



CATHAY CONSOLIDATED, INC.

Stock Code : 1342

Cathay Consolidated, Inc. Annual Report of 2024

Website of the Annual Report

M.O.P.S.: <http://mops.twse.com.tw>

Cathay Website: <http://cathayconsolidated.com>

Date of Publication: May 9, 2025

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V. Overseas securities exchange corporation listing: None.

VI. Corporate Website: <http://cathayconsolidated.com>

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I. The Letter to Shareholders

Dear Shareholders,

Thank you for taking the time to attend this year's Annual General Meeting. On behalf of the Company, I would like to express our sincerest gratitude for your continued support and encouragement. We hereby present the business performance for Fiscal Year 2024 and the outlook for the coming year:

1. Business Results for Fiscal Year 2024

1.1. Implementation of the Business Plan:

In the first half of 2024, inflationary pressures in the western world affected consumer spending, while delays in the FDA subsidy review process in the U.S. prompted more conservative procurement strategies among our outdoor and medical customers. These factors led to a decline in product shipments. However, with the conclusion of the U.S. presidential election in Q4, the global economic landscape gradually stabilized, resulting in a recovery of revenue from our outdoor product line. For the full year, the Company recorded net operating revenue of NT\$2,511,442 thousand, representing a 2.1% decrease compared to FY2023. Operating costs rose by 1.3% due to production capacity adjustments and the commencement of depreciation for the newly completed plant. Overall, net income after tax was NT\$489,578 thousand, a decrease of 7.6% compared to last year.

Unit : NT\$ thousands

Item/Fiscal Year	2024	2023	%
Operating revenues	2,511,442	2,564,771	-2.1%
Operating costs	1,753,754	1,731,277	1.3%
Gross profit	757,688	833,494	-9.1%
Gross profit(%)	30%	32%	-2.0%
Operating expenses	233,435	218,132	7.0%
Selling expenses	50,641	43,137	17.4%
Administrative expenses	106,107	116,073	-8.6%
Research and development expenses	76,687	58,922	30.2%
Operating income	524,253	615,362	-14.8%
Non-operating income and expenses	74,472	40,676	83.1%
Income before income tax	598,725	656,038	-8.7%
Net income	489,578	529,789	-7.6%

1.2. Budget Execution Status: As the Company does not publish financial forecasts, this item is not applicable.

1.3. Financial Performance and Profitability:

		2024	2023
Capital structure Analysis	Debt-to-asset ratio (%)	33.28	30.99
	Long-term Fund to Property, Plant and Equipment (%)	233.16	222.85
Solvency	Current Ratio (%)	353.10	348.28
	Quick Ratio (%)	189.09	190.49
Profitability Analysis	Return on Total Assets (%)	14.39	17.06
	Return on Equity (%)	21.10	24.93
	Net Margin (%)	19.49	20.66
	Earnings per Share (NT\$)	6.27	7.52

1.4. Research and Development:

In 2024, the Company successfully introduced technical textiles into the military and industrial sectors, receiving recognition from clients. In 2025, we plan to further enhance innovation and development of high-tech products, with a focus on disposable medical textiles, marine rescue fabrics, specialty military-grade materials, and digitally printed performance fabrics. Drawing on years of practical experience, we remain committed to satisfying customer and market demands.

2. Outline of the 2025 Business Plan

2.1. Management Guidelines:

2.1.1. Strengthen production flexibility to meet varying customer demands.

2.1.2. Upgrade and expand production equipment by implementing smart machinery to improve efficiency.

2.1.3. Accelerate new product development to drive revenue growth.

2.1.4. Optimize product portfolio to enhance cost control capabilities.

2.1.5. Promote ESG and sustainable development in alignment with the government's 2050 net-zero carbon emission policy.

2.2. Projected Sales Volume and Basis:

As the Company does not disclose external financial forecasts, no projected sales volume is provided.

2.3. Key Production and Sales Policies and Future Strategic Plans:

Beginning in Q2 2025, Donald Trump announced the imposition of reciprocal tariffs on countries worldwide, with significant impact on the global economy. Outdoor consumer products were among the most affected. In response to the high U.S. tariffs, the Company has remained vigilant of global developments and maintained active communication with customers. Many brand clients have requested early deliveries to mitigate cost increases.

Looking ahead, the Company will proactively target the European medical and rescue markets, continually develop innovative and high-value products, and expand our global sales reach to drive higher profitability.

3. Impact of External Competitive Environment, Regulatory Landscape, and General Operating Conditions:

Facing a rapidly evolving global economy, the Company leverages its diversified product portfolio and strong production base to expand product variety, improve yield rates, and reduce production costs to increase gross margins. We continue to offer comprehensive services from design and production to sales for existing clients, utilizing innovative R&D aspects to deepen strategic partnerships and diversify market risks. In terms of regulatory compliance, the Company consistently adheres to government policies and legal standards. All departments remain informed of significant regulatory changes and adjust internal systems and operational strategies accordingly to ensure smooth operations.

We hereby present the Company's business results for FY2024 and the outlook for the coming year. Cathay Consolidated Inc. remains guided by the core values of "Respect, Responsibility, Performance, Integrity, and Joy" as we rise to the challenges of a new Fiscal Year. Our management team will continue to adapt operational strategies, foster innovation, and pursue excellence to promote sustainable corporate growth.

Wishing you all good health and every success!

Chairman

George F.S. Liu



II. Company Profile

1. Profiles of Directors, Supervisors, President and Vice Presidents, Associate Vice Presidents, Heads of the Departments and Branches

1.1. Information of Directors

1.1.1. Information of Directors

March 24, 2025, Unit: Shares, %

Title	Nationality or Place of Registration	Name	Gender Age	Date Elected	Term	Date of First Election	Shareholding when being Elected		Current Shareholding		Spouse, Minor Children Current Shareholding		Shareholding by Nominee Arrangement (shares)		Major Education and Experience	Current Position at Makalot and Other Companies	Managers, Directors and Supervisors Who are Spouses or Within Second-degree Relative of Consanguinity to Each Other		
							Shares	Ratio	Shares	Ratio	Shares	Ratio	Shares	Ratio			Title	Name	Relation
Chairman	R.O.C.	Liu Tsung Hsi	Male 60-70 years old	2022.7.7	3 years	2007.12.26	11,752,044	16.47%	13,473,479	17.14%	1,127,194	1.43%	25,735,700	32.74%	1.Master of Engineering (Electrical), Cornell University 2.General Manager of Cathay Consolidated, Inc. 3.General Manager of Caremed Supply Inc. 1.CEO of Cathay 2. Director of Blanket Capital Incorporated 3. Director of Surpassing International Holdings Ltd. 4. Director of Xylary Develop Group Ltd. 5. Chief of Ding-Cheng Investment Inc. 6. Chief of Hong Xi Investment Inc.	Director	Syu Guang-Huei	father in law	
Director	R.O.C.	Syu Guang-Huei	Male 80-90 years old	2022.7.7	3 years	2019.4.15	—	—	—	—	36,043	0.05%	—	—	1. Bachelor of School of Medicine, Taipei Medical University 2. Attending physician of Taipei Medical University Hospital	Chairman	Liu Tsung-Tsi	son in law	
Director	U.S.A.	Stephen Wendell Howard	Male 60-70 years old	2022.7.7	3 years	2019.9.11	—	—	—	—	—	—	—	Chief of Bemis Associates Inc.	—	—	—	—	

Title	Nationality or Place of Registration	Name	Gender Age	Date Elected	Term	Date of First Election	Shareholding when being Elected		Current Shareholding		Spouse, Minor Children Current Shareholding		Shareholding by Nominee Arrangement (shares)		Major Education and Experience	Current Position at Makalot and Other Companies	Managers, Directors and Supervisors Who are Spouses or Within Second-degree Relative of Consanguinity to Each Other		
							Shares	Ratio	Shares	Ratio	Shares	Ratio	Shares	Ratio			Title	Name	Relation
Director	R.O.C.	Joanna Hsiao	Female 40-50 years old	2022.7.7	3 years	2022.7.7	-	-	-	-	-	-	-	-	1. Bachelor of the General Business Administration Department at Pacific Lutheran University 2. Assistant Vice President of Nam Liong Global Corporation	Assistant Vice President and Director of Nam Liong Global Corporation	-	-	-
Independent Director	R.O.C.	Pan Sian	Male 80-90 years old	2022.7.7	3 years	2019.9.11	-	-	-	-	-	-	-	-	1. PHD of Yamaguchi University 2. Honorary Professor of Internal medicine of School of Medicine, Taipei Medical University 3. Dean of Taipei Medical University Hospital 4. Chairperson of School of Medicine, Taipei Medical	-	-	-	
Independent Director	R.O.C.	Shih Sin-Chuan	Male 70-80 years old	2022.7.7	3 years	2019.9.11	-	-	-	-	-	-	-	-	1. MBA of Ming Chuan University 2. CFO of Caremed Supply Inc. 3. Executive Assistant to General Manager of TAROKO TEXTILE CORP.	-	-	-	
Independent Director	R.O.C.	Celia Syu	Female 50-60 years old	2023.10.26	1.7 years	2023.10.26	-	-	-	-	-	-	-	-	1. Master of Department of Electrical Engineering, National Cheng Kung University 2. Executive Vice General Manager of Sparklan 3. Senior Assistant	-	-	-	

Title	Nationality or Place of Registration	Name	Gender Age	Date Elected	Term	Date of First Election	Shareholding when being Elected		Current Shareholding		Spouse, Minor Children Current Shareholding		Shareholding by Nominee Arrangement (shares)		Major Education and Experience	Current Position at Makalot and Other Companies	Managers, Directors and Supervisors Who are Spouses or Within Second-degree Relative of Consanguinity to Each Other		
							Shares	Ratio	Shares	Ratio	Shares	Ratio	Shares	Ratio			Title	Name	Relation
														General Manager of Neousys Technology 4.Sales Assistant General Manager of HP Taiwan Information Technology Ltd.					
Independent Director	R.O.C.	Shao Yu-Lin	Female 50-60 years old	2024.5.23	1.1 years	2024.5.23	—	—	—	—	—	—	—	1.Ph.D. in Sports Management, The Ohio State University, U.S.A. 2.Bachelor of Department of Business Administration , National Cheng Kung University 3. Professor of Department of Recreation and Sport Management, University of Taipei	—	—	—	Note 2	

Note 1: The chairman and the president of the company are the same person. Based on operational considerations, in order to improve decision-making execution and operational efficiency, in terms of corporate governance, the relevant proposals that belong to the decision-making authority of the board of directors are fully discussed with the members of the board of directors and followed by the resolution of the board of directors. Through the approval, the management team is empowered with planning and execution.

Note 2: Independent Director Ms. Shao Yu-Lin was elected on May 23, 2024.

1.1.2.Major shareholders of the institutional shareholders:

March 24,2025

Names of Institutional Shareholders	Major shareholders of the institutional shareholders
Surpassing International Holdings Ltd.	Liu Tsung Hsi (100%)
Hong Xi Investment Inc.	Surpassing International Holdings Ltd. (43.86%) Liu Tsung Hsi(22.60%)
Xylary Develop Group Ltd.	Liu Tsung Hsi (100%)

1.1.3.Major shareholders of the Company's major institutional shareholders: Not applicable.

1.1.4.Disclosure of qualification and independence of directors and independent directors:

Name		Criteria	Qualification	Experience	Independence Criteria (Note 2)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Director	Liu Tsung Hsi		Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	General Manager of Caremed Supply Inc.	(6)(8)(9) (11)(12)	0
Director	Syu Guang-Huei		Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	Attending Physician of Taipei City Hospital Renai Branch Attending Physician of Taipei Medical University Hospital	(1)(2)(3)(5)(6) (7)(8)(9)(11)(12)	0
Director	Joanna Hsiao		Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	Assistant Vice President of Nam Liong Global Corporation	(1)(2)(3)(4)(5) (6)(7)(9)(10)(11) (12)	0
Director	Stephen Wendell Howard		Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	Chief of Bemis Associates Inc.	(1)(2)(3)(4)(5) (6)(7)(8)(9) (10)(11)(12)	0
Independent Director	Pan Sian		Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	1.Honorary Professor of Internal medicine of School of Medicine, Taipei Medical University 2.Dean of Taipei Medical University Hospital 3.Chairperson of School of Medicine, Taipei Medical	(1)(2)(3)(4)(5) (6)(7)(8)(9) (10)(11)(12)	0
Independent Director	Shih Sin-Chuan		Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	1.CFO of Caremed Supply Inc. 2.Executive Assistant to General Manager of TAROKO TEXTILE CORP.	(1)(2)(3)(4)(5) (6)(7)(8)(9) (10)(11)(12)	0
Independent Director	Celia Syu		Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	1.Executive Vice General Manager of Sparklan 2.Senior Assistant General Manager of Neousys Technology 3.Sales Assistant General Manager of HP Taiwan Information Technology Ltd.	(1)(2)(3)(4)(5) (6)(7)(8)(9) (10)(11)(12)	0

Name	Criteria	Qualification	Experience	Independence Criteria (Note 2)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Independent Director	Shao Yu-Lin (Note 3)	Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	Professor of Department of Recreation and Sport Management, University of Taipei	(1)(2)(3)(4)(5) (6)(7)(8)(9) (10)(11)(12)	0

Note 1: The Audit Committee was established on September 12, 2019, composed of all independent directors.

Note 2: Based on the review by the following criteria (within 2 years prior to election and during term of office), all the independent nonexecutive directors are believed to be independent of the corporate operations:

- (1) Not employed by the company or any of its affiliated companies.
- (2) Not a director or supervisor of the Company or its affiliated companies (but if the independent director is appointed in accordance with the “Securities and Exchange Act” or the law and regulations of the local country, and concurrently serves as such at a public company and its parent or subsidiary or a subsidiary of the same parent, it is not subject to this requirement).
- (3) Not a natural person, spouse, underage children, or under the title of a third party who holds more than 1% of the outstanding shares issued by the Company or among the top 10 natural person shareholders.
- (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship of a managerial officer under Subparagraph (1) or any of the persons in Paragraph (2) and (3).
- (5) Not a director, supervisor or employee of an institutional shareholder directly holding more than 5% of the outstanding shares issued by the company, or a director, supervisor or employee of an institutional shareholder who is among the top 5 shareholders, or a representative of an institutional shareholders appointed as the director or supervisor of the company according to Paragraph 1 or 2 of Article 27 of the Company Act (except for independent directors of the company and its parent company, subsidiaries or the subsidiaries of the same parent company established in accordance with this Act or the local laws).
- (6) Not a director, supervisor or employee of a company controlling over one half of the company’s director seats or voting shares under one person (except for independent directors of the company and its parent company, subsidiaries or the subsidiaries of the same parent company established in accordance with this Act or the local laws).
- (7) Not a director of a company or institution whose chairperson and president or equivalent role is the same person or its spouse (except for independent directors of the company and its parent company, subsidiaries or the subsidiaries of the same parent company established in accordance with this Act or the local laws).
- (8) Directors, supervisors, managers or shareholders holding more than 5% of shares in specific companies or institutions that do not have financial or business dealings with the company (but individual directors appointed according to local laws and regulations holding other positions in possession of more than 20% and less than 50% of issued shares belonging to specific companies or institutions that are parent, subsidiary, or belonging to the same parent company are not applicable).
- (9) Not a professional individual, or an owner, partner, director (or governor), supervisor or officer of a sole proprietorship, partnerships, company, or institution

that provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company for which the provider in the last 2 years had received cumulative remuneration exceeding NTD 500,000, or a spouse thereof. This restriction does not apply, however, to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Securities and Exchange Act or to the Business Mergers and Acquisitions Act or related laws or regulations.

- (10) Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.
- (11) Not been a person of any conditions defined in Article 30 of the Company Act.
- (12) Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act.

Note 3:Independent Director Ms. Shao Yu-Lin was elected on May 23, 2024.

1.1.5.Diversity and Independence of Board of Directors:

(1)Diversity:

The composition of the Company's Board of Directors is determined in accordance with the "Corporate Governance Best Practice Principles" and the "Board Member Election Procedures," taking into consideration board diversity from multiple perspectives. The Company has a total of eight board seats, including four independent directors. The members possess extensive experience and expertise in areas such as finance, business, industrial technology, and management.

Among them, one board member (13%) is also an employee of the Company. Two of the independent directors have served terms of less than three years. In terms of age distribution, two directors are over 80 years old, one is between 70 and 79, two are between 60 and 69, and three are under 60.

Except for Stephen Wendell Howard, an American male director, the other board members consist of four male directors of the R.O.C. nationality and three female directors of the R.O.C. nationality.

As of the year 2024, the Company has achieved its management goals regarding board diversity, with the current board composition as follows:

Title	Name	Items					
		Operational judgment	Business management	Ability to conduct accounting and financial analysis	Knowledge of the industry	An understanding of international markets	Leadership skills
Chairman	Liu Tsung Hsi	✓	✓	✓	✓	✓	✓
Director	Syu Guang-Huei	✓	✓	✓	✓	✓	✓
Director	Joanna Hsiao	✓	✓	✓	✓	✓	✓

Director	Stephen Wendell Howard	✓	✓	✓	✓	✓	✓
Independent Director	Pan Sian	✓	✓	✓	✓	✓	✓
Independent Director	Shih Sin-Chuan	✓	✓	✓	✓	✓	✓
Independent Director	Celia Syu	✓	✓	✓	✓	✓	✓
Independent Director	Shao Yu-Lin	✓	✓	✓	✓	✓	✓

(2)Board independence:

As of the publication date of the annual report, the company has a total of 8 directors, including 4 independent directors, accounting for 50% of the independent directors. The independent directors do not have the conditions specified in Items 3 and 4 of Article 26-3 of the Securities Exchange Act. There are 2 directors with a familial relationship within the second degree of kinship.in the company. If the seats are spouses and relatives within the second degree, the seats do not exist more than half of a company's directors.

1.2.Information regarding President, Vice Presidents, Assistant Vice Presidents, and Management Teams

March 24,2025 ; Unit : Shares ; %

Title	Nationality	Name	Gender	On-board Date	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Major Education and Work Experience	Currently Positions at Other Companies	Managers who are Spouses or Who are Spouses or Within Second-degree Relative of Consanguinity to Each Other		
					Shares	Ratio	Shares	Ratio	Shares	Ratio			Title	Name	Relation
CEO	R.O.C.	Liu Tsung Hsi	Male	2008.9.16	13,473,479	17.14%	1,127,194	1.43%	25,735,700	32.74%	1.Master of Engineering (Electrical), Cornell University 2.General Manager of Cathay Consolidated, Inc. 3.General Manager of Caremed Supply Inc.	1.CEO of Cathay Capital Incorporated 3.Director of Surpassing International Holdings Ltd. 4.Director of Xylary Develop Group Ltd. 5.Chief of Ding-Cheng Investment Inc. 6.Chief of Hong Xi Investment Inc.	—	—	—
Vice President	R.O.C.	Vincent H. Lee	Male	2008.9.16	1,058,312	1.35%	—	—	—	—	1.Department of Accounting, National Chung Hsing University 2.Assistant Manager of Caremed Supply Inc. 3. Chief Internal Audit of Senao International Co., Ltd. 4.CFO China of Formica group 5. Chief Internal Audit of Acelon Chemicals & Fiber Corporation	1.Supervisor of Ding-Cheng Investment Inc. 2.Supervisor of Hong Xi Investment Inc.	—	—	—

Title	Nationality	Name	Gender	On-board Date	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Major Education and Work Experience	Currently Positions at Other Companies	Managers who are Spouses or Who are Spouses or Within Second-degree Relative of Consanguinity to Each Other		
					Shares	Ratio	Shares	Ratio	Shares	Ratio			Title	Name	Relation
											6.Manager of KPMG in Taiwan				
Sales Vice President	R.O.C.	Julia Cheng	Female	2021.4.1	123,000	0.16%	—	—	—	—	1.Walse University Sagittarius 2.CEO of Sporting Goods Co., Ltd. 3.Sales Manager of Han Ray International Corp.	—	—	—	—
Assistant Manager	R.O.C.	Brad Huang	Male	2008.2.12	303,864	0.39%	173,999	0.22%	—	—	1.Department of Chemical and Materials Engineering, Tankang University 2.Engineer of Nan Ya Plastics Corporation	—	—	—	—
Assistant Manager	R.O.C.	Vincent Lee	Male	2012.6.1	275,194	0.35%	—	—	—	—	1.Master of Mechanical Engineering, National Cheng Kung University 2.Production Manager of Caremed Supply Inc. 3.Engineering Assistant Manager of System Access	—	—	—	—

Title	Nationality	Name	Gender	On-board Date	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Major Education and Work Experience	Currently Positions at Other Companies	Managers who are Spouses or Who are Spouses or Within Second-degree Relative of Consanguinity to Each Other				
					Shares	Ratio	Shares	Ratio	Shares	Ratio			Title	Name	Relation		
											Co., Ltd.						
Assistant Manager	R.O.C.	Jason Chen	Male	2024.2.1	—	—	—	—	—	—	1.Department of Chemical and Materials Engineering, National Yunlin University of Science and Technology 2.Factory Chief of Nan Ya Plastics Corporation	—	—	—	—	—	—
Chief Internal Audit	R.O.C.	Power Shih	Female	2017.4.1	167,824	0.21%	—	—	—	—	1.Department of Accounting, Tunghai University 2.Management Manager of Cathay Consolidated. Inc. 3.Management Manager of Syncmold Enterprise Group 4.Assistant Manager of EnTrust Securities Co., Limited	—	—	—	—	—	—

1.3.If chairman and president or equivalent position (top position of manager) are the same person, spouses or relatives of each other, the reason, reasonableness, necessity and relevant information of the corresponding measures (such as increasing the number of independent directors and not concurrently serving as employees or managers of more than half of the directors) should be explained.

