



Cathay Consolidated, Inc.

2024 Annual Shareholders' Meeting

Meeting Agenda
(Translation)

Convening method: Entity Shareholders Meeting
May 23, 2024

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I 、Meeting procedure

- 一、Call Meeting to Order
- 二、Chairman' s Address
- 三、Report Items
- 四、Proposed Resolutions
- 五、Items to Discuss
- 六、Items to Elect
- 七、Other Items
- 八、Motion
- 九、Meeting Adjourned

II 、Meeting Agenda

Convening method: Entity Shareholders Meeting

Time : 10:00 AM on May 23 (Thursday), 2024

Place : NO.15, Gongyuan 2nd Rd., Wuchieh Township, Yi-Lan County 268,
Taiwan (R.O.C.) (Shangrila Boutique Hotel)

1、Call Meeting to Order

2、Chairman's Address

Chairman : George T.S. Liu, Chairman of the Board of Directors

3、Report Items

(1) To report the business of 2023

(2) Audit Committee' s Review Report

(3) To report 2023 employees' profits sharing bonus and directors' compensation

(4) To report 2023 earnings distribution

(5) To report the issuance of the first domestic Secured Convertible bond (CB)

4、Proposed Resolutions

(1) To accept 2023 Business Report and Financial Statements

(2) 2023 Earnings Distribution Table

5、Items to Discuss:

(1) Surplus transfer to capital increase and issue new stock.

6、Items to Discuss:

(1) Invite the board of directors to review the candidacy of independent director.

7、Other Items

(1) Removal non-compete cases for some directors and their representatives, submit for discussion.

8、Motion

9、Meeting Adjourned

III 、Report Items

1 、To report the business of 2023

Description: Please refer to Annex I.

2 、Audit Committee's review report

Description: Please refer to Annex II.

3 、To report 2023 employees' profit sharing bonus and directors' compensation

Description: Please refer to Annex III.

4 、To report 2023 earnings distribution

Description: Cathay' s Articles of Incorporation authorize the Board of Directors to approve cash dividends. The amounts and payment dates of 2023 cash dividends are demonstrated in the table below:

Approval Date (month/day/year)	Payment Date (month/day/year)	Cash Dividends Per Share (NT\$)	Total Amount (NT\$)
02/22/2024	04/18/2024	5.0	356,724,232

5 、To report the issuance of the first domestic Secured Convertible bond (CB)

Description: The Company issued the first domestic Secured Convertible bond (CB) on June 2, 2022, with an issuance amount of NT\$200 million. As of March 31, 2024, the bondholders convert total 1,665 bonds were converted 2,429,150 shares.

IV 、Proposed Resolutions

- 1 、To accept 2023 Business Report and Financial Statements (Proposed by the Board of Directors)

Description:

- (1) Cathay' s 2023 Financial Statements has been audited by Ernst & Young CPA firm with unqualified opinion.
- (2)2023 Business Report and Financial Statements are attached hereto as Annexes I and IV.
- (3) Cathay' s 2023 Financial Statements has been audited by Ernst & Young CPA firm with unqualified opinion.

Resolution:

- 2 、The Company' s 2023 annual dividend distribution, submitted for discussion. (Proposed by the Board of Directors)

Description:

- (1) The net income after tax of the Company in 2023 is NT\$529, 788, 957 the distributable surplus is NT\$676, 742, 850.
- (2) We propose cash dividend is NT\$356, 724, 232, stock dividend is NT\$71, 344, 850, per share of NT\$6. The Company' s profit distribution table. Please refer to Annex V for the Company' s disposition of net income.
- (3) The above-mentioned dividends shall be calculated up to NT\$1 according to the distribution ratio, rounded up below NT\$1, and the total amount of payments less than NT\$1 distributed shall be included in the company' s other income.
- (4) If there are subsequent changes in the company' s share capital that affect the number of outstanding shares, resulting in a change in the shareholder' s dividend rate that needs to be revised, authorize chairman of the board of directors to handle it in accordance with the company law or other relevant laws and regulations.

Resolution:

V、Items to Discuss:

1. Surplus transfer to capital increase and issue new stock. (Proposed by the Board of Directors)

- (1) In order to enrich its working capital, the company plans to allocate stock dividends of NT\$71,344,850 to shareholders from the distributable earnings in 2023, and issue 7,134,485 new shares, with a par value of NT\$10 per share to increase capital. According to the shareholding ratio of shareholders, 100 shares will be allotted for every 1,000 shares, and the fractional shares that are less than one share will be converted into cash (calculated up to NT\$ 1), and the chairman will be authorized to contact a specific to subscribe at par value.
- (2) After this case is approved by the regular meeting of shareholders and submitted to the competent authority for approval, the board of directors will be authorized to set a new base date for the issuance of new shares, a distribution date and other related matters. The rights and obligations of the new shares issued this time are the same as those of the originally issued ordinary shares.
- (3) If there are subsequent changes in the company's share capital that affect the number of outstanding shares, resulting in a change in the shareholder's dividend rate that needs to be revised, authorize chairman of the board of directors to handle it in accordance with the company law or other relevant laws and regulations.

Resolution:

VI、Items to Elect:

1. Invite the board of directors to review the candidacy of independent director. (Proposed by the Board of Directors)

Description:

- (1) The original independent director, Mr. Chen Xianzhi, resigned on October 15, 2023. According to the provisions of Article 14-2, Paragraph 6 of the Securities and Exchange Law, a by-election should be held at the latest shareholders' meeting.
- (2) The term of the new independent director will start from May 23, 2024 to July 6, 2025.
- (3) The list of independent director candidates proposed this time has been reviewed and approved by the company's board of directors on February 22, 2024. The relevant information is hereby stated as follows:

Independent Directors	邵于玲 Yu-Lin, Jackie, Shao	1.Professor of Department of Recreation and Sport Management, University of Taipei 2.Ph.D. in Sports Management, The Ohio State University, U.S.A. 3.Bachelor of Department of Business Administration , National Cheng Kung
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Election results:

VII、Other Items

- 1、Removal non-compete cases for some directors and their representatives, submit for discussion. (Proposed by the Board of Directors)

Description:

- (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) The directors of the company may invest in or operate other companies with the same or similar business scope as the company's business, and the directors are competing for the same business. Without prejudice to the interests of the company, according to the provisions of Article 209 of the Company Act, a petition shall be filed.
- (3) The shareholders' meeting agreed to removal the non-compete restriction on some new directors. Please refer to Annex VI.

