<u>1,118,083</u>	<u>30</u>	<u>975,205</u>	<u>25</u>
	NONCURRENT LIABILITIES					
2530	Bonds payable	6(13)	295,720	8	287,569	7
2540	Long-term loan	6(14)	196,357	5	350,357	9
2570	Deferred tax liabilities	6(25)	67,569	2	68,184	2
2600	Other noncurrent liabilities	6(9)(15)(20)	54,094	1	64,391	2
25XX	Total noncurrent liabilities		<u>613,740</u>	<u>16</u>	<u>770,501</u>	<u>20</u>
2XXX	Total liabilities		<u>1,731,823</u>	<u>46</u>	<u>1,745,706</u>	<u>45</u>
	EQUITIES					
	Equities attrib. to owner of the parent					
	Share capital	6(16)				
3110	Ordinary shares		1,298,970	35	1,298,970	33
	Capital reserve	6(17)				
3200	Capital reserve		50,735	1	50,735	1
	Retained earnings	6(18)				
3310	Legal reserve		239,318	6	231,804	6
3320	Special Reserve		182,752	5	182,752	5
3350	Unappropriated retained earnings		315,361	8	419,140	11
	Other equity interest					
3400	Other equity interest		(83,123)	(2)	(68,169)	(2)
31XX	Equity attrib. to owners of the parent		<u>2,004,013</u>	<u>53</u>	<u>2,115,232</u>	<u>54</u>
36XX	Non-controlling interests		<u>29,167</u>	<u>1</u>	<u>21,640</u>	<u>1</u>
3XXX	Total equity		<u>2,033,180</u>	<u>54</u>	<u>2,136,872</u>	<u>55</u>
	Material contingent liabilities and unrecognized contractual commitments					
	Significant subsequent events	11				
3X2X	Total liabilities and equity		<u>\$ 3,765,003</u>	<u>100</u>	<u>\$ 3,882,578</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.

Chairman: Yeh, Ming-Zhou

Manager: Kuo, Cheng-Pei

Chief Accountant: Pan, Li-Che

HONMYUE ENTERPRISE CO., LTD. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
From January 1 to December 31, 2023 and 2022

(In Thousands of New Taiwan Dollars)
(Except for earnings (loss) per share expressed in New Taiwan Dollar)

Item	Notes	2023		2022	
		Amount	%	Amount	%
4000 Operating Revenue	6(19), 7(2)	\$ 2,685,726	100	\$ 3,189,020	100
5000 Operating costs	6(4), 7(2)	(2,474,942)	(92)	(2,782,976)	(87)
5900 Operating margin		<u>210,784</u>	<u>8</u>	<u>406,044</u>	<u>13</u>
Operating expenses	6(23)(24)				
6100 Sales and marketing expenses		(105,608)	(4)	(115,847)	(4)
6200 General and administrative expenses		(147,776)	(6)	(171,075)	(5)
6300 Research and development expenses		(53,995)	(2)	(62,250)	(2)
6450 Expected credit impairment loss	12(2)	<u>4,828</u>	<u>-</u>	<u>2,017</u>	<u>-</u>
6000 Total Operating Expenses		(302,551)	(12)	(347,155)	(11)
6900 Operating profit (loss)		(91,767)	(4)	<u>58,889</u>	<u>2</u>
Non-operating income and expenses					
7100 Interest income		6,842	-	5,403	-
7010 Other income	6(20), 7(2)	50,524	2	58,313	2
7020 Other gains and losses	6(21)	18,236	1	4,247	-
7050 Finance costs	6(22)	(25,187)	(1)	(22,186)	(1)
7000 Total non-operating income		<u>50,415</u>	<u>2</u>	<u>45,777</u>	<u>1</u>
7900 Pretax profit (loss)		(41,352)	(2)	104,666	3
7950 Income tax expense	6(25)	(2,026)	-	(24,097)	(1)
8200 Net profit (loss)		<u>(\$ 43,378)</u>	<u>(2)</u>	<u>\$ 80,569</u>	<u>2</u>

(Continued)

HONMYUE ENTERPRISE CO., LTD. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
From January 1 to December 31, 2023 and 2022

(In Thousands of New Taiwan Dollars)
(Except for earnings (loss) per share expressed in New Taiwan Dollar)

Item	Notes	2023		2022		
		Amount	%	Amount	%	
Other comprehensive income (net)						
Not reclassified to profit or loss						
8311	Measure on defined benefit plans	6(15)	\$ 1,515	-	(\$ 2,865)	-
8316	Unrealized gains and losses on valuation of investment in equity instruments measured at fair value through other comprehensive income	6(6)	4,920	-	(28,415)	(1)
8349	Income tax related to components that are not reclassified subsequently to profit or loss	6(25)	(1,251)	-	6,345	-
8310	Total not reclassified to profit or loss		5,184	-	(24,935)	(1)
Components that may be reclassified to profit or loss						
8361	Exchange difference arising from translation of foreign operation financial statements		(18,926)	-	13,451	1
8360	Total Items that may be reclassified to profit and loss		(18,926)	-	13,451	1
8300	Other comprehensive net gains/losses		(\$ 13,742)	-	(\$ 11,484)	-
8500	Total comprehensive gains/losses		(\$ 57,120)	(2)	\$ 69,085	2
Profit, attrib. to:						
8610	Owners of the parent		(\$ 44,431)	(2)	\$ 77,429	2
8620	Non-controlling interest		1,053	-	3,140	-
	Total		(\$ 43,378)	(2)	\$ 80,569	2
Comprehensive income (loss) attrib. to:						
8710	Owners of the parent		(\$ 58,173)	(2)	\$ 65,945	2
8720	Non-controlling interest		1,053	-	3,140	-
	Total		(\$ 57,120)	(2)	\$ 69,085	2
Earnings (loss) per share						
9750	Basic earnings (loss) per share	6(26)	(\$ 0.34)		\$ 0.60	
9850	Diluted earnings (loss) per share		(\$ 0.34)		\$ 0.56	

The accompanying notes are an integral part of the consolidated financial statements

Chairman: Yeh, Ming-Zhou

Manager: Kuo, Cheng-Pei

Chief Accountant: Pan, Li-Che

HONMYUE ENTERPRISE CO., LTD. AND SUBSIDIARIES
Consolidated Statements of Changes in Equity
From January 1 to December 31, 2023 and 2022

(In Thousands of New Taiwan Dollars)

	Notes	Equity Attributable to Owners of the Parent									Non-controlling interest	Total equity
		Capital Surplus			Retained Earnings			Other Equity Interest				
		Share capital - common stock	Treasury stock transactions	Employ stock option	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences from translating foreign operating financial statements	Unrealized gains or losses on financial assets at fair value through other comprehensive income	Total		
Year ended December 31, 2022												
Balance at January 1, 2022		\$ 1,298,970	\$ 5,887	\$ -	\$ 217,652	\$ 182,752	\$ 423,103	(\$ 48,243)	(\$ 10,734)	\$ 2,069,387	\$ 18,500	\$ 2,087,887
Net income		-	-	-	-	-	77,429	-	-	77,429	3,140	80,569
Other comprehensive income	6(7)	-	-	-	-	-	(2,292)	13,451	(22,643)	(11,484)	-	(11,484)
Total comprehensive income		-	-	-	-	-	75,137	13,451	(22,643)	65,945	3,140	69,085
Earnings allocation and distribution in 2021	6(18)											
Legal reserve		-	-	-	14,152	-	(14,152)	-	-	-	-	-
Cash dividends		-	-	-	-	-	(64,948)	-	-	(64,948)	-	(64,948)
Recognition of stock options as a component of equity due to the issuance of convertible bonds	6(13)(17)	-	-	44,848	-	-	-	-	-	44,848	-	44,848
Balance at December 31, 2022		\$ 1,298,970	\$ 5,887	\$ 44,848	\$ 231,804	\$ 182,752	\$ 419,140	(\$ 34,792)	(\$ 33,377)	\$ 2,115,232	\$ 21,640	\$ 2,136,872
Year ended December 31, 2023												
Balance at January 1, 2023		\$ 1,298,970	\$ 5,887	\$ 44,848	\$ 231,804	\$ 182,752	\$ 419,140	(\$ 34,792)	(\$ 33,377)	\$ 2,115,232	\$ 21,640	\$ 2,136,872
Net income		-	-	-	-	-	(44,431)	-	-	(44,431)	1,053	(43,378)
Other comprehensive income		-	-	-	-	-	1,212	(18,926)	3,972	(13,742)	-	(13,742)
Total comprehensive income		-	-	-	-	-	(43,219)	(18,926)	3,972	(58,173)	1,053	(57,120)
Earnings allocation and distribution in 2022	6(18)											
Legal reserve		-	-	-	7,514	-	(7,514)	-	-	-	-	-
Cash dividends		-	-	-	-	-	(51,959)	-	-	(51,959)	-	(51,959)
Increase in non-controlling interests	4(3)	-	-	-	-	-	(1,087)	-	-	(1,087)	7,572	6,485
Decrease in non-controlling interest		-	-	-	-	-	-	-	-	-	(1,098)	(1,098)
Balance at December 31, 2023		\$ 1,298,970	\$ 5,887	\$ 44,848	\$ 239,318	\$ 182,752	\$ 315,361	(\$ 53,718)	(\$ 29,405)	\$ 2,004,013	\$ 29,167	\$ 2,033,180

The accompanying notes are an integral part of the consolidated financial statements.