The Company's Chairman concurrently serves as the President in order to enhance operational efficiency and decision-making effectiveness. However, to strengthen the independence of the Board of Directors, the Chairman maintains close and regular communication with all directors regarding the Company's operational status and strategic plans, thereby upholding sound corporate governance. Looking ahead, the Company plans to increase the number of independent directors based on business needs, with the aim of further enhancing the Board's functions and supervisory capabilities. At present, the Company has implemented the following concrete measures:

- 1.3.1. The current four independent directors possess specialized expertise in financial accounting and the Company's industry, enabling them to effectively exercise their supervisory functions.
- 1.3.2. Each year, all directors are arranged to participate in professional training courses organized by external institutions such as the Securities and Futures Institute, in order to improve the Board's operational effectiveness.
- 1.3.3. Independent directors actively engage in discussions within various functional committees, providing recommendations for the Board's reference to ensure effective corporate governance.
- 1.3.4. The majority of the Board members do not concurrently hold positions as employees or managers, maintaining an appropriate level of independence within the Board.

2. Remuneration Paid to Directors, Supervisors, Presidents, Senior Vice Presidents in the Recent Year

2.1. Remuneration to directors and independent directors

Unit : NT\$ thousands ; Shares

Title	Name	Remuneration to Directors								Remuneration Receive by the Part-time Staffs								Total Remuneration (A+B+C+D+E+F+G) as a % of Net Income After Tax	Remuneration from the Investment Business, not subsidiary, and the parent company							
		Remuneration (A)		Retirement Pension (B)		Directors Remuneration (C)		Business Execution Expense (D)		Total Remuneration (A+B+C+D) as a % Net Income After Tax		Salary, Incentive & Special Expenses (E)		Retirement Pension (F)		Employees' Profit Remuneration (G)										
		The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company	All Consolidated Entities			The Company	All Consolidated Entities					
Chairman	Liu Tsung Hsi	-	-	-	-	10,413	10,413	-	-	10,413	10,413	7,434	7,434	-	-	140	-	140	-	17,987	17,987	-	-	-	-	
Director	Syu Guang-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Ranges of Remuneration Paid to Each Director of the Company	Name of Director			
	Total Remuneration (A+B+C+D)		Total Remuneration (A+B+C+D+E+F+G)	
	The Company	All companies listed in the Consolidated Financial Statements (H)	The Company	Parent and All Investment Businesses (I)
Over NT\$100,000,000	—	—	—	—
Total	8 persons	8 persons	8 persons	8 persons

2.2. Remuneration to President and Vice Presidents

Unit : NT\$ thousands

Title	Name	Salary (A)		Retirement Pension (B)		Incentive and Special Expenses (C)		Employees' Remuneration (D)				Total Remuneration (A+ B+ C+ D) as a % of Net Income After Tax		Remuneration from the Investment Business, not subsidiary, and the parent company
		The Company	All companies listed in the Consolidated Financial Statements	The Company	All companies listed in the Consolidated Financial Statements	The Company	All companies listed in the Consolidated Financial Statements	The Company		All companies listed in the Consolidated Financial Statements		The Company	All companies listed in the Consolidated Financial Statements	
								Cash	Stock	Cash	Stock			
CEO	Liu Tsung Hsi													
Vice President	Vincent H. Lee	10,932	10,932	216	216	6,961	6,961	4,359	-	4,359	-	22,468 4.59%	22,468 4.59%	—
Sales Vice President	Julia Cheng													

Table of Remuneration Ranges

Remuneration Ranges for Each President and Vice President	Remuneration Ranges for Each President and Vice President	
	The Company	All companies listed in the Consolidated Financial Statements
Less than NT\$1,000,000	—	—
NT\$1,000,000 ~ NT\$1,999,999	—	—
NT\$2,000,000 ~ NT\$2,499,999	—	—
NT\$3,500,000 ~ NT\$4,999,999	—	—
NT\$5,000,000 ~ NT\$9,999,999	Liu Tsung Hsi Vincent H. Lee Julia Cheng	Liu Tsung Hsi Vincent H. Lee Julia Cheng
NT\$10,000,000 ~ NT\$14,999,999	—	—
NT\$15,000,000 ~ NT\$29,999,999	—	—
NT\$30,000,000 ~ NT\$49,999,999	—	—
NT\$50,000,000 ~ NT\$99,999,999	—	—
Over NT\$100,000,000	—	—
Total	3 persons	3 persons

2.3. Distribution of Remuneration to the Managers of Employee

December 31, 2024 ; Unit : NT\$ thousands

	Title	Name	Stock (Fair Market Value)	Cash	Total	Total as a Percentage of the Profit after Tax (%)
Manager	CEO	Liu Tsung Hsi	—	6,709	6,709	1.37%
	Vice President	Vincent H. Lee				
	Sales Vice President	Julia Cheng				
	Assistant Manager	Vincent Lee				
	Assistant Manager	Brad Huang				
	Assistant Manager	Jason Chen				
	Chief Internal Audit	Power Shih				

2.4. Remuneration paid to the five officers with the highest remuneration (disclosure of the names and remuneration method of individual officers): Not applicable.

2.5. Analysis of the total remuneration paid to directors, president, vice president and assistant vice president as a percentage of net profits after tax in the individual or standalone financial statements for the most recent 2 years by the Company and all companies in the consolidated financial statements, and explanation of the policies, criteria, combination, the procedures for determining remuneration and the correlation to operating performances and future risks.

2.5.1. Analysis on the proportion of remuneration paid to the Company's directors, supervisors, president and vice president to net profit after tax in independent and consolidate financial report for the last two years.

Unit : NT\$ thousands

Title	2023		2024	
	Total	Ratio of net profit after tax	Total	Ratio of net profit after tax
Remuneration of Directors	9,758	1.84%	10,413	2.13%
Remuneration of President and Vice President	20,627	3.89%	22,468	4.59%

2.5.2. The Company's policy, criteria and mix of remuneration, procedures for determining remuneration and their relevance to operation performance and future risks.

The Company's compensation policy is based on the salary levels for comparable positions in the industry, the scope of responsibilities associated with each position within the Company, and the individual's contribution to the Company's operational goals.

The procedure for determining compensation is conducted by assessing the individual's level of participation in the Company's operations and the value of their contributions, while also referring to industry benchmarks.

3. Corporate Governance Overview

3.1. Board of Directors Meeting Status

3.1.1. For the most recent year, the Board of Directors held 6 meetings(A), and the attendance of directors and independent directors is as follows:

Title	Name	Attendance in person (B)	Attendance by proxy	Attendance rate (%) (B/A)	Note
Chairman	Liu Tsung Hsi	6	0	100%	
Director	Syu Guang-Huei	6	0	100%	
Director	Joanna Hsiao	5	0	83%	
Director	Stephen Wendell Howard	0	0	0%	
Independent Director	Shih Sin-Chuan	6	0	100%	
Independent Director	Pan Sian	6	0	100%	
Independent Director	Celia Syu	4	0	67%	
Independent Director	Shao Yu-Lin	3	0	75%	2024.05.23 newly-elected

Other Note:

A. For board of directors meetings that meet any of the following descriptions, state the date, session, the discussed agenda, independent directors' opinions and how the company has responded to such opinions:

a. The content of the particulars described in Article 14-3 of the Securities and Exchange Act: For all resolutions of the board of directors in 2024, please refer to pages 48 to 49. The resolutions on the matters listed in Article 14-3 of the Securities and Exchange Act are all approved by independent directors.

b. Except for the aforementioned matters, the resolutions reached by the Board of Directors with the objections or reservations of the independent directors documented or declared in writing: None.

B. The recusal of the directors from motions that involved a conflict of interest. (Specify the names of the directors, the content of the motions, and reason for recusal, and the participation in voting): None.

C. Implementation of the Evaluation of the Board of Directors:

Evaluation Cycle	Evaluation Period	Scope of evaluation	Evaluation Method	Evaluation Content	Evaluation results
Once a year	2024.01.01~ 2024.12.31	Board of Directors	Board of Directors	<p>A. Participation in the operation of the Company.</p> <p>B. Improvement of the Board of Directors' decisionmaking quality.</p> <p>C. Composition and structure of the Board of Directors.</p> <p>D. Selection and continuing education of directors.</p> <p>E. Internal control.</p>	Good
Once a year	2024.01.01~ 2024.12.31	Individual Board members	Self-evaluation by directors	<p>A. Understanding of the Company's goals and mission.</p> <p>B. Understanding of directors' duties.</p> <p>C. Participation in the operation of the Company.</p> <p>D. Maintaining internal relationships and communication.</p> <p>E. The professional and continuing education of</p>	Good

				directors. F. Internal control.	
Once a year	2024.01.01~ 2024.12.31	Audit Committee	Committee members' self-evaluation	A. Participation in the operation of the Company. B. Understanding of the committee's duties. C. Improvement of committee decisionmaking quality. D. Composition of committee and member selection. E. Internal control.	Good
Once a year	2024.01.01~ 2024.12.31	Remuneration Committee	Committee members' self-evaluation	A. Participation in the operation of the Company. B. Understanding of the committee's duties. C. Improvement of committee decisionmaking quality. D. Composition of committee and member selection. E. Internal control.	Good
<p>a. On February 13, 2025, the 2024 annual performance evaluation results were submitted to the board of directors of the company.</p> <p>D. Target of enhancement on BOD's responsibility:</p>					

- a. The Company has purchased Directors and Officers (D&O) Liability Insurance, with the current insured amount set at USD 2 million, in order to mitigate legal liability risks for directors and key managerial officers, and to strengthen the Company's corporate governance capabilities.
- b. The Company regularly provides its board members with information on courses, seminars, lectures, and workshops as references for further learning, to help enhance their knowledge and capabilities in areas such as corporate governance, business management, and risk management.
- c. Currently, the Company's Board of Directors consists of eight members, including four independent directors. The board is composed of members with diverse backgrounds, covering various industries, academic expertise, and financial accounting, as well as representing different nationalities, including Taiwan and Western countries.

3.2.Operation of the Audit Committee

3.2.1.The Audit Committee convened 5 meetings (A) in the most recent year, and the attendance of independent directors in the meetings is as follows:

Title	Name	Attendance in person (B)	Attendance by proxy	Attendance rate (%) (B/A)	Note
Independent Director	Shih Sin-Chuan	5	0	100%	
Independent Director	Pan Sian	5	0	100%	
Independent Director	Celia Syu	3	0	60%	
Independent Director	Shao Yu-Lin	2	0	67%	2024.05.23 newly-elected

Other disclosures:

A. Where any of the following circumstances occurs with respect to the operations of the Audit Committee, the date of the Audit Committee meeting, the term, the content of the proposals, the content of independent directors' objections, reservations or major suggestions, the resolutions from the Audit Committee, and the Company's handling of the Audit Committee's opinions, shall be specified.

a. Items specified in Article 14-5 of the Securities and Exchange Act: Reported to the Board of Directors after approval by the Audit Committee.

Date/Session	Agenda content	Resolutions Adopted By The Audit Committee	Resolutions Adopted By The Board of Directors
2024.02.22 13 th meeting of the 7 th Board of Directors	The Company's 2023 financial report and business report.	Approved as proposed.	Approved as proposed.
	The 2023 employees' compensation and directors' compensation distribution proposal.		
	The Company's 2023 earnings distribution proposal.		
	Approval of capital increase through the issuance of new shares from retained earnings.		
	The company's accountant visa remuneration case for 2024.		
	Proposal for the replacement of the CPA for the Company's financial statements.		
	Proposal to evaluate the CPA's independence and competence based on the Audit Quality Indicators (AQIs).		
	Issued the Company's 2023 Statement of Internal Control System.		
Approval of the issuance of restricted employee common shares.			
2024.04.25 14 th meeting of the 7 th Board of Directors	The company's financial report for the Q1 of 2024.	Approved as proposed.	Approved as proposed.
	Approval of the proposal to appoint Ernst & Young to review the company's application for capital increase from earnings for the year 2024.		
2024.07.30 16 th meeting of the 7 th Board of Directors	The company's financial report for the Q2 of 2024.	Approved as proposed.	Approved as proposed.
2024.10.17 17 th meeting of the 7 th Board of Directors	The company's financial report for the Q3 of 2024.	Approved as proposed.	Approved as proposed.
2024.12.19 18 th meeting of the 7 th Board of Directors	The company's 2025 annual operating plan and budget.	Approved as proposed.	Approved as proposed.
	The company's 2025 audit plan.		
	Approval of the proposal to amend certain provisions of the Labor and Wage Cycle in the 'internal control system' according to the implementation of the company's mobile app clock-in system.		
b. In addition to the aforementioned matters, other Board meeting resolutions with independent directors' dissenting and unqualified opinions in records or written statements:N/A.			

B. In regards to the recusal of independent directors from voting due to conflict of interests, the name of the independent directors, the resolutions, reasons for recusal due to conflict of interests and voting outcomes should be stated: N/A.

C. Communications between independent directors and the head of internal audit and CPAs (material issues, methods and outcomes related to the Company's financial and business status shall be included).

- a. The Company's Chief Internal Audit regularly communicates the audit report results with the members of the Audit Committee and presents an internal audit report at each quarterly Audit Committee meeting. In the event of any special circumstances, the Chief Internal Audit will promptly report to the Audit Committee members. No such special circumstances occurred in 2024. The communication between the Audit Committee and the Chief Internal Audit has been effective.
- b. The Company's CPAs attend the Company's Board of Directors meetings to report on the results of the audit or review of the financial statements, as well as to communicate other matters required by relevant regulations. In the event of any special circumstances, the CPAs will promptly report to the Audit Committee members. No such special circumstances occurred in the 2024. The communication between the Audit Committee and the CPAs has been effective.

Summary of communications between the Audit Committee and the Head of Internal Audit:

Date/Session	Key Communications Points	Recommendations and Results
2024.02.22 13 th meeting of the 7 th Board of Directors	The internal audit execution report of Q4, 2023.	No dissenting or unqualified opinions
2024.04.25 14 th meeting of the 7 th Board of Directors	The internal audit execution report of Q1, 2024.	No dissenting or unqualified opinions
2024.07.30 16 th meeting of the 7 th Board of Directors	The internal audit execution report of Q2, 2024.	No dissenting or unqualified opinions
2024.10.17 17 th meeting of the 7 th Board of Directors	The internal audit execution report of Q3, 2024.	No dissenting or unqualified opinions

3.3. Status of corporate governance and deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons.

Evaluation item	Implementation status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
A. Does the company establish and disclose its corporate governance principles in accordance with the Corporate Governance Best Practice	✓		The Company's Board of Directors approved the adoption of the "Corporate Governance Best Practice Principles" on August 12, 2019, and has disclosed it on the Market Observation Post System	No significant difference

Evaluation item	Implementation status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
Principles for TWSE/TPEX Listed Companies?			(MOPS).	
B. Shareholding structure & shareholders' rights				
a. Does the company establish internal operating procedures for handling shareholder suggestions, questions, complaints or litigation and handled related matters accordingly?	✓		The Company has designated a spokesperson and relevant personnel to handle matters such as shareholders' proposals, inquiries, disputes, and litigation. Additionally, the Company has appointed Fubon Securities Co., Ltd. Stock Affairs Department as its stock affairs agent to handle stock-related services.	No significant difference
b. Does the company have a list of major shareholders that have actual control over the Company and a list of ultimate owners of those major shareholders?	✓		The Company, in coordination with its stock affairs agent, maintains up-to-date records of its major shareholders and their ultimate beneficial owners.	No significant difference
c. Does the company establish and implement risk management and firewall mechanisms between affiliated enterprises?	✓		The Company has established written guidelines in compliance with the relevant regulatory requirements to govern business and financial dealings with affiliated enterprises. Furthermore, the “Procedures for Handling Transactions with Related Parties, Specific Companies, and Corporate Groups” have been adopted and implemented as the operational basis.	No significant difference
d. Does the company establish internal rules against insiders trading with undisclosed information?	✓		To uphold fairness in securities market transactions, the Company has established written regulations in compliance with the relevant regulations of the competent authorities and has implemented the “Procedures for Ethical Management and Guidelines for Conduct”.	No significant difference
C. Composition and duties of the board of directors				
a. Does the Board of Directors develop and implement a diversified policy and specific management goals?	✓		1. According to Article 22 of the Company’s “Corporate Governance Best Practice Principles”, a diversity policy for the composition of the Board of Directors has been established. All directors possess the professional	No significant difference

Evaluation item	Implementation status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
			<p>knowledge, skills, and integrity necessary for the execution of their responsibilities.</p> <p>To achieve the Company’s corporate governance objectives, the Board of Directors as a whole should possess the following competencies:</p> <p>(1)Operational judgment. (2)Accounting and financial analysis. (3)Business management capabilities. (4)Crisis management skills. (5)Industry knowledge. (6)International market perspective. (7)Leadership ability. (8)Decision-making capability.</p> <p>2. Implementation of Board diversity: Please refer to page 8 for details.</p>	
b. Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and Audit Committee?		✓	<p>The Company’s Board of Directors resolved on September 11, 2019 to establish the Compensation Committee and the Audit Committee, and further resolved on December 19, 2024 to establish the Sustainable Development Committee.</p> <p>As the Company’s existing procedures are sufficient to nominate suitable and qualified candidates for director positions, it has been assessed based on operational practices that there is no need to establish a Nomination Committee at this time.</p>	Will set according to operational needs in the future.
c. Does the company establish standards and method for evaluating Board performance, conduct annual performance evaluations, submit performance evaluation results to the Board, and use the results as a basis for determining the remuneration and nomination of individual directors?	✓		<p>The Company’s Board of Directors approved the adoption of the “Board Performance Evaluation Measures” on April 28, 2020.</p>	No significant difference
d. Does the company regularly	✓		The Company conducts an annual	No significant

Evaluation item	Implementation status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons														
	Yes	No	Summary															
evaluate the independence of CPAs?			review of the independence of its CPAs. The accountants have recused themselves from matters in which they have a direct or indirect interest.	difference														
D. Does the public company have a suitable number of competent corporate governance personnel, and has it appointed a corporate governance supervisor responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their duties, assisting directors and supervisors with regulatory compliance, handling matters related to Board meetings and shareholders' meetings, and preparing proceedings for Board meetings and shareholders' meetings)?	✓		<p>1. The Company has appointed a Chief Corporate Governance Officer on April 25, 2023, who is responsible for overseeing corporate governance-related matters and has designated qualified personnel to handle these affairs.</p> <p>2. The Corporate Governance Officer supervises relevant units to manage corporate governance matters, including the legal handling of Board of Directors and Shareholders' Meetings, preparing minutes for these meetings, assisting directors with their appointments and continuous education, providing necessary materials for directors to execute their duties, and supporting directors in complying with laws and regulations.</p> <p>3. The Corporate Governance Officer's training status in 2024 is as follows:</p> <table border="1"> <thead> <tr> <th>Training date</th> <th>Name of the training course</th> <th>Training unit</th> <th colspan="2">Number of hours</th> </tr> </thead> <tbody> <tr> <td>2024.9.30</td> <td>The latest analysis of laws and regulations related to "Annual Reports / Sustainability Information / Financial Reporting Preparation" and practical internal control management.</td> <td>Accounting Research and Development Foundation</td> <td>6</td> <td rowspan="2">12</td> </tr> <tr> <td>2024.12.19</td> <td>IFRS Sustainability Disclosure Standards:</td> <td>Taiwan Investor Relations</td> <td>3</td> </tr> </tbody> </table>	Training date	Name of the training course	Training unit	Number of hours		2024.9.30	The latest analysis of laws and regulations related to "Annual Reports / Sustainability Information / Financial Reporting Preparation" and practical internal control management.	Accounting Research and Development Foundation	6	12	2024.12.19	IFRS Sustainability Disclosure Standards:	Taiwan Investor Relations	3	No significant difference
Training date	Name of the training course	Training unit	Number of hours															
2024.9.30	The latest analysis of laws and regulations related to "Annual Reports / Sustainability Information / Financial Reporting Preparation" and practical internal control management.	Accounting Research and Development Foundation	6	12														
2024.12.19	IFRS Sustainability Disclosure Standards:	Taiwan Investor Relations	3															

Evaluation item	Implementation status				Deviations from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons										
	Yes	No	Summary												
				<table border="1"> <tr> <td></td> <td>Transformations in Sustainability, Climate Information, and Shareholders' Annual Reports.</td> <td>Institute</td> <td></td> <td></td> </tr> <tr> <td>2024.12.19</td> <td>How the Board of Directors and Senior Management Review the Sustainability Report - ESG Information Disclosure Regulations.</td> <td>Taiwan Investor Relations Institute</td> <td>3</td> <td></td> </tr> </table>		Transformations in Sustainability, Climate Information, and Shareholders' Annual Reports.	Institute			2024.12.19	How the Board of Directors and Senior Management Review the Sustainability Report - ESG Information Disclosure Regulations.	Taiwan Investor Relations Institute	3		
	Transformations in Sustainability, Climate Information, and Shareholders' Annual Reports.	Institute													
2024.12.19	How the Board of Directors and Senior Management Review the Sustainability Report - ESG Information Disclosure Regulations.	Taiwan Investor Relations Institute	3												
E. Does the Company have communication channels with stakeholders (including but not limited to shareholders, employees, customers, and suppliers), a stakeholder section on the Company website, and properly respond to important CSR issues of concern to stakeholders?	✓		The Company maintains effective communication channels with its banks, employees, customers, and suppliers, and has designated spokespersons and deputy spokespersons to serve as the Company's external communication channels, ensuring appropriate responses to relevant issues.		No significant difference										
F. Does the company designate a professional shareholder service agency to deal with shareholder affairs?	✓		The Company has appointed Fubon Securities Co., Ltd. Stock Affairs Department to handle matters related to Shareholders' Meetings and other stock-related services.		No significant difference										
G. Information disclosure															
a. Does the company establish a corporate website to disclose information regarding the company's financial, business and corporate governance status?	✓		Our company has established an Investor Relations section on our official website. In addition, information regarding the company's financial operations, business activities, and corporate governance has been uploaded to the Market Observation Post System (MOPS).		No significant difference										
b. Does the company have other information disclosure channels (e.g., maintaining an English-language website,	✓		The Company has appointed dedicated personnel to oversee the disclosure of material information, ensuring its prompt and accurate submission to the		No significant difference										