Resolution:

VIII、Motion：

IX、Meeting Adjourned

Cathay Consolidated, Inc.

2023 Business Report

I. 2023 Business Performance Report

Unit: NT\$ Thousands

Items	Year 2023	Year 2022	DIF %
Revenue	2,564,771	2,589,138	-1%
Operating costs	1,731,277	1,838,268	-6%
Gross Profits	833,494	750,870	11%
Gross Profits Rate	32%	29%	3%
Operating expenses	218,132	198,474	10%
Selling expenses	43,137	44,665	-3%
Administrative expenses	116,073	104,871	11%
R&D expenses	58,922	48,938	20%
Operating Income	615,362	552,396	11%
Non-operating Income and Expenses	40,676	62,331	-35%
Income before income tax	656,038	614,727	7%
Net income	529,789	499,514	6%

The company's operating income in 2023 was NT\$2,564,771 thousands, a slight decrease of 1% compared to NT\$2,589,138 thousands in 2022. Among them, the shipment amount of outdoor and military products increased compared with 2022, while medical and Aviation is reduced due to late shipments of new products.

The after-tax profit in 2023 was NT\$529,789 thousand, an increase of 6% compared to the previous year's NT\$499,514 thousands. This was due to the impact of inflation on the global economy and the progress of the company's customers in launching new products. The company as a whole was in a recession. Under the general environment, there is only one step away from the company's revenue target. The use of raw material procurement strategies has reduced the cost of raw materials and the appreciation of the US dollar, resulting in an annual gross profit margin of 32%, an increase of 3% from 29% in 2022. , the overall net profit after tax increased by 30,275 thousand yuan compared with 2022. Business Outlook for 2023

II. The past two years actual and 2023 budget are as follows:

Year Item	2024(Budget)	2023 Audit	2022 Audit
Outdoor	1,342,044	1,510,180	1,433,212
Medical	615,157	527,090	589,733
Aviation	462,166	333,592	376,264
Military	250,084	193,908	189,929
Total	2,669,451	2,564,771	2,589,138

1. In the outdoor category, major customers assessed that the economic recovery in 2024 was not as good as expected and their willingness to consume was low. After careful consideration, the business unit proposed a more conservative budget.
2. The medical category is expected to grow by more than 15% in 2024 compared with 2023 due to increased shipments of new products and new customer products.
3. In the aviation category, in addition to the standard version that can be shipped in larger quantities, the slight version of the escape slide has also passed certification and received large orders, and orders for escape raft-related products have increased. It is expected to grow significantly in 2024
4. As the new product of the military bulletproof vest has passed customer verification, shipments in 2024 are expected to increase by more than 25% compared with 2023.

In summary, the company's revenue in 2024 is expected to be driven by industry trends. The company will continue to make unremitting efforts to enhance the company's competitiveness, strive for more profits, and enrich the company's operating foundation. Share it with all shareholders.

Audit Committee' s Review Report

The Board of Directors has prepared the Company's 2023 Business Report, Financial Statements, and proposal for allocation of quarterly earnings. The CPA firm of Ernst & Young was retained to audit Cathay's Financial Statements and has issued an audit report relating to the Financial Statements. The Business Report, Financial Statements, and quarterly earnings allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of Taiwan Semiconductor Manufacturing Company Limited. According to relevant requirements of the Article 14-4 of Securities and Exchange and the Article 219 of Company Law, we hereby submit this report.

Cathay Consolidated, Inc.

Chairman of the Audit Committee:

February 22, 2024

Employee remuneration and Director remuneration

1. In accordance with Article 21 of the articles of association of the Company, "the Company shall allocate at least 1% for the employees' remuneration and not more than 5% for the directors' remuneration in the event of profits in the year".
2. We proposed Employee Remuneration and Director Remuneration Distribution in 2023:

(Unit: NT\$)

Items	Amount	As a Percentage of Pretax Net Profit
Employee Bonus	26,768,791	3.9%
Bonus to Directors	10,413,297	1.5%

3. The remuneration for employees and directors is expected to be paid in cash. °

Independent Auditors' Report

To Cathay Consolidated, Inc.

Opinion

We have audited the accompanying individual balance sheets of Cathay Consolidated, Inc. (the "Company") as of December 31, 2023 and 2022, and the related individual statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2023 and 2022, and notes to the individual financial statements, including the summary of significant accounting policies (together "the individual financial statements").

In our opinion, based on our audits, the individual financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and their financial performance and cash flows for the years ended December 31, 2023 and 2022, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Individual Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2023 individual financial statements. These matters were addressed in the context of our audit of the individual financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

The Company recognized operating revenue from contracts with customers of NT\$2,564,771 thousand in 2023. Operating revenue was mainly generated from sales of functional fabrics and merchandise for medical, life preserving, aviation. It's critical for financial statements audit to justify and analyze the obligation of customers contracts and the timing and completeness of revenue recognition. Therefore, we conducted revenue recognition as a key audit matter.

The audit procedures we performed regarding revenue recognition included but not limited to: understand the transaction process and performed tests of control on effectiveness of control points; inspect the terms of transaction and perform test of details to ensure obligation of customers contract and the appropriate timing and accuracy of revenue recognition; inspect the supporting document of sales transaction for a period before and after the balance sheet date to ensure revenue recognize in proper timing.

In addition, we evaluated the adequacy of disclosures of revenues. Please refer to Note 6 to the Company's individual financial statements.

Valuation of inventories

The Company mainly dedicated to manufacture and selling of functional fabrics and merchandise of medical, life preserving, aviation. As of December 31, 2023, the inventories amounted to NT\$856,731 thousand, representing 26% of total assets, which was significant to individual financial statements. Due to the valuation of allowance for inventory valuation losses involved in the subjective judgement of the management, we listed valuation of inventories as a key audit matter.