Chairman: Yeh, Ming-Zhou

Manager: Kuo, Cheng-Pei

Chief Accountant: Pan, Li-Che

HONMYUE ENTERPRISE CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows
From January 1 to December 31, 2023 and 2022

(In Thousands of New Taiwan Dollars)

	<u>Notes</u>	<u>From January 1 to December 31, 2023</u>		<u>From January 1 to December 31, 2022</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>				
Pretax profit		(\$ 41,352)	\$	104,666
Adjustments				
Adjustments to reconcile profit(loss)				
Depreciation expense (investment properties and right-of-use assets)	6(21)(23)	95,450		110,654
Amortization expense	6(23)	2,977		2,215
Reversal of expected credit loss recognized in profit or loss	7(2), 12(2)	(4,828 )	(	2,017)
Net gain on financial assets or liabilities at fair value through profit or loss	6(2)(21)	832		6,165
Gain on disposal or retirement of property, plant and equipment	6(21)	(8,600 )	(	1,586)
Gain on tangible asset	6(21)	(19,340)		-
Interest expense	6(22)	25,187		22,186
Interest income		(6,842 )	(	5,403)
Dividend income	6(20)	(220 )	(	855)
Government grant income	6(20)	(1,891 )	(	1,383)
Benefit from lease modification	6(9)	(10 )	(	5)
Gain on disposal of investments	6(21)	(2,580 )	(	965)
Unrealized foreign exchange loss		9,458		2,327
Changes in operating assets and liabilities				
Changes in operating assets, net				
Notes receivable - net		(7,697)		120,279
Notes receivable - related party, net		76		1,006
Accounts receivable		(128,667)		86,745
Accounts receivable - related parties		23,769		82,277
Other receivables		13,916	(	1,507)
Inventories		(62,993)		119,647
Prepayments		(5,573 )	(	14,495)
Other current assets		1,497		1,319
Other noncurrent assets		2,183		595
Liabilities net change related to operation activities				
Contract liabilities - current		209	(	15,183)
Notes payable		(30,073 )	(	113,486)
Accounts payable		61,078	(	78,802)
Other payables		(12,462 )	(	19,058)
Other current liabilities		4,234		35
Other noncurrent liabilities		(374)		2,154
Cash inflow from operation activities		(92,636)		407,525
Interest received		220		855
Dividends received		7,249		4,928
Interest paid		(17,038 )	(	14,783)
Income tax refunded		1,619		2,729
Income tax paid		(30,880 )	(	31,067)
Net cash flows from operating activities		(131,466)		370,187

(Continued)

HONMYUE ENTERPRISE CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows
From January 1 to December 31, 2023 and 2022

(In Thousands of New Taiwan Dollars)

	<u>Notes</u>	<u>From January 1 to December 31, 2023</u>	<u>From January 1 to December 31, 2022</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through profit or loss		(\$ 22,110)	(\$ 16,457)
Disposal of financial assets at fair value through profit or loss		17,729	18,904
Acquisition of financial assets at amortized cost		(2,162)	(4,951)
Disposal of financial assets at amortized cost		300	60,021
Acquisitions of property, plant and equipment	6(27)	(97,339)	(156,293)
Disposal of property, facility and equipment		20,006	1,586
Acquisition of intangible assets		(4,881)	(11,180)
Gain on disposal of tangible assets		26,462	-
Decrease in refundable deposits		335	4,220
Receipt of grants		91,494	25,370
Net cash outflow from investing activities		<u>29,834</u>	<u>(78,780)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings		823,059	969,210
Decrease in short-term borrowings		(721,630)	(1,228,693)
Increase in short-term notes and bills payables		270,000	235,000
Decrease in short-term notes and bills payables		(240,000)	(395,000)
Lease principal repayment	6(28)	(1,699)	(2,113)
Issuance of corporate bonds	6(28)	-	321,827
Repayments of long-term borrowings	6(28)	(170,667)	(117,000)
Increase in guarantee deposits received	6(28)	(5,362)	12,786
Cash dividends paid	6(28)	(53,057)	(64,948)
Net Cash outflow from financing activities		<u>(99,356)</u>	<u>(268,931)</u>
Effects of foreign exchange rates		1,959	3,025
Increase (decrease) in cash and cash equivalents		(199,029)	25,501
Cash and cash equivalents, beginning of period		630,487	604,986
Cash and cash equivalents, end of period		<u>\$ 431,458</u>	<u>\$ 630,487</u>

The accompanying notes are an integral part of the consolidated financial statements.

Chairman: Yeh, Ming-Zhou

Manager: Kuo, Cheng-Pei

Chief Accountant: Pan, Li-Che

【Attachment 6】

Independent Auditors' Report

(2024) Ministry of Finance approved No. 23004631

The Board of Directors and Shareholders

Honmyue Enterprise Co., Ltd.

Opinion

We have conducted an audit on the parent company only financial statements of Honmyue Enterprise Co., Ltd. (referred to as "Honmyue") for the year ended December 31, 2023 and 2022, which include the parent company only balance sheets, statements of comprehensive income, statements of changes in equity, and statements of cash flows for the period from January 1 to December 31, 2023 and 2022. We have also reviewed the notes to the individual financial statements, which contain a summary of significant accounting policies.

In our opinion, the parent company only financial statements presented herein, which were prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," fairly present the parent company only financial position of Honmyue as of December 31, 2023 and 2022, as well as its parent company only financial performance and parent company only cash flows for the period from January 1 to December 31, 2023 and 2022, in all material respects.

Basis for Opinion

We conducted our audit in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and the Generally Accepted Auditing Standards in the Republic of China (ROC GAAS). Our responsibility under these standards is explained further in the section titled "Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements." Our firm's staff members subject to independence requirements comply with the Codes of Professional Ethics for Certified Public Accountants in the Republic of China and have maintained their independence from Honmyue, fulfilling other ethical responsibilities as per the Codes. We are of the opinion that we have obtained sufficient and appropriate audit evidence to support our opinion.

Key Audit Matter

Key audit matters refer to those matters that, in our professional judgment, were most significant in the audit of Honmyue's parent company only financial statements for the year 2023. These matters were addressed as part of our overall audit of the individual financial statements, and we do not express a separate opinion on them.

The key audit matters for Honmyue's individual financial statements for the year 2023 are as follows:

Cutoff Point for Revenue Recognition

Description

For accounting policies on revenue recognition, please refer to Note 4(28) in the Parent Company Only Financial Statements. For statement of operating revenue, please refer to Note 6(21). Honmyue mainly engages in the manufacturing and sales of various cotton, wool, silk, and synthetic fiber textiles. Revenue from sales is recognized when control of the goods is transferred upon arrival at the destination port, based on the terms of the transaction, and is recognized at the end of each month through manual checking of the transaction date and the actual arrival date. This revenue recognition process involves many manual judgments and operations, which may result in revenue being recorded in the wrong period. As this issue also exists in the subsidiary companies held by Honmyue, which are accounted for using the equity method, the cutoff date for revenue from sales is regarded as one of the key audit matters to be audited this year.

Audit Procedures Undertaken in Response to the Matter

Our auditor's main audit procedures performed on the specific aspects described in the key audit matter are as follows:

1. We gained an understanding of and evaluated the sales transaction operation procedures and internal controls, and tested these controls to assess the effectiveness of management's control over the timing of the recognition of sales revenue.
2. We verified sales transactions for a certain period before and after the balance sheet date by checking the transaction documents to confirm that sales transactions were recorded in the appropriate period.

Allowance for Inventory Valuation Losses

Description

Regarding the accounting policies for inventory valuation, please refer to Note 4(12) in the individual financial statements. For the significant accounting estimates and assumptions related to inventory valuation and their uncertainties, please refer to Note 5 in the individual financial statements. For the explanation of inventory provision for impairment, please refer to Note 6(4) in the individual financial statements. As of December 31, 2023, the inventory and allowance for inventory valuation losses of Honmyue amounted to NT\$706,986 thousand and NT\$66,049 thousand, respectively.