Evaluation item	Implementation status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
appointing responsible people to handle information collection and disclosure, creating a spokesperson system, webcasting investor conference on company website)?			Market Observation Post System (MOPS). Furthermore, the Company has duly implemented a spokesperson system in strict compliance with applicable regulations.	
c. Does the company have other information disclosure channels (e.g., maintaining an English-language website, appointing responsible people to handle information collection and disclosure, creating a spokesperson system, webcasting investor conference on company website)?	✓		On February 20, 2025, the Company announced and filed its annual financial report for the year 2024. Additionally, the Company has consistently announced and filed its financial reports for the first, second, and third quarters, as well as its monthly operating results, ahead of the statutory deadlines.	No significant difference
H. Is there any other important information to facilitate a better understanding of the company's corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, continuing education of directors and supervisors, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?	✓		<ol style="list-style-type: none"> 1. Employee Rights: The Company safeguards employee rights in accordance with the Labor Standards Act and relevant regulations. 2. Employee Care: The Company has established an Employee Welfare Committee responsible for organizing and managing various employee welfare programs. 3. Investor Relations: The Company has designated spokespersons and a dedicated shareholder services department to handle shareholder inquiries and feedback. 4. Supplier Relations: The Company has consistently maintained positive and stable relationships with its suppliers. 5. Stakeholder Rights: The Company has designated spokespersons to address the concerns and feedback of stakeholders. 6. Board Member Training: All Company directors have completed continuing education and training programs as required by regulations. 	No significant difference

Evaluation item	Implementation status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
			<p>7. Risk Management Policies and Implementation: The Company has implemented an internal control system, conducts annual risk assessments, and formulates an annual audit plan to mitigate and prevent potential risks.</p> <p>8. Customer Service Policy Implementation: The Company has appointed dedicated account managers to provide timely services and address customer needs.</p> <p>9. Directors' Liability Insurance: The Company has purchased liability insurance for its directors to strengthen risk management.</p>	
<p>I. Specify the improvement of corporate governance with reference to the evaluation of corporate governance by the Corporate Governance Center of Taiwan Stock Exchange Corporation in the most recent year, and the measures prioritized for issues that require improvement: Not Applicable.</p>				

3.4.The remuneration Committee’s composition, duties, and operations

3.4.1.Profile of Remuneration Committee members

Qualifications Position Name		Qualification	Experience	Independence criteria (Note)	Number of other public companies in which the member also serves as a member of their Remuneration Committee
Independent Director	Pan Sian	Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	1.Honorary Professor of Internal medicine of School of Medicine, Taipei Medical University 2.Dean of Taipei Medical University Hospital 3.Chairperson of School of Medicine, Taipei Medical	Please refer to pages 6-7 for the independence of independent directors.	0
Independent Director	Shih Sin-Chuan	Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	1.CFO of Caremed Supply Inc. 2.Executive Assistant to General Manager of TAROKO TEXTILE CORP.	Please refer to pages 6-7 for the independence of independent directors.	0
Independent Director	Celia Syu	Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	1.Executive Vice General Manager of Sparklan 2.Senior Assistant General Manager of Neousys Technology 3.Sales Assistant General Manager of HP Taiwan Information Technology Ltd.	Please refer to pages 6-7 for the independence of independent directors.	0
Independent Director	Shao Yu-Lin	Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	Professor of Department of Recreation and Sport Management, University of Taipei	Please refer to pages 6-7 for the independence of independent directors.	0

3.4.2. Operations of the Remuneration Committee

(1) The Remuneration Committee was established with four members.

(2) Current term of office: From July 7, 2022 to July 6, 2025. The Remuneration Committee convened 2 meetings (A) in the most recent year, and the members' qualifications and attendance are as follows:

Title	Name	Attendance in person (B)	Attendance by proxy	Attendance rate (%) (B/A)	Note
Independent Director	Pan Sian	2	0	100%	
Independent Director	Shih Sin-Chuan	2	0	100%	
Independent Director	Celia Syu	1	0	50%	
Independent Director	Shao Yu-Lin	1	0	100%	2024.05.23 newly-elected

Other disclosures:

- A. If the Board of Directors does not accept or revises the Remuneration Committee's recommendation, specify the date of the Board meeting, session, contents of the agenda item, resolution of the Board of Directors, and the Company's response to the Remuneration Committee's opinions (if the remuneration passed by the Board of Directors is higher than the recommendation of the Remuneration Committee, specify the discrepancy and reason):
Currently not applicable.
- B. If for any resolution of the Remuneration Committee, any member has a dissenting or qualified opinion that is on record or stated in a written statement, describe the date of the Remuneration Committee meeting, term of the committee, agenda item, opinions of all members, and actions taken by the company in response to the opinion of members: Currently not applicable.
- C. Important resolutions of the Remuneration Committee in 2024 and as of the printing date of the annual report:

Date/Session	Agenda content	All Remuneration Committee members' opinions	The Company's handling of Remuneration Committee opinions
2024.02.22 7 th meeting of the 2 th Remuneration Committee	The Company's allocation of employee bonuses and directors' remuneration in 2023.	Approved as proposed.	Approved as proposed.
	The Company's 2023 year-end bonus distribution plan for managerial officers.		
	Approval of the vesting conditions for the 2023 issuance of Restricted Employee Stock Awards by the Company.		
2024.12.19 8 th meeting of the 2 th Remuneration Committee	The company's 2023 employees' compensation distribution proposal of managers.	Approved as proposed.	Approved as proposed.

3.5. Implementation status of the promotion of sustainable development and the differences and deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and their reasons.

Evaluation item	Implementation status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
A. Has the company established a fully (or partially) dedicated unit to promote sustainable development governance structure? Does the Board of Directors authorize the senior management to manage such matters and the supervision status of the Board?		✓	<p>In order to promote sustainable development, the Company’s Board of Directors approved the establishment of a Sustainable Development Committee on December 19, 2024. The Committee is responsible for advancing initiatives related to environmental, social, and corporate governance (ESG) matters associated with the Company’s operations. The Board has authorized the Chairman to serve as the Chief Commissioner of the Committee. Its members include Chairman Tsung-Hsi Liu, Corporate Governance Officer Vincent H. Lee, and Vice President of Sales Julia Cheng. The Committee is organized into four subgroups:</p> <ol style="list-style-type: none"> 1. Corporate Governance and Economic Group 2. Environmental Sustainability Group 3. Social Cohesion Group 4. Innovation Excellence Group <p>Each group is responsible for the execution, supervision, and management of ESG goals within its scope. The Committee also oversees the preparation of the ESG Report to ensure that the Company aligns with international ESG trends and complies with relevant regulations, with regular reports submitted to the Board of Directors.</p> <p>The Company’s 2024 ESG Report</p>	No significant difference

Evaluation item	Implementation status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
			is scheduled for release in August 2025.	
B. Does the company assess ESG risks associated with its operations based on the principle of materiality, and establish related risk management policies or strategies?		✓	The Company currently conducts environmental protection operations in compliance with applicable regulations. As the risk of significant incidents is considered low, the Company has not yet established specific risk management policies or strategies in this area.	Will set according to operational needs in the future.
C. Environmental issues				
a. Has the Company established a suitable environmental management system based on the characteristics of the industry?	✓		<ol style="list-style-type: none"> The Company has established an environmental protection policy, continuously promoting the importance of environmental conservation. The environmental management system implemented by the Company has also obtained ISO 14001 certification. The Company has obtained the necessary operating permits for stationary pollution sources and water pollution control in accordance with regulations. All required pollution facility installation or operation permits have been processed as per the regulations. Waste management and water pollution control measures also comply with environmental protection laws and regulations. The industrial waste generated during the production process is classified and stored on-site in accordance with the Waste 	No significant difference
b. Is the Company committed to improving the energy efficiency and utilizing recycled materials with low impact on the environment?	✓			
c. Does the company evaluate potential risks and opportunities brought by climate change, and take response measures to related issues?	✓			
d. Does the company compile statistics of greenhouse gas emissions, water use, and total weight of waste in the past two years, and does it establish policies for greenhouse gas emission reduction, water use reduction, and other waste management?	✓			

Evaluation item	Implementation status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
			<p>Disposal Act and the Standards for the Storage, Disposal, and Treatment of Industrial Waste. All waste generated in the production process or on-site is handled by certified waste disposal contractors, and all required reports are submitted in accordance with regulations.</p> <p>4. The Company has purchased a horizontal thermal medium boiler to reduce sulfur oxide (SOx) emissions. Additionally, it utilizes a Regenerative Thermal Oxidizer (RTO) to recover heat energy, reducing the consumption of high-grade diesel fuel.</p> <p>5. The Company has purchased a Regenerative Thermal Oxidizer (RTO), which provides a 98% volatile organic compounds (VOCs) destruction efficiency and a 93% heat energy recovery rate.</p> <p>6. The Company promotes a paperless environment and encourages the use of recycled paper to reduce paper consumption in the office. In addition, all office locations continuously engage in waste sorting and resource recycling to minimize waste.</p> <p>7. In alignment with the government's net-zero carbon emissions policy, the</p>	

Evaluation item	Implementation status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
			Company began using solar panels at the factory located at No. 6, Dexing 4 th Road, starting in March 2021. As of December 2024, the carbon emissions have been reduced by 873.77K KG.	
D. Social issues				
a. Has the Company formulated management policies and procedures in accordance with relevant laws and regulations as well as the International Bill of Human Rights?	✓		<p>1. The Company has established employee management regulations and a code of conduct in accordance with the Labor Standards Act and other relevant laws.</p> <p>2. The Company's Articles of Incorporation stipulate that if the Company achieves profits in any given year, at least 1% of the profits shall be allocated as employee compensation, which shall be distributed in the form of stock or cash, as determined by the Board of Directors.</p> <p>3. The Company has established an Employee Welfare Committee, which organizes employee activities such as company trips, dinners, and provides related welfare subsidies.</p> <p>4. The Company provides a safe and healthy working environment for its employees and conducts regular safety and health inspections for all staff.</p> <p>5. The Company has a well-established welfare system that includes providing new employee training and professional education programs to enhance</p>	No significant difference
b. Does the Company have reasonable employee benefit measures (including salaries, leave, and other benefits), and do business performance or results reflect on employee salaries?	✓			
c. Has the Company provided employees with a safe and healthy working environment, and routinely implemented safety and health education for employees?	✓			
d. Has the Company established an effective career developmental plan for its employees?	✓			
e. Does the company comply with relevant regulations and international standards in customer health and safety, customer privacy, and marketing and labeling its goods and services, and has it established consumer rights protection policies and complaint procedures?	✓			
f. Does the company have a supplier management policy, require suppliers to comply with regulations on environmental protection, occupational safety and health, and labor rights, and what is its implementation status?	✓			

Evaluation item	Implementation status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
			<p>employees' career development and skills.</p> <p>6. The Company has set up a dedicated customer service hotline, with specialized personnel responsible for addressing customer inquiries and concerns.</p> <p>7. The Company evaluates its suppliers based on the specific requirements of its products and has established relevant evaluation procedures.</p> <p>8. The Company's contracts with suppliers include clauses specifying restrictions and conditions for contract termination.</p>	
E. Does the company reference internationally accepted reporting standards or guidelines, and prepare reports that disclose non-financial information of the company, such as sustainability reports? Do the reports above obtain assurance from a thirdparty verification unit?		✓	<p>The Company prepares its sustainability report in accordance with the latest GRI Standards and AA1000 framework published by the Global Sustainability Reporting Initiative (GRI). The report provides a comprehensive disclosure of the Company's sustainability practices and performance across economic, environmental, and social domains.</p> <p>This report will be verified in the current year through third-party verification in accordance with established verification standards.</p>	No significant difference
F. If the Company has established Sustainable Development Best Practice Principles in accordance with "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies", describe the deviations between the principles and the implementation status: Not applicable.				
G. Other important information to facilitate a better understanding of the Company's promotion of sustainable development:				
<p>The Company values the rights and interests of its stakeholders and has established a dedicated stakeholder section on its website to provide an effective communication platform. This platform helps the Company understand the legitimate expectations and needs of its stakeholders. Whether</p>				

Evaluation item	Implementation status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
related to economic, social, or environmental concerns, the Company addresses questions, complaints, or suggestions from both internal and external parties in accordance with the principle of integrity, providing feedback or improvement solutions to ensure effective communication.				

3.6. Climate-Related Information of TWSE/TPEX Listed Company

3.6.1. Implementation of Climate-Related Information

Item	Implementation status			
1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.	To promote sustainable development, the Company's Board of Directors approved the establishment of the Sustainability Development Committee on December 19, 2024. The Committee is tasked with advancing initiatives related to environmental, social, and corporate governance (ESG) matters associated with the Company's operations. The Board has authorized the Chairman to serve as the Chief Commissioner of the Committee. The Committee is organized into four working groups: Corporate Governance and Economic Group, Environmental Sustainability Group, Social Cohesion Group, and Innovation Excellence Group. Each group is responsible for executing and overseeing ESG objectives, compiling the ESG Report, and ensuring that the Company complies with international ESG trends and regulatory requirements. Regular reports are submitted to the Board of Directors.			
2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).	The Sustainability Development Committee adopts the TCFD framework to conduct annual identification of climate-related risks and opportunities based on the Company's operational characteristics. In accordance with the results, the Committee identifies material TCFD issues and analyzes potential transition risks, transition opportunities, and physical risks across short-, medium-, and long-term horizons. The analysis also considers the magnitude of potential impacts and financial implications, based on which response strategies are formulated. These efforts aim to enhance the Company's resilience in the face of climate change.			
	Type of Risk	Type of Term	Potential risk items	Response strategies
	Transition risks The risks arising from the Company's transition to a low-carbon economy include policy, legal, technological, market, and reputational risks.	Medium. Long Term	<ul style="list-style-type: none"> The increase in raw material costs has led to higher operating expenses. Changes in customer behavior 	<ul style="list-style-type: none"> Strengthen long-term supply strategies with suppliers. Implement energy-saving and carbon reduction initiatives at office locations and promote green procurement practices. Invest in the research and development of low-carbon products to meet customer expectations.
	Long Term	<ul style="list-style-type: none"> Imposition of carbon 	<ul style="list-style-type: none"> Implement greenhouse 	

			taxes and carbon fees on greenhouse gas emissions.	gas inventory tracking. <ul style="list-style-type: none"> • Establish carbon reduction targets and action plans. • Implement energy-saving and carbon reduction projects.
	Physical risks Risks include immediate threats such as earthquakes, typhoons, water shortages, flooding, and power shortages, as well as long-term risks such as sustained high temperatures, which could lead to rising sea levels or prolonged heatwaves.	Medium. Long Term	<ul style="list-style-type: none"> • Increased natural disasters leading to supply chain disruptions. • Rising global average temperatures. 	<ul style="list-style-type: none"> • Actively develop alternative suppliers to mitigate the risk of supply chain disruptions. • Set office air conditioning to 26–28°C and turn off lights during lunch breaks to save energy. • Replace air conditioning and lighting systems with energy-efficient variable-frequency and LED equipment to reduce energy consumption.
		Long Term	<ul style="list-style-type: none"> • Increased frequency and severity of typhoons leading to factory shutdowns, resulting in higher costs and disruptions in supplier delivery and customer service. 	<ul style="list-style-type: none"> • Prepare for typhoons with proactive measures, including occupational safety training and enhanced disaster response protocols. • Establish an emergency response plan and conduct regular drills, including communication mechanisms with suppliers and customers. • Establish long-term strategic partnerships with suppliers and implement a dynamic adjustment mechanism for safety stock management.
	Opportunities	Long Term	<ul style="list-style-type: none"> • Utilize low-carbon energy sources to enhance resource efficiency. • Take advantage of government incentive programs, participate in renewable energy projects, and adopt energy-saving measures. • Seek low-carbon and environmentally friendly materials. 	<ul style="list-style-type: none"> • Implement greenhouse gas inventory tracking, analyze high-carbon emission sources, and assess feasible energy-saving solutions. • Continuously monitor government subsidy programs and carbon trading market information. • Develop low-carbon products to expand into new markets and increase revenue.
3. Describe the financial impact of extreme weather events and	<p>Impact of Extreme Weather Events on Financial Performance Under sustained high temperatures, the frequency of air conditioning use and the energy consumption of equipment in the factory will increase. Coupled with rising electricity rates and higher greenhouse gas emissions,</p>			

transformative actions.	<p>this will lead to higher operating costs and carbon reduction expenses. The Company will continue to conduct physical risk analysis and strengthen management and planning for extreme weather events.</p> <p>Impact of Transition Actions on Financial Performance</p> <p>In response to the impacts of climate change, the Company faces risks across policy, legal, technological, market, and reputational dimensions. It is anticipated that the imposition of carbon taxes, increases in raw material costs, and the transition to low-carbon technologies will contribute to higher operating costs. The Company is actively evaluating the use of low-carbon energy sources to enhance energy efficiency, reduce greenhouse gas emissions, and mitigate the increase in operating costs associated with climate change.</p>
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	<p>The Company's Sustainable Development Committee has incorporated the identification, assessment, and management of climate-related risks and opportunities into the Company's key sustainability issues. Through comprehensive evaluation and analysis of various risks, including those related to climate change, the Committee formulates response and adjustment strategies. These strategies are implemented across departments through an integrated cross-functional mechanism. Progress and outcomes are reported annually to the Board of Directors to ensure the effective implementation of the climate risk management policy.</p>
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.	<p>The Company has not yet conducted scenario analysis to assess its resilience to climate change; such assessments will be carried out in the future as deemed appropriate.</p>
6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.	<p>The Company has not yet developed a transformation plan.</p>
7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	<p>Currently, the Company does not use internal carbon pricing as a planning tool.</p>
8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and	<p>Currently, the Company does not use carbon offsetting or renewable energy certificates.</p>

<p>the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.</p>	
<p>9. Greenhouse gas inventory and assurance status and reduction targets, strategy, and concrete action plan The greenhouse gas inventory is planned according to the company's current sustainable development roadmap applicable to listed companies, and climaterelated information projects are still being developed. - 44 - (separately fill out in points (1) and (2) below).</p>	<p>Filled in sections 1-1 and 1-2.</p>

(1)Greenhouse Gas Inventory and Assurance Status for the Most Recent 2 Fiscal Years

A. Greenhouse Gas Inventory Information Describe the emission volume (metric tons CO₂e), intensity (metric tons CO₂e/NT\$ million), and data coverage of greenhouse gases in the most recent 2 fiscal years.

Item/Year	2023	2024
Scope 1	3,187.8339	3,511.1509
Scope 2	4,318.4324	4,794.2048
Scope 1+2	7,506.2663	8,305.3557
Revenue (Unit: NT\$ million)	2,564.771	2,511.442
Greenhouse Gas Emission Intensity (Scope 1 & 2) (tons CO ₂ e/NT\$1 million)	2.9267	3.3070

B. Greenhouse Gas Assurance Information
Describe the status of assurance for the most recent 2 fiscal years as of the printing date of the annual report, including the scope of assurance, assurance institutions, assurance standards, and assurance opinion.

The Company's greenhouse gas emissions inventories for the 2023 and 2024 fiscal years have been

entrusted to AFNOR Asia, Ltd. and TUV-Nord Taiwan Co., Ltd for third-party verification, and verification statements have been obtained.

(2)Greenhouse Gas Reduction Targets, Strategy, and Concrete Action Plan

Specify the greenhouse gas reduction base year and its data, the reduction targets, strategy and concrete action plan, and the status of achievement of the reduction targets.

Carbon reduction targets	Strategic actions
<ul style="list-style-type: none"> • Reduce carbon emissions by 3.75% annually. • The target is to reduce carbon emissions by 25% by 2030. 	<ul style="list-style-type: none"> • Expansion of solar panels • Boiler fuel replacement • VOC heat recovery • Smart meters installation

Achievement of Reduction Targets:

The increase in emissions in 2024 compared to 2023 is primarily due to the increase in operational production activities.

3.7.Implementation of Ethical Corporate Management and Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons.