The audit procedures we performed regarding valuation of inventories included but not limited to: evaluate and perform tests of control on effectiveness of control of control points for valuation of inventories; evaluate the appropriateness of the policies of writing-down of slow-moving inventories; test the accuracy of inventories aging and recalculate the losses for slow-moving inventories; perform test of supporting document and recalculate on net realizable value to ensure inventories valued at lower of cost and net realizable value.

In addition, we evaluated the adequacy of disclosures of inventories. Please refer to Note 5 and 6 to the Company's individual financial statements.

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

Management is responsible for the preparation and fair presentation of the individual financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and became effective by Financial Supervisory Commission of the Republic of China and for such internal control as management determines is necessary to enable the preparation of individual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the individual financial statements, management is responsible for assessing the ability to continue as a going concern of the Company, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee, are responsible for overseeing the financial reporting process of the Company.

Auditor's Responsibilities for the Audit of the Individual Financial Statements

Our objectives are to obtain reasonable assurance about whether the individual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these individual financial statements.

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

1. Identify and assess the risks of material misstatement of the individual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Company. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the individual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the individual financial statements, including the accompanying notes, and whether the individual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2023 individual financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Chang, Chih-Ming

Fuh, Wen-Fun

Ernst & Young, Taiwan

February 22, 2024

Notice to Readers

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

Accordingly, the accompanying individual financial statements and report of independent auditors are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

English Translation of Financial Statements Originally Issued in Chinese
CATHAY CONSOLIDATED, INC.
INDIVIDUAL BALANCE SHEETS
December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

ASSETS	Notes	December 31, 2023		December 31, 2022		LIABILITIES AND EQUITY	Notes	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%			Amount	%	Amount	%
Current assets						Current liabilities					
Cash and cash equivalents	4, 6	\$599,963	19	\$700,684	24	Short-term loans	4, 6	\$-	-	\$64,088	2
Notes receivable, net	4, 6	5,613	-	3,197	-	Contract liabilities, current	4, 6	3,907	-	3,350	-
Accounts receivable, net	4, 6	476,288	15	389,867	13	Notes payables	4	96,559	3	65,156	2
Accounts receivable from related parties	4, 6, 7	1,096	-	559	-	Accounts payables	4	190,031	6	110,509	4
Other receivables	4	27	-	7,382	-	Accounts payable from related parties	4, 7	-	-	29	-
Other receivables from related parties	4, 7	-	-	3	-	Other payables	4	123,622	4	130,966	4
Inventories, net	4, 6	856,731	26	742,831	25	Current tax liabilities	4, 6	71,031	2	91,091	3
Prepayments	4, 6	43,858	2	43,306	2	Provisions, current	-	2,296	-	2,694	-
Other current assets	6, 8	4,278	-	1,561	-	Current lease liabilities	4, 6	16,586	1	17,801	1
Total current assets		1,987,854	62	1,889,390	64	Other current liabilities	-	4,129	-	2,892	-
Non-current assets						Current portion of long term liabilities	4, 6	62,606	2	45,531	2
Financial asset at fair value through profit or loss	4, 6	50	-	477	-	Total current liabilities		570,767	18	534,107	18
Property, plant and equipment	4, 6, 8	1,202,714	37	1,023,142	34	Non-current Liabilities					
Right-of-use assets	4, 6	37,220	1	52,914	2	Bonds payable	4, 6	32,514	1	96,360	3
Intangible assets		904	-	762	-	Long-term loans	4, 6	383,079	12	313,628	11
Deferred tax assets	4, 6	14,932	-	12,211	-	Lease liability, non-current	4, 6	21,207	1	35,670	1
Other non-current assets	6	7,342	-	7,181	-	Total non-current liabilities		436,800	14	445,658	15
Total non-current assets		1,263,162	38	1,096,687	36	Total liabilities		1,007,567	32	979,765	33
						Equity					
						Capital stock					
						Common stock	6	713,295	22	689,453	23
						Certificate of entitlement to new shares form convertible bond	6	270	-	14,269	-
						Capital surplus	6	646,481	20	592,721	20
						Retained earnings	6				
						Legal reserves		175,844	5	125,893	4
						Unappropriated earnings		729,732	22	629,809	21
						Total retained earnings		905,576	27	755,702	25
						Other equity interest	6	(22,173)	(1)	(45,833)	(1)
						Total Equity		2,243,449	68	2,006,312	67
TOTAL ASSETS		\$3,251,016	100	\$2,986,077	100	TOTAL LIABILITIES AND EQUITY		\$3,251,016	100	\$2,986,077	100

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

English Translation of Financial Statements Originally Issued in Chinese

CATHAY CONSOLIDATED, INC.

INDIVIDUAL STATEMENTS OF COMPREHENSIVE INCOME

For the Years Ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

Accounts	Notes	2023		2022	
		Amount	%	Amount	%
Operating revenues	4, 5, 6, 7	\$2,564,771	100	\$2,589,138	100
Operating costs	6	(1,731,277)	(68)	(1,838,268)	(71)
Gross profit		833,494	32	750,870	29
Operating expenses					
Selling expenses	6	(43,137)	(2)	(44,665)	(2)
Administrative expenses	6	(116,073)	(4)	(104,871)	(4)
Research and development expenses	6	(58,922)	(2)	(48,937)	(2)
Expected credit impairment gains	6	-	-	-	-
Total operating expenses		(218,132)	(8)	(198,473)	(8)
Operating income		615,362	24	552,397	21
Non-operating income and expenses					
Interest income	6	7,697	-	1,728	-
Other income	6	33,493	1	22,192	1
Other gains and losses	6	2,250	-	44,813	2
Finance cost	6	(2,764)	-	(6,402)	-
Total non-operating income and expenses		40,676	1	62,331	3
Income before income tax		656,038	25	614,728	24
Income tax expense	4, 6	(126,249)	(5)	(115,214)	(4)
Net income		529,789	20	499,514	20
Other comprehensive income		-	-	-	-
Total comprehensive income		\$529,789	20	\$499,514	20
Earnings per share (NTD)					
Earnings per share-basic	6	\$7.52		\$7.34	
Earnings per share-diluted	6	\$7.38		\$7.25	

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

English Translation of Financial Statements Originally Issued in Chinese

CATHAY CONSOLIDATED, INC.