Honmyue mainly engages in the manufacturing and sales of various cotton, wool, silk, and synthetic fiber textiles. For inventory that has been held for a specific period of time or that has been identified as impaired, the Company measures the inventory at cost or net realizable value, whichever is lower, and provides for inventory write-downs based on the usability of inventory that has been identified as

obsolete or damaged. Given that the provision for inventory valuation losses has a significant impact on the financial statements of Honmyue and that the valuation of inventory at net realizable value at the balance sheet date requires judgement and estimation, and since the aforementioned matter also exists in the subsidiary companies held by Honmyue accounted for using the equity method, the assessment of the provision for inventory valuation losses is regarded as one of the key audit matters to be audited this year

Audit Procedures Undertaken in Response to the Matter

Our auditor's main audit procedures performed on the specific aspects described in the key audit matter are as follows:

1. Understand the operation and nature of Honmyue, evaluate the reasonableness of its inventory provision policy for assessing inventory impairment losses.
2. Review the annual inventory counting plan of Honmyue and participate in the annual inventory count to assess the effectiveness of management's segregation and control of obsolete inventory.
3. Review the supporting documents related to the inventory aging report to verify the dates of inventory movements, confirm the proper classification of inventory into aging categories, and recalculate the aging report in accordance with the Company's policies.
4. Obtain the net realizable value reports of all inventory items, verify that the calculation logic is consistently applied, test the basis for the estimation of the net realizable value of inventory, including checking supporting documents such as sales prices, purchase prices, etc. Re-calculate and evaluate the reasonableness of the inventory valuation.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management is responsible for preparing the parent company only financial statements in compliance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and maintaining adequate internal controls related to the preparation of the parent company only financial statements to ensure that there are no significant misrepresentations due to fraud or error.

Management is responsible for evaluating Honmyue's ability to continue as a going concern, disclosing relevant matters, and using the going concern basis of accounting when preparing the parent company only financial statements, unless management intends to liquidate the company or cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the supervisory committee) of Honmyue are responsible

for overseeing the financial reporting process.

Responsibilities of the Auditor for the Audit of the Parent Company Only Financial Statements

The purpose of our audit of the parent company only financial statements is to obtain reasonable assurance that they are free from material misstatement, whether caused by fraud or error, and to issue an audit report. Reasonable assurance is a high level of assurance, but it does not guarantee that the audit, performed in accordance with ROC GAAS, will always detect a material misstatement when one exists. Misstatements can result from fraud or error and are considered material if they could reasonably be expected, individually or in aggregate, to influence the economic decisions of users based on these financial statements.

As part of our audit in accordance with the ROC GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. In addition, we perform the following procedures:

1. Identify and assess the risks of material misstatement in the parent company only financial statements, whether caused by fraud or error. We design and perform audit procedures that are appropriate to address those risks, and obtain sufficient and appropriate audit evidence to support our opinion. The risk of failing to detect a material misstatement due to fraud is higher than that of one due to error, because fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Design appropriate audit procedures in the given circumstances, and obtain necessary understanding of internal control that is relevant to the audit. However, our objective is not to express an opinion on the effectiveness of the internal control of Honmyue.
3. Evaluate appropriateness of the accounting policies adopted by management, and the reasonableness of the accounting estimates and related disclosures
4. Assess the appropriateness of management's use of the going concern basis of accounting and determine whether any events or conditions exist that may cast significant doubt on Honmyue's ability to continue as a going concern, based on the audit evidence obtained. If we conclude that a material uncertainty exists, we will draw attention to the related disclosures in the financial statements in our audit report or modify our opinion if such disclosures are inadequate. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, it should be noted that future events or conditions may

lead to the Honmyue's inability to continue as a going concern.

5. Evaluate the overall presentation, structure, and content of the parent company only financial statements, including the related disclosures, and determine whether the parent only financial statements provide a fair representation of the underlying transactions and events in a manner that is appropriate.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within Honmyue in order to express an opinion on the parent company only financial statements. We are responsible for directing, supervising and performing the group audit, and for forming an opinion on the parent company only financial statements based on the results of our audit.

We communicate with the governance entity regarding various matters, such as the audit's planned scope and timeline, as well as significant audit findings, which may include significant deficiencies in internal control identified during the audit process.

We also provide those charged with governance with a declaration that the personnel of our accounting firm who are subject to independence requirements have complied with the Code of Ethics for CPAs in the Republic of China concerning independence, and communicate to them any relationships and other matters that may be perceived to affect our independence, as well as any relevant safeguards.

After communicating with those charged with governance, we determine the key audit matters that are of most significance in our audit of Honmyue's parent company only financial statements for the year 2023. We disclose these matters in our audit report, unless it is prohibited by law or regulation or, in exceptional cases. We decide not to communicate a specific matter in our report due to the potential negative impact on the public interest outweighing the benefits of such communication.

PricewaterhouseCoopers Taiwan
Hung, Shu-Hua
CPA
Wang, Yu-Chuan

Former Securities Commission of the Ministry of Finance
Approval -certified No.: (85) Tai-Cai-Certificate (6) 68701
Financial Supervisory Commission
Approval -certified No.: Jin-Guan-Certificate No. 1020028992

March 8, 2024

HONMYUE ENTERPRISE CO., LTD.
Individual Statements of Balance Sheets
December 31, 2023 and 2022

		(In Thousands of New Taiwan Dollars)					
Assets		Notes	December 31, 2023		December 31, 2022		
			Amount	%	Amount	%	
CURRENT ASSET							
1100	Cash and cash equivalents	6(1)	\$ 281,012	8	\$ 425,310	12	
1110	Financial assets at fair value through profit or loss - current	6(2)	-	-	180	-	
1150	Notes receivable	6(3)	55,301	2	61,565	1	
1160	Notes receivables - related parties	7(2)	173	-	82	-	
1170	Accounts receivable	6(3)	319,899	9	281,130	8	
1180	Accounts receivable - related parties	7(2)	51,844	2	75,729	2	
1200	Other receivables		1,247	-	1,449	-	
1210	Other receivables - related parties	7(2)	101,745	3	67,776	2	
130X	Inventories	6(4)	640,937	18	606,472	17	
1410	Prepayments		14,709	-	33,912	1	
1470	Other current assets		1,699	-	1,650	-	
11XX	Total current asset		<u>1,468,566</u>	<u>42</u>	<u>1,555,255</u>	<u>43</u>	
NONCURRENT ASSET							
1517	Financial assets at fair value through other comprehensive income - noncurrent	6(5)	64,638	2	59,718	2	
1535	Financial assets carried at amortized cost - noncurrent	6(6), 8	6,800	-	7,100	-	
1550	Investment accounted for using equity method	6(7)	1,034,865	30	1,080,826	30	
1600	Property, plant and equipment	6(8), 8	772,673	22	793,242	22	
1755	Right-of-use assets	6(9)	3,926	-	6,578	-	
1760	Investment property, net	6(11), 8	62,518	2	62,863	2	
1780	Intangible assets		11,329	-	12,095	-	
1840	Deferred tax assets	6(28)	32,964	1	33,933	1	
1900	Other noncurrent assets		15,483	1	14,915	-	
15XX	Total noncurrent asset		<u>2,005,196</u>	<u>58</u>	<u>2,071,270</u>	<u>57</u>	
1XXX	TOTAL ASSET		<u>\$ 3,473,762</u>	<u>100</u>	<u>\$ 3,626,525</u>	<u>100</u>	

(Continued)

HONMYUE ENTERPRISE CO., LTD.
Individual Statements of Balance Sheets
December 31, 2023 and 2022

(In Thousands of New Taiwan Dollars)

Liabilities and Equity	Note	December 31, 2023		December 31, 2022		
		Amount	%	Amount	%	
CURRENT LIABILITIES						
2100	Short-term borrowings	6(12)	\$ 308,849	9	\$ 197,658	6
2110	Short-term notes and bills payable	6(13)	29,923	1	-	-
2130	Current contract liabilities	6(21)	6,126	-	15,711	-
2150	Notes payable		65,978	2	106,887	3
2160	Notes payable - related parties	7(2)	2,372	-	22	-
2170	Accounts payable		184,553	5	119,998	3
2180	Accounts payable - related parties	7(2)	4,583	-	6,134	-
2200	Other payables	6(14), 7(2)	130,771	4	144,101	4
2230	Current income tax liabilities	6(28)	3,079	-	28,072	1
2280	Leasing liabilities - current	6(9)	1,260	-	1,962	-
2320	Long-term liabilities within one year or one business cycle	6(16)	150,000	5	166,667	5
2399	Other current liabilities		4,953	-	809	-
21XX	Total current liabilities		<u>892,447</u>	<u>26</u>	<u>788,021</u>	<u>22</u>
NONCURRENT LIABILITIES						
2530	Bonds payable	6(15)	295,720	8	287,569	8
2540	Long-term loan	6(16)	188,690	5	338,690	9
2570	Deferred tax liabilities	6(28)	67,569	2	68,052	2
2580	Lease liability - noncurrent	6(9)	2,623	-	4,595	-
2600	Other noncurrent liabilities	6(17)	22,700	1	24,366	1
25XX	Total noncurrent liabilities		<u>577,302</u>	<u>16</u>	<u>723,272</u>	<u>20</u>
2XXX	Total liabilities		<u>1,469,749</u>	<u>42</u>	<u>1,511,293</u>	<u>42</u>
EQUITIES						
Capital						
3110	Common shares	6(18)	1,298,970	38	1,298,970	36
Capital reserve						
3200	Capital reserve	6(19)	50,735	1	50,735	1
Retained earnings						
3310	Legal reserve	6(20)	239,318	7	231,804	6
3320	Special reserve		182,752	5	182,752	5
3350	Unappropriated retained earnings		315,361	9	419,140	12
Other equity interest						
3400	Other equity interest		(83,123)	(2)	(68,169)	(2)
3XXX	Total equity		<u>2,004,013</u>	<u>58</u>	<u>2,115,232</u>	<u>58</u>
Commitments and contingencies						
3X2X	Total liabilities and equities		<u>\$ 3,473,762</u>	<u>100</u>	<u>\$ 3,626,525</u>	<u>100</u>

The accompanying notes are an integral part of the parent company only financial statements.