Evaluation item	Implementation status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
A. Establishment of ethical corporate management policy and approaches				
a. Did the company establish an ethical corporate management policy that was approved by the Board of Directors, and declare its ethical corporate management policy and methods in its regulations and external documents, as well as the commitment of its Board and management to implementing the management policies?	✓		The Company has established a Code of Integrity to regulate all employees' conduct in carrying out the Company's business, ensuring that they act with integrity, fairness, and in compliance with government laws and regulations. The Board of Directors and management also adhere to the principle of integrity as the core business philosophy for the Company's operations.	No significant difference
b. Does the company establish mechanisms for assessing the risk of unethical conduct, periodically analyze and assess operating activities within the scope of business with relatively high risk of unethical conduct, and formulate an unethical conduct prevention plan on this basis, which at least includes preventive measures for conduct specified in Article 7, Paragraph 2 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies"?	✓		In addition to making relevant ethical conduct guidelines and regulations available on the Company's internal website for employees to access at any time, the Company also promotes its core values and compliance with the system through various means, such as educational courses, posters, and promotional articles. Furthermore, to ensure that the Company's actions meet the highest standards of legal	No significant difference

Evaluation item	Implementation status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
			<p>compliance and professional ethics, the Company has established a whistleblowing system for employees to report any unethical conduct. Please refer to Evaluation Item 3 for more details.</p> <p>The Company takes a serious stance on any behavior that may violate professional ethics. For all cases that are confirmed to be true, the Company will impose strict disciplinary measures, including termination of employment or business relationships, and may take legal action when appropriate.</p>	
c. Did the company specify operating procedures, guidelines for conduct, punishments for violation, rules of appeal in the unethical conduct prevention plan, and does it implement and periodically review and revise the plan?	✓		The Company has established a Code of Integrity, which clearly outlines the Company's integrity management policies and has been communicated to all employees.	No significant difference
B. Implementation of ethical corporate management				
a. Does the company evaluate the ethical records of parties it does business with and stipulate ethical conduct clauses in business contracts?	✓		In accordance with the Code of Integrity, if the Company discovers any unethical behavior from a business partner or collaborator, it will immediately cease all business dealings with them and designate them as a restricted business partner, thereby ensuring the implementation of the Company's integrity management policy.	No significant difference
b. Did the company establish a dedicated unit under the Board of Directors to promote ethical corporate management, and periodically (at least once a year) report to the Board of Directors and supervise the implementation of the ethical	✓		The Company's internal audit unit conducts audits in accordance with internal control regulations and provides regular reports to the Board of Directors.	No significant difference

Evaluation item	Implementation status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
corporate management policy and unethical conduct prevention plan?				
c. Does the company establish policies to prevent conflict of interests, provide appropriate channels for filing related complaints and implement the policies accordingly?	✓		The Company has established the Integrity Management Operating Procedures and Code of Conduct. In the event of a conflict of interest during business operations, employees are required to disclose it to their supervisors in advance and recuse themselves from the matter. For any Board of Directors' proposals involving a conflict of interest, the concerned members must abstain from discussions and leave the meeting room, refraining from participating in the voting process.	No significant difference
d. Does the company have effective accounting system and internal control systems set up to facilitate ethical corporate management, does the internal auditing unit formulate audit plans based on unethical conduct risk assessment results, and does it audit compliance with the unethical conduct prevention plan or commission a CPA to perform the audit?	✓		The Company has established accounting systems, internal control systems, and related management procedures. These are audited monthly by the internal audit unit according to the audit plan, with reports provided to the Board of Directors.	No significant difference
e. Does the company regularly hold internal and external educational trainings on ethical corporate management?	✓		The Company conducts internal meetings to promote and ensure that employees clearly understand its integrity management philosophy and related standards.	No significant difference
C. Operation of whistleblowing system				
a. Does the company establish concrete whistleblowing and reward system and have a convenient reporting channel in place, and assign an appropriate person to communicate with the accused?	✓		Employees can report unethical behavior through the employee grievance mailbox, and the management department is responsible for compiling and handling these reports.	No significant difference
b. Does the company establish standard operating procedures for investigating reported cases, and does it take subsequent measures and implement a	✓		The head of the Company's management department directly handles whistleblower matters. All related documents and	No significant difference

Evaluation item	Implementation status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
confidentiality mechanism after completing investigation?			information are treated as confidential, and all personnel involved in the process are fully responsible for maintaining confidentiality.	
c. Does the company provide proper whistleblower protection?	✓		The Company is responsible for maintaining the confidentiality of whistleblowers and has not taken any inappropriate actions against them.	No significant difference
d. Enhancing information disclosure: Does the company disclose information regarding the company's ethical corporate management principles and implementation status on its website and the Market Observation Post System?	✓		The Company discloses relevant and reliable corporate social responsibility information in this annual report, which is also available for inquiry on the public information observatory.	No significant difference
D. If the company has established Ethical Corporate Management Principles in accordance with "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies", describe difference with the principles and implementation status: The Company has established the Code of Integrity and the Integrity Management Operating Procedures and Code of Conduct, and their operation is substantially in alignment with the Code of Integrity for Listed Companies, with no significant differences.				
E. Other important information to facilitate a better understanding of the company's implementation of ethical corporate management: (e.g., review and amendment of the Ethical Corporate Management Best Practice Principles) In addition to complying with legal regulations, the Company's policies and systems also ensure equal treatment of employees, regardless of nationality, while safeguarding their rights and interests.				

3.8. Other significant information which may improve the understanding of corporate governance operations:

The Company discloses all important information in a timely manner on the Market Observation Post System (MOPS), in accordance with the regulations of the competent authorities. Additionally, the Company's financial, business, and corporate governance information is regularly or promptly updated on the Company's website under the "Investor Relations" section and other relevant areas.

3.9. Implementation status of the internal control system:

3.9.1. Statement on Internal Control: Please refer to page 47.

3.9.2. Accountant engaged by the Company to examine its internal control system: Not applicable.

Cathay Consolidated, INC.
Statement of Internal Control System

Date: February 13, 2025

Based on the findings of a self-assessment, Cathay Consolidated, INC. (Cathay) states the following with regard to its internal control system during the year 2024:

1. Cathay's board of directors and management are responsible for establishing, implementing, and maintaining an adequate internal control system. Our internal control is a process designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency of our reporting, and compliance with applicable rulings, laws and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and Cathay takes immediate remedial actions in response to any identified deficiencies.
3. Cathay evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies of Taiwan (herein below, the Regulations).
The criteria adopted by the Regulations identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities.
4. Cathay has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
5. Based on the findings of such evaluation, Cathay believes that, on December 31, 2024, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations.
6. This Statement is an integral part of Cathay's annual report for the year 2024 and prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Law of Taiwan.
7. This statement was passed by the board of directors in their meeting held on February 13, 2025, with none of the 7 attending directors expressing dissenting opinions, and affirming the content of this Statement.

Cathay Consolidated, INC.

George T.S. Liu
Chairman and Chief Executive Officer

3.10.Important resolutions adopted in shareholders' meeting and Board meetings in the past year and up to the date of report:

3.10.1.Important resolutions of the 2024 shareholders' meeting:

Date	Resolution
2024.05.23 Shareholders' meeting	<ol style="list-style-type: none"> 1. Proposed 2022 business report and financial statements. 2. 2023 earning distribution. 3. Approval of the capital increase through retained earnings and the issuance of new shares. 4. Approval of the by-election for one independent director position. 5. Approval of the removal of non-compete restrictions for the newly appointed director and their representative.

3.10.2.Important resolutions of Board meetings in 2024:

Date/Session	Resolution
2024.02.22 13 th meeting of the 7 th Board of Directors	<ol style="list-style-type: none"> 1. 2023 financial statements and business report. 2. (2)The Company's allocation of employee bonuses and directors' remuneration in 2023. 3. Proposed distribution of cash dividends in 2023. 4. Approval of matters related to the ex-dividend date for the year 2024 cash dividend. 5. Approval of capital increase through the issuance of new shares from retained earnings. 6. The Company's 2023 year-end bonus distribution plan for managerial officers. 7. Approval of the conditions for the new shares related to the restricted employee rights for the year 2023. 8. The company's accountant visa remuneration case for 2024. 9. Proposal for the replacement of the CPA for the Company's financial statements. 10. Proposal to evaluate the CPA's independence and competence based on the Audit Quality Indicators (AQIs). 11. Issued the Company's 2023 Statement of Internal Control System. 12. Approval of the by-election for one independent director position. 13. Approval of the review and nomination of independent director candidates. 14. Approval of the ex-dividend date for the issuance of new shares for the first domestic convertible bonds with guaranteed conversion to common stock. 15. Approval of the ex-date for the capital reduction. 16. Approval of the proposed expansion of the scope of application for the newly issued restricted shares for employees. 17. Approval of the proposed renewal of the annual credit limit application with financial institutions. 18. Proposal to set the date, venue, way of convening and holding and agenda of the 2024 annual shareholders' meeting.
2024.04.25 14 th meeting of the 7 th Board of Directors	<ol style="list-style-type: none"> 1. 2024 Q1 financial statements. 2. Approval of the proposal to appoint Ernst & Young to review the company's application for capital increase from earnings for the year 2024. 3. Approval of the establishment of a subsidiary in the United States. 4. Approval of the proposed revision to the "Table of Powers and Responsibilities". 5. Approval of the proposed renewal of the annual credit limit application with financial institutions.

Date/Session	Resolution
2024.05.23 15 th meeting of the 7 th Board of Directors	<ol style="list-style-type: none"> 1. Approval of the proposed appointment of the Audit Committee members. 2. Approval of the proposed appointment of the Compensation Committee members. 3. Approval of the proposed ex-rights and ex-dividend date for the capital increase through retained earnings and the issuance of new shares for the year 2023.
2024.07.30 16 th meeting of the 7 th Board of Directors	<ol style="list-style-type: none"> 1. 2024 Q2 financial statements. 2. Approval of the ex-dividend date for the issuance of new shares related to the first domestic guaranteed convertible bonds converted to common stock. 3. Approval of the ex-date for the capital reduction. 4. Approval of the proposed renewal of the annual credit limit application with financial institutions.
2024.10.17 17 th meeting of the 7 th Board of Directors	<ol style="list-style-type: none"> 1. 2024 Q3 financial statements. 2. Approval of the proposed renewal of the annual credit limit application with financial institutions.
2024.12.19 18 th meeting of the 7 th Board of Directors	<ol style="list-style-type: none"> 1. The company's 2025 annual operating plan and budget. 2. The company's 2025 audit plan. 3. The company's 2023 employees' compensation distribution proposal of managers. 4. Approval of the proposal to establish a Sustainability Development Committee. 5. Approval of the proposal to establish the Sustainability Development Committee Organizational Regulations. 6. Approval of the proposal to establish the Sustainability Information Management Guidelines. 7. Approval of the proposal to establish the International Financial Reporting Standards (IFRS) Sustainability Disclosure Standards Implementation Plan. 8. Approval of the proposed revision to the Table of Power and Responsibilities. 9. Approval of the proposal to amend certain provisions of the Labor and Wage Cycle in the 'internal control system' according to the implementation of the company's mobile app clock-in system.

3.11. Dissenting or qualified opinion of Directors against an important resolution passed by the Board of Directors that is on record or stated in a written statement in the past year and up to the date of report: Not applicable.

4. Information on fees to CPA:

4.1. If the accounting firm is changed and the audit fees paid in the year of the replacement is less than that of the previous year: None.

4.2. If the audit fees were reduced more than 10% from that of the previous year: None.

Information on fees to CPA

Unit : NT\$ thousands

Name of accounting firm	Name of CPA	Audit Period	Audit fee	Non-audit fee	Total	Note
Ernst & Young, Taiwan	Chang, Chih-Ming Huang, Chien-Che	2024	1,890	220	2,110	Non-audit fee includes the tax certification.

5. Information on the replacement of CPA:

5.1.Regarding previous CPA

Date of replacement	February 22, 2024 Approved by the Board of Directors		
Reasons for change and explanation	Internal adjustment of the CPA firm		
Termination initiated by client or accountant declined to accept the appointment	The Parties	CPA	Client
	Scenario	N/A	
	Termination initiated by the client CPA declined to accept (continue) the appointment		
Audit opinions other than unqualified opinions issued in the past two years and reasons	N/A		
Opinions different from those of the issuer	Yes		Accounting principle or practice
			Disclosure of financial report
			Audit scope or steps
			Other
	No		
	Description: N/A		
Other matters to be disclosed (Matters to be disclosed in accordance with Article 10, Subparagraph 6, Item 1-4 to 1-7 of the Regulations)	N/A		

5.2.Regarding succeeding CPA

CPA firm name	Ernst & Young, Taiwan
Name of CPA	Chang, Chih-Ming Huang, Chien-Che
Date of appointment	February 22, 2024 Approved by the Board of Directors
Consultation given on accounting treatment or accounting principle adopted for any specific transactions and on possible opinion issued on financial report prior to appointment and results	N/A
Succeeding CPAs' written opinions that are different from those of the previous CPAs	N/A

5.3.The previous CPA's reply to Article 10, Subparagraph 6, Item 1 and Item 2, Point 3 of the Regulations: N/A.

6. The chairman, president, financial or accounting manager of the company who had worked for the certifying accounting firm or its affiliated enterprise in the past year: None.
7. In the most recent year and as of the printing date of the annual report: Share transfer by directors, managerial officers, and shareholders holding more than 10% equity, and changes to share pledging.

7.1.Changes in the Shareholding of Directors, Supervisors, Managers, and Major Shareholders

Unit : shares

Title	Name	2024		The current year up to March 31,2025	
		Increase (decrease) in shares held	Increase (decrease) in pledged shares	Increase (decrease) in shares held	Increase (decrease) in pledged shares
Chairman	Liu Tsung Hsi	1,215,120	—	107,000	—
Director	Syu Guang-Huei	—	—	—	—
Director	Joanna Hsiao	—	—	—	—
Director	Stephen Wendell Howard	—	—	—	—
Independent Director	Pan Sian	—	—	—	—
Independent Director	Shih Sin-Chuan	—	—	—	—
Independent Director	Celia Syu	—	—	—	—
Independent Director	Shao Yu-Lin	—	—	—	—
Major Shareholder	Surpassing International Holdings Ltd.	1,352,522	—	5,000	—
Major Shareholder	Hong Xi Investment Inc.	496,151	—	—	—
Major Shareholder	Xylary Develop Group Ltd.	464,045	—	131,000	—
Vice President	Vincent H. Lee	96,209	—	—	—
Sales Vice President	Julia Cheng	43,334	—	13,000	—
Assistant Manager	Brad Huang	41,805 (24,000)	—	—	—
Assistant Manager	Vincent Lee	43,017	—	—	—
Assistant Manager	Jason Chen	—	—	—	—
Chief Internal Audit	Power Shih	24,256	—	—	—

7.2.Share transfer information:

Name	Reasons for Transfer	Date of Transaction	Transferee	Relationship between Transferee and Directors, Supervisors, Managers and Major Shareholders	Shares	Transaction Price (NT\$)
Brad Huang	Gift	2024/10/21	Public subscription	Sun	24,000	market price

7.3.Share pledge information: None.

8. Information on the relationship between any of the top ten shareholders (related party, spouse, or kinship within the second degree):

March 24, 2025 ; Unit : Shares ; %

Name	Shareholding		Shares held by spouse and underage children		Total shareholding by nominee arrangement		Titles, names and relationships of top 10 shareholders with relationships, spousal relationships, or kinship within the second degree		Note
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	(or name)	Relationship	
Surpassing International Holdings Ltd. (Representative: Liu Tsung Hsi)	14,882,913	18.93%	—	—	—	—	Liu Tsung Hsi	Chairman of the company	—
							Xylary Develop Group Ltd.	Chairman is the same	—
							Hong Xi Investment Inc.	Chairman is the same	—
Liu Tsung Hsi	13,473,479	17.14%	1,127,194	1.43%	25,735,700	32.74%	Surpassing International Holdings Ltd.	Chairman of the company	—
							Liu Yi-Chen	Chairman's son	—
							Liu Yu-Chen	Chairman's minor children	—
							Xylary Develop Group Ltd.	Chairman of the company	—
							Hong Xi Investment Inc.	Chairman of the company	—
Hong Xi Investment Inc. (Representative: Liu Tsung Hsi)	5,457,731	6.94%	—	—	—	—	Surpassing International Holdings Ltd.	Chairman is the same	—
							Liu Tsung Hsi	Chairman of the company	—
							Xylary Develop Group Ltd.	Chairman is the same	—
Xylary Develop Group Ltd. (Representative: Liu Tsung Hsi)	5,235,557	6.66%	—	—	—	—	Surpassing International Holdings Ltd.	Chairman is the same	—
							Liu Tsung Hsi	Chairman of the company	—
							Hong Xi Investment Inc.	Chairman is the same	—
Taiwan Union International Investment Corporation	2,199,997	2.80%	—	—	—	—	—	—	—
Vincent H. Lee	1,058,312	1.35%	—	—	—	—	—	—	—
Liu Yi-Chen	629,672	0.80%	—	—	—	—	Liu Tsung	Father	—

							Hsi		
Liu Yu-Chen	629,672	0.80%	—	—	—	—	Liu Tsung Hsi	Father	—
HSBC Bank (Taiwan) Limited in custody for WisdomTree Emerging Markets Dividend Fund of WisdomTree Trust	606,000	0.77%	—	—	—	—	—	—	—
Industrial Technology Investment Corporation	549,999	0.70%	—	—	—	—	—	—	—

9. Number of Shares Held by the Company, the Company's Directors, Managers, and the Company's Direct or Indirect Control in the Same Reinvested Enterprise, and Combined to Calculate the Comprehensive Shareholding Ratio: None.

III. Capital overview

1. Capital and shareholding

1.1.Sources of capital:

Year/ Month	Issue price	Authorized capital		Paid-in capital		Sources of capital	Note	
		Shares	Amount (NT\$)	Shares	Amount (NT\$)		Subscriptions paid with property other than cash	Other
1982.6	註	—	2,000,000	—	2,000,000	Established capital 2,000,000	N/A	No. 176602 Effective as of 1982/6/17
1987.12	註	—	6,000,000	—	6,000,000	cash capital increase 4,000,000	N/A	No. 195788 Effective as of 1987/12/10
2008.1	10	600,000	6,000,000	600,000	6,000,000	Change Registration of Company Limited by Shares 6,000,000	N/A	Central Region Office, Ministry Of Economic Affairs Authorization No. 09731564900 Effective as of 2008/1/16
2008.3	10	10,000,000	100,000,000	6,250,000	62,500,000	cash capital increase 56,500,000	N/A	Central Region Office, Ministry Of Economic Affairs Authorization No. 09731808940 Effective as of 2008/3/4
2008.3	10	10,000,000	100,000,000	10,000,000	100,000,000	cash capital increase 37,500,000	N/A	Central Region Office, Ministry Of Economic Affairs Authorization No. 09731898840 Effective as of 2008/3/17
2008.7	10	20,000,000	200,000,000	15,000,000	150,000,000	cash capital increase 50,000,000	N/A	Central Region Office, Ministry Of Economic Affairs Authorization No. 09732608340 Effective as of 2008/7/10
2008.11	10	20,000,000	200,000,000	18,600,000	186,000,000	cash capital increase 36,000,000	N/A	Central Region Office, Ministry Of Economic Affairs Authorization No. 09733371140 Effective as of 2008/11/5
2009.7	10	20,000,000	200,000,000	20,000,000	200,000,000	cash capital increase 14,000,000	N/A	Central Region Office, Ministry Of Economic Affairs Authorization No. 09832635150 Effective as of 2009/7/14

Year/ Month	Issue price	Authorized capital		Paid-in capital		Note		
		Shares	Amount (NT\$)	Shares	Amount (NT\$)	Sources of capital	Subscriptions paid with property other than cash	Other
2010.7	10	30,000,000	300,000,000	24,000,000	240,000,000	cash capital increase 40,000,000	N/A	Central Region Office, Ministry Of Economic Affairs Authorization No. 09932262750 Effective as of 2010/7/2
2016.7	10	30,000,000	300,000,000	30,000,000	300,000,000	Earnings capitalization 60,000,000	N/A	Central Region Office, Ministry Of Economic Affairs Authorization No. 10534164310 Effective as of 2016/7/18
2017.8	10	50,000,000	500,000,000	36,000,000	360,000,000	Earnings capitalization 60,000,000	N/A	Central Region Office, Ministry Of Economic Affairs Authorization No. 10633458390 Effective as of 2017/8/3
2018.6	10	50,000,000	500,000,000	42,320,048	423,200,480	Earnings capitalization 60,000,000	N/A	Central Region Office, Ministry Of Economic Affairs Authorization No. 10733360980 Effective as of 2018/6/26
						Conversion of employee's remuneration 3,200,480		
2019.5	10	90,000,000	900,000,000	58,806,048	588,060,480	Earnings capitalization 150,000,000	N/A	MOE Authorization No. 10801053660 Effective as of 2019/5/17
						Conversion of employee's remuneration 14,860,000		
2019.9	10	90,000,000	900,000,000	59,465,363	594,653,630	Conversion of employee's remuneration 6,593,150	N/A	MOE Authorization No. 10801130840 Effective as of 2019/9/23
2020.2	10	90,000,000	900,000,000	61,965,363	619,653,630	cash capital increase 25,000,000	N/A	MOE Authorization No. 10901022450 Effective as of 2020/2/24
2020.12	10	90,000,000	900,000,000	67,845,363	678,453,630	cash capital increase 58,800,000	N/A	MOE Authorization No. 10901223580 Effective as of 2020/12/28
2022.8	10	90,000,000	900,000,000	68,945,363	689,453,630	Issuance of Employee Restricted Stocks 11,000,000	N/A	MOE Authorization No. 11101169070 Effective as of 2022/8/31
2023.2	10	90,000,000	900,000,000	70,372,257	703,722,570	Conversion of Corporate Bond 14,268,940	N/A	MOE Authorization No. 11230005110 Effective as of

Year/ Month	Issue price	Authorized capital		Paid-in capital		Note		
		Shares	Amount (NT\$)	Shares	Amount (NT\$)	Sources of capital	Subscriptions paid with property other than cash	Other
								2023/2/3
2023.4	10	90,000,000	900,000,000	70,784,695	707,846,950	Conversion of Corporate Bond 4,124,380	N/A	MOE Authorization No. 11230062890 Effective as of 2023/4/19
2023.9	10	90,000,000	900,000,000	71,287,687	712,876,870	Conversion of Corporate Bond 5,029,920	N/A	MOE Authorization No. 11230154980 Effective as of 2023/9/20
2023.12	10	90,000,000	900,000,000	71,329,567	713,295,670	Conversion of Corporate Bond 598,800 Cancellation of Employee Restricted Stocks 180,000	N/A	MOE Authorization No. 11230215140 Effective as of 2023/12/5
2024.3	10	90,000,000	900,000,000	71,344,847	713,448,470	Conversion of Corporate Bond 269,460 Cancellation of Employee Restricted Stocks 116,660	N/A	MOE Authorization No. 11330037860 Effective as of 2024/3/19
2024.8	10	90,000,000	900,000,000	78,480,217	784,802,170	Earnings capitalization 71,344,850 Conversion of Corporate Bond 108,850 Cancellation of Employee Restricted Stocks 100,000	N/A	MOE Authorization No. 11330142500 Effective as of 2024/8/15

March 24,2025 ; Unit: Shares

Type of stock	Authorized capital			Note
	Outstanding shares	Unissued shares	Total	
Ordinary shares	71,344,847	18,655,153	90,000,000	Listed stocks

1.2.List of Major Shareholders

1.2.1.Names, number of shares held, and shareholding ratios of shareholders who hold five percent or more of the shares or are one of the 10 largest shareholders

March 24,2025 ; Unit : Shares ; %

Name of Shareholder	Shares	Number of Shares Held	%
Surpassing International Holdings Ltd.		14,882,913	18.93
Liu Tsung Hsi		13,473,479	17.14
Hong Xi Investment Inc.		5,457,731	6.94

Name of Shareholder	Shares	Number of Shares Held	%
Xylary Develop Group Ltd.		5,235,557	6.66
Taiwan Union International Investment Corporation		2,199,997	2.80
Vincent H. Lee		1,058,312	1.35
Liu Yi-Chen		629,672	0.80
Liu Yu-Chen		629,672	0.80
HSBC Bank (Taiwan) Limited in custody for WisdomTree Emerging Markets Dividend Fund of WisdomTree Trust		606,000	0.77
Industrial Technology Investment Corporation		549,999	0.70

1.3.Dividend policy and implementation status:

1.3.1.Dividend Policy

According to the Company's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:

If the Company has a profit in the annual financial statement, taxes should first be paid, and any losses from prior years should be offset. Then, 10% of the annual profit should be allocated as legal surplus reserves. If necessary, special surplus reserves should be allocated or reversed in accordance with laws or directives from the competent authorities. However, once the legal surplus reserve reaches the total paid-in capital of the Company, no further allocation is required. If there is any remaining profit, the Board of Directors will propose a dividend distribution plan, considering any undistributed earnings from previous periods, which will be submitted to the shareholders' meeting for approval. If the dividend is distributed in cash, the Board of Directors may resolve the matter in accordance with Article 240 of the Company Act and report it to the shareholders' meeting, without requiring shareholder approval.