INDIVIDUAL STATEMENTS OF CHANGES IN EQUITY

For the Years Ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

Item	Common stock	Certificate of entitlement to new shares form	Capital surplus	Retained earnings		Other equity interest Unearned employee compensation	Total equity
				Legal reserve	Unappropriated earnings		
Balance as of January 1, 2022	\$678,453	\$-	\$417,366	\$99,271	\$360,453	\$-	\$1,555,543
Appropriation and distribution of 2021 earnings:							
Legal reserve	-	-	-	26,622	(26,622)	-	-
Cash dividends	-	-	-	-	(203,536)	-	(203,536)
Embedded conversion options derived from convertible							
	-	-	32,624	-	-	-	32,624
Net income for the year ended December 31, 2022	-	-	-	-	499,514	-	499,514
Other comprehensive income for the year ended December 31, 2022	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	499,514	-	499,514
Bonds converted to stock	-	14,269	79,371	-	-	-	93,640
Insurance of restricted stock	11,000	-	63,360	-	-	(45,833)	28,527
Balance as of December 31, 2022	689,453	14,269	592,721	125,893	629,809	(45,833)	2,006,312
Appropriation and distribution of 2022 earnings:							
Legal reserve	-	-	-	49,951	(49,951)	-	-
Cash dividends	-	-	-	-	(380,010)	-	(380,010)
Net income for the year ended December 31, 2023	-	-	-	-	529,789	-	529,789
Other comprehensive income for the year ended December 31, 2023	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	529,789	-	529,789
Bonds converted to stock	24,022	(13,999)	54,797	-	-	-	64,820
Share-based payment	(180)	-	(1,037)	-	-	23,660	22,443
Cash dividends returned	-	-	-	-	95	-	95
Balance as of December 31, 2023	\$713,295	\$270	\$646,481	\$175,844	\$729,732	\$(22,173)	\$2,243,449

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

English Translation of Financial Statements Originally Issued in Chinese

CATHAY CONSOLIDATED, INC.

INDIVIDUAL STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

Item	2023	2022
Cash flows from operating activities		
Income before income tax	\$656,038	\$614,728
Adjustments to reconcile net income before tax to net cash provided by operating activities:		
Depreciation	90,070	86,353
Amortization	870	676
Net loss (gain) of financial assets and liabilities at fair value through profit or loss	147	(476)
Interest expenses	2,764	6,402
Interest income	(7,697)	(1,728)
Compensation cost of share - based payment	22,443	28,527
Losses on disposal of property, plant and equipment	397	535
Changes in operating assets and liabilities:		
(Increase) in notes receivable	(2,416)	(160)
Decrease in notes receivable from related parties	-	6
(Increase) in accounts receivable	(86,421)	(30,796)
(Increase) decrease in accounts receivable from related parties	(537)	320
Decrease in other receivables	7,355	10,895
Decrease (increase) in other receivable- related parties	3	(3)
(Increase) decrease in inventories	(113,900)	64,650
(Increase) decrease in prepayments	(760)	12,260
(Increase) in other current assets	(2,717)	(463)
Increase (decrease) in notes payables	31,403	(24,400)
Increase (decrease) in accounts payables	79,522	(126,506)
(Decrease) increase in accounts payables from related parties	(29)	29
(Decrease) increase in other payable	(6,698)	27,131
(Decrease) in provisions	(398)	(85)
Increase in other current liabilities	1,795	3,494
Cash generated from operations	671,234	671,389
Interest received	7,697	1,728
Income taxes paid	(149,029)	(65,972)
Net cash provided by operating activities	529,902	607,145
Cash flows from investing activities:		
Acquisition of property, plant and equipment	(245,292)	(259,785)
Proceeds from disposal of property, plant and equipment	-	28
Acquisition of intangible assets	(302)	(131)
Increase in other non-current assets	(663)	(341)
Net cash used in investing activities	(246,257)	(260,229)
Cash flows from financing activities:		
Increase in short-term loans	193,346	271,892
Decrease in short-term loans	(257,434)	(207,804)
Proceed from issuing bonds	-	220,298
Proceeds from long-term loans	139,284	81,240
Repayments of long-term loans	(52,758)	(37,116)
Payment for the principal portion of the lease liabilities	(19,286)	(19,126)
Cash dividends paid	(380,010)	(203,536)
Interest paid	(7,603)	(4,327)
Cash dividends returned	95	-
Net cash (used in) provided by financing activities	(384,366)	101,521
Net (decrease) increase in cash and cash equivalents	(100,721)	448,437
Cash and cash equivalents at the beginning of the year	700,684	252,247
Cash and cash equivalents at the end of the year	\$599,963	\$700,684

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

Cathay Consolidated, Inc.

Profit Distribution Table

2023

Unit : NTD\$

Items	Amount
Beginning Unappropriated retained earnings	199,847,247
Retract the dividends of RSAs were unvested	95,046
Add: Net profit after tax of 2023	529,788,957
Less : 10% Legal Surplus Reserve	529,884,003
Distributable net profit	52,988,400
Distributable items:	676,742,850
Cash dividend (NT\$ 5 per share)	356,724,232
Stock dividend (NT\$ 1 per share)	71,344,850
Unappropriated retained earnings after Distribution	248,673,768

Cathay Consolidated, Inc.

The list of directors' non-competition lifting

Type	Name	Company / Position
Independent Directors	邵于玲 Yu-Lin, Jackie, Shao	Professor of Department of Recreation and Sport Management, University of Taipei

Directors' Shareholdings & Minimum Shareholdings Required

Follow Securities and Exchange Act Art 26 and 「Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies」, :

1. Directors Shareholdings and Legal Minimum Shareholdings is as follows:

Common shares issued 71,344,847 shares

Legal holding of all directors in number of shares 5,707,588 shares

2. As of March 25, 2024, all board members' shareholdings are as follows:

3.