Chairman: Yeh, Ming-Chou

Manager: Kuo, Cheng-Pei

Chief Accountant: Pan-Li-Che

HONMYUE ENTERPRISE CO., LTD.
Individual Statements of Comprehensive Income
From January 1 to December 31, 2023 and 2022

(In Thousands of New Taiwan Dollars)

(Except for earnings (losses) per share expressed in New Taiwan Dollar)

Item	Notes	2023		2022	
		Amount	%	Amount	%
4000 Operating Revenue	6(21), 7(2)	\$ 1,996,611	100	\$ 2,484,812	100
5000 Operating costs	6(3)(26)(27), 7(2)	(1,820,859)	(91)	(2,160,099)	(87)
5900 Operating margin		<u>175,752</u>	<u>9</u>	<u>324,713</u>	<u>13</u>
Operating expenses	6(26)(27)				
6100 Sales and marketing expenses		(77,166)	(4)	(89,204)	(4)
6200 General and administrative expenses		(84,028)	(4)	(105,332)	(4)
6300 Research and development expenses		(27,964)	(2)	(19,807)	(1)
6450 Expected credit impairment loss	12(2)	<u>600</u>	<u>-</u>	<u>-</u>	<u>-</u>
6000 Total Operating Expenses		(188,558)	(10)	(214,343)	(9)
6900 Operating profit (loss)		(12,806)	(1)	<u>110,370</u>	<u>4</u>
Non-operating income and expenses					
7100 Interest income	6(22), 7(2)	6,839	-	5,081	-
7010 Other income	6(23), 7(2)	32,146	2	18,588	1
7020 Other gains and losses	6(24)	(1,764)	-	18,813	1
7050 Finance costs	6(25)	(21,170)	(1)	(18,417)	(1)
7070 Share of profit or loss of subsidiaries, associates, and joint ventures accounted for using the equity method	6(7)	(47,428)	(2)	(29,502)	(1)
7000 Total non-operating income		(31,377)	(1)	(5,437)	-
7900 Pretax net profit (loss)		(44,183)	(2)	104,933	4
7950 Income tax expense	6(28)	(248)	-	(27,504)	(1)
8200 Net profits (loss)		(\$ 44,431)	(2)	<u>\$ 77,429</u>	<u>3</u>
Other comprehensive income (net)					
Not reclassified to profit or loss					
8311 Measure on defined benefit plans	6(17)	\$ 1,515	-	(\$ 2,865)	-
8316 Unrealized gains and losses on valuation of investment in equity instruments measured at fair value through other comprehensive income		4,920	-	(28,415)	(1)
8349 Income tax related to components that are not reclassified subsequently to profit or loss	6(28)	(1,251)	-	<u>6,345</u>	<u>-</u>
8310 Total not reclassified to profit or loss		<u>5,184</u>	<u>-</u>	(24,935)	(1)
Components that may be reclassified to profit or loss					
8361 Exchange difference arising from translation of foreign operation financial statements		(18,926)	(1)	13,451	1
8360 Total Items that may be reclassified to profit and loss		(18,926)	(1)	<u>13,451</u>	<u>1</u>
8300 Other comprehensive net gains/losses		(\$ 13,742)	(1)	(\$ 11,484)	-
8500 Total comprehensive gains/losses		(\$ 58,173)	(3)	<u>\$ 65,945</u>	<u>3</u>
Earnings (Losses) per share	6(29)				
9750 Basic earnings (losses) per share		(\$ 0.34)		\$ 0.60	
9850 Diluted earnings (losses) per share		(\$ 0.34)		\$ 0.56	

The accompanying notes are an integral part of the parent company only financial statements.

Chairman: Yeh, Ming-Chou

Manager: Kuo, Cheng-Pei

Chief Accountant: Pan, Li-Che

HONMYUE ENTERPRISE CO., LTD.
Parent Company Only Statements of Changes in Equity
From January 1 to December 31, 2023 and 2022

(In Thousands of New Taiwan Dollars)

	Notes	Capital Surplus			Retained Earnings			Other equity interest		Total
		Share capital - common stock	Treasury stock transactions	Employ stock option	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences from translating foreign operating financial statements	Unrealized gains or losses on financial assets at fair value through other comprehensive income	
Year ended December 31, 2022										
Balance at January 1, 2022		\$ 1,298,970	\$ 5,887	\$ -	\$ 217,652	\$ 182,752	\$ 423,103	(\$ 48,243)	(\$ 10,734)	\$ 2,069,387
Net income		-	-	-	-	-	77,429	-	-	77,429
Other comprehensive income	6(5)	-	-	-	-	-	(2,292)	13,451	(22,643)	(11,484)
Total comprehensive income		-	-	-	-	-	75,137	13,451	(22,643)	65,945
Earnings allocation and distribution in 2021	6(20)									
Legal reserve		-	-	-	14,152	-	(14,152)	-	-	-
Cash dividends		-	-	-	-	-	(64,948)	-	-	(64,948)
Recognition of stock options as a component of equity due to the issuance of convertible bonds	6(15)(19)	-	-	44,848	-	-	-	-	-	44,848
Balance at December 31, 2022		\$ 1,298,970	\$ 5,887	\$ 44,848	\$ 231,804	\$ 182,752	\$ 419,140	(\$ 34,792)	(\$ 33,377)	\$ 2,115,232
Year ended December 31, 2023										
Balance at January 1, 2023		\$ 1,298,970	\$ 5,887	\$ 44,848	\$ 231,804	\$ 182,752	\$ 419,140	(\$ 34,792)	(\$ 33,377)	\$ 2,115,232
Net income		-	-	-	-	-	(44,431)	-	-	(44,431)
Other comprehensive income	6(5)	-	-	-	-	-	1,212	(18,926)	3,972	(13,742)
Total comprehensive income		-	-	-	-	-	(43,219)	(18,926)	3,972	(58,173)
Earnings allocation and distribution in 2022	6(20)									
Legal reserve		-	-	-	7,514	-	(7,514)	-	-	-
Cash dividends		-	-	-	-	-	(51,959)	-	-	(51,959)
Change in equity accounted for using equity method - Associated companies	6(7)	-	-	-	-	-	(1,087)	-	-	(1,087)
Balance at December 31, 2023		\$ 1,298,970	\$ 5,887	\$ 44,848	\$ 239,318	\$ 182,752	\$ 315,361	(\$ 53,718)	(\$ 29,405)	\$ 2,004,013

The accompanying notes are an integral part of the parent company only financial statements.

Chairman: Yeh, Ming-Zhou

Manager: Kuo, Cheng-Pei

Chief Accountant: Pan, Li-Che

HONMYUE ENTERPRISE CO., LTD.
Parent Company Only Statements of Cash Flows
From January 1 to December 31, 2023 and 2022

(In Thousands of New Taiwan Dollars)