The Company's dividend policy takes into account the operating environment, future capital requirements, and long-term financial planning. Every year, no less than 10% of the distributable earnings will be allocated as dividends to shareholders. However, if the cumulative distributable earnings are less than 10% of the paid-in capital, no distribution may be made. The shareholder dividends may be distributed in cash or stock, with the cash dividend proportion not being less than 10% of the total dividend distribution.

1.3.2.Dividend distribution to be proposed to the shareholders' meeting

Unit : NT\$

Beginning unappropriated retained earnings	248,673,768
Retract the dividends of RSAs were unvested	163,566
Add: 2024 Profit after tax	489,578,746
Subtotal of distributable earnings	489,742,312
Less: legal reserve (net income after tax 10%)	48,974,231
Retained earnings available for distribution	689,441,849

in this period	
Distribution items	
cash dividend (NT 4.79290281 per share)	376,795,296
Unappropriated retained earnings	312,646,553

1.4.Impact on Business Performance and EPS Due to Stock Dividend Distribution Proposed in the Current Shareholders' Meeting: Not applicable.

1.5.Employee bonuses and directors' remuneration:

1.5.1.Percentage or scope of employee bonuses and directors' remuneration provided in Company's Articles of Incorporation:

According to the Articles of Incorporation, at least 1% of profit of the current year is distributable as employees' compensation and no higher than 5% of profit of the current year is distributable as remuneration to directors and supervisors. However, the company's accumulated losses shall have been covered. The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition thereto a report of such distribution is submitted to the shareholders' meeting.

1.5.2.Basis for estimating the amount of employee and director remuneration, and accounting treatment for discrepancies between the actual and estimated distributed amount for the period:

If there is a change in the proposed amounts after the annual standalone financial statements are authorized by the Board of Directors, the difference is recorded as a change in accounting estimate and will be recognized in the following year.

1.5.3.Information on proposal of remunerations distribution of employees and directors approved by the Board of Directors:

(1)If there is a discrepancy between the above-mentioned amount and the estimated amount in the year of recognition of expenses, the number of discrepancies, reasons and handling shall be disclosed:

A resolution was passed at a Board of Directors meeting held on February 13, 2025 to distribute NT25,343 thousand in the cash as employees' compensation and distribute NT9,504 thousand as remuneration to directors and supervisors. No material differences exist between the resolution and the estimated amount.

(2)The amount of employee compensation distributed in stock and the proportion to the total amount of employee compensation and after-tax net profit in the current period's individual or individual financial report: Employee bonuses were not distributed in stock.

1.5.4.The actual distribution of employee remuneration and the remuneration of directors in the previous fiscal year, and if there is a discrepancy from the recognized employee remuneration and remuneration of directors, the number of discrepancies, reasons and handling shall be stated:

(1)A resolution was approved by the shareholders' meeting held on May 23, 2024 to distribute NT26,769 thousand in the cash as employees' compensation and distribute NT10,413 thousand as remuneration to directors and supervisors. The actual amount distributed is the same as the amount approved by the Board of Directors.

1.6.Stock buyback: None.

2. Issuance of corporate bonds:

Type of Corporate Bonds	The 1st secured convertible bonds
Issue Date	June 2, 2022
Par Value	NT\$ 100,000
Issue Price	Issued at 112.93% of par value
Total Amount	NT\$ 200,000 thousand
Coupon Rate	0% per annum
Tenure and Maturity Date	3 years Maturity Date: 2025/6/2
Guarantor	Hua Nan Commercial Bank, Ltd.
Trustee	Yuanta Commercial Bank Co., Ltd.
Underwriter	Yuanta Securities Co., Ltd.
Certified Lawyer	Formosan Brothers Jessica Jiang
Certified Public Accountant	Ernst & Young, Taiwan Chang, Chih-Ming Fuh, Wen-Fun
Repayment	In accordance with Article 5 of these regulations, the coupon rate for this convertible bond is 0%, and therefore, there is no need to establish an interest payment date or method. Additionally, unless the bondholder converts the bond into common stock of the Company pursuant to Article 10 of these regulations, or the Company redeems the bond early under Article 17 of these regulations, or the Company repurchases and cancels the bond through a securities firm's business premises, the Company will repay the bondholder the principal amount of the bond in cash within seven business days following the maturity date of the convertible bond. If the aforementioned date falls on a non-business day for the Taipei Stock Exchange, the repayment will be postponed to the next business day.
Outstanding Principal Balance	NT\$ 24,900,000
Terms of Redemption or Early Repayment	<p>The Company may redeem the bonds, in whole or in part, after 3 month of the issuance (September 3, 2022) and prior to 40 days before the maturity date (April 23, 2025), at the principal amount of the bonds with an interest calculated at the rate of 0% per annum (early redemption conversion price) if the closing price of the Company's ordinary shares on the Taiwan Stock Exchange (TWSE) for a period of 30 consecutive trading days, is at least 130% of the conversion price.</p> <p>The Company may redeem the bonds, in whole or in part, after 3 months of the issuance (September 3, 2022) and prior to 40 days before the maturity date (April 23, 2025), at the early redemption conversion price if at least 90% in principal amount of the bonds has already been exchanged, redeemed, purchased or cancelled.</p> <p>The Company may redeem the bonds in cash, after</p>

		the base date of withdrawing the bonds as stated on the “Withdraw of Convertible Bond Notice”, at par value if the bondholder do not reply to the share affair agency in writing before the base date.
Restrictive Terms		None
Name of Credit Rating Agency, Rating Date and the results of Corporate Bond Ratings		None
Other Rights Attached	Amount of Converted or Exchanged Common Shares, GDR or Other Securities	NT\$ 25,750,770
	Terms of Issuance and Conversion or Option of Shares	Please refer to the Measures for Issuance and Conversion of the 1st secured convertible bonds.
The Impact of Issuance & Conversion, Swap or Subscription and Issuance Terms on the Possible Dilution of Equities and the Equities of Current Shareholders		When the 1st secured convertible bonds fully converted into common stocks, calculating based on the current conversion price of NT\$55.9, the 1st secured convertible bonds’ share capital will increase by 445,438 shares, accounting for 0.57% of the current outstanding shares with limited impact on shareholders' equity.
Name of the entrusted custodian institution for the exchange of bids		None

Information about conversion of corporate bonds

Type of Corporate Bonds		The 1st secured convertible bonds	
Year		2024	The current year up to March 31,2025
Item			
Market Value for Conversion of Bonds	Highest	199	188
	Lowest	169	172
	Average	178.2	185.45
Conversion price		58.5	55.9
Issuing (handling) date and conversion price at issue		72.0	
Method for fulfilling conversion obligations		Issuance of new shares	

3. Preferred Shares: None.
4. Global Depository Receipts: None.
5. Employee Warrants: None.

6. Issuance of New Restricted Employee Shares:

6.1. The company has not fully met the vested conditions for the issuance of new restricted employee shares and the impact on shareholders equity: None.

6.2. managerial officers and the names and acquisition status of the top ten employees who have acquired new shares with restricted employee rights as of the publication date of the annual report:

	Title	Name	Number of new restricted employee shares acquired	Ratio of the number of new restricted Employee shares acquired to the total number of issued shares	Restrictions removed				Restrictions not removed			
					Number of Restricted Shares Released	Issuance Price	Issued Amount	Ratio of released restricted shares to total issued shares (note 1)	Number of Restricted Shares Unreleased	Issuance Price	Issued Amount	Number of Restricted Shares Unreleased As a Percentage of Total Shares Issued (note 1)
Managers	Sales Vice President	Julia Cheng	72,334	0.09%	217,000	0	67.6	0.28%	0	0	67.6	0
	Assistant Manager	Vincent Lee										
	Assistant Manager	Brad Huang										
	Chief Internal Audit	Power Shih										
Employees	Manager	Kabbie Lin	93,000	0.12%	279,000	0	67.6	0.36%	0	0	67.6	0
	Manager	Maven Shih										
	Manager	Lion Chen										
	Manager	Mindy Yu										
	Plant Manager	Syu Yue Hua										

	Assistant Manager	Joan Yang										
	Officer	Mille Chen										
	Officer	Sophia Chen										
	Officer	Edith Chen										
	Deputy Plant Manager	Nick Kuo										

Note 1: The total number of issued shares refers to the number of shares listed in the change registration information of Ministry of Economic Affairs.

7. Status of New Share Issuance in Connection with Mergers and Acquisitions: None.

8. Financing Plans and Implementation: None.

IV. Business Overview

1. Business Activities

1.1. Business Scope

1.1.1. Main contents:

- 01.C805010 Manufacture of Plastic Sheets, Pipes and Tubes
- 02.C805020 Manufacture of Plastic Films and Bags
- 03.C805060 Plastic Leathers Products Manufacturing
- 04.C805990 Other Plastic Products Manufacturing
- 05.CM01010 Case and Bag Manufacturing
- 06.C305010 Printing, Dyeing, and Finishing
- 07.C399990 Other Textile and Products Manufacturing
- 08.CC01990 Other Electrical Engineering and Electronic Machinery Equipment Manufacturing
- 09.F401010 International Trade
- 10.ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

1.1.2. Business proportion:

Unit : NT\$ thousands ; %

Year \ Item	2023		2024	
	Amount	%	Amount	%
Outdoor	1,510,180	58.88%	1,405,404	55.96%
Medical	527,091	20.55%	415,255	16.53%
Aviation & Marine	333,592	13.01%	420,348	16.74%
Military	193,908	7.56%	270,435	10.77%
Total	2,564,771	100.00%	2,511,442	100.00%

1.1.3. Current products (services):

- (1) The technical fabrics division mainly produce high-tech polyurethane (Thermoplastic Polyurethane, TPU for short). Based on the different physical and chemical properties of TPU, it can be used to produce two types of functional fabrics and films, which can be applied to the following four major product categories:

<p>A. Outdoor</p> <ul style="list-style-type: none"> ➤ Inflatable Camping Mattress ➤ Inflatable Camping Pillow ➤ Outdoor Portable Waterproof Storage Bag ➤ Outdoor Portable Water Storage Bag ➤ Camping Mattress Inflating Bag 	<p>B. Medical:</p> <ul style="list-style-type: none"> ➤ Blood Pressure Monitor ➤ Medical Inflatable Seat Cushion ➤ Deep Vein Thrombosis Lower Limb Inflatable Compression Sleeve ➤ High-Frequency Chest Wall Oscillation Vest ➤ Medical-Grade Air Mattress
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<ul style="list-style-type: none"> ➤ Outdoor Cooler Bag ➤ Scuba Diving Buoyancy Control Device ➤ Diving Gear Backpack ➤ Inflatable Kayak ➤ Camping Tent ➤ Snowshoes 	<ul style="list-style-type: none"> Ex. Burn Care Bed, Intensive Care Unit (ICU) Bed, Home Care Bed, Nursing Home Bed and Medical Institution Bed ➤ Medical Stretcher and Transport Bed ➤ Medical-Grade Turning Bed ➤ Inflatable Air Chamber Chest Percussion Vest
<p>C. Aviation & Marine:</p> <ul style="list-style-type: none"> ➤ Aviation Life Jacket ➤ Inflatable Life Jacket ➤ Water Rescue Buoyancy Vest ➤ Inflatable Escape Slide ➤ Inflatable Liferaft ➤ Liferaft Tent 	<p>D. Military:</p> <ul style="list-style-type: none"> ➤ Oil Spill Containment Boom ➤ Oil Storage Tank ➤ Anti-Static Desk Mat ➤ Mechanical Safety Guard ➤ Trunk Door Seal ➤ Cooling Vest and Hat for Heavy Machinery Operators, Outdoor and High-Temperature Workers, Helmet Liner, and Cooling Vest and Mat for Pets. ➤ Car Airbag ➤ Car Inflatable Lumbar Support ➤ Industrial Apron, Raincoat, and Protective Clothing ➤ Fishing and Canyon Hiking Rain Boots ➤ Bulletproof Vest Cover ➤ Bulletproof Vest Grenade Pouch ➤ Tank Cover

(2) The finished product division mainly produce inflatable products for various functions. It provides comprehensive services and complete solutions to customers in medical, outdoor, and other finished product component sectors, including development projects, process improvements, and quality issues.

1.1.4. New Products (Services) To Be Developed:

Our company continues to develop TPU products that meet customer and market needs. In addition to the existing products, we plan to develop innovative and high-quality products in the future and continue to collaborate with customers to expand applications across more industries. The new products our company plans to develop are as follows:

(1) Digital Printed Fabrics

Unlike the complex processes and plate-making required in traditional printing, digital printing technology offers more precise color resolution control and can meet highly customized demands. When combined with the various functional properties of TPU fabrics, it can be widely applied to consumer products.

(2) Marine Safety Fabrics

Inflatable liferafts are commonly used in maritime rescue operations, featuring lightweight and quick deployment characteristics. The material properties of the fabric are regulated by the International Convention for the Safety of Life at Sea (SOLAS), requiring strong abrasion resistance and tear resistance to ensure the safety of maritime rescue operations.

(3) Medical-Grade Transport Stretcher

According to Mordor Intelligence, the medical transport bed market is expected to grow

at a CAGR of 3.2% from 2023 to 2028. The increasing number of road traffic accidents and the growing proportion of injuries and illnesses among the elderly are the two main contributing factors. The medical-grade transport beds that our company plans to develop will mainly be used in ambulances for the emergency transport of patients. During the transport process, the mattress is easily contaminated by external dirt, blood from injured wounds, bacteria, etc. To prevent cross-contamination risks, the transport bed mattress is restricted to single patient use. The mattress must be lightweight and offer antibacterial and stain-resistant properties.

(4) Military-Grade Fabrics

Infrared technology has matured and is gradually being applied in military operations, with infrared detection playing a crucial role in determining the survival rate of military vessels on the battlefield. Countries have incorporated infrared detection suppression technologies into the design and development of military ships. The military-grade fabrics developed by our company feature unique stealth technology that can counteract infrared detection equipment. These fabrics can be applied to military gear such as backpacks, vehicle covers, and bulletproof vest covers.

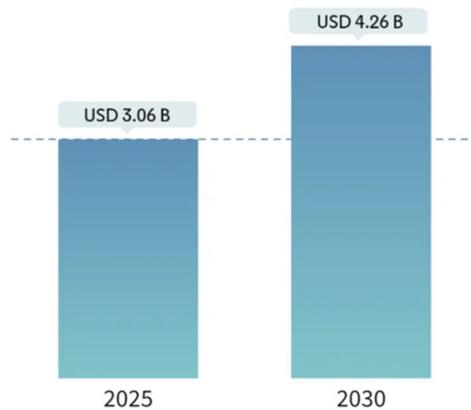
1.2. Industry overview:

1.2.1. Current status and development of the industry

TPU is a thermoplastic elastomer, primarily composed of long-chain diols, short-chain diols, and diisocyanates. Various additives such as antioxidants, UV stabilizers, hydrolysis inhibitors, and pigments can be incorporated during its application to create TPU with different properties. TPU stands out in the emerging plastic materials market due to its molecular structure, offering excellent resistance to stretching, tearing, abrasion, low temperatures, aging, and hydrolysis. It is an environmentally friendly material with excellent thermoplastic properties, making it widely applicable to various products. TPU's excellent characteristics, including waterproof breathability, wind resistance, cold protection, antibacterial properties, and UV resistance, have made it a rapidly developing new material. Additionally, TPU combines the high elasticity of traditional rubber materials with the high mechanical properties of plastic materials, supplemented by features such as tear resistance, wear resistance, oil resistance, and anti-cracking. This makes TPU outperform traditional materials, gradually replacing conventional rubber and PVC. TPU is mainly applied in the form of films and molded components. TPU film products are made by processing TPU particles through processes such as calendaring and blow molding, applied to fabrics or footwear materials, achieving good waterproof and breathable effects. Molded components are primarily used to replace traditional plastic or rubber materials, such as waterproof and airtight sealing strips for industrial equipment. Due to its biocompatibility, TPU is non-toxic and less likely to cause allergic reactions compared to other plastic materials, making it increasingly popular in the medical market.

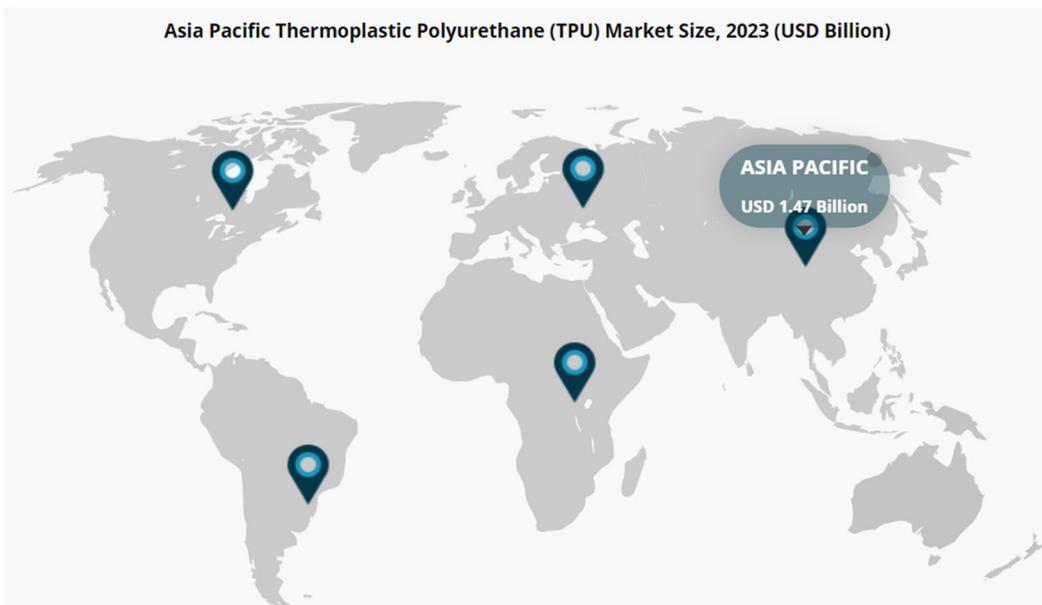
Thermoplastic Polyurethane (TPU) Market

Market Size in USD Billion
CAGR 6.86%



Data: Mordor Intelligence

According to the market analysis report by Mordor Intelligence, the TPU market size is estimated to reach USD 3.06 billion by 2025 and is expected to grow to USD 4.26 billion by 2030, with a CAGR of 6.86%. TPU films possess the basic properties of other plastic materials and rubber, making them widely used in the footwear and apparel industries. Global footwear production is largely concentrated in the Asia-Pacific region. According to statistics from Fortune Business Insights, the Asia-Pacific market size reached USD 1.47 billion in 2023. With increasing demand in the footwear and consumer goods markets and ongoing advancements in TPU application technologies by the manufacturing industry, the demand for TPU is expected to grow significantly over the next five years.