Position	Name	Shares	
		At the time of appointment	Closing date
Chairman	George Liu	12,151,359	12,151,359
Director	Syu Guang-Huei	0	0
Director	Joanna Hsiao	0	0
Director	Stephen Wendell Howard	0	0
Independent Director	Shih Sin-Chuan	0	0
Independent Director	Pan Sian	0	0
Independent Director	Celia Syu	0	0
Total	合計	12,151,359	12,151,359

Shareholder proposal information

- 1、According to Article 172-1 of the Company Law, the time for the shareholders' proposal to be accepted at this regular shareholders meeting is from March 18, 2024 to March 27, 2024, and it has been announced in the Market Observation Post System.
- 2、During that period, no proposals from shareholders holding more than 1% of the total issued shares of the company have been received.

Cathay Consolidated, Inc.**Articles of Incorporation****Chapter 1: General Principle****Article 1.**

In accordance with the Company Law and regulations on company limited by shares, the Company is registered as Cathay Consolidated, Inc.

Article 2.

The business scope of the Company is stated as follow:

C805010 Plastic Sheets, Pipes and Tubes Manufacturing

C805020 Plastic Sheets & Bags Manufacturing

C805060 Plastic Leathers Manufacturing

C805990 Other Plastic Products Manufacturing

CM0101L Luggage and Bag Manufacturing

C305010 Printing, Dyeing, and Finishing Mills

C399990 Other Textile Products Manufacturing

CC01990 Electrical Machinery, Supplies Manufacturing

F401010 International Trading

ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval

Article 2-1.

The total amount of the re-investment made by the Company may not be restricted by article 13 of the Company Act.

Article 3.

Headquarter of the Company is located at Yilan county, Taiwan. The Company can establish branches at home and abroad legally with the agreement of the board.

Article 4.

The company's announcement method is in accordance with Article 28 of the Company Act.

Chapter 2: Shares

Article 5.

The total capital of the Company is NTD \$900 million dollars, which is divided into 90 million shares, that is, NTD \$10 dollars per share. The total authorized number of shares are to be issued in installments by the approval of the board.

Within aforementioned capital, NTD \$70 million dollar is kept to be issued to employees as share beneficiaries. This totals 7 million shares with the face value of each share being NTD \$10 dollars and is to be issued through separate instances after receiving authorization from the board of directors.

Article 5-1.

When transfer to employees below the average price of the actual shares bought back or employee share subscription warrant price lower than the market price (net value per share), there shall be more than half of the total number of issued shares presenting, and at least two-thirds of the voting rights at shareholders meeting agree.

Article 5-2.

The preparation of share issuance shall be conducted according to the Company Act and the matters occurs after the share issuance shall be tackled according to the regulation of Company Act, Regulations Governing the Administration of Shareholder Services of Public Companies, and related laws.

Article 6.

The company may be exempted from printing share certificate for the shares issued, but the share certificate to be issued under the provision of the preceding paragraph shall be placed under the custody of a centralized securities custody enterprise.

Article 7.

The transfer of the share of the company shall be conducted according to the regulation

of article 165 of Company Act.

Chapter 3 Shareholder Meetings

Article 8.

Shareholder's meeting is divided into two types: regular and irregular. Regular meetings should be held at least once a year and should be held by the Board of Directors within six months of the end of every fiscal year according to law. Irregular shareholder's meetings are to be held in accordance with law.

Article 8-1.

Shareholders' meeting of the Company can be held by means of visual communication network or other methods promulgated by the central competent authority.

Article 9.

When a shareholder is unable to attend the shareholders meeting for some reason, he shall obtain a proxy statement issued by the company stating the scope of authorization, and in accordance with Article 177 of the Company Law, sign or seal the entrusted agent to attend. The company's shareholders' entrusted attendance measures, in addition to the provisions of the preceding paragraph, are understood to be implemented in accordance with the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies" promulgated by the competent authority.

Article 10.

Unless otherwise stipulated by laws and regulations, shareholders of the company have one voting right per share, but those who are restricted or have no voting rights as stipulated in Article 179 of the Company Act.

Article 11.

The resolutions of the shareholders meeting, unless otherwise stipulated by the Company Act, shall be attended by shareholders representing more than half of the total number of issued shares, and shall be executed with the approval of more than half of

the voting rights of the shareholders present.

The company shall list electronic methods as a channel for shareholders to exercise their voting rights. Shareholders who exercise voting rights electronically shall be deemed to be present in person, and related matters shall be handled in accordance with laws and regulations.

The resolutions of the shareholders meeting shall be recorded and handled in accordance with Article 183 of the Company Act.

Article 12.

The shareholders' meeting is called by the board meeting and the chairman shall be the meeting chair. In case the chairman of the board of directors is on leave or absent, the chairman of the board of directors shall designate one of the managing directors, or where there are no managing directors, one of the directors to act on his behalf. In the absence of such a designation, the managing directors or the directors shall elect from among themselves an acting chairman of the board of directors. If the shareholders' meeting is called by the person other than the board meeting, the meeting chair shall be that person. In case that the meeting is called by more than one person, people calling the meeting shall elect from among themselves an acting chairman.

Article 12-1.

If the company has a proposal to cancel the public offering in the future, it should be referred to as a resolution of the shareholders meeting, and this provision shall not be changed during the period of stock market development and the period of listing or listing.

Chapter 4 Director and Supervisor

Article 13.

The Board of Directors of our company has 7 directors, the selection of directors adopts a candidate nomination system, and the shareholders' meeting selects them from the list of director candidates for a term of three years, and they may be re-elected. The election

of directors of the company adopts the registered and cumulative election method. The total number of registered stocks held by all directors shall be handled in accordance with the regulations of the “Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies” issued by the competent authority.

Among the above-mentioned number of directors, the number of independent directors set up by the company shall not be less than two, and shall not be less than one-fifth of the number of directors. Regarding independent directors' professional qualifications, shareholding, restrictions on part-time jobs, methods of nomination and selection, and other matters to be followed, follow the relevant regulations of the securities authority.