	Notes	From January 1 to December 31, 2023		From January 1 to December 31, 2022
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>				
Pretax profit		(\$ 44,183)	\$	104,933
Adjustments				
Adjustments to reconcile profit(loss)				
Depreciation expense (investment properties and right-of-use assets)	6(24)(26)	52,078		47,923
Amortization expense	6(26)	1,216		795
Reversal of expected credit loss recognized in profit or loss	12(2)	(600)		-
Share of other comprehensive loss of subsidiaries on investments in equity instruments at fair value	6(7)	47,428		29,502
Net gain on financial assets or liabilities at fair value through profit or loss	6(24)	180		3,090
Gain on disposal or retirement of property, plant and equipment	6(24)	(1,826 )	(	1,552)
Interest expense	6(25)	21,170		18,417
Interest income	6(22)	(6,839 )	(	5,081)
Dividend income	6(5)	(20 )	(	20)
Benefit from lease modification	6(9)	(10 )	(	5)
Unrealized gain(loss) on foreign currency exchange		2,273	(	587)
Changes in operating assets and liabilities				
Changes in operating assets, net				
Notes receivable - net		6,264		51,799
Notes receivable - related party, net		(91 )	(	13,457)
Accounts receivable		(41,542 )	(	48,228)
Accounts receivable - related parties		23,885		98,063
Other receivables		(225 )	(	346)
Inventories		(34,465 )	(	108,783)
Prepayments		19,203	(	14,270)
Other current assets		(49 )	(	1,247)
Other noncurrent assets		(1,372 )	(	1,408)
Liabilities net change related to operation activities				
Contract liabilities		(9,585 )	(	484)
Notes payable		(40,909 )	(	59,572)
Notes payable - related parties		2,350	(	4,714)
Accounts payable		64,555	(	25,016)
Accounts payable - related parties		(1,551 )	(	5,871)
Other payables		(11,206 )	(	20,682)
Other current liabilities		4,144		8
Other noncurrent liabilities		(401 )	(	662)
Cash inflow from operation activities		49,872		400,533
Interest received		7,266		4,610
Dividends received		8,540		20
Interest paid		(13,021 )	(	11,014)
Income tax paid		(27,623 )	(	30,926)
Income tax refunded		1,619		2,331
Net cash flows from operating activities		26,653		365,554

HONMYUE ENTERPRISE CO., LTD.
Parent Company Only Statements of Cash Flows
From January 1 to December 31, 2023 and 2022

(In Thousands of New Taiwan Dollars)

	<u>Notes</u>	<u>From January 1 to December 31, 2023</u>	<u>From January 1 to December 31, 2022</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Other receivables - related parties decrease (increase)	7	(\$ 33,969)	(\$ 56,838)
Investment using the equity method	6(7)	(30,000)	(89,250)
Acquisitions of property, plant and equipment	6(30)	(31,144)	(77,215)
Disposal of property, facility and equipment		1,882	1,552
Acquisition of intangible assets		(450)	(10,957)
Decrease in refundable deposits		514	1,348
Net cash outflow from investing activities		<u>(93,167)</u>	<u>(231,360)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings	6(31)	787,028	924,381
Decrease in short-term borrowings	6(31)	(675,837)	(966,465)
Increase in short-term notes and bills payables		30,000	235,000
Decrease in short-term notes and bills payables		-	(395,000)
Lease principal repayment	6(31)	(1,699)	(2,113)
Issuance of corporate bonds	6(31)	-	321,827
Repayments of long-term borrowings	6(31)	(166,667)	(116,666)
Increase in guarantee deposits received	6(31)	250	3,909
Cash dividends paid	6(20)(31)	(51,959)	(64,948)
Net Cash outflow from financing activities		<u>(78,884)</u>	<u>(60,075)</u>
Effects of foreign exchange rates		<u>1,100</u>	<u>1,669</u>
Increase (decrease) in cash and cash equivalents		(144,298)	75,788
Cash and cash equivalents, beginning of period		<u>425,310</u>	<u>349,522</u>
Cash and cash equivalents, end of period		<u>\$ 281,012</u>	<u>\$ 425,310</u>

The accompanying notes are an integral part of the parent company only financial statements.

Chairman: Yeh, Ming-Zhou

Manager: Kuo, Cheng-Pei

Chief Accountant: Pan, Li-Che

【Attachment 7】

Director candidates list:

Name	Main education and experience	Present position	Shareholding (Base date : 2024.4.28)	Representing government or companies?	Requested shareholders meeting for lifting the non-competition restrictions?
Po-Yu Yeh	. Masters of Electrical Engineering at University of Southern California . Senior Engineer at Inventec Corporation . Project Manager at Foxconn Technology Group . Supervisor at Eh-Meng Metal Ind. Co., Ltd	. VP at Honmyue Enterprise Co. Ltd . Director at PO YU INVEST CO., LTD. . Supervisor at Yu Yuang Textile Co., Ltd. . Chairman at Wenfa Comprehensive Development Co., Ltd.	5,754,132	No	Yes
Representative of Zhenghong Investment Co., Ltd.: Cheng-Hua Yeh			10,847,805	Yes	Yes
	. Master of Information Engineering at National Taiwan University . Special assistant of the CEO office at Honmyue Enterprise Co. Ltd	. Special assistant of the CEO office at Honmyue Enterprise Co. Ltd . Supervisor at Zhenghong Investment Co., Ltd. . Chairman at Huajian Investment Co., Ltd.	2,641,792		
Chun-lin Yeh	. De Anza College . Special assistant of the CEO office at Honmyue Enterprise Co. Ltd	. Director at Honmyue Enterprise Co. Ltd . Special assistant of the CEO office at Honmyue Enterprise Co. Ltd . Chairman at Hongyu Textile (Zhejiang) Limited Company . Chairman at Jiujiang Hongzhi Textile Technology Co., Ltd . Director at PO YU INVEST CO., LTD. . Chairman at Leading Venture Capital Co., Ltd.	6,334,088	No	Yes
Ming-Yi Lai	. PhD of Business at National Changhua University of Educaion . Director, VP, Spokesman at Acelon Chemicals & Fiber Corporation	. Director at Honmyue Enterprise Co. Ltd . Director, VP, Spokesman at Acelon Chemicals & Fiber Corporation . Director at Acegreen Eco-Material Technology Co., Ltd. . Director at Acenature Biotechnology Co., Ltd.	344,000	No	Yes

		. Director at Jukang Life Co., Ltd			
Jen-Hsing Hsu	. Dah-chin Commercial and Industrial Vocational High School . Chairman at Fulltide Enterprise Co., Ltd.	. Director at Honmyue Enterprise Co. Ltd . Chairman at Fulltide Enterprise Co., Ltd.	0	No	Yes
Mao-lin Wang	. Bachelor of Economics at Soochow University . CEO at J.J. Wang International Investment Ltd.	. Director at Honmyue Enterprise Co. Ltd . Chairman at J.J. Wang International Investment Ltd.	409,000	No	Yes
Pai-Jung Ko	Mechanical Engineering degree at Taipei Vocational high school Senior Manager, VP at Formosa Chemicals and Fibre Corporation	None	0	No	Yes
Jen-Kai Yang	. Master in Business Administration at Boston University . CEO at CHAIN YARN CO., LTD. . Sales manager at IBM	. Director, CEO, and Spokesman at UNIVERSAL TEXTILE CO., LTD. . Director at Ching Feng Home Fashions. Co. Ltd	0	No	Yes

Independent director candidates list:

Name	Main education and experience	Present position	Shareholding (Base date : 2024.4.28)	Representing government or companies?	Have served as an independent director for three consecutive terms?	Requested shareholders meeting for lifting the non-competition restrictions?
Chen-chi Hsiao	<ul style="list-style-type: none"> . Master of EMBA at Feng Chia University . Bachelors of Accounting of National Chengchi University . Accountant and firm leader of PWC Taichung . Vice chairman of CPA Associations R.O.C . Chairman of Taichung CPA Association . Adjunct lecturer at Department of Accounting of Feng Chia University . Adjunct lecturer at Department of Accounting of Providence University . Independent director at Kian Shen Corporation . Independent director at China Motor Corporation 	<ul style="list-style-type: none"> . Independent director, Audit Committee member, and Remuneration Committee member at Honmyue Enterprise Co. Ltd . Independent director, Audit Committee member, and Remuneration Committee member at United Recommend International Co., Ltd. . Independent director, Audit Committee member, and Remuneration Committee member at Horizon Securities Co., Ltd. . Independent director, Audit Committee member, and Remuneration Committee member at Yao-I Fabric Co., Ltd. . Director at Tons Lightology Inc . Director at Plum-Monix Industry Co., Ltd. . Supervisor at Yeong Chin Machinery Industries Co., Ltd. . Supervisor at Ruopu Construction and Development Co., Ltd. . Supervisor at Dah Lih Puh Co., Ltd. 	0	No	No	Yes

Kuei-Chu Yeh	<ul style="list-style-type: none"> . Masters in Global MBA at National Changhua University of Education . Specialist at the Second Credit Cooperation of Changhua 	<ul style="list-style-type: none"> . Remuneration Committee member at Honmyue Enterprise Co. Ltd . Director, Vp, And Spokesman at Taiwan Paiho Limited . Supervisor at Indonisia Paiho Limited 	0	No	No	Yes
Jung-Fu Lee	<ul style="list-style-type: none"> . PhD in Business Administration at Liberty University . Masters in EMBA at National Kaohsiung University . Chairman at Kingcan Holdings Limited 	<ul style="list-style-type: none"> . Chairman at Kingcan Holdings Limited . Director at Fujian Fuzhen Metal Packaging Co., Ltd. . Director at Shandong Fuzhen Metal Packaging Co., Ltd. 	0	No	No	Yes

【Appendix 1】

Honmyue Enterprise Co. Ltd Articles of Incorporation

Amended on June 26th, 2023.