Data: Fortune Business Insights

The main suppliers of TPU are international giants such as BASF (Germany), Lubrizol (US), Covestro (Germany), Huntsman (US), Wanhua Chemicals (China), Polyfilm (US), Epaflex (Italy), Coim Group (Italy), Mitsui Chemicals (Japan), and Avient (US). After processing, TPU raw materials are widely applied across various industries, including automotive interiors and parts, films for apparel and footwear, waterproof and airtight products for outdoor use, industrial sealing components, durable textile coatings, sports and leisure durable products, pipes for industrial or

furniture applications, and medical dressings or containers.

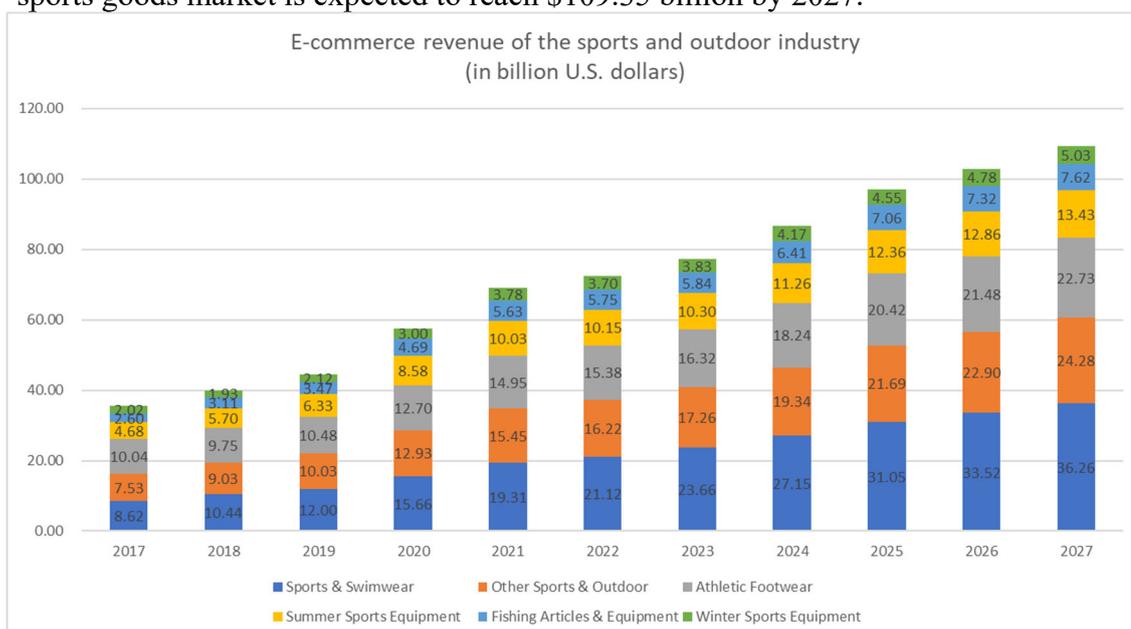
Among the applications of TPU, the most closely related to the general public are footwear and apparel products. TPU films have excellent waterproof properties and can absorb moisture and humidity through their hydrophilic groups, which are then diffused and ventilated to the outer layer of the fabric, achieving a moisture-wicking effect. This waterproof and moisture-breathing characteristic provides a comfortable experience for the wearer, making TPU an excellent material for functional apparel. It is widely used in sports gear, outdoor clothing, and footwear for activities such as hiking and mountaineering.

Our company is a secondary and tertiary processing factory for TPU products. The main application areas are as follows:

(1)Outdoor

With the development of technology and urbanization, outdoor activities have become an emerging trend in sports. Activities such as camping, fishing, hunting, off-roading, snow sports, and water sports all fall under this category. The related services and products have become more specialized and refined, making it a significant emerging industry. According to statistics from the Outdoor Industry Association, outdoor recreation in the United States generates over \$800 billion in consumer spending annually. The increase in leisure spending and changes in leisure habits have both driven the growth in participation in outdoor activities, with camping being the highest in terms of spending, which has driven the growth of the camping equipment industry. Additionally, according to international market research firm Lucintel, the aging population and the trend of early retirement will also promote the growth of camping activities. Moreover, with technological advancements, convenient transportation, and the flow of information, camping activities have become easier and safer.

Global demand for outdoor and sports goods has been increasing year by year, becoming a new lifestyle trend, driving the growth of the outdoor and sports goods industry. The Kampgrounds of America (KOA) predicts that in 2022, the number of new camping households in the United States will increase by approximately 500, with a compound growth rate of about 7.6%. The main consumer groups are younger generations and middle-to-high-income families. Additionally, the rise of the e-commerce market is contributing to this growth. According to the statistical agency Statista, the U.S. outdoor sports goods market is expected to reach \$109.35 billion by 2027.



(2)Medical

The Act for the Development of Biotech and Pharmaceutical Industry points out that the global medical device industry is restarting its pre-pandemic layout with the official end of the COVID-19 pandemic as a "global public health emergency." Although the impact of the pandemic has subsided, the effects it had on the social and healthcare environment remain. This includes the development of telemedicine driven by the pandemic, the use of artificial intelligence to improve medical efficiency, and the increased consideration by healthcare systems in various countries regarding the feasibility of decentralized healthcare. There is also growing consideration of opportunities for more applications of smart healthcare technology. Additionally, besides a rise in public awareness of personal health, there is also an increasing acceptance of home healthcare services. Overall, the global medical device industry is gradually returning to its pre-pandemic state, driven by the demand of an aging society, the recovery of routine medical services, and the steady growth of medical needs.

According to a research report by BMI Research, the global medical device market was valued at \$517.34 billion in 2023, representing a 7.3% growth compared to 2022. It is estimated that the market will grow to \$617.53 billion by 2026, with a CAGR of 6.08% from 2023 to 2026. In 2023, the Americas market still dominates the global medical device market, accounting for 52.4% of the global share. This is followed by Western Europe and the Asia-Pacific markets, which account for 23.7% and 18.3%, respectively. Overall, the ranking of regional markets is expected to remain largely unchanged in the future, with the Americas, Western Europe, and Asia-Pacific regions remaining the top three markets. However, their relative shares may slightly shift, as shown in the chart below.

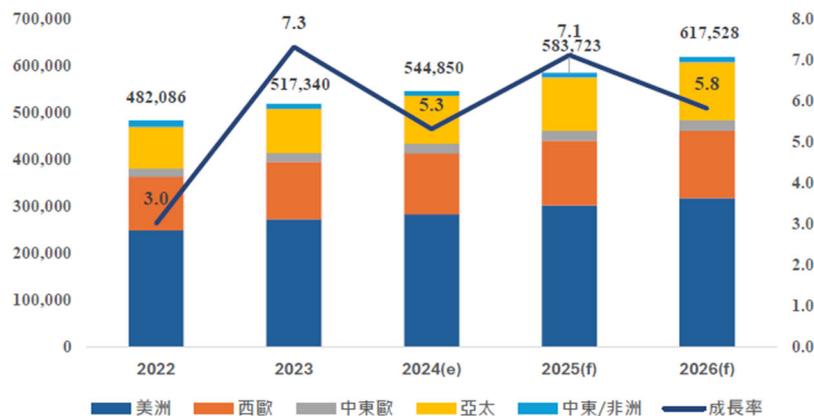


圖 2-3 全球醫療器材市場規模分布

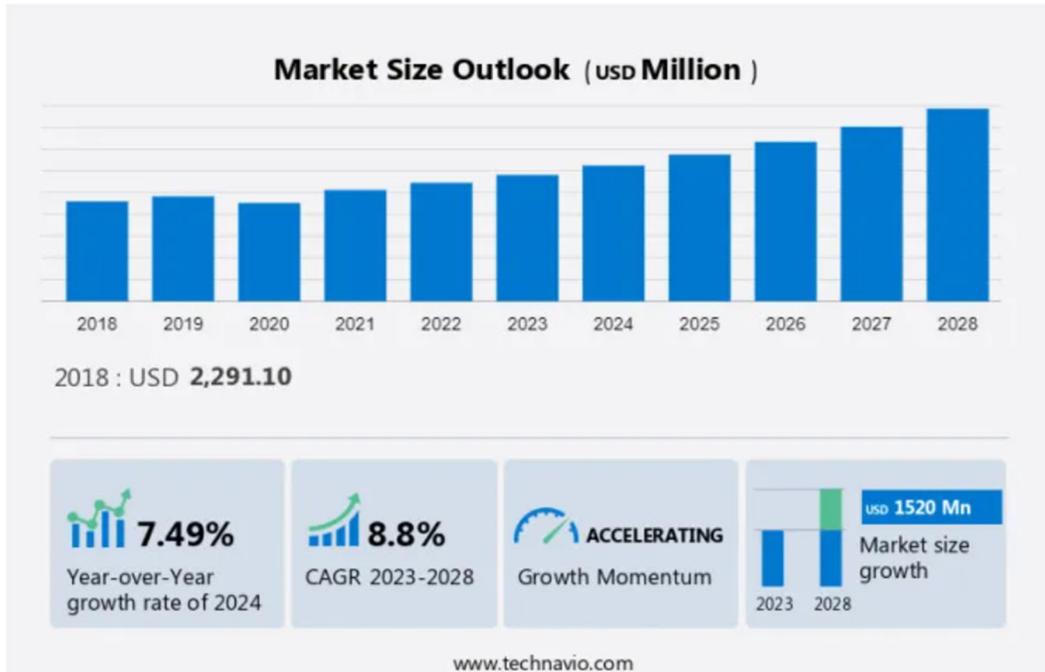
資料來源：BMI Research，2024年；財團法人工業技術研究院產業科技國際策略發展所，2024年5月。

(Data: The Act for the Development of Biotech and Pharmaceutical Industry 2024)

(3) Marine

Life-saving products are primarily used in water activities, including life rafts and life jackets, with the latter being the most widely used. To ensure the proper functioning of life jackets, there are high requirements for characteristics such as waterproofing, abrasion resistance, and tear resistance. As a result, in addition to traditional PVC or rubber coatings, TPU materials have gradually emerged. The increasing popularity of water activities is driving market development, and safety equipment such as life jackets has become an indispensable accessory.

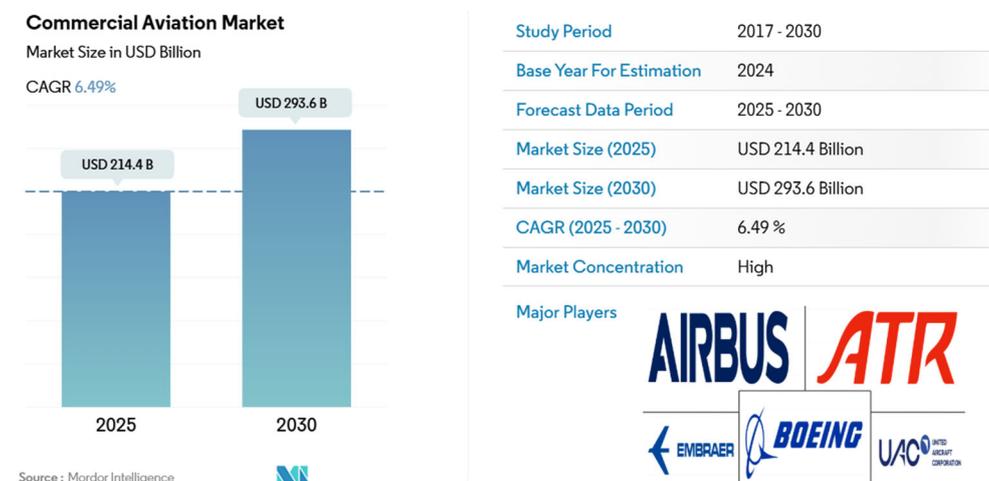
According to a research report by Technavio, the life jacket market is expected to grow by \$1.52 billion from 2023 to 2028, with a CAGR of 8.8%. Among this growth, the North American region is expected to contribute 34%.



Data: Technavio

(4) Aviation

According to statistics from Mordor Intelligence, the aviation market is expected to be valued at \$214.4 billion in 2025 and is projected to grow to \$293.6 billion by 2030, with a CAGR of 6.49%.



Data: Mordor Intelligence

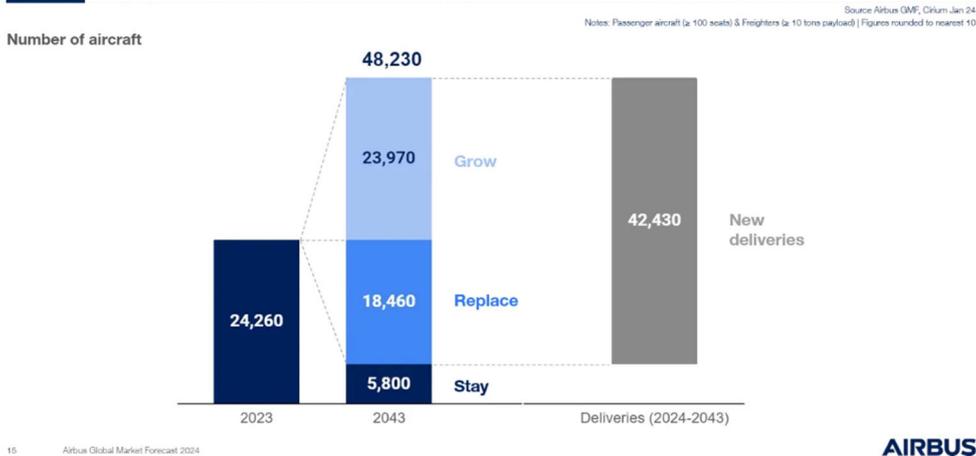
The world's two major aircraft manufacturers, Boeing and Airbus, have provided forecasts for the global aviation market over the next 20 years. According to their predictions, the demand for new aircraft and fleet replacements will be 43,975 and 42,430 aircraft, respectively. From this data, it is clear that the aviation market will continue to show a growth trend over the next 20 years.

Airlines will need 43,975 new airplanes over 20 years



Data: Boeing Commercial Market Outlook 2024

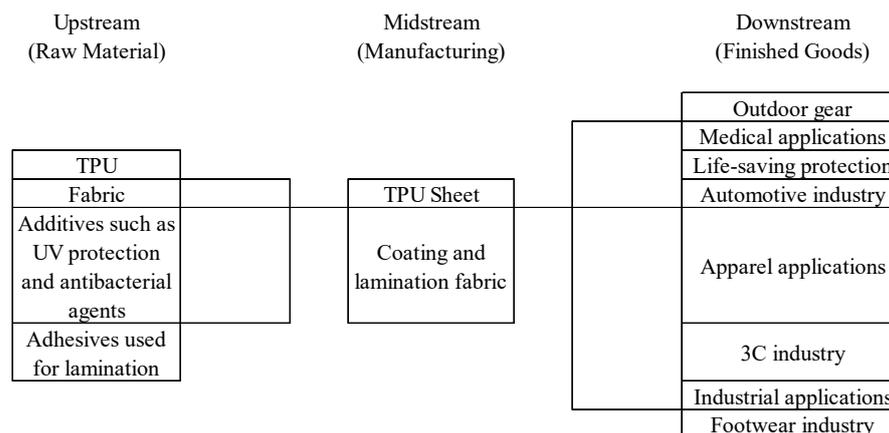
Demand for 42,430 new aircraft between 2024 and 2043



Data: Airbus Global Market Forecast 2024

1.2.2. The relationship between upstream, midstream and downstream in the industry

The main raw materials for the upstream of the industry to which our company belongs are TPU pellets, base fabric, adhesives for lamination, and other various additives. Therefore, the prices of petrochemical raw materials in the upstream of our industry are influenced by the international supply and demand conditions of raw materials. Our company belongs to the midstream of the TPU industry, where, through various downstream processing procedures, the final products are applied in a variety of outdoor goods, medical applications, life-saving protection, and other products. The relationship between the upstream, midstream, and downstream of our industry is illustrated as follows:



Our company specializes in coating and lamination technology for secondary processing, as well as high-frequency and hot pressing techniques for tertiary processing products. We are a manufacturer that possesses both secondary and tertiary processing technologies and production capacity.

1.2.3. Product trends and product competition

(1) Product trends:

Currently, TPU functional fabrics have four major development directions: lightweight, antibacterial and anti-fouling, flame retardant, and high-pressure resistance.

A. Lightweight

TPU technical fabrics can be applied in outdoor products, including inflatable sleeping mats, waterproof insulation bags, waterproof backpacks, and more. These products provide users with convenient portability during outdoor activities. With their durability and lightweight characteristics, they are actively evolving towards further weight reduction.

B. Antibacterial and anti-fouling

In the medical field, surgical gowns, bed pads, and medical bed linens must have the ability to prevent bacterial growth and allow for the quick and thorough cleaning of blood stains or bodily fluids. Therefore, the fabrics used must possess properties such as antibacterial and anti-fouling. TPU functional fabrics are actively developing towards features like antistatic and antibacterial properties to secure a place in the medical field.

C. Flame retardant

In the fields of life-saving and medical applications, due to the hazardous nature of the environment and the higher risk of accidents or equipment fires, the materials used must have flame-retardant properties. These materials should be able to control the spread of flames within a limited area and self-extinguish within a specified time, effectively preventing the fire from spreading.

D. High-pressure resistance

In the industrial field, a large amount of plastic materials, such as PVC, LDPE, natural rubber, and neoprene, are currently used. The materials selected must have high environmental resistance, such as resistance to extreme temperatures, high pressure, abrasion, and tearing. For example, life-saving products need to have good airtightness to prevent air leakage and possess pressure resistance to perform effectively under various environmental conditions. Compared to traditional plastic and rubber materials, TPU offers superior characteristics, which is why there is an active push to promote TPU

as an alternative material.

TPU technical fabrics are materials with multiple properties, capable of varying in different ways depending on the application of the product. They possess excellent durability and outstanding waterproof and airtight capabilities. With the rise of the lightweight trend, along with manufacturers' active development in various application fields in recent years, TPU technical fabrics are emerging as a key player in the market.

(2)Product competition:

In terms of market competition, traditional TPU film manufacturers primarily use calendaring or blown film technologies. To save on equipment costs, they often assemble lamination machines by purchasing imported film heads and domestic production components. This results in films that are prone to uneven thickness, which can cause the final laminated product to have inconsistent thickness as well. As a result, these products are mostly applied in industries with lower requirements, such as the footwear or apparel. To strengthen the company's competitiveness, we have built two full-set lamination production lines, with all equipment imported from abroad. The films produced have higher thickness accuracy compared to industry peers, which has made our products highly favored by customers. Moreover, our company simultaneously operates secondary and tertiary processing production lines. Through frequent interactions with customers, we are able to promptly address their issues, stay ahead of industry trends, and strategically position ourselves in the market, ensuring we gain a competitive edge rather than engaging in price competition in the saturated "red ocean" with industry rivals.

1.3.Overview of Technology and R&D

1.3.1.Technical Level and R&D

Our company is a manufacturer specializing in the production of TPU applications. We are a supplier that simultaneously possesses secondary and tertiary processing R&D technology and mass production capabilities.

For secondary processing, we mainly rely on the production experience and standard operating procedures accumulated over the years. By utilizing the physical and chemical properties of TPU, we produce technical fabrics with superior characteristics such as high moisture permeability, water resistance, excellent extensibility, low-temperature resistance, impact resistance, and bending resistance. These are achieved through processes like lamination and embossing. The R&D focus for secondary processing is primarily on adjusting the adhesive formulation and improving lamination technology to meet product demand.

For tertiary processing, based on customer needs, we cut, high-frequency weld, and sew TPU technical fabrics to create lightweight, heat-retaining, and reusable inflatable TPU products or components. These are widely applied in outdoor, medical, life-saving, industrial, and other sectors. The R&D focus for tertiary processing mainly involves product design, production technology enhancement, and process improvement.

1.3.2.R&D expenses in the past five years

Unit: NT\$ thousands

Year	2020	2021	2022	2023	2024
Sales Revenue(A)	1,531,351	2,068,395	2,589,138	2,564,771	2,511,442
R&D expenses(B)	30,396	37,764	48,937	58,922	76,687
Rate(B/A)	1.98%	1.83%	1.89%	2.30%	3.05%

1.3.3.Successfully developed technologies and products

Year	Technologies and products
2014	Technical fabric with a TPU thickness of 0.03mm
	TPU films with a thickness of less than 0.15mm and up to 2.0mm
	Inflatable Camping Mattress
	High-frequency version medical-grade air mattress
2016	The technical fabric with waterproof and dustproof features
	Produced using the knife roller coating method (KOR) for knitting fabric
2017	The world's lightest thermal camping sleeping pad
2018	Cool-touch, highly breathable fabric
	Fabric used for the canopy of aviation life rafts
	Portable sputum collection garment
2019	15D ultra-lightweight outdoor equipment fabric
	Self-inflating foam mattress
	Lightweight fabric for escape slides
2020	High tear-resistant fabric for backpacks
	Adhesive tapes for escape slides
	Food-grade fabric for insulated bags
2021	Medical turning bed
	Inflatable lightweight sputum collection garment
	Fishing and creeping boots
2022	High warmth, lightweight camping mattress
	Fabric for ballistic vest covers
	Lightweight, eco-friendly camping mattress

Year	Technologies and products
2023	Full range of escape slide products
	UV digital printing technology used on technical fabrics
2024	An inflation and deflation valve system used on medical products
	Fabric for grenade pouches on ballistic vests

1.4. Long-term and short-term business development plans

1.4.1. Short-term business development plans

(1) Marketing Strategy

- A. Actively expand the European market.
- B. Develop medical and life-saving customers.
- C. Accelerate product development progress.