Article 13-1.

(Deleted)

Article 13-2.

The company establishes an audit committee in accordance with Article 14-4 of the Securities and Exchange Act. The audit committee shall be composed of all independent directors. The number of the audit committee shall not be less than three. One of them shall be the convener, and at least one shall have accounting or financial expertise. The Audit Committee is responsible for implementing the supervisory powers stipulated by relevant laws and regulations.

Article 13-3.

The company may set up functional committees under the board of directors. The establishment and powers of relevant committees shall be handled in accordance with the regulations set by the competent authority and company regulations.

Article 13-4.

The company shall purchase liability insurance and legal liability for compensation for the scope of its business execution during his term of office for directors.

Article 14.

The board is organized by the directors. The board of directors shall elect a chairman of

the board directors from among the directors by a majority vote at a meeting attended by over two-thirds of the directors. The chairman shall externally represent the Company.

Article 15.

If the chairman cannot performance his/her duty due to certain reason or on leave, the assignment of his/her deputy shall be conducted in accordance with the regulations of Company Act, Art. 208.

Article 16.

Unless the Company Act regulates otherwise; the resolution of a board meeting shall be adopted by a majority vote of the directors at a meeting of the board of directors attended by at least a majority of the entire directors of the company. A shareholder may appoint a proxy to attend a shareholders' meeting in his/her/its behalf by executing a power of attorney stating therein the scope of power authorized to the proxy. A shareholder may only execute one power of attorney and appoint one proxy only. In calling a meeting of the board of directors, a notice shall set forth therein the subject(s) to be discussed at the meeting and a notice shall be issued no later than 7 days prior to the scheduled meeting date. In case of emergency, the meeting shall be called anytime. The abovementioned meeting can be called via writing, fax, or email.

Article 17.

The company may compensate the director depending on the contribution to company by bonus or salary. The compensation shall be determined by the contribution they made, value, the profit of the company, and the amount paid by the peer company. In the case that a director is also an officer of the Company, the director shall be compensating according to article 21 of the document and is entitled to the compensation based on industry's standard for the position.

Chapter 5 Manager

Article 18.

The company may set up the position of Manager. The appointment and the relieve shall comply with the regulation of article 29 of the Company Act.

Chapter 6 Accounting

Article 19.

The fiscal year refers to the duration from Jan 1 to Dec 31 of a year. The annual account shall be conducted by the end of the year.

Article 20.

At the end of every fiscal year, the board shall submit the papers and lists as below 30 days before the start of shareholder's meeting to the shareholder's meeting for approval.

- (1). Business Report (2). Balance Sheet
- (3). Proposal on distribution of surplus and recovery of losses

Article 21.

For the distribution of annual profit, at least 1% shall be reserved for the employee bonus and up to 5% for the director bonus. However, the profit shall be reserved to cover the previous loss first. The bonus shall be issued by shares or in cash as the director bonus shall be paid in cash. The aforementioned distribution shall be made upon a resolution at a meeting of the board of directors by a majority vote at the meeting of board of directors attended by directors representing two-thirds of the directors; the resolution shall be reported to the shareholders' meeting.

Article 21-1.

For the distribution of annual profit, the company shall withhold the tax and cover the loss first, then provide 10% for profit reserve until the amount is equal to the paid-in capital of the Company. The rest, plus the undistributed profit of the previous term, shall be distributed according to the resolution made by the board and approved by the shareholders' meeting. When the reserves are to be distributed in cash, the distribution

may be approved by the Board of Directors in accordance with Article 240 of the Company Law and reported to the shareholders' meeting, instead of being submitted to the shareholders' meeting for acceptance.

Article 21-2.

The company's dividend policy requires consideration of the environment and, in response to future funding needs and long-term financial planning, an annual allocation of no less than 10% of the distributable surplus shall be allocated to shareholders' dividends, but the cumulative distributable surplus is lower than the actual income. When the share capital is 10%, it may not be distributed; shareholder dividends can be distributed in cash or stocks, and the proportion of cash dividends shall not be less than 10% of the total dividends.

Chapter 7 By-laws

Article 22.

Matters not listed in this article of incorporation is to be processed according to the Company Act and other relevant regulations.

Article 23.

The article was established on May 29, 1982.

1st amendment was made on Sep. 20, 1983.

2nd amendment was made on Apr. 22, 1985.

3rd amendment was made on Jul. 30, 1986.

4th amendment was made on Dec. 2, 1987.

5th amendment was made on Mar. 23, 1998.

6th amendment was made on Jun. 10, 2002.

7th amendment was made on Nov. 25, 2002.

8th amendment was made on Dec. 26, 2007.

9th amendment was made on Jan. 14, 2008.

10th amendment was made on Jun. 3, 2008.
11th amendment was made on Sep. 1, 2008.
12th amendment was made on Apr. 10, 2009.
13th amendment was made on May 5, 2010.
14th amendment was made on Jun. 27, 2016.
15th amendment was made on May 25, 2017.
16th amendment was made on Apr. 11, 2019.
17th amendment was made on Sep. 11, 2019.
18th amendment was made on July. 7, 2022.

Cathay Consolidated, Inc.

Chairman: LIU, TSONG-XI

CATHAY CONSOLIDATED INC.
Rules of Procedure for Shareholders Meetings

Article 1	To establish a strong governance system and sound supervisory capabilities for this Corporation's shareholders meetings, and to strengthen management capabilities, these Rules are adopted pursuant to Article 5 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.
Article 2	The rules of procedures for this Corporation's shareholders meetings, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.
Article 3	<p>(Convening shareholders meetings and shareholders meeting notices)</p> <p>Unless otherwise provided by law or regulation, this Corporation's shareholders meetings shall be convened by the board of directors.</p> <p>This Corporation shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins 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 a special shareholders meeting. This Corporation 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. In addition, before 15 days before the date of the shareholders meeting, this Corporation 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 this Corporation and the professional shareholder services agent designated thereby as well as being distributed on-site at the meeting place.</p> <p>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.</p> <p>Election or dismissal of directors or supervisors, amendments to the articles of incorporation, Capital reduction, stop public offering, directors' competition permission, surplus capital increase, capital reserve conversion capital the dissolution, merger, or demerger of the corporation, or any matter under of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion. Its main content may be placed on the website designated by the securities authority or company, and its website address shall be stated in the notice.</p>