Chapter 1 General Provisions

Article 1 The Company is incorporated under Company Act, and its name shall be 「Honmyue Enterprise Co. Ltd」

English name shall be HONMYUE ENTERPRISE CO.,LTD

Article 2 The Company's business is as below:

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

Article 2-1 The Company may act as a guarantor and is not subject to the restriction in Article 16 of the Company Act prohibiting a company from acting as a guarantor for any person.

Article 2-2 The Company may invest in other related businesses up to an amount exceeding 40% of the paid-in capital without being subject to the limitations of Article 13 of the Company Act.

Article 3 The Company is headquartered in Changhua County, Taiwan. If necessary, the Board of Directors may approve the opening of branch offices in suitable locations within or outside the country.

Article 4 Deleted

Chapter 2 Capital Stock

Article 5 The total capital of the Company is NTD 1,838,131,700, divided into 183,813,170 shares at a par value of NTD 10 per share, to be issued in stages as authorized by the Board of Directors.

Article 6 The Company may be exempted from printing any share certificate for the shares issued and shall register the issued shares with the centralized securities depository enterprise.

Article 7 Except as otherwise provided by laws or securities regulations, the shareholders of the Company shall handle matters related to share transfer, establishment of rights, pledge, loss report, inheritance, gift, as well as seal loss, alteration or change of address, and other share-related matters in accordance with the 「Guidelines for Handling Shares by Publicly Listed Companies」

Article 8 Stock transfer shall be suspended within 60 days prior to the annual general meeting of shareholders, 30 days prior to any extraordinary meeting, or 5 days prior to the record date of stock dividend, cash dividend or any other benefits as determined by the Company.

Chapter 3 Shareholders' Meeting

Article 9 There are two types of shareholders' meeting, the regular meeting, and the extraordinary meeting. The regular meeting shall be held once a year within six months after the end of each fiscal year. The extraordinary meeting shall be convened, when necessary, in accordance with the law. The meetings shall specify the date, time, location, and purpose of the meeting. With the consent of the shareholders, such notice may be made electronically.

Article 10 When a shareholder is not able to attend a shareholders' meeting, he or she may issue a proxy, specifying the authorized scope, in accordance with Article 177 of the Company Act, and appoint a proxy to attend. The use of the proxy form shall be handled in accordance with the 「Regulations Governing the Use of Proxies for Attendance at Shareholders' meetings of Public Companies」 unless otherwise provided by the Company Act.

Article 11 The shareholders' meeting is convened by the Board of Directors, with the chairman of the board serving as the chairman. If the chairman is on leave or not able to perform his or her duties, he or she shall be represented by the vice chairman. If the vice chairman is also on leave or unable to perform his or her duties, the chairman shall designate a director to act as his or her agent. In the absence of such designation, the directors shall mutually recommend a person to act as the agent. If the meeting is convened by a person other than the Board of Directors, the chairman shall be appointed by the convener. If there are two or more conveners, they shall recommend a person to act as the chairman.

Article 12 Each shareholder of the Company, except for those whose shares have no voting rights under Article 179 of the Company Act, shall have one voting right per share.

Article 13 Unless otherwise provided by the Company Act and other relevant laws and regulations, the resolution of the shareholders' meeting shall be adopted by the affirmative vote of more than half of the total number of issued shares represented by shareholders personally or by proxy attending the meeting and exercising their voting rights. However, in the event of dissolution, merge, or split, the resolution shall be adopted by the affirmative vote of more than two-thirds of the total number of issued shares represented by shareholders personally or by proxy attending the meeting and exercising their voting rights.

When convenes a shareholders' meeting, shareholders who exercise their voting rights through electronic means shall be deemed to be present in person, and relevant matters shall be handled in accordance with laws and regulations.

Article 14 The decisions of the shareholders' meeting shall be recorded in the meeting minutes, which shall be signed or stamped by the chairman and distributed to each shareholder within 20 days after the meeting. The meeting minutes may be distributed by means of public notice. The meeting minutes shall be handled in accordance with Article 183 of the Company Act.

The production and distribution of the meeting minutes referred to in the preceding paragraph may be conducted electronically.

Chapter 4 Directors

Article 15 Since 19th term, the Board of Directors of the Company shall consist of 9-15 directors, and the election of directors shall adopt the candidate nomination system as provided in Article 192-1 of the Company Act. The directors shall be elected from the list of director candidates by the shareholders' meeting and serve for a term of three years, with the possibility of re-election. The procedures for accepting nominations of director candidates and related matters such as announcements shall be handled in accordance with relevant law and regulations such as the Company Act and the Securities and Exchange Act.

The number of independent directors in the Board of Directors shall not be less than three people and shall not be less than one-fifth of the total number of directors. Matters related to the professional qualifications, shareholding, part-time restrictions, determination of independence, nomination and election methods, and other matters, shall be handled in accordance with the relevant laws and regulations of the security's regulatory authority.

The total amount of shares held by all directors shall not be less than a certain percentage of the Company's total issued shares, as calculated in accordance with the regulations of the securities regulator.

The Company may purchase liability insurance for the directors during their term of office.

Article 15-1 Between the directors of the Company, more than half of the seats should not have any of the following relationships.

1. spouse
2. relatives within the second degree of kinship

Article 15-2 The remuneration of the directors of the Company shall be determined by the Board of Directors based on their degree of involvement in the operation of the Company and the value of their contribution and considering the level of remuneration commonly paid by the industry.

- Article 16 When one-third or more of the directors' seats become vacant, the Board of Directors shall convene an extraordinary meeting of shareholders within 60 days to fill the vacancy, and the term of office shall be limited to the remaining term of the original appointment.
The calling of the Board of Directors of the Company shall state the reasons and notify all directors in writing, by email, or by fax seven days in advance. In case of an emergency, it may be called at any time and shall be notified in writing, by email, or by fax.
- Article 17 The directors in office shall continue to perform their duties until their successors are elected when their term of office expires without being re-elected.
- Article 18 The directors shall organize the Board of Directors, electing a chairman and a vice chairman by a two-thirds majority of attending directors and the consent of most of the attending directors, and carrying out all company affairs in accordance with the law, Articles of Incorporation, resolutions of the shareholders' meeting, and resolutions of the Board of Directors.
- Article 19 The Company's business policies and other important matters shall be decided by the Board of Directors. Except for the first Board of Directors meeting of each term convened in accordance with Article 203 of the Company Act, other meetings shall be convened by the chairman of the board, who shall also preside over the meetings. In case the chairman is unable to perform his or her duties, the vice chairman shall act as the proxy. If the vice chairman is also unable to perform his or her duties, the chairman shall designate a director to act as the proxy, and if no such designation is made, the directors shall elect one from among themselves to act as the proxy.
The Board of Directors of the Company may authorize the chairman of the board to exercise the powers of the board during the recess of the board, and to report to the nearest Board of Directors for ratification afterwards. The scope of such authorization is as follows:
1. Important contracts approval
 2. Approval of mortgage loans on real estate and other loans
 3. Approval of the acquisition and disposal of the Company's general property and real estate
 4. The appointment of directors and supervisors of investment companies
 5. The approval of base date for capital increase or decrease and cash dividend distribution
- Article 20 The Board of Directors meeting shall require the attendance of more than half of the directors, unless otherwise provided by the Company Act. Resolutions shall be adopted by a majority vote of the directors present. If a director is unable to attend due to unavoidable reasons, he or she may issue a letter of proxy, specifying the scope of authorization for attending the board meeting and entrusting another director to attend the meeting on his or her behalf, provided that one director may only be entrusted by one director.
If a video conference is used for a board meeting, directors who participate in the video conference will be deemed to have attended in person.
When directors have personal interests in the matters discussed at the meeting, they should explain the important contents of their personal interests at that board meeting.
- Article 21 The Board of Directors' meeting shall be recorded in meeting minutes, signed, or stamped by the Chairman, and distributed to each Director within 20 days after the meeting. The meeting minutes of the meeting, the attendance register of the attending Directors, and the proxy appointment letters of the authorized representatives should be kept together and preserved by the Company.
- Article 22 The Company sets up an audit committee in accordance with Article 14-4 of the Securities and Exchange Act, which is composed of all independent directors. The authority and related matters of the audit committee and its members are handled in accordance with the Securities and Exchange Act and other relevant laws and regulations.
- Chapter 5 Manager**
- Article 23 The Company shall appoint one general manager and several managers, and the appointment, dismissal, and compensation shall be determined by a resolution passed by most of the directors present at a meeting where more than half of the directors are in attendance and agree to the resolution.
- Article 24 Deleted
- Chapter 6 Final Accounts**
- Article 25 At the close of each fiscal year, the Board of Directors shall prepare the following statements and submit them to the general shareholders' meeting for approval:
1. Business report
 2. Financial statement
 3. Surplus earning distribution or loss off-setting proposals

Article 26 If the Company generates profits in a fiscal year, it shall allocate no less than 2% as employee compensation, which shall be determined by the Board of Directors and distributed in the form of stocks or cash, including eligible employees of subsidiary companies. The Company may allocate no more than 5% of the above-mentioned profit for director compensation, which shall be determined by the Board of Directors. The distribution of employee and director compensation shall be reported to the shareholders' meeting. However, if the Company has accumulated losses, it shall reserve an amount to make up for the losses and then allocate employee and director compensation in accordance with the proportion.