Leverage products with a strong market reputation to expand the customer base and increase market share.

(2) Production, Research and Development, and Product Development

By applying existing proficient production technologies and equipment, we will gain a deeper understanding of customer needs through product diversification introduced by clients. This will allow us to transform customer requirements into profitable development projects, enabling us to quickly attract new customer groups.

(3) Operations Management Policy

Our company will form cross-functional project teams consisting of personnel from engineering, quality assurance, and production departments to meet customer demands and transfer these into new product development projects. Additionally, 70% of our R&D resources will be dedicated to developing new business opportunities, whether in technical fabrics, films, or finished products.

1.4.2. Long-term business development plans

(1) Marketing Strategy

Integrate existing sales channels, strengthen operational management and customer service, and expand the business scope to the global market.

(2) Production, Research and Development, and Product Development

Based on the air-tight and waterproof characteristics of TPU processing, we will continue to carry out new product development and process optimization to expand into the global market.

(3) Operations Management Policy

Based on the existing customer base and the growth of new business, we will establish overseas locations and implement vertical industry integration in a timely manner to improve production efficiency and reduce costs.

2. Market, production and sales overview

2.1. Market analysis

2.1.1. Sales regions of main products

Unit: NT\$ thousands ; %

2024										
Product/Region	USA	%	Asia	%	Europe	%	Others	%	Total	%
Outdoor	404,344	16.1%	774,296	30.8%	185,567	7.4%	41,197	1.6%	1,405,404	56.0%
Medical	107,168	4.3%	18,638	0.7%	68,027	2.7%	221,422	8.8%	415,255	16.5%
Aviation& Marine	141,271	5.6%	211,649	8.4%	45,250	1.8%	22,178	0.9%	420,348	16.7%
Military	14,764	0.6%	66,562	2.7%	189,109	7.5%	0	0.0%	270,435	10.8%
Total	667,547	26.6%	1,071,145	42.7%	487,953	19.4%	284,797	11.3%	2,511,442	100.0%
2023										
Product/Region	USA	%	Asia	%	Europe	%	Others	%	Total	%
Outdoor	307,623	12.0%	1,053,159	41.1%	124,370	4.8%	25,028	1.0%	1,510,180	58.9%
Medical	242,277	9.4%	37,592	1.5%	59,284	2.3%	187,937	7.3%	527,090	20.6%
Aviation& Marine	127,114	5.0%	132,937	5.2%	49,069	1.9%	24,472	1.0%	333,592	13.0%
Military	15,143	0.6%	38,199	1.5%	139,929	5.5%	638	0.0%	193,909	7.6%
Total	692,157	27.0%	1,261,887	49.2%	372,652	14.5%	238,075	9.3%	2,564,771	100.0%

2.1.2. Market share

Our company primarily manufactures TPU technical fabrics, with capabilities for secondary and tertiary processing. Our clients are mainly international brand manufacturers or their OEM factories, targeting the high-end market as a market segmentation strategy. Over 90% of our sales are focused on the export market. The product applications mainly span across outdoor, medical, aerospace rescue, and military industrial sectors. Due to the vast scale of the international market, our market share depends on the sales performance of products from major end manufacturers, and there is no available market share information for reference.

2.1.3. The future supply and demand situation and growth of the market

As TPU is a thermoplastic material, it has a wide range of hardness and can be used as both soft and rigid materials. It is non-toxic, pollution-free, and recyclable, making it an ideal alternative to PVC in response to the growing global awareness of environmental protection. In recent years, TPU has rapidly developed and become one of the best materials to replace PVC. Through processing, TPU can be made into films or bonded with fabric to create a wide range of applications in our daily lives.

Initially, TPU was priced more than five times higher than PVC, and only a few high-end medical devices used it. However, in recent years, with the development of many new applications and the increase in mass production manufacturers, supply has increased, and prices have gradually decreased to less than twice that of PVC. As a result, TPU has become increasingly popular and is now widely used in electronics, medical, aerospace, automotive, and other fields.

Through lamination and coating processes, TPU can be made into fabrics with various characteristics, such as antibacterial, high airtightness, and UV resistance. This allows for the creation of multifunctional fabrics with strong market competitiveness in the future.

(1) Outdoor gear

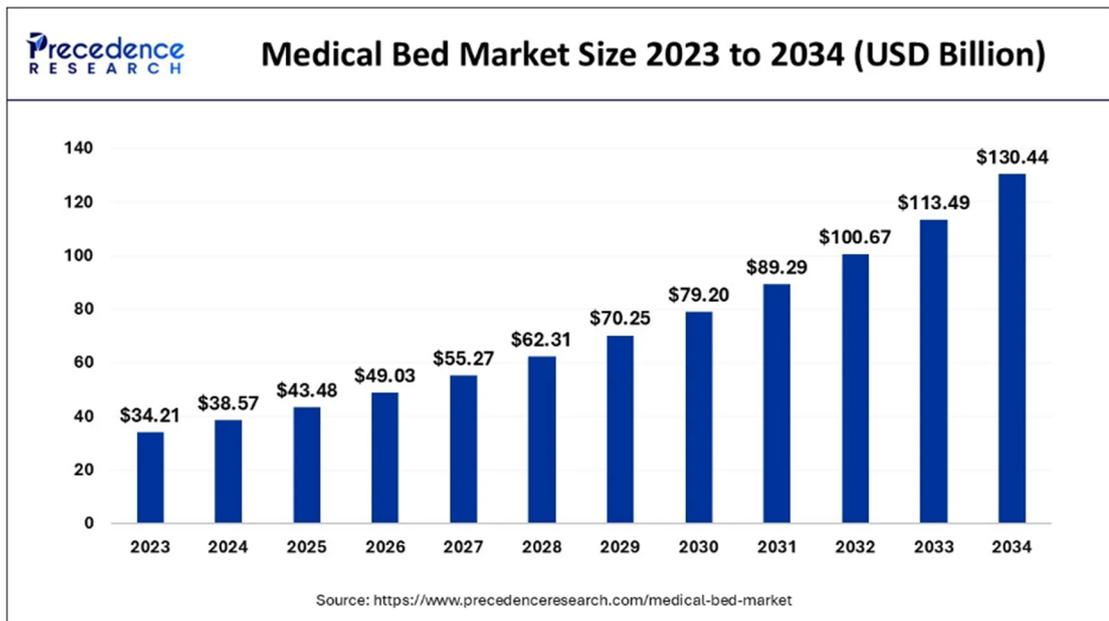
In the field of outdoor products and equipment, major brands continue to enhance product performance and specifications to provide consumers with a comfortable user experience. This includes waterproof and windproof clothing, hiking boots, tents, sleeping bags, mattresses, cooking utensils, gas stoves, lighting equipment, coolers, thermal bags, and various related items. Our company primarily focuses on the research, development, and production of inflatable camping mattress, insulated bags, and waterproof backpacks.

According to the Fortune Business Insights Camping Equipment Market Research Report, the global camping equipment market was valued at USD 89.81 billion in 2024, and it is projected to grow to USD 172.21 billion by 2032, with a CAGR of 8.58%. The global outdoor equipment market is undergoing significant changes due to the increasing popularity of outdoor recreational activities, growing health awareness, and rising consumer demand for high-quality, durable, and innovative equipment. Sustainability has become a rising trend, and according to surveys, over 65% of outdoor enthusiasts prioritize sustainability when purchasing equipment. Product sustainability has become a key trend in reshaping the outdoor equipment market.

(2) Medical Products

Our company has long-term collaborations with international medical giants such as Baxter, Arjo, and American National, selling medical bed TPU covers, top and bottom sheets, and tubing, among other medical consumables. These products must feature characteristics such as antibacterial properties and ease of cleaning. Additionally, some products are designed to prevent contamination of surrounding equipment from blood and other bodily fluids, requiring the fabric to have a certain level of waterproof functionality.

According to Precedence Research's study on the medical mattress market, the global medical bed market was estimated to be worth USD 34.21 billion in 2023 and is expected to reach USD 130.44 billion by 2034, with a CAGR of 6.73%. North America holds a significant share of the market, accounting for 43%. The rising global incidence of cancer and other chronic diseases has prompted countries worldwide to focus on investing in healthcare infrastructure. According to the World Population Aging Report, the global elderly population is expected to increase by 16% from 2020 to 2050. The number of elderly people with chronic diseases is also rising year by year. The technological advancements in ICU critical care beds are major factors driving the growth of the medical mattress market.



Data: Precedence Research

(3) Aviation & Marine Products

A. Inflatable life jacket

Inflatable life jackets are functional gear designed to keep individuals afloat in water through automatic inflation. They are used in hazardous work activities, sports, and recreational activities. Life jackets are not limited to leisure use; professionals involved in commercial fishing, offshore oil and gas operations, extraction, and maritime transportation rely on life jackets as essential safety equipment to protect their lives during work.

Our company's primary customer base for life jackets is in Europe and North America. Sustainability and the use of eco-friendly materials are increasingly important issues in the market. Manufacturers are continuously improving and innovating by incorporating eco-friendly materials into the production of life jackets to address environmental concerns. These factors have contributed to the steady growth of global life jacket demand year by year.

B. Aviation escape slide

According to the Global Ranking, the top 10 aircraft manufacturers in 2024 are as follows, with Airbus and Boeing dominating the aerospace market, holding around 80% of the market share. Both of these companies are either end customers or direct clients of our company. Boeing's forecast for the global aviation industry over the next 20 years (2024-2043) indicates that the annual average growth rate for passenger traffic will be 4.7%, with a demand for approximately 43,975 new aircraft, of which single-aisle aircraft will account for about 76%. Airbus predicts a 3.5% annual growth rate for passenger traffic, with a demand for about 42,430 new aircraft over the next 20 years. The strongest growth in the aviation market is expected to come from India and China, and the global aviation transport focus will continue to shift toward Asia.

Factors influencing the future development of the aerospace market include the global goal of net-zero carbon emissions by 2050. Reducing fuel consumption and carbon emissions in aircraft is the top priority for airlines. Airbus estimates that about 30% of the aircraft currently use sustainable aviation fuel (SAF), hydrogen, and hybrid propulsion technologies, while 70% have not yet been replaced. The focus for the future of the aviation industry will be on fuel-efficient passenger and cargo aircraft.

Rank	Company	Market Cap. (in billion USD)	Employees (approximately)	Country
1	Airbus	140.98	150,093	Netherlands
2	Boeing	119.48	171,000	USA
3	Lockheed Martin	108.63	122,000	USA
4	Hindustan Aeronautics	26.23	24,375	India
5	Dassault Aviation	24.84	13,533	France
6	Textron	13.20	35,000	USA
7	Embraer	9.29	19,179	Brazil
8	Korea Aerospace Industries	5.77	N/A	South Korea
9	Bombardier	5.64	17,100	Canada
10	Joby Aviation	4.97	1,777	USA

2.1.4. Competitive niche

(1) Product Development Advantages

Our company has extensive expertise in the application of technical fabrics. From raw materials to finished products, our production techniques have been refined over many years of accumulation and collaboration with international leading clients. Through close interaction with clients during the development process, we are able to leverage our on-site engineering knowledge and technical support. This enables us to deliver products that meet customer requirements and maintain consistent quality, earning the trust of our clients.

(2) Production Capacity Advantages

Compared to our competitors, our company has the advantage of possessing two sets of imported lamination equipment, along with production lines for secondary and tertiary processing. This enables us to shorten the production cycle from raw materials to finished products. Our production capacity is superior to that of our competitors, allowing us to meet customer demands more efficiently and effectively.

(3) R&D Technology Advantages

Our engineering team possesses in-depth knowledge of materials science and the capability to transform customer concepts and designs into manufacturable modules. This enables us to quickly provide clients with product solutions, thereby unlocking potential new business opportunities.

(4) Experienced Management Team

Our company maintains close interaction with clients on a regular basis to stay attuned to their needs. When a client has a request, we promptly assign project personnel to initiate, plan, execute, control, and integrate the team's work. We proactively propose feasible solutions and ensure that the client's needs are met within the designated time frame.

2.1.5. Advantages and disadvantages of the Company's vision of development and response measures

(1)Favorable factors

- A.Years of accumulated R&D capabilities and strong technical expertise.
- B.Flexible customization and mass production capabilities.
- C.Rich production experience and stable cost control and quality management.
- D.extensive brand client base accumulated through years of niche market focus.
- E. Yearly expansion of product applications.

(2)Unfavorable factors

- A.Longer development period for new applications.
- B.Reliance on third-party processing for technical fabrics.

(3)Response measures

- A.Maintain good communication with clients and plan new product development in advance to shorten development timelines.
- B.Pre-develop new products to enable clients to continue their R&D based on these products, increasing their willingness to launch new projects.

2.2.Important applications and production processes of main products

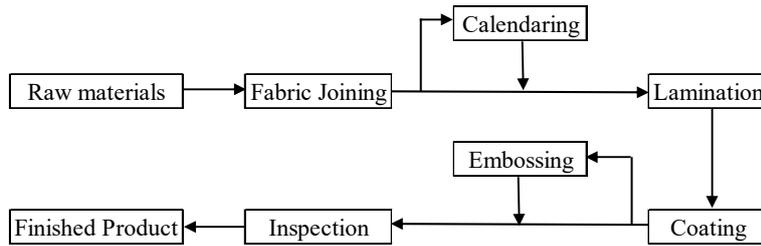
2.2.1.Important applications of major products

Our company is primarily engaged in the development and production of eco-friendly TPU technical fabrics and their processed finished products. TPU has a wide range of applications, and our company currently focuses on key sectors such as outdoor, medical, life-saving, and industrial applications. We are also actively exploring and developing products for other industries.

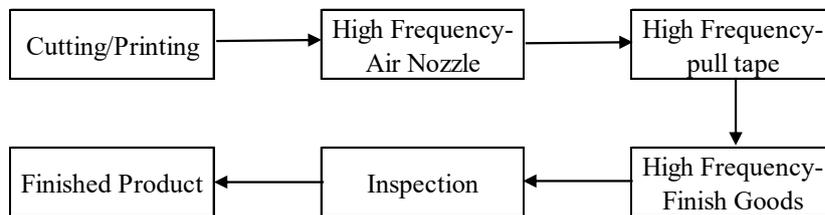
Function \ Main products	Outdoor	Medical	Aviation & Marine	Military
Inflatable	✓	✓	✓	✓
High frequency welding	✓	✓	✓	✓
Hot-melt lamination	✓	✓	✓	
Antibacterial and antifungal	✓	✓	✓	
Biocompatibility	✓	✓		✓
Velcro	✓	✓		✓
Water-repellent	✓	✓	✓	
UV resistance	✓			
Flexural resistance	✓	✓	✓	✓
Abrasion resistance	✓	✓	✓	✓
Water pressure resistance	✓		✓	✓
Flame resistance	✓		✓	✓
High moisture permeability		✓		
Low noise				✓
Elastic materials				✓
Oil resistance				✓

2.2.2. Production processes of main products

(1) Secondary Processing:



(2) Tertiary Processing:



2.3. Supply status of primary raw materials

The main raw materials for our company are TPU particles, base fabric, adhesives, and crosslinking agents. Our primary suppliers are long-term partners, and we maintain strong, stable cooperative relationships with them. We also diversify our sources to ensure the stability of our supply chain.

2.4. Names of customers who contributed to more than 10% of total purchase (or sales) amount in one of the most recent two years and the corresponding purchase (or sales) amounts and percentages, as well as reasons for their changes (if applicable).

2.4.1. Information on key suppliers in the past 2 years:

Unit: NT\$ thousands ; %

Item	2023				2024				2025Q1			
	Name	Amount	Percentage of total net purchase (%)	Relationship with issuer	Name	Amount	Percentage of total net purchase (%)	Relationship with issuer	Name	Amount	Percentage of total net purchase (%)	Relationship with issuer
1	A	348,360	25.18%	-	A	228,569	17.91%	-	A	96,966	23.57%	-
2	B	113,775	8.23%	-	B	134,212	10.52%	-	B	38,295	9.31%	-
3	C	153,917	11.13%	-	C	122,335	9.59%	-	C	43,420	10.55%	-
4	Others	767,208	55.46%		Others	790,792	61.98%		Others	232,708	56.57%	
	Net purchase	1,383,260	100.00%		Net purchase	1,275,908	100.00%		Net purchase	411,389	100.00%	

Description: The main reason for this is the formulation of different procurement strategies in response to fluctuations in raw material prices, which has resulted in a decrease in the overall net purchasing amount.

Note: Our company has signed non-disclosure agreements with suppliers A, B, and C.

2.4.2. Information on main customers during the past 2 years:

Unit: NT\$ thousands ; %

Item	2023				2024				2025Q1			
	Name	Amount	Percentage of net sales (%)	Relationship with issuer	Name	Amount	Percentage of net sales (%)	Relationship with issuer	Name	Amount	Percentage of net sales (%)	Relationship with issuer
1	A	459,377	17.91%	-	A	395,719	15.74%	-	A	99,176	12.73%	-
2	B	349,417	13.62%	-	B	114,581	4.56%	-	B	0	0.00%	-
3	C	133,152	5.19%	-	C	215,532	8.57%	-	C	65,528	8.41%	-
	Others	1,622,825	63.28%	-	Others	1,788,642	71.13%	-	Others	614,186	78.85%	-
	Net sales	2,564,771	100.00%		Net sales	2,514,474	100.00%		Net sales	778,890	99.99%	

Description: There have been no significant changes in our major sales customers over the past two years. The overall customer revenue for the year 2024 is similar to that of the previous year, 2023.

3. The Company's employees in the last two years and up to the date of report

Year		2023	2024	The current year up to March 31, 2025
Number of employees	Direct employees	224	256	274
	Indirect employees	146	154	154
	Total	370	410	428
Average age		39.4		40.9
Average years of service		4.8		5.6
Education background	Ph.D	-	-	-
	Master	5.14%	3.66%	3.50%
	Bachelor	33.78%	32.20%	30.84%
	Senior High School	49.73%	52.68%	53.98%
	Below senior high school	11.35%	11.46%	11.68%

4. Information on environmental protection expenses

4.1. Losses sustained due to environmental protection (including compensation and violations of environmental protection laws found in environmental protection inspection results, specify the date of the penalty, letter number, article violated, provision violated, details of the penalty) in the most recent year and up to the date of report, and disclose current and future estimated amount and response measures.

The Company has no significant environmental issues or penalties in the most recent year and up to the date of publication of the annual report.

5. Labor-management relations

5.1. Current important labor-management agreements and their implementation

Our company maintains harmonious and stable labor relations, with a proactive and positive approach to business development. We are committed to improving employee benefits while ensuring smooth labor-management communication channels. Through the collective efforts of all our employees, we leverage individual talents to achieve mutual growth for both our employees and the company, sharing in the positive outcomes.

5.1.1. Employee benefit measures

In addition to providing health insurance and labor insurance in accordance with the relevant provisions of the Labor Standards Act of the Republic of China, our company also offers employees group insurance and contributes to individual labor retirement pension accounts to ensure employee welfare. The following are the measures and implementation details:

- (1) Employees are entitled to statutory special leave and pension contributions. A labor welfare committee has been established to coordinate welfare activities and protect labor rights.
- (2) All employees, in addition to participating in labor insurance and national health insurance as required by law, are also provided with group insurance and travel accident insurance, with the premiums covered by the company.
- (3) Regular employee health check-ups are conducted, and occasional employee activities and trips are organized to enrich recreational activities and foster camaraderie.
- (4) The company provides subsidies for employees' car and motorcycle parking fees and offers regularly maintained and inspected company vehicles to ensure employees have proper support for business travel.
- (5) Employees receive bonus for the Dragon Boat Festival and Mid-Autumn Festival.
- (6) The company offers subsidies for marriage, funeral, and childbirth events.

5.1.2. Talent training and continuing education

To enhance employees' professional skills, improve work efficiency, and emphasize product quality, the company implements training according to the annual education and training plan. Both internal and external training programs are carried out simultaneously to strengthen employees' professional capabilities. The various training programs offered by the company are as follows:

- (1) New Employee Training: On the first day of employment, new employees are provided with courses on company culture, organizational history, work rules, employee benefits, important notices, and an introduction to the workplace, giving them a basic understanding of the company.
- (2) On-the-job Training: This training focuses on developing employees' professional skills, knowledge, and management abilities related to their work.
- (3) Professional Competency Training: Employees are sent to relevant institutions for specialized training to obtain professional certifications and improve their qualifications.

5.1.3. Retirement plan

Since July 1, 2005, in accordance with the implementation of the Labor Pension Act, our company has been contributing 6% of employees' monthly wages to their individual labor pension accounts to protect their rights and benefits. Employees also have the option to choose to contribute between 0% and 6% of their monthly salary to their individual pension accounts.

5.1.4. Labor-management agreements and various employee Equity maintenance measures.

Our company fully complies with labor laws and related regulations, and labor relations are managed according to employment contracts, work rules, and various management regulations. Since its establishment, the company has emphasized two-way communication with employees, maintaining harmonious labor relations. To date, there have been no incidents of labor disputes leading to any losses.

5.2. Any losses incurred as a result of labor disputes in the most recent fiscal year, and during the current fiscal year up to the publication date of the annual report (including any violations of the

Labor Standards Act found in labor inspection, the disposition dates, reference numbers, the articles of law violated, the contents of law violated, and the content of the dispositions), and an estimate of possible expenses that could be incurred currently and in the future and countermeasures being or to be taken shall be disclosed. If a reasonable estimate cannot be made, an explanation shall be provided.

The Company has not had any major labor-management disputes or conflicts in the past year and up to the date of report.

6. Information security management

6.1. The Company utilizes electronic systems for group management, and set up a network information system at the group level to shorten the time for sending information and improve operational efficiency.