CATHAY CONSOLIDATED INC.
Rules of Procedure for Shareholders Meetings

	<p>The convening of the shareholders' meeting has stated the full re-election of directors and the date of appointment. After the re-election of the shareholders' meeting is completed, the same meeting may not change its appointment date by temporary motion or other means.</p> <p>A shareholder holding 1 percent or more of the total number of issued shares may submit to this Corporation a written proposal for discussion at a regular shareholders meeting. Such proposals, however, are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. However, the shareholders' proposal is a proposal to urge the company to promote the public interest or fulfill its social responsibility, and the board of directors still has to include it in the proposal. In addition, when the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda.</p> <p>Prior to the book closure date before a regular shareholders meeting is held, this Corporation shall publicly announce that it will receive shareholder proposals, written or electronic, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days. Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders meeting and take part in discussion of the proposal.</p> <p>Prior to the date for issuance of notice of a shareholders meeting, this Corporation shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.</p>
Article 4	<p>For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by this Corporation and stating the scope of the proxy's authorization.</p> <p style="padding-left: 40px;">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 this Corporation before 5 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.</p> <p style="padding-left: 40px;">After a proxy form has been delivered to this Corporation, 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 this Corporation before 2 business days before the meeting date. If</p>

CATHAY CONSOLIDATED INC.
Rules of Procedure for Shareholders Meetings

	the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.
Article 5	<p>(Principles determining the time and place of a shareholders meeting)</p> <p>The venue for a shareholders meeting shall be the premises of this Corporation, 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.</p>
Article 6	<p>(Preparation of documents such as the attendance book)</p> <p>This Corporation shall specify in its shareholders meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention.</p> <p>The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations.</p> <p>Shareholders and their proxies (collectively, "shareholders") shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. This Corporation may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.</p> <p>This Corporation shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.</p> <p>This Corporation 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.</p> <p>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.</p>
Article 7	<p>(The chair and non-voting participants of a shareholders meeting)</p> <p>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</p>

CATHAY CONSOLIDATED INC.
Rules of Procedure for Shareholders Meetings

	<p>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.</p> <p>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.</p> <p>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 a majority 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.</p> <p>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.</p> <p>This Corporation may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity.</p>
Article 8	<p>(Documentation of a shareholders meeting by audio or video)</p> <p>This Corporation, 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.</p> <p>The recorded materials of the preceding paragraph shall be retained for at least 1 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.</p>
Article 9	<p>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 plus the number of shares whose voting rights are exercised by correspondence or electronically.</p> <p>The chair shall call the meeting to order at the appointed meeting time. 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</p>

CATHAY CONSOLIDATED INC.
Rules of Procedure for Shareholders Meetings

	<p>more than 1 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.</p> <p>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 1 month.</p> <p>When, prior to conclusion of the meeting, the attending shareholders represent a majority 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.</p>
Article 10	<p>(Discussion of proposals)</p> <p>If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.</p> <p>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.</p> <p>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.</p> <p>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 and call for a vote.</p>
Article 11	<p>If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. The meeting shall proceed in the order set by the agenda, relevant motions (including temporary motions and amendments to the original motions) shall be decided on a case-by-case basis which may not be changed without a resolution of the shareholders meeting.</p>

CATHAY CONSOLIDATED INC.
Rules of Procedure for Shareholders Meetings

	<p>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.</p> <p>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.</p> <p>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 and call for a vote, and arrange adequate voting time.</p>
Article 12	<p>(Calculation of voting shares and recusal system)</p> <p>Voting at a shareholders meeting shall be calculated based the number of shares.</p> <p>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.</p> <p>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 this Corporation, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.</p> <p>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.</p> <p>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 3 percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.</p>
Article 13	<p>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.</p> <p>When the Company convenes a shareholders' meeting, it may exercise its voting rights in writing or electronically; when it exercises its voting rights in writing or</p>

CATHAY CONSOLIDATED INC.
Rules of Procedure for Shareholders Meetings

	<p>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 this Corporation.</p> <p>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.</p>
Article 14	<p>(Election of directors and supervisors)</p> <p>The election of directors or supervisors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by this Corporation, 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.</p> <p>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 1 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.</p>
Article 15	<p>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.</p> <p>This Corporation may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.</p> <p>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 results (including statistical weights) record that when there are directors and supervisors, the number of votes for each candidate should be disclosed. During the company's existence, it should be kept permanently.</p>
Article 16	<p>(Public disclosure)</p> <p>On the day of a shareholders meeting, this Corporation shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders meeting.</p> <p>If matters put to a resolution at a shareholders meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange</p>

CATHAY CONSOLIDATED INC.
Rules of Procedure for Shareholders Meetings

	Corporation (or GreTai Securities Market) regulations, this Corporation shall upload the content of such resolution to the MOPS within the prescribed time period.
Article 17	<p>(Maintaining order at the meeting place)</p> <p>Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.</p> <p>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."</p> <p>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 this Corporation, the chair may prevent the shareholder from so doing.</p> <p>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.</p>
Article 18	<p>(Recess and resumption of a shareholders meeting)</p> <p>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.</p> <p>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.</p>
Article 19	A resolution may be adopted at a shareholders meeting to defer or resume the meeting within 5 days in accordance with Article 182 of the Company Act.
Article 20	These Rules, and any amendments hereto, shall be implemented after adoption by shareholders meetings.