If the Company has a surplus in its annual financial statements, it shall pay taxes and make donations in accordance with the law, make up for accumulated losses, and allocate 10% as statutory surplus reserve. However, if the statutory surplus reserve has reached the amount of the Company's paid-in capital, it may no longer be allocated. The remaining amount shall be allocated in accordance with the laws and regulations or converted into special surplus reserve. If there is still a balance, together with the accumulated undistributed profits, the Board of Directors shall propose a profit distribution plan and submit it to the shareholders' meeting for approval to distribute dividends to the shareholders.

The dividend policy of the Company is to be aligned with the current and future development plans, considering the investment environment, funding requirements, domestic and foreign competition, and shareholder interests, among other factors. When distributing dividends to shareholders, it may be done in cash or stock, with the cash dividend not being less than 10% of the total dividend amount. The actual distribution ratio is authorized by the Board of Directors based on the Company's financial condition and capital budget.

Chapter 7 Supplementary Provision

Article 27 The Company's organizational regulations and procedures shall be determined separately by the Board of Directors.

Article 28 Matters not specified in these Articles of Incorporation shall be handled in accordance with the Company Act and other relevant laws and regulations.

Article 29 This article was established on June 29th, 1970.

The 1st amendment on August 20th, 1970.

The 2nd amendment on August 1st, 1973.

The 3rd amendment on April 10th, 1977.

The 4th amendment on May 20th, 1982.

The 5th amendment on February 9th, 1985.

The 6th amendment on October 10th, 1987.

The 7th amendment on November 6th, 1989.

The 8th amendment on May 25th, 1990.

The 9th amendment on June 14th, 1991.

The 10th amendment on September 8th, 1993.

The 11th amendment on July 11th, 1994.

The 12th amendment on June 6th, 1997.

The 13th amendment on May 3rd, 2000.

The 14th amendment on October 7th, 2000.

The 15th amendment on June 8th, 2001.

The 16th amendment on May 28th, 2002.

The 17th amendment on March 12th, 2003.

The 18th amendment on May 30th, 2003.

The 19th amendment on June 18th, 2004.

The 20th amendment on May 26th, 2006.

The 21st amendment on June 25th, 2008.

The 22nd amendment on June 22nd, 2009.

Article 29 The 23rd amendment on June 23, 2010.

The 24th amendment on June 28, 2011.

The 25th amendment on June 29, 2012.

The 26th amendment on June 25, 2013.

The 27th amendment on June 20, 2014.

The 28th amendment on June 21, 2016.

The 29th amendment on June 27, 2018.

The 30th amendment on June 19, 2020.

The 31st amendment on August 27, 2021.

The 32nd amendment on June 26, 2023.

【Appendix 2】

Honmyue Enterprise Co. Ltd

Rule of Procedure for Shareholders' meetings

Amended on August 27th, 2021.

- Article 1 The rules of procedure for the shareholders' meeting of the Company shall be governed by this regulation, unless otherwise provided by laws or the Articles of Incorporation.
- Article 2 Unless otherwise provided by law or regulation, the Company's shareholders' meetings shall be convened by the Board of Directors.
- The Company shall prepare electronic versions of the shareholders' meeting notice and proxy forms, and the originals of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors or supervisors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders' meeting or before 15 days before the date of an extraordinary shareholders' meeting. The Company shall prepare electronic versions of the shareholders' meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders' meeting or before 15 days before the date of the special shareholders' meeting. Before 15 days before the date of the shareholders' meeting, the Company shall also have prepared the shareholders' meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at the Company and the professional shareholder services agent designated thereby.
- The reasons for convening a shareholders' meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.
- Electing or dismissing directors, amending the Articles of Incorporation, reducing capital, applying for suspension of public offering, granting permission for directors to compete, increasing capital by using retained earnings or capital surplus, dissolving the Company, merging, splitting, or matters stipulated in Article 185-1 of the Company Act, Article 26-1 and Article 43-6 of the Securities and Exchange Act, and matters stipulated in Article 56-1 and Article 60-2 of the Guidelines for the Handling of Securities Issuance and Offering by Issuers, as well as their major contents, shall be listed and explained in the notice of convocation, and shall not be proposed by ad hoc motions.
- The notice for convening the shareholders' meeting has already stated the reason for the comprehensive election of directors and the date of appointment. After the election is completed at the same meeting, the date of appointment shall not be changed through an ad hoc motion or other means.
- Shareholders who hold more than one percent of the total issued shares may propose a proposal for a regular shareholders' meeting, limited to one proposal. If more than one proposal is made, none will be included in the agenda. However, if a shareholder's proposal is a suggestion to urge the Company to enhance the public interest or fulfill social responsibilities, the Board of Directors may still include it in the agenda. In addition, if the proposal made by the shareholder falls under any of the circumstances listed in Article 172-1, Paragraph 4 of the Company Act, the Board of Directors may exclude it from the agenda.
- The Company shall announce before the suspension of stock transfer registration for the shareholders' meeting that it accepts proposals from shareholders, the methods of written or electronic submission, the place of acceptance, and the period of acceptance. The acceptance period shall not be less than ten days.
- The proposed agenda items submitted by shareholders shall be limited to 300 characters. Any submission exceeding this limit shall not be included in the agenda. The shareholder who submitted the proposal shall attend the shareholders' meeting in person or appoint a proxy to attend and participate in the discussion of the proposed agenda item.
- The Company shall notify the proposing shareholder of the processing result before the notice date of the shareholders' meeting and include the proposal that complies with this provision in the meeting notice. For shareholder proposals that are not included in the agenda, the Board of Directors shall explain the reasons for not including them at the shareholders' meeting.
- Article 3 For each shareholders' meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization.
- A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders' meeting and shall deliver the proxy form to the Company before five days before the date of the shareholders' meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.
- After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the Company before two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.
- Article 4 The venue for a shareholders' meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders' meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.
- Article 5 The Company shall specify in the meeting notice the time and location for shareholders to register, as well as other matters to be noted. The registration time for shareholders shall be at least thirty minutes before the start of the meeting, and the registration place shall be clearly marked with suitable and sufficient personnel to handle it. Shareholders or their authorized agents (Shareholders) shall attend the shareholders' meeting with their attendance certificate, attendance card or other attendance documents.
- The Company shall not arbitrarily require shareholders to provide other proof of identity in addition to the proof of

attendance relied upon by the shareholder for attendance. Those who solicit proxies shall also bring their identity documents for verification.

The Company shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors or supervisors, pre-printed ballots shall also be furnished.

When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders' meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

Article 6 If a shareholders' meeting is convened by the Board of Directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairperson shall appoint one of the managing directors to act as chair, or, if there are no managing directors, one of the directors shall be appointed to act as chair. Where the chairperson does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair.

When a managing director or a director serves as chair, as referred to in the preceding paragraph, the managing director or director shall be one who has held that position for six months or more and who understands the financial and business conditions of the Company. The same shall be true for a representative of a juristic person director that serves as chair.

It is advisable that shareholders' meetings convened by the Board of Directors be chaired by the chairperson of the board in person and attended by most of the directors, at least one supervisor in person, and at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the meeting minutes.

If a shareholders' meeting is convened by a party with power to convene but other than the Board of Directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders' meeting in a non-voting capacity.

Article 7 The Company, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders' meeting, and the voting and vote counting procedures.

The recorded materials of the preceding paragraph shall be retained for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

Article 8 Attendance at shareholders' meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in, and the shares checked in on the virtual meeting platform, plus the number of shares whose voting rights are exercised by correspondence or electronically.

The chair shall call the meeting to order at the appointed meeting time and disclose information concerning the number of nonvoting shares and number of shares represented by shareholders attending the meeting.

However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned. In the event of a virtual shareholders' meeting, the Company shall also declare the meeting adjourned at the virtual meeting platform.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders' meeting shall be convened within one month. In the event of a virtual shareholders' meeting, shareholders intending to attend the meeting online shall re-register to the Company in accordance with Article 6.

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

Article 9 If a shareholders' meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. Votes shall be cast on each separate proposal in the agenda (including extraordinary motions and amendments to the original proposals set out in the agenda). The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders' meeting.

The provisions of the preceding paragraph apply mutatis mutandis to a shareholders' meeting convened by a party with the power to convene that is not the Board of Directors.

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders' meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the Board of Directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed, call for a vote, and schedule sufficient time for voting.

Article 10 Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his or her

shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.

When a juristic person shareholder appoints two or more representatives to attend a shareholders' meeting, only one of the representatives so appointed may speak on the same proposal.