6.1.1. Information security risk management structure:

In December 2023, our company appointed a Chief Information Security Officer (CISO) and established an Information Security Team, consisting of one Information Security Manager and two security personnel, totaling three members. This team is responsible for coordinating and planning information security-related matters.

In July 2024, the company established an Information Security Management Committee, chaired by the CISO. The committee holds regular meetings to review the current information security systems, ensuring that all relevant standards and regulations align with the company's needs.

6.1.2. Information security policy:

To effectively implement information security management, our company follows the Plan-Do-Check-Act (PDCA) cycle, which helps us evaluate the applicability of information security policies and protective measures. The Information Security Team regularly reports the performance of these measures to the Information Security Management Committee.

- (1) Planning Stage: Focused on information security risk management, the company introduced ISO 27001 Information Security Management System guidance starting in July 2024, and achieved certification in February 2025. This certification ensures that our information systems operate under standardized management guidelines, reducing security vulnerabilities and irregularities caused by human errors. Additionally, we continuously improve through annual audits and reviews.
- (2) Execution Stage: We build multi-layered security defenses and continuously introduce innovative security technologies to safeguard the confidentiality, integrity, and availability of the company's assets.
- (3) Check Stage: We actively monitor and manage our systems, conducting regular internal audits to ensure the effectiveness of the information security systems.
- (4) Action Stage: The company reviews and continuously improves its information security measures. If an employee violates relevant policies and procedures, we follow our information security violation handling process, with disciplinary actions taken based on the severity of the violation. These may include adjustments to the employee's performance appraisal or legal actions, if necessary. Furthermore, we regularly review and implement improvements in security measures, education, and training to ensure that the company's critical confidential information is protected from leaks.

6.1.3. Specific management plan:

- (1) User Access Management: The company employs personal computer access settings, external network access connections, email protection, system recovery planning,

information system control, and periodic updates to strengthen information security. The IT department regularly conducts system disaster recovery drills to ensure that the recovery plans function properly.

- (2)Data Center Management: The data center is equipped with fire detection and suppression systems that comply with fire safety regulations and are regularly maintained. An access control system is also in place to prevent unauthorized entry, ensuring the security of information assets.
- (3)Information Asset Control: Information assets are classified according to confidentiality levels and are cataloged and managed accordingly. Regular reviews and updates are conducted to assess the asset's usage and maintenance status.
- (4)Firewall Installation: A firewall is used to protect the computer network, devices, programs, and data from unauthorized access, theft, and damage to their confidentiality and integrity. This includes safeguarding company privacy and preventing threats such as malware, phishing attacks, ransomware, and hacking attempts.
- (5)Enhanced Employee Training: All employees and supervisors are required to undergo information security training. By sharing information security crime incidents and key precautions, we aim to raise awareness about security risks and ensure that employees are well-informed about potential threats.

6.1.4.Resources invested in information security management:

- (1)Dedicated Personnel: A dedicated Information Security Manager and a security team have been established, responsible for planning and arranging regular audits to ensure the maintenance and enhancement of information security.
- (2)External Certification: The company obtained ISO 27001 Information Security Certification in February 2025, with no significant deficiencies identified during related security audits.
- (3)Training and Education: Annual training sessions are regularly arranged for information security personnel to reinforce employees' awareness and understanding of information security principles.

6.2.List the losses, possible impacts and countermeasures suffered due to major information security incidents in the most recent year and up to the date of publication of the annual report. The Company did not have any information security issues in 2023 and as of the printing date of the annual report.

7. Important contracts

Nature of contract	The Parties	Commencement date/expiration date	Content	Restrictive clauses
Construction Contract	QI FU Construction LTD	From February 2022 until completion	Dexing 1st Rd. 2nd phase plant	N/A
Equipment Purchase Agreement	Davis-Standard LLC	From November 2021 until delivery	Coating Machine	N/A
Long-Term Loan	Chang Hwa Commercial Bank	2021.10.22~2036.10.21	Land Secured Loan	N/A
Long-Term Loan	Chang Hwa Commercial Bank	2020.7.13~2030.6.15	Factory Expansion Secured Loan	N/A
Long-Term Loan	Chang Hwa Commercial Bank	2020.8.7~2030.6.15	Factory Expansion Secured Loan	N/A
Long-Term	Chang Hwa	2020.11.18~2030.6.15	Factory Expansion Secured	N/A

Nature of contract	The Parties	Commencement date/expiration date	Content	Restrictive clauses
Loan	Commercial Bank		Loan	
Long-Term Loan	Chang Hwa Commercial Bank	2020.12.8~2030.6.15	Factory Expansion Secured Loan	N/A
Long-Term Loan	Chang Hwa Commercial Bank	2021.4.29~2030.6.15	Factory Expansion Secured Loan	N/A
Long-Term Loan	Chang Hwa Commercial Bank	2023.4.17~2033.4.15	Factory Expansion Secured Loan	N/A
Long-Term Loan	Chang Hwa Commercial Bank	2024.4.15~2033.4.15	Factory Expansion Secured Loan	N/A
Long-Term Loan	Chang Hwa Commercial Bank	2021.4.29~2028.4.15	Working Capital Loan	N/A
Long-Term Loan	Chang Hwa Commercial Bank	2022.12.5~2027.11.15	Working Capital Loan	N/A
Long-Term Loan	Chang Hwa Commercial Bank	2024.4.15~2027.11.15	Working Capital Loan	N/A
Long-Term Loan	Chang Hwa Commercial Bank	2021.4.29~2028.4.15	Equipment Secured Loan	N/A
Long-Term Loan	Chang Hwa Commercial Bank	2021.11.12~2028.4.15	Equipment Secured Loan	N/A
Long-Term Loan	Chang Hwa Commercial Bank	2022.6.2~2029.5.15	Equipment Secured Loan	N/A
Long-Term Loan	Chang Hwa Commercial Bank	2024.10.25~2029.5.15	Equipment Secured Loan	N/A
Long-Term Loan	Hwa Nan Commercial Bank	2022.6.24~2029.6.15	Equipment Secured Loan	N/A
Long-Term Loan	Hwa Nan Commercial Bank	2023.11.29~2029.6.15	Equipment Secured Loan	N/A
Long-Term Loan	Hwa Nan Commercial Bank	2024.1.2~2029.6.15	Equipment Secured Loan	N/A
Long-Term Loan	Hwa Nan Commercial Bank	2024.10.25~2029.6.15	Equipment Secured Loan	N/A

V. Financial Overview

1. Balance Sheet

Unit: NT\$ thousands

Item	Year	2024	2023	Difference	
				Amount	%
Current assets		2,247,060	1,987,854	259,206	13.04
Property, plant and equipment		1,268,598	1,202,714	65,884	5.48
Intangible assets		815	904	(89)	(9.85)
Other assets		77,772	59,544	18,228	30.61
Total assets		3,594,245	3,251,016	343,229	10.56
Current liabilities		636,389	570,767	65,622	11.50
Non-current liabilities		559,897	436,800	123,097	28.18
Total liabilities		1,196,286	1,007,567	188,719	18.73
Share capital		784,819	713,565	71,254	9.99
Capital surplus		645,892	646,481	(589)	(0.09)
Retained earnings		967,248	905,576	61,672	6.81
Other equity interest		0	(22,173)	22,173	100.00
Total equity		2,397,959	2,243,449	154,510	6.89

List the main reasons for any material change in the company's assets, liabilities, or equity during the most recent two fiscal years (should the variation exceed 20% of the numbers in the previous year and the dollar amount difference exceed NT\$10 million), and describe the effect thereof:

1. Major Changes: Key Reasons and Impacts:

Increase in other non-current assets: The company has increased the right-of-use assets due to the lease of a new factory in response to the expansion of its operations.

(1) Increase in non-current liabilities: Long-term borrowings have increased to support the completion of 2nd phase plant at No. 3, Dexing 1st Road and the funding needs for the installation of machinery.

(2) Increase in other equity: The unearned compensation for employees who were issued restricted stock options has been fully realized and reclassified as expenses.

2. Future Plans for Major Impacts:

The changes have not had any significant negative impact on the company, and the overall performance of the company has not shown any major abnormalities. Therefore, no contingency plans are necessary.

2. Condensed Statement of Comprehensive Income

Unit: NT\$ thousands

Item	Year		Difference	
	2024	2023	Amount	%
Operating revenue	2,511,342	2,564,771	(53,329)	(2.08)
Operating cost	1,753,754	1,731,277	22,477	1.30
Operating margin	757,688	833,494	(75,806)	(9.09)
Operating expense	233,435	218,132	15,303	7.02
Operating income	524,253	615,362	(91,109)	(14.81)
Non-operating income and expenses	74,472	40,676	33,796	83.09
Pre-tax profit	598,725	656,038	(57,313)	(8.74)
Tax expense	109,147	126,249	(17,102)	(13.55)
Net income (loss)	489,578	529,789	(40,211)	(7.59)
<p>Analysis for the variation exceeding 20% of the numbers in the previous year, and the dollar amount difference exceeds NT\$ 10 million:</p> <p>1. Major Changes: Key Reasons and Impacts:</p> <p>(1) Increase in Non-operating Income and Expenses: Due to the impact of the exchange rate, the foreign exchange gains increased.</p> <p>2. Future Plans for Major Impacts:</p> <p>The changes have not had any significant negative impact on the company, and the overall performance of the company has not shown any major abnormalities. Therefore, no contingency plans are necessary.</p>				

3. Cash flow

3.1. Analysis and explanations of cash flow changes during the most recent fiscal year.

Unit: NT\$ thousands

Item	2024	2023	Variance Amount	Variance Rate (%)
Net cash flow from operating activities	392,573	529,902	(137,329)	(25.92)
Net cash flow from investing activities	(135,148)	(246,257)	111,109	45.12
Net cash flow from financing activities	(216,308)	(384,366)	168,058	43.72
<p>1. Analysis of cash flow changes during the most recent fiscal year:</p> <p>(1) Operating activities: The main reason is the increase in inventory, which has resulted in a decrease in cash inflow.</p> <p>(2) Investing activities: The main reason is that the 2nd phase plant of the Dexion 1st Road factory became operational in 2024, and the amount spent on acquiring real estate, factory buildings, and equipment decreased, resulting in a reduction in cash outflows.</p> <p>(3) Financing activities: The main reason is the allocation of long-term loans in 2024, which resulted in an increase in cash inflows.</p>				

3.2. Corrective measures to be taken in response to lack of liquidity: No circumstances of lacking liquidity.

3.3.Cash Flow Analysis for the Upcoming Year (2025)

Unit: NT\$ thousands

Cash and cash equivalents at beginning of year ①	Annual net cash flow from operating activities ②	Cash inflow of the entire year ③	Cash Surplus (Deficit) ①+②-③	Remedial Measures for Cash Deficit	
				Investment Plan	Financing Plan
641,080	602,757	(600,432)	643,405	None	None
<p>1. Cash Flow Analysis for the Upcoming Year:</p> <p>(1) Operating activities: The operating activities are expected to generate a net cash inflow, primarily from this period's operating profit.</p> <p>(2) Investing activities: The investing activities are expected to result in a net cash outflow, primarily used for the acquisition of real estate, plant, and equipment.</p> <p>(3) Financing activities: Financing activities are expected to result in a net cash outflow, primarily for the distribution of cash dividends and repayment of bank loans.</p> <p>2. Remedial Measures for Cash Deficit: The company's estimated cash outflows for the coming year are primarily driven by future operational needs. In addition to covering these needs with cash inflows from operating activities, if there is an insufficient cash balance, the company will arrange financing or obtain loan financing to address the shortfall.</p>					

4. Impacts of Significant Capital Expenditures on Finance and Business in the Most Recent Year:

No Significant Capital Expenditure:

5. Reinvestment Policy in the Most Recent Year, Main Causes for Profits or Losses, Improvement Plans, and the Investment Plans for the Coming Year:

The company did not make any investments in affiliates or subsidiaries in the most recent fiscal year, and there are no plans for such investments in the coming year.

6. Risk Analysis and Assessment for the Most Recent Fiscal Year and as of the Publication Date of the Annual Report

6.1.The Impacts of interest rates, exchange rate fluctuation and inflation situation on the company's profit and loss, and the future countermeasures

6.1.1.Interest rate:

(1)Impact on the Company's Profit and Loss

The company's financing activities are all conducted domestically, and interest income and expenses are mainly affected by domestic interest rate fluctuations. However, based on the trend of Taiwan Bank's one-year time deposit interest rates over the past ten years, domestic interest rates have shown little fluctuation in the past five years. In 2023 and 2024, the company's interest expenses amounted to NT\$2,764 thousand and NT\$3,658 thousand, accounting for 0.11% and 0.15% of the respective year's operating income and 0.42% and 0.61% of the respective year's pre-tax net profit. Additionally, the interest income in 2023 and 2024 was NT\$7,697 thousand and NT\$8,057 thousand, accounting for 0.30% and 0.32% of the respective year's operating income and 1.17% and 1.35% of the respective year's pre-tax net profit. Overall, the proportion of interest income and interest expenses to operating income and pre-tax net profit is small, so the impact of interest rate changes on the company's profit and loss is limited.

(2) Specific Response Measures

Based on the principle of prudent and conservative financial management, the company's financial personnel maintain close communication with its banking partners, continuously monitoring interest rate changes. They regularly assess the various deposit rates offered by banks and evaluate the impact of financial market interest rate fluctuations on the company's funds. This allows the company to adjust its idle funds positions in a timely manner and implement appropriate measures in response to changes in interest rates.

6.1.2. Exchange rate:

(1) Impact on the Company's Profit and Loss

The company primarily sets its sales revenue in US dollars, and approximately 30-40% of raw materials are sourced internationally, also priced in US dollars. Therefore, the company is able to mitigate some foreign exchange risks through natural hedging. In 2023 and 2024, the net foreign exchange gains (losses) were NT\$2,794 thousand and NT\$39,999 thousand, respectively, accounting for 0.11% and 1.59% of annual operating revenue and 0.43% and 6.68% of pre-tax net profit. As a result, the impact of exchange rate fluctuations on the company's profit and loss is relatively limited.

(2) Specific Response Measures

To address exchange rate fluctuation risks, the company continues to strengthen its financial staff's understanding of foreign exchange risk management. By utilizing real-time online exchange rate systems and maintaining close communication with financial institutions, the company stays updated on the latest exchange rate information. This enables the company to assess future trends in exchange rates and adjust foreign currency positions accordingly, taking appropriate measures to mitigate the impact of exchange rate risks.

6.1.3. Inflation:

(1) Impact on the Company's Profit and Loss

As of the date of the annual report publication, the company's past profit and loss have not been significantly impacted by inflation. Therefore, the impact of inflationary pressures on the company's profit and loss is considered to be limited.

(2) Specific Response Measures

In the future, the company will continue to closely monitor the fluctuations in the prices of upstream raw materials and maintain a good relationship with suppliers. When necessary, the company will adopt appropriate measures to adjust product prices and stabilize costs in response to changes in the market environment, thereby reducing the impact of inflation on the company's operating profits.

6.2. Policies on high risk, highly leveraged investments, loans to other parties, endorsements/guarantees, and derivatives transactions, main reasons for the profits or losses generated thereby, and future response measures to be undertaken.

6.2.1. Since its establishment, the company has focused on its core business operations and adhered to the principle of financial stability and conservatism, without engaging in high-risk or highly leveraged transactions.

6.2.2. In the most recent fiscal year and up to the date of the annual report publication, the company has not engaged in high-risk, highly leveraged investments, or provided loans or guarantees for others. Based on operational risk considerations, if the company needs to engage in lending funds to others or providing guarantees in the future, it will proceed in

accordance with the company's "Fund Lending to Others Operational Management Procedures" and "Endorsement and Guarantee Operational Management Procedures."

6.2.3. In 2024, the company conducted derivative transactions in accordance with the company's "Procedures for Acquiring or Disposing of Assets."

6.3. Research and development work to be carried out in the future, and further expenditures expected for research and development work:

Our company is primarily engaged in the manufacturing and sales of technical fabrics and finished components for outdoor, medical, lifesaving, industrial, and other applications. Research and development (R&D) is a crucial foundation for our company's growth. In addition to continuously understanding customer needs and meeting their high-quality expectations, our future technology and R&D plans will focus on entering markets with higher added value. We aim to diversify our product offerings and services, with the goal of expanding our market presence.

6.3.1. Future Development Plans

To ensure a strong competitive advantage, our company will flexibly adjust the content of our R&D plans in line with operational strategies and market demands.

6.3.2. R&D Directions

The future research and development directions for our company are as follows:

A. Develop medical transport beds to expand the product line of medical products and enhance existing product services.

B. Develop TPU technical fabrics with various functions to increase the diversity of military products.

C. Develop advanced smart home sleep mattresses to vertically integrate into the existing market.

D. Develop marine life-saving fabrics to expand the sales market for life-saving products.

6.3.3. Estimated R&D Expenditure

Our company allocates research and development expenses based on the progress of new product and new technology development. We continue to invest resources in R&D to meet market demands and satisfy customer needs, ensuring the company's competitive advantage. Therefore, our company will appropriately plan and adjust the expected R&D expenditures based on the company's operational conditions and requirements.

6.4. Effect on the Company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response:

Our company has always adhered to relevant domestic and international laws and regulations in its management and operations. We closely monitor significant policy developments and regulatory changes related to our business operations both domestically and internationally, gathering relevant information to provide decision-making references for management. We also consult with professional advisors, such as lawyers and accountants, to discuss appropriate responses to ensure compliance with policies and regulations while minimizing the impact on the company's financial and business operations. Therefore, as of the date of the publication of this annual report, our company has not been affected by any significant changes in domestic or international policies and laws that would impact our financial or business operations.

6.5.Impacts of technological changes (including information security risks) and industry changes on company financial and response measures:

Our company has an excellent R&D team, comprehensive research facilities, and flexible production processes. By participating in various international exhibitions and gathering information from business and procurement channels, we are able to quickly keep up with technological trends and respond in a timely manner. Additionally, we continuously enhance our R&D capabilities to adapt to the technological changes and developments in the industry. As of the most recent fiscal year and up to the date of the publication of this annual report, our company has not experienced any adverse financial or business impacts due to technological changes.

6.6.Impacts of corporate image change on risk management and response measures:

Since its establishment, our company has always adopted a practical, stable, and responsible attitude toward our customers and shareholders, emphasizing and encouraging employee participation in social welfare activities. The entire company has consistently been committed to maintaining the company's corporate image. As of the most recent fiscal year and up to the date of the publication of this annual report, there have been no internal or external events that have altered our corporate image.

6.7.Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken: No merger and acquisitions.

6.8.Expected benefits and possible risks associated with any plant expansion, and measures to be taken in response: None.

6.9.The risks faced with concentrated procurement and sales, and the countermeasures:

6.9.1.Procurement

Our company primarily procures raw materials such as TPU pellets, fabrics, adhesives, and TPU color pellets. In 2024 and 2023, the procurement share from the top ten suppliers accounted for 69.81% and 74.67%, respectively. Among them, the procurement from our largest supplier, Lubrizol (Shanghai), accounted for 17.91% in 2024. This is mainly because TPU pellets have a high technical threshold, and the global market is still controlled by a few major manufacturers, including Lubrizol (Shanghai). To ensure favorable trading conditions for their customers, they often require a minimum purchase volume. In order to maintain smooth supply and stable quality, our company has a higher procurement share from Lubrizol (Shanghai). However, we have established long-term, good cooperative relationships with all our suppliers over the years, and there has never been an issue of supply interruption due to stock shortages from specific suppliers. Therefore, our company does not face significant procurement concentration risks.

6.9.2.Sales

Our company primarily focuses on the sales of TPU technical fabrics and finished components, with our main customers being outdoor and medical product brand manufacturers or their designated subcontractors. The sales volume to our key customers fluctuates mainly due to the market response to end-product launches, customer market competition, adjustments in customers' internal procurement policies, and changes in product designs. In 2024 and 2023, the sales share from the top ten customers accounted for 70.27% and 71.78%, respectively. Notably, the changes in our top ten customers' sales have been minimal, and there has been no case where the sales to a single customer exceed 30% of total sales. Therefore, our company does not face significant sales concentration risks.

6.10.The impacts and risks arising from major exchange or transfer of shares by Directors, Supervisors or shareholders with over 10% of stake in CATHAY and the countermeasures:

During the most recent fiscal year and up until the date of the annual report's publication, the

company's directors, supervisors, or major shareholders holding more than 10% of the shares have not experienced any significant impact on the company's operations due to a substantial transfer of shares or changes in ownership.

6.11. The effect upon and risk to CATHAY associated with any change in governance personnel or top management, and responding measures: No change in governance personnel or top management.

6.12. Litigation or Non-litigation Events

List major litigious, non-litigious or administrative disputes that involve CATHAY' Director, Supervisor, the General Manager, de facto person in charge, any substantial shareholder of more than 10%, whose cases have been concluded by means of a final and unappealable judgment, or are still under litigation. Where such a dispute could materially affect shareholders' equity or the prices of CATHAY's securities, the annual report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of commencement of litigation, the main parties involved in the dispute, and the status of the dispute up to the date of publication of the Annual Report: None.

6.13. Other material risks and responding measures: None.

7. Other Material Matters: None.

VI. Special Disclosure

1. Relevant Information on Affiliated Companies: None.
2. Private Placement of Securities in the Most Recent Year up to the Publication Date of this Annual Report: None.
3. Other Supplementary Matters: None.
4. During 2024 and up to the publication date of this annual report, any event which significantly
5. affects shareholders' equity or share price pursuant to Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act: None.

Cathay Consolidated, Inc.



Chairman: George T.S. Liu