Article 1	To ensure a just, fair, and open election of directors, these Procedures are adopted pursuant to Articles 21 and 41 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.
Article 2	Except as otherwise provided by law and regulation or by this Corporation's articles of incorporation, elections of directors shall be conducted in accordance with these Procedures.
Article 3	<p>The overall composition of the board of directors shall be taken into consideration in the selection of this Corporation's directors. The composition of the board of directors shall be determined by taking diversity into consideration and formulating an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs. It is advisable that the policy include, without being limited to, the following two general standards:</p> <p>Basic requirements and values: Gender, age, nationality, and culture.</p> <p>Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience.</p> <p>Each board member shall have the necessary knowledge, skill, and experience to perform their duties; the abilities that must be present in the board as a whole are as follows:</p> <p>The ability to make judgments about operations.</p> <p>Accounting and financial analysis ability.</p> <p>Business management ability.</p> <p>Crisis management ability.</p> <p>Knowledge of the industry.</p> <p>An international market perspective.</p> <p>Leadership ability.</p> <p>Decision-making ability.</p> <p>More than half of the directors shall be persons who have neither a spousal relationship nor a relationship within the second degree of kinship with any other director.</p> <p>The board of directors of this Corporation shall consider adjusting its composition based on the results of performance evaluation.</p>
Article 4	<p>The qualifications for the independent directors of this Corporation shall comply with Articles 2, 3, and 4 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.</p> <p>The election of independent directors of this Corporation shall comply with Articles 5, 6, 7, 8, and 9 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, and shall be conducted in accordance with Article 24 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.</p>
Article 5	<p>Elections of both directors at this Corporation shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act. This Corporation shall review the qualifications, education, working experience, background, and the existence of any other matters set forth in Article 30 of the Company Act with respect to nominee directors and may not arbitrarily add requirements for documentation of other qualifications. It shall further provide the results of the review to shareholders for their reference, so that qualified directors will be elected</p> <p>When the number of directors falls below five due to the dismissal of a director for any reason, this Corporation shall hold a by-election to fill the</p>

	<p>vacancy at its next shareholders meeting. When the number of directors falls short by one third of the total number prescribed in this Corporation's articles of incorporation, this Corporation shall call a special shareholders meeting within 60 days from the date of occurrence to hold a by-election to fill the vacancies.</p> <p>When the number of independent directors falls below that required under the proviso of Article 14-2, paragraph 1 of the Securities and Exchange Act, or the related provisions of the Taiwan Stock Exchange Corporation rules governing the review of listings, or subparagraph 8 of the Standards for Determining Unsuitability for GTSM Listing under Article 10, Paragraph 1 of the GreTai Securities Market Rules Governing the Review of Securities for Trading on the GTSM, a by-election shall be held at the next shareholders meeting to fill the vacancy. When the independent directors are dismissed en masse, a special shareholders meeting shall be called within 60 days from the date of occurrence to hold a by-election to fill the vacancies.</p> <p>Elections of both directors at this Corporation shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act. This Corporation shall review the qualifications, education, working experience, background, and the existence of any other matters set forth in Article 30 of the Company Act with respect to nominee directors and may not arbitrarily add requirements for documentation of other qualifications. It shall further provide the results of the review to shareholders for their reference, so that qualified directors will be elected.</p> <p>When the number of directors falls below five due to the dismissal of a director for any reason, this Corporation shall hold a by-election to fill the vacancy at its next shareholders meeting. When the number of directors falls short by one third of the total number prescribed in this Corporation's articles of incorporation, this Corporation shall call a special shareholders meeting within 60 days from the date of occurrence to hold a by-election to fill the vacancies.</p> <p>When the number of independent directors falls below that required under the proviso of Article 14-2, paragraph 1 of the Securities and Exchange Act, or the related provisions of the Taiwan Stock Exchange Corporation rules governing the review of listings, or subparagraph 8 of the Standards for Determining Unsuitability for GTSM Listing under Article 10, Paragraph 1 of the GreTai Securities Market Rules Governing the Review of Securities for Trading on the GTSM, a by-election shall be held at the next shareholders meeting to fill the vacancy. When the independent directors are dismissed en masse, a special shareholders meeting shall be called within 60 days from the date of occurrence to hold a by-election to fill the vacancies.</p>
Article 6	The cumulative voting method shall be used for election of the directors at this Corporation. Each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates.
Article 7	The board of directors shall prepare separate ballots for directors in numbers corresponding to the directors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.
Article 8	The number of directors will be as specified in this Corporation's articles of incorporation, with voting rights separately calculated for independent and non-independent director positions. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their

	respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.
Article 9	Before the election begins, the chair shall appoint a number of persons with shareholder status to perform the respective duties of vote monitoring and counting personnel. The ballot boxes shall be prepared by the board of directors and publicly checked by the vote monitoring personnel before voting commences.
Article 10	If a candidate is a shareholder, a voter must enter the candidate's account name and shareholder account number in the "candidate" column of the ballot; for a non-shareholder, the voter shall enter the candidate's full name and identity card number. However, when the candidate is a governmental organization or juristic-person shareholder, the name of the governmental organization or juristic-person shareholder shall be entered in the column for the candidate's account name in the ballot paper, or both the name of the governmental organization or juristic-person shareholder and the name of its representative may be entered. When there are multiple representatives, the names of each respective representative shall be entered.
Article 11	<p>A ballot is invalid under any of the following circumstances:</p> <p>The ballot was not prepared by the board of directors.</p> <p>A blank ballot is placed in the ballot box.</p> <p>The writing is unclear and indecipherable or has been altered.</p> <p>The candidate whose name is entered in the ballot is a shareholder, but the candidate's account name and shareholder account number do not conform with those given in the shareholder register, or the candidate whose name is entered in the ballot is a non-shareholder, and a cross-check shows that the candidate's name and identity card number do not match.</p> <p>Other words or marks are entered in addition to the candidate's account name or shareholder account number (or identity card number) and the number of voting rights allotted.</p> <p>The name of the candidate entered in the ballot is identical to that of another shareholder, but no shareholder account number or identity card number is provided in the ballot to identify such individual.</p>
Article 12	<p>The voting rights shall be calculated on site immediately after the end of the poll, and the results of the calculation, including the list of persons elected as directors and the numbers of votes with which they were elected, shall be announced by the chair on the site.</p> <p>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.</p>
Article 13	The board of directors of this Corporation shall issue notifications to the persons elected as directors.
Article 14	These Procedures, and any amendments hereto, shall be implemented after approval by a shareholders meeting.