After attending the shareholder's speech, the chairman may personally or designate relevant personnel to respond.

Article 11 Voting at a shareholders' meeting shall be calculated based the number of shares.

With respect to resolutions of shareholders' meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the Company, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed three percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights more than that percentage shall not be included in the calculation.

Article 12 A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.

When the Company holds a shareholders' meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders' meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his or her rights with respect to the extraordinary motions and amendments to original proposals of that meeting; it is therefore advisable that the Company avoid the submission of extraordinary motions and amendments to original proposals.

A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to the Company before two days before the date of the shareholders' meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders' meeting in person or online, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Company, by the same means by which the voting rights were exercised, before two business days before the date of the shareholders' meeting.

If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders' meeting, the voting rights exercised by the proxy in the meeting shall prevail. Except as otherwise provided in the Company Act and in the Company's Articles of Incorporation, the passage of a proposal shall require an affirmative vote of most of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.

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

Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Company.

Vote counting for shareholders' meeting proposals or elections shall be conducted in public at the place of the shareholders' meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

- Article 13 The election of directors or supervisors at a shareholders' meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and supervisors and the numbers of votes with which they were elected, and the names of directors and supervisors not elected and number of votes they received. The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.
- Article 14 Matters relating to the resolutions of a shareholders' meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form. The Company may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.
The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results (including the number of voting rights), and disclose the number of voting rights won by each candidate in the event of an election of directors or supervisors. The minutes shall be retained for the duration of the existence of the Company.
- Article 15 The number of shares solicited by the solicitor and the number of shares represented by the proxy agent should be compiled into a statistical table in the prescribed format by the Company on the day of the shareholders' meeting and displayed clearly at the meeting venue.
For matters resolved at the shareholders' meeting that involve significant information required by laws or regulatory authorities, the Company should transmit the content to the Public Information Observation Station within the prescribed time.
- Article 16 Staff handling administrative affairs of a shareholders' meeting shall wear identification cards or arm bands. The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."
At the place of a shareholders' meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by the Company, the chair may prevent the shareholder from so doing.
When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.
- Article 17 When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.
If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders' meeting may adopt a resolution to resume the meeting at another venue.
A resolution may be adopted at a shareholders' meeting to defer or resume the meeting within five days in accordance with Article 182 of the Company Act.
- Article 18 This rule shall be implemented after being passed by the shareholders' meeting and shall apply to any subsequent amendments.

【Appendix 3】

Honmyue Enterprise Co. Ltd Procedure for Directors Election

Amended on June 19th, 2020.

- Article 1 The appointment of directors in the Company shall be conducted according to this procedure, unless otherwise specified by laws or the company's articles of association.
- Article 2 The appointment of directors in the Company should take into consideration the overall composition of the Board of Directors. The composition of the Board of Directors should be diverse, considering its own operation, business model, and developmental needs to formulate appropriate diversity policies. Board members should generally possess the knowledge, skills, and qualities necessary to carry out their duties. The overall capabilities they should possess are as follows:
1. Operational judgment
 2. Accounting and financial analysis
 3. Management
 4. Crisis management
 5. Industry knowledge
 6. International market perspective
 7. Leadership
 8. Decision-making
- Directors of more than half of the seats of the Board should not have a spouse or a relative within the second degree of kinship with each other.
- The composition of the Board of Directors of the Company should be considered for adjustment based on the results of performance evaluation.
- Article 3 The qualification and appointment of independent directors of the Company shall comply with the provisions of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" and shall be conducted in accordance with the provisions of the "Corporate Governance Best Practice Principles for Listed and OTC Companies."
- Article 4 The election of directors in our company shall be conducted in accordance with the candidate nomination system procedures as stipulated in Article 192-1 of the Company Act. This includes examining the qualifications, educational and professional backgrounds of director candidates, and whether they have any circumstances listed in Article 30 of the Company Act. No additional proof of qualifications shall be arbitrarily added, and the results of the examination shall be provided to shareholders for reference to elect suitable directors.
- If directors are removed from office due to unforeseen circumstances, resulting in less than five directors remained, the Company shall hold a supplementary election at the most recent shareholders' meeting. However, if the vacancy of directors reaches one-third of the seats specified in the Articles of Incorporation, the Company shall convene an interim shareholders' meeting within sixty days from the occurrence of the vacancy to conduct the supplementary election.
- If the number of independent directors is less than relevant legal regulations specified, a supplementary election shall be conducted at the most recent shareholders' meeting. When all independent directors are removed from office, an interim shareholders' meeting shall be convened within sixty days from the occurrence of the vacancy to conduct the supplementary election.
- Article 5 The election of directors of the Company shall adopt a cumulative voting system, where each share shall have voting rights equivalent to the number of directors to be elected. Shareholders may concentrate their votes to elect one candidate or distribute their votes to elect multiple candidates.
- Article 6 The Board of Directors shall prepare election ballots equal in number to the required directors to be elected and shall include their voting weights. These ballots shall be distributed to the shareholders attending the general meeting, with the names of the voters recorded. The attendance numbers may be used on the ballots in place of the voters' names.
- Article 7 The directors of the Company are elected based on the quotas specified in the company's Articles of Incorporation. The voting rights for directors and independent directors are separately calculated. Those with the most votes are elected in order. If two or more individuals have equal voting rights exceeding the prescribed quotas, a random draw shall determine the outcome. If any such individuals are absent, the chairperson shall conduct the draw on their behalf.
- Article 8 Before the election begins, the chairperson should appoint several scrutineers and vote counters who possess shareholder status to execute various related duties. Ballot boxes, prepared by the Board of Directors, should be publicly inspected by scrutineers before voting begins.
- Article 9 If the candidate is a shareholder, the elector must fill in the candidate's name and shareholder account number in the "Candidate" column of the ballot. If the candidate is not a shareholder, the elector should provide the candidate's name and identification document number. However, when the candidate is a government or corporate representative shareholder, the "Candidate" column on the ballot should list

the name of the government or corporation. Alternatively, both the name of the government or corporation and the name of its representative can be listed. If there are multiple representatives, their names should be added separately.

Article 10 Ballots shall be considered invalid under the following circumstances:

1. If ballots are not prepared by the Board of Directors.
2. If blank ballots are placed into the ballot box.
3. If the handwriting is unclear and cannot be identified or if there are alterations.
4. If the name and shareholder account number of the candidate, in the case of a shareholder, do not match the shareholder registry; or if the name and identification document number of the candidate, in the case of a non-shareholder, do not match after verification.
5. If there are any additional writings other than the candidate's name or shareholder account number (or identification document number) and the assigned voting rights.
6. If the candidate's name matches that of another shareholder but lacks a shareholder account number or identification document number that can distinguish them.

Article 11 After the completion of the voting, the ballots shall be counted on the spot. The voting results, including the list of elected directors and their number of votes, shall be announced immediately by the chairperson.

The ballots for the election shall be sealed and signed by the scrutineers for proper safekeeping and should be kept for at least one year. However, if shareholders file a lawsuit in accordance with Article 189 of the Company Act against the result, the ballots should be kept until the conclusion of the lawsuit.

Article 12 The elected directors will receive a notification letter issued by the Board of Directors of the Company.

Article 13 This rule shall be implemented after being passed by the shareholders' meeting and shall apply to any subsequent amendments.

【Appendix 4】

The impact of bonus shares on the Company's operating performance, earnings per share, and shareholder return:

The Company did not distribute any bonus shares this fiscal year, so it does not apply.

【Appendix 5】

Honmyue Enterprise Co. Ltd The Shareholding Status of all Directors

1. The total issued shares of the Company as of the record date for the Annual Shareholders' Meeting on April 28, 2024, is 129,896,969 shares.
2. According to Article 26 of the Securities and Exchange Act and the 「Regulations Governing Disclosure of the Proportion of Shareholdings Held by Directors and Supervisors of Public Companies and Verification」 the total amount of shares held by all directors of the Company shall not be less than 8,000,000 shares.
3. As of the record date of this shareholders' meeting on April 28, 2024, the shareholding status of all directors is as listed in the following table, which meets the shareholding percentage standards set forth in Article 26 of the Securities and Exchange Act.

Job title	Name	No. of shares held	Shareholding %
Chairman	Ming-Chou Yeh	4,322,421	3.33%
Vice-chairman	Chin-Feng Chen	5,946,080	4.58%
Director	Pei-Cheng Kuo	679,856	0.52%
Director	Chun-lin Yeh	6,334,088	4.88%
Director	Ming-Yi Lai	344,000	0.26%
Director	Chen-Hui Tsai	0	0
Director	Jen-Hsing Hsu	0	0
Director	Mao-lin Wang	409,000	0.31%
Independent director	Hung-Chao Lin	0	0
Independent director	Chen-chi Hsiao	0	0
Independent director	Hsing-Hua Chu	0	0
Total number of shares held by all directors.		18,035,445	13.88